exxaro

POWERING POSSIBILITY

Reviewed condensed group interim financial results and unreviewed physical information

for the six months ended 30 June 2012

Exxaro is one of the largest diversified South African-based resources groups listed on the JSE Limited. Exxaro has a world-class commodity portfolio in coal, mineral sands, iron ore and energy.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

Rm	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Revenue	**5 873**	5 692	12 126
Operating expenses	**(4 609)**	(4 277)	(9 571)
Gains/(losses) on disposal of investments and non-core operations	**40**	1	(3)
Net operating profit (note 4)	**1 304**	1 416	2 552
Interest income (note 6)	**66**	116	261
Interest expense (note 6)	**(186)**	(207)	(628)
Income from investments	**2**	2	4
Share of income from equity-accounted investments	**2 138**	2 588	4 745
Excess of fair value of net assets over cost of the investment in associates	**707**		
Profit before tax	**4 031**	3 915	6 934
Income tax expense	**(339)**	(423)	(871)
Profit for the period from continuing operations	**3 692**	3 492	6 063
Profit/(loss) for the period from discontinued operations (note 7)	**5 336**	(278)	1 594
Profit for the period	**9 028**	3 214	7 657
Other comprehensive income:			
Exchange differences on translating foreign operations	**(439)**	201	800
Cash flow hedges	**(27)**	28	(40)
Share of comprehensive income of associates	**252**	59	(254)
Share of comprehensive income of non-controlling interests		(14)	35
(Loss)/gain recognised in other comprehensive income (net of tax)	**(214)**	274	541
Total comprehensive income for the period	**8 814**	3 488	8 198
Profit attributable to:			
Owners of the parent	**9 046**	3 205	7 653
– continuing operations	**3 695**	3 497	6 073
– discontinued operations	**5 351**	(292)	1 580
Non-controlling interests	**(18)**	9	4
– continuing operations	**(2)**	(5)	(10)
– discontinued operations	**(16)**	14	14
Total profit for the period	**9 028**	3 214	7 657
Total comprehensive income attributable to:			
Owners of the parent	**8 832**	3 493	8 159
– continuing operations	**3 760**	3 709	6 641
– discontinued operations	**5 072**	(216)	1 518
Non-controlling interests	**(18)**	(5)	39
– continuing operations	**(2)**	(2)	(6)
– discontinued operations	**(16)**	(3)	45
Total comprehensive income for the period	**8 814**	3 488	8 198
Aggregate attributable earnings per shares (cents)			
– basic	**2 555**	921	2 199
– diluted	**2 527**	885	2 168
Attributable earnings per share continuing operations (cents)			
– basic	**1 044**	1 005	1 745
– diluted	**1 032**	966	1 720
Attributable earnings per share discontinued operations (cents)			
– basic	**1 511**	(84)	454
– diluted	**1 495**	(81)	448

RECONCILIATION OF HEADLINE EARNINGS

Rm	Gross	Tax	Net
6 months ended 30 June 2012 Reviewed			
Profit attributable to owners of the parent			**9 046**
Adjusted for:			
– IAS 36 reversal of impairment of property, plant and equipment	**(103)**	**29**	**(74)**
– IAS 16 gains on disposal of property, plant and equipment	**(32)**	**1**	**(31)**
– IAS 27 gains on the disposal of subsidiaries and other assets	**(4 121)**		**(4 121)**
– IAS 28 excess of fair value of net asset value over cost of investment in associate	**(707)**		**(707)**
– IAS 28 share of associates' gains or losses on disposal of property, plant and equipment	**3**	**(1)**	**2**
Headline earnings	**(4 960)**	**29**	**4 115**
Headline earnings from continuing operations			**2 920**
Headline earnings from discontinued operations			**1 195**
6 months ended 30 June 2011 (Restated) Reviewed			
Profit attributable to owners of the parent			3 205
Adjusted for:			
– IAS 36 impairment of property, plant and equipment	439		439
– IAS 16 gains on disposal of property, plant and equipment	(11)	3	(8)
– IAS 27 gains on the disposal of subsidiaries	(1)		(1)
– IAS 28 share of associates' gains or losses on disposal of property, plant and equipment	2		2
Headline earnings	429	3	3 637
Headline earnings from continuing operations			3 490
Headline earnings from discontinued operations			147
12 months ended 31 December 2011 (Restated) Audited			
Profit 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)
– IAS 27 gains on the disposal of subsidiaries	(1)		(1)
– IAS 16 loss 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
Headline earnings from continuing operations			6 048
Headline earnings from discontinued operations			1 254

Cents	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Headline earnings per share			
– basic	**1 162**	1 045	2 098
– diluted	**1 149**	1 005	2 069
Headline earnings per share from continuing operations			
– basic	**825**	1 003	1 738
– diluted	**816**	964	1 714
Headline earnings per share from discontinued operations			
– basic	**337**	42	360
– diluted	**333**	41	355

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Rm	At 30 June 2012 Reviewed	At 30 June 2011 (Restated) Reviewed	At 31 Dec 2011 (Restated) Audited
ASSETS			
Non-current assets	**36 440**	20 064	17 153
Property, plant and equipment	**11 216**	12 397	9 584
Biological assets	**66**	46	66
Intangible assets	**3 580**	185	128
Investments in associates (note 14)	**18 566**	4 506	4 545
Investments in joint ventures (note 14)	**309**	229	243
Deferred tax	**314**	419	227
Financial assets	**2 389**	2 282	2 360
Current assets	**5 076**	9 981	4 307
Inventories	**746**	2 928	560
Trade and other receivables	**2 073**	3 787	2 624
Current tax receivable	**123**	111	105
Cash and cash equivalents	**2 134**	3 155	1 018
Non-current assets classified as held-for-sale (note 12)		804	14 979
Total assets	**41 516**	30 849	36 439
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to owners of the parent	**29 832**	19 900	23 588
Non-controlling interests	**76**	(30)	20
Total equity	**29 908**	19 870	23 608
Non-current liabilities	**8 449**	7 000	6 048
Interest-bearing borrowings	**3 422**	3 315	2 102
Non-current provisions	**2 184**	2 111	2 111
Post-retirement employee obligations	**129**	91	133
Deferred tax	**2 714**	1 483	1 702
Current liabilities	**3 159**	3 692	4 218
Trade and other payables	**2 823**	2 744	3 181
Interest-bearing borrowings		800	836
Current tax payable	**220**	130	50
Current provisions	**116**	18	151
Non-current liabilities classified as held-for-sale (note 12)		287	2 565
Total equity and liabilities	**41 516**	30 849	36 439

CONDENSED GROUP STATEMENT OF CASH FLOWS

Cash flows from operating activities	**470**	912	3 533
– cash retained from operations	**2 485**	2 227	6 189
– interest paid	**(218)**	(212)	(127)
– interest received	**141**	162	325
– borrowing cost capitalised adjustments	**(3)**		
– finance lease interest adjustment			(232)
– tax paid	**(164)**	(207)	(499)
– dividends paid	**(1 771)**	(1 058)	(2 123)
Cash flows from investing activities	**(2 926)**	290	(1 042)
– capital expenditure	**(2 352)**	(1 816)	(4 858)
– proceeds from disposal of property, plant and equipment	**37**	429	483
– decrease in cash and cash equivalents on disposal of subsidiaries	**(1 052)**		
– proceeds on disposal of subsidiaries	**931**	51	51
– investments in intangible assets	**(1)**	(90)	(119)
– decrease/(increase) in other non-current assets	**150**	105	(110)
– acquisition of subsidiary	**(2 744)**		
– acquisition of subsidiary (cash acquired)	**141**		
– dividends from investments and equity-accounted investments	**1 958**	1 625	3 525
– other investing activities	**6**	(14)	(14)
Net cash flow from financing activities	**503**	(92)	(589)
– shares issued	**9**	10	15
– increase in non-controlling interests' loans			11
– net borrowings raised/(repaid)	**494**	(102)	(615)
Net (decrease)/increase in cash and cash equivalents	**(1 953)**	1 110	1 902
Cash and cash equivalents at beginning of period	**4 118**	2 058	2 058
Translation difference on movement in cash and cash equivalents	**(31)**	55	158
Total cash and cash equivalents end of period	**2 134**	3 223	4 118
Cash and cash equivalents classified as held for sale end of period		68	3 100
Cash and cash equivalents end of period per statement of financial position	**2 134**	3 155	1 018
Total cash and cash equivalents end of period	**2 134**	3 223	4 118

NOTES TO THE REVIEWED FINANCIAL STATEMENTS

1. Basis of preparation

This condensed group interim financial results for the six-month period ended 30 June 2012 has been prepared under the supervision of WA de Klerk (CA) SA, South African Institute of Chartered Accountants (SAICA) registration number: 00133273, in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*, the requirements of the South African Companies Act No 71 of 2008, as amended, the AC 500 standards as issued by the Accounting Practices Board or its successor and in compliance with the Listings Requirements of the JSE Limited.

The condensed group interim financial results should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The condensed group interim financial results have been prepared on the historical cost basis excluding financial instruments and biological assets, which are fair valued.

During the first half of 2012 Amended IFRS 7 *Financial Instruments: Disclosures* accounting pronouncement became effective. The pronouncement had no material impact on the accounting of transactions or the disclosure thereof.

The accounting standards and amendments to issued accounting standards and interpretations, other than those early adopted, which are relevant to the group, but not yet effective at 30 June 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. The group continuously evaluates the impact of these standards and amendments.

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 9, 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 IFRSs, for the financial year ending 31 December 2012.

IFRS 10 Consolidated financial statements

IFRS 10 was issued in May 2011 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.

GROUP STATEMENT OF CHANGES IN EQUITY

Rm	Share capital	Other components of equity: Foreign currency translations	Other components of equity: Financial instruments revaluation	Other components of equity: Equity settled share-based payments	Other equity	Retained income	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2011 (Audited)	2 170	716	216	1 389		12 946	17 437	(23)	17 414
Profit for the period						3 237	3 237	(5)	3 232
Other comprehensive income		220	36				256		256
Issue of share capital[1]	10						10		10
Share-based payment movements				18			18		18
Non-controlling interests additional contributions								(2)	(2)
Dividends paid[2]						(1 058)	(1 058)		(1 058)
Balance at 30 June 2011 (Reviewed)	2 180	936	252	1 407		15 125	19 900	(30)	19 870
Profit for the period						4 416	4 416	9	4 425
Other comprehensive income		580	(76)				504	35	539
Share of associates' comprehensive income		72	20		9	(355)	(254)		(254)
Issue of share capital[1]	5						5		5
Employee share scheme (Mpower) vesting issue of shares	174						174		174
Share-based payment movements				5			5	2	7
Transfer to distributable reserves		(3)					(3)		(3)
Non-controlling interests additional contributions								10	10
Dividends paid[2]						(1 159)	(1 159)	(6)	(1 165)
Balance at 31 December 2011 (Audited)	2 359	1 585	196	1 412	9	18 027	23 588	20	23 608
Profit for the period						**9 046**	**9 046**	**(18)**	**9 028**
Other comprehensive income		**(439)**	**(27)**				**(466)**		**(466)**
Share of associates' comprehensive income		**21**	**(21)**	**62**	**135**	**55**	**252**		**252**
Issue of share capital[1]	**9**						**9**		**9**
Open market purchase of treasury shares				**(297)**			**(297)**		**(297)**
Share-based payment movements				**80**			**80**		**80**
Acquisition of subsidiaries		**(13)**					**(13)**	**213**	**200**
Acquisition of non-controlling interest								**(134)**	**(134)**
Disposal of subsidiaries		**(459)**	**(137)**				**(596)**	**(5)**	**(601)**
Dividends paid[3]						**(1 771)**	**(1 771)**		**(1 771)**
Balance at 30 June 2012 (Reviewed)	**2 368**	**695**	**11**	**1 257**	**144**	**25 357**	**29 832**	**76**	**29 908**
Final dividend paid per share (cents) in respect of the 2011 financial year	500								
Interim dividend paid per share (cents) in respect of the 2011 interim period	300								
Dividend paid per share (cents) in respect of the 2012 interim period	350								

1 Issued to the Kumba Resources Management Share Trust due to options exercised.
2 The STC on these dividends amounted to Rnil after taking into account STC credits.
3 Withholding tax on these dividends amounted to Rnil due to STC credits available.

NOTES TO THE REVIEWED FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

IFRS 11 Joint arrangements

IFRS 11 was issued in May 2011 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 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 entities have been assessed and classified to be joint ventures. See note 9 – Adoption of IFRS 11, 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 IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The financial effects of the change in accounting policies at 30 June 2011 and 31 December 2011 are shown in note 9 below.

3. Restatement of comparative periods

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

Rm	At 30 June 2012 Reviewed	At 30 June 2011 (Restated) Reviewed	At 31 Dec 2011 (Restated) Audited
4. Net operating profit is arrived at after:			
Continuing operations			
Depreciation, and amortisation of intangible assets	**(345)**	(327)	(665)
Net realised foreign currency exchange gains/(losses)	**60**	(14)	177
Net unrealised foreign exchange (losses)/gains	**(17)**	15	(20)
Derivative instruments held for trading: gains/(losses)	**165**	70	(154)
Impairment reversals/(write-offs) of trade and other receivables	**13**	47	228
Royalties	**(19)**	(30)	(33)
Gains/(losses) on disposal of investments and non-core operations	**40**	1	(3)
Surplus/(deficit) on disposal of property, plant and equipment	**33**	(5)	35
5. Impairment (charges)/reversals of property, plant and equipment			
Impairment of property, plant and equipment		(439)	(516)
Reversal of impairment of property, plant and equipment	**103**		869
Tax effect	**(29)**		
Net effect of impairment reversals/(charges) on attributable earnings	**74**	(439)	353
Impairment reversals/(charges) attributable to discontinued operations	**74**	(439)	353
The partial impairment reversal in 2012 relates to the carrying value of the property, plant and equipment at KZN Sands. The major part of this impairment was reversed in 2011.			
6. Net financing costs			
Continuing operations			
Interest income	**42**	85	203
Interest received from joint ventures	**24**	31	58
Net interest income	**66**	116	261
Interest expense and loan costs	**(129)**	(144)	(281)
Borrowing cost capitalised	**24**		
Interest adjustment on non-current provisions	**(81)**	(63)	(347)
Net interest expense	**(186)**	(207)	(628)
Net financing cost	**(120)**	(91)	(367)

7. 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 approvals related to the transaction between Exxaro and Tronox Incorporated were obtained and the transaction became effective on 15 June 2012.

The transaction entails 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. Exxaro holds 39,2% of the shares in Tronox Limited and 26% each of the KZN Sands and Namakwa Sands operations.

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

The financial performance and cash flow information			
Revenue	**3 883**	3 790	8 836
Operating expenses	**(2 027)**	(3 685)	(7 264)
Profit on sale of subsidiaries	**4 081**	1	1
Net operating profit	**5 937**	106	1 573
Interest income	**75**	46	64
Interest expense	**(111)**	(100)	76
Income from investments			5
Profit before tax	**5 901**	52	1 718
Income tax	**(565)**	(330)	(124)
Profit/(loss) for the period from discontinued operations	**5 336**	(278)	1 594
Cash flow attributable to operating activities	**1 092**	297	927
Cash flow attributable to investing activities	**(684)**	231	(286)
Cash flow attributable to financing activities	**(1 065)**	159	1 979
Cash flow attributable to discontinued operations	**(657)**	687	2 620

Rm	6 months ended 30 June 2012 (Reviewed): Mineral Sands[1]	Rosh Pinah	Total
8. Gains/(losses) on the disposal of subsidiaries			
Consideration received or receivable:			
Cash		**931**	**931**
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	**1 304**		**1 304**
Total disposal consideration	**13 090**	**931**	**14 021**
Foreign currency translation reserve realised	**459**		**459**
Hedging reserves realised	**137**		**137**
Carrying amount of net assets sold	**(10 149)**	**(387)**	**(10 536)**
Gain on sale before and after income tax	**3 537**	**544**	**4 081**

1 Fair value adjustments are based on preliminary fair value assessment.

	12 months ended 31 Dec 2012 (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 before and after income tax	5	(4)	**1**

9. 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 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	Proportionately consolidated	Share of net income, assets and liabilities
Cennergi Proprietary Limited (note 14)	50	Not applicable	Equity accounted

Impact on statement of comprehensive income (Rm) Increase/(decrease)	6 months ended 30 June 2011	12 months ended 31 Dec 2011
Revenue	(134)	(344)
Operating expenses	20	88
Net financing cost	30	65
Share of income from equity-accounted investments	61	76
Profit before tax	**(23)**	**(115)**
Tax expense	23	115
Profit after tax		
Impact on statement of financial position (Rm)		
Increase/(decrease)		
Assets:		
– Property, plant and equipment	(1 087)	(1 111)
– Financial assets	(147)	(137)
– Deferred tax	(1)	(1)
– Investments in joint ventures	1 031	983
– Trade and other receivables	(114)	(139)
– Cash and cash equivalents	(47)	(47)
– Inventories	(39)	(29)
Total assets	**(404)**	**(481)**
Liabilities:		
– Non-current interest-bearing borrowings	(114)	(100)
– Non-current provisions	(41)	(55)
– Deferred tax	(53)	(143)
– Trade and other payables	(168)	(153)
– Current interest-bearing borrowings	(28)	(30)
Total liabilities	**(404)**	**(481)**
Impact on statement of cash flows (Rm)		
Increase/(decrease)		
Cash flows from operating activities	(168)	(269)
Cash flows from investing activities	149	271
Cash flows from financing activities	35	14
Net increase in cash and cash equivalents	16	16
Net decrease in cash and cash equivalents - at the beginning of the period	(63)	(63)
Net decrease in cash and cash equivalents	**(47)**	**(47)**

Delivering on our strategy

Zero fatalities

Core net operating profit up 42%

Headline earnings per share (HEPS) up 11% to 1 162 cents per share

Interim dividend of 350 cents per share

Replacement employee empowerment scheme approved

We are still working on

Lost time injury frequency rate (LTIFR) at 0,26 against 0,15 target

10. Dividends

A dividend of R1 771 million that relates to the period to 31 December 2011 was paid in April 2012.

In addition, an interim dividend of 350 cents per share (2011: 300 cents per share) was approved by the board of directors on 31 July 2012. The dividend is payable on 25 September 2012 to shareholders who are on the register at 14 September 2012. This interim dividend, amounting to approximately R1 253 million (2011: R1 064 million), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2012.

Rm	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Local dividend tax rate (percentage)	**15**		
Gross local dividend amount represented (cents per share)	**350**	300	800
STC (secondary tax on companies) credits utilised (cents per share)	**350**	300	800
Net local dividend amount (cents per share)			
Issued share capital as at declaration date (number)	**358**	359	354
Company tax reference number	**9218/098/14/4**		

11. Share capital

Rm	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Ordinary shares (million)			
– in issue	**358**	359	354
– weighted average number of shares	**354**	348	348
– diluted weighted average number of shares	**358**	362	353

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

The major classes of assets and liabilities of the assets classified as held-for-sale are as follows:

Rm	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Assets			
Property, plant and equipment		316	6 771
Intangible assets			132
Financial assets		12	158
Investments in associates and joint ventures		137	
Deferred tax			465
Inventories		165	2 404
Trade and other receivables		106	1 931
Current tax receivable			18
Cash and cash equivalents		68	3 100
		804	14 979
Liabilities			
Interest-bearing borrowings		(9)	(834)
Non-current provisions		(92)	(682)
Deferred tax		(96)	(69)
Current provisions			(10)
Trade and other payables		(84)	(968)
Current tax payable		(6)	(2)
		(287)	(2 565)
Net assets at end of reporting period		517	12 414

The necessary regulatory and approvals related to the transaction between Exxaro and Tronox were obtained and the sale of the Mineral sands operations became effective on 15 June 2012. The sale of Exxaro's 50,04% interest in the Rosh Pinah operation to a subsidiary of Glencore International plc was completed on 1 June 2012.

13. Business combinations

On 14 February 2012, the group acquired 67% of the issued share capital of African Iron Ore Limited (AKI), a junior mining company listed on the Australian Stock Exchange, which is included in the "other" business segment. The acquisition is classified as an acquisition of a business.

The acquired business is still in exploration and development state, and thus has not contributed any revenues to the group results. It has also contributed R78,5 million losses to the group operating profit for the period from 14 February 2012 to 30 June 2012.

If the date of acquisition was 1 January 2012, revenue contribution would have been Rnil, whilst the net operating loss R73,5 million.

For purposes of these condensed group interim financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of the assets acquired and liabilities assumed, including the allocation of property, plant and equipment, based on management's best estimates and taking into account all available information at the time of the business combination. The group will complete a valuation of the acquired assets and liabilities using an independent party and, therefore, this preliminary allocation is subject to change.

Details of the acquired assets are as follows:	Rm
Purchase consideration:	
– cash paid on acquisition on 14 February 2012	**2 551**
– subsequent acquisition of non-controlling interests	**193**
– fair value of assets acquired	**2 744**
Goodwill	
The assets and liabilities arising from the acquisition are as follows:	
– cash and cash equivalents	**141**
– property, plant and equipment	**11**
– intangible assets[1]	**3 613**
– trade and other receivables	**6**
– deferred tax liability	**(789)**
– trade and other payables	**(25)**
Total identifiable net assets (at fair value)	**2 957**
Non-controlling interest	**(213)**
	2 744
Total purchase consideration	**2 744**
– *less*: cash and cash equivalents in subsidiary acquired	**(141)**
Cash outflow on acquisition of subsidiary (refer to cash flow statement)	**2 603**

1 Consisting of exploration rights and goodwill due to deferred tax liability recognised on the business combination.

As part of the acquisition, Exxaro acquired AKI's duty to pay a deferred consideration in the form of a production royalty of AUD1/ton of iron ore shipped.

Acquisition-related costs of R48 million have been charged to operating expenses in the consolidated statement of comprehensive income for the period ended 30 June 2012.

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

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, of which none is expected to be uncollectable.

14. Investments

Rm	6 months ended 30 June 2011 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Market value of listed investments	**50**	43	44
Directors' valuation of unlisted investments in associates and joint ventures	**34 690**	19 021	23 698
Market value of listed investments in associates and joint ventures	**9 956**		
Directors' valuation of unlisted investments included in other financial assets	**716**	389	392
Directors' valuation of unlisted investments in non-current assets held-for-sale		4	2

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.

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.

The investments in Tronox Limited and Tronox Sands LLP have been accounted for as investment in associate using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. Due to the transaction closing on 15 June 2012, Exxaro's share of the attributable earnings and reserves up to 30 June 2012 has been based on preliminary Tronox Limited and Tronox Sands LLP results.

15. Segment results

Rm	6 months ended 30 June 2012 Reviewed	6 months ended 30 June 2011 (Restated) Reviewed	12 months ended 31 Dec 2011 (Restated) Audited
Revenue			
Coal	**5 825**	5 653	12 420
Tied operations	**1 453**	1 445	3 140
Commercial operations	**4 372**	4 208	9 280
Mineral sands	**3 594**	2 889	6 587
KZN Sands	**855**	575	1 196
Namakwa Sands	**1 589**	1 123	2 904
Australia Sands	**1 150**	1 191	2 487
Base metals	**288**	900	1 846
Rosh Pinah	**217**	291	698
Zincor	**71**	826	1550
Inter-segmental		(217)	(402)
Other	**49**	40	109
Total external revenue	**9 756**	9 482	20 962
Net operating profit			
Coal	**1 352**	1 513	3 083
Tied operations	**79**	83	309
Commercial operations	**1 273**	1 430	2 774
Mineral sands	**1 925**	652	2 678
KZN Sands[1]	**680**	(6)	753
Namakwa Sands	**1 009**	280	987
Australia Sands	**236**	378	938
Base metals	**448**	(564)	(1 145)
Rosh Pinah	**(7)**	86	102
Zincor[1]	**(65)**	(638)	(1 239)
Other[2]	**520**	(12)	(8)
Other[2]	**3 516**	(79)	(491)
Total net operating profit	**7 241**	1 522	4 125

1 Includes a partial impairment reversal of R103 million in 2012 of the carrying value of property, plant and equipment at KZN Sands, as well as an impairment of R439 million of the carrying value of property, plant and equipment at Zincor refinery in 2011.

2 Includes the profit on sale of subsidiaries of R3 537 million, R544 million and R40 million for Mineral Sands, Rosh Pinah and Northfield respectively.

16. Net debt/(cash)

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

17. 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 decrease in operational guarantees is due to the sale of the mineral sands operations and Rosh Pinah, partially offset by new issues in respect of renewable energy projects. Possible claims that may follow from ongoing litigations were marginally higher at the end of June 2012.

Included is the group's share of contingent liabilities of associates and joint ventures of R198 million (2011: R116 million). These contingent liabilities have no tax impacts. Timing and occurrence of any possible outflows are uncertain.

18. Contingent assets

A surrender fee of R80 million (2011: R70 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 to the grant of a mining lease. An outstanding insurance claim of R7 million for the furnance incident at Exxaro TSA Sands Proprietary Limited for which it is probable that settlement will be received in the second half of 2012.

19. 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.

20. Financial instruments

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

21. 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.

22. JSE Limited Listings Requirements

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

23. Corporate governance

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

24. Mineral resources and mineral reserves

No material changes to the mineral resources and mineral reserves disclosed in the Exxaro annual report for the year ended 31 December 2011 have occurred, other than depletion due to continued mining activities as well as reserves relating to subsidiaries acquired and disposed.

25. Events after the reporting period

Details of the interim dividend proposed are given in Note 10.

The directors are not aware of any other matter or circumstance arising after the reporting period up to the date of this report, not otherwise dealt within this report.

26. Review conclusion

The condensed group interim financial results for the six-months ended 30 June 2012 have been reviewed by the company's auditors, PricewaterhouseCoopers Incorporated, in accordance with International Standards on Review Engagements 2410 – "Review interim financial information performed by the Independent Auditors of the entity". The unmodified review conclusion is available for inspection at the company's registered office.

SALIENT FEATURES

Rm	At 30 June 2012 Reviewed	At 30 June 2011 (Restated) Reviewed	At 31 Dec 2011 (Restated) Audited
Net debt/(cash)	**1 288**	901	(346)
Net asset value per share (Rand)	**84**	55	67
Net tangible asset value per share (Rand)	**73**	55	66
Capital expenditure			
– incurred	**2 352**	1 816	4 858
– contracted	**3 071**	3 671	7 614
– authorised but not contracted	**1 233**	2 535	2 413
Capital expenditure contracted relating to captive mines Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal South Africa Limited and Eskom respectively	**574**	613	90
Contingent liabilities (note 17)	**993**	980	1 198
Contingent assets (note 18)	**87**	70	82
Operating lease commitments	**14**	69	60

COMMENTS

COMPARABILITY OF RESULTS

Comments are based on a comparison of the group's reviewed financial results and unreviewed physical information for the six-month periods ended 30 June 2012 and 2011 respectively. These results are not comparable due to profits realised on the sale of certain mineral sands, zinc and other assets of R4 121 million in 2012, the partial impairment reversal of the carrying value of property, plant and equipment at KZN Sands of R103 million in 2012, as well as R439 million impairment of the carrying value of property, plant and equipment at the Zincor refinery in 2011. The conclusion of two sale transactions also results in the mineral sands and base metals commodity businesses' results effectively being included in the six month results for approximately five and half and five months respectively. Where relevant, comments exclude transactions which make the results under review not comparable.

The group early adopted the new suite of consolidating standards IAS 27, 28 and IFRS 10, 11 and 12. As such the Mafube and South Dunes Coal Terminal (SDCT) joint ventures, which were previously proportionately consolidated, are now equity accounted. This has resulted in the restatement of prior periods' financial results to reflect the new accounting method.

PORTFOLIO IMPROVEMENT THROUGH DELIVERY OF THE GROUP'S STRATEGY

Coal

The construction of the Grootegeluk Medupi Expansion Project (GMEP) continues to progress as planned and within budget. The first coal has already been delivered to Eskom.

Mineral sands

The group announced that all regulatory and other approvals related to the transaction between Exxaro and Tronox Incorporated had been obtained and the transaction became effective on 15 June 2012. The transaction entails 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. Exxaro currently holds 39,2% of the shares in Tronox Limited and 26% directly in each of the South African based KZN Sands and Namakwa Sands operations. The formation of Tronox Limited is expected to result in a strong platform for future growth as it is uniquely positioned to capitalise on favourable market dynamics and serve the needs of the ever-growing pigment and zircon customer base across the globe.

Ferrous

In line with the group's strategy to establish an Exxaro controlled iron ore business, Exxaro and African Iron Limited (AKI) jointly announced on 11 February 2012 a successful market cash takeover offer by Exxaro through its wholly owned subsidiary, Exxaro Australia Iron Investments Proprietary Limited (Exxaro Australia), for all of the shares and listed options in AKI. AKI was an Australian-listed and domiciled iron ore development company involved in the exploration and evaluation of the Mayoko Iron Ore and Ngoubou-Ngoubou Projects, located in the Republic of Congo in Central West Africa.

The total purchase consideration paid in cash for this acquisition was R2 744 million.

Energy

Exxaro continues to explore opportunities in the energy market with a focus on cleaner energy initiatives. Exxaro and Tata Power (through its wholly owned subsidiary Khopoli Investments), formed a 50:50 joint venture to create Cennergi Proprietary Limited (Cennergi) when the parties signed the shareholders agreement and Memorandum of Incorporation on 2 March 2012.

Base metals

Exxaro also announced that it has completed the sale of its 50,04% interest in the Rosh Pinah operation to a subsidiary of Glencore International plc for a consideration of R931 million after final adjustments for net debt and working capital changes. The effective date of the transaction was 1 June 2012. The sale forms part of Exxaro's strategic plan to divest from the group's zinc assets.

SAFETY, HEALTH AND ENVIRONMENT

On 12 July 2012, Exxaro achieved 12 months without any fatalities. However, the average lost time injury frequency rate per two hundred thousand man-hours worked increased to 0,26 from 0,22 in the corresponding six-month period in 2011, reflecting an 18% increase in the rate and is higher than the group's target of 0,15. Ten business units achieved no lost time injuries in the six-month period ended 30 June 2012 compared to five in the corresponding period in 2011.

During the reporting period, six incidents of noise-induced hearing loss were recorded and reported to the Department of Mineral Resources (DMR).

The HIV/AIDS educators training programme has also been extended into the Waterberg region in the first half of 2012.

Exxaro's operations have applied for all requisite environmental authorisations in terms of the Mineral and Petroleum Resources Development Act, the National Water Act and the National Environmental Management Act. The group continues to strive to find a balance between the environmental, social and economic impacts of mining, and to aspire to more than mere compliance.

REPUTATION

Exxaro is fully aware that an organisation is only as prosperous as the communities in which it operates. Several community development projects are in various stages of development. These projects are aimed at ensuring that Exxaro is able to maximise community benefits by focusing on sustainable initiatives for surrounding communities.

The R100 million upgrade of the Zeeland water treatment works plant which supplies potable water to more than 21 000 residents in the Lephalale Local Municipality in Limpopo, was completed and commissioned in the second quarter of 2012. The water treatment works is operated by Exxaro's Grootegeluk mine as part of the mine's contribution to the local infrastructure and has been awarded Blue Drop Certification by the Department of Water Affairs (DWA).

Exxaro has partnered with the Absa Cape Epic mountain bike race through its non-profit organisation, Exxaro mountain bike Academy, to become the official development partner to the Absa Cape Epic. The focus of the Academy is the transformation of mountain biking as a sport in South Africa by enabling talented and disadvantaged riders in our communities to participate in this gruelling sport.

LEADERSHIP AND PEOPLE

Exxaro continues to be committed to long term sustainability by empowering its employees. The board and shareholders of Exxaro have approved, at the Annual General Meeting held on 22 May 2012, the new employee share ownership plan (ESOP), commonly referred to as MPower 2012, for employees below management level. The scheme replaces the initial employee share ownership scheme which expired on 27 November 2011. The new scheme will also run for a period of five years. Each employee will receive 387 Exxaro shares for no consideration. The economic cost of implementing the new ESOP was approximately R584 million.

OPERATIONAL AND FINANCIAL EXCELLENCE

An average exchange rate of R7,88 (spot average of R7,93) to the US dollar (USD) was realised for the six-month period ended 30 June 2012 compared to R7,21 (spot average of R6,78) for the six-month period ended 30 June 2011. Unrealised foreign currency losses, on the revaluation of monetary items denominated in a foreign currency, were recorded based on the relative strength of the local currency to the USD at 30 June 2012. The relative strength of the Australian dollar (AUD) also continued to impact negatively on the financial results of the mineral sands business in Australia, albeit only marginally. An average rate of USD0,97 (spot average of USD0,96) to the AUD was realised compared with USD0,96 (spot average of USD1,03) in 2011.

GROUP

Revenue and net operating profit

Group consolidated revenue increased marginally by 3% to R9 756 million, mainly as a result of higher mineral sands prices at lower volumes, a weaker relative local currency realised, as well as lower coal volumes at lower export prices.

Group consolidated net operating profit was R1 096 million higher at R3 057 million after exclusion of the 2012 R103 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 the mineral sands and Rosh Pinah mine subsidiaries of R3 537 million and R544 million respectively, as well as the R439 million impairment of the carrying value of property, plant and equipment at the Zincor refinery in 2011.

Earnings

Attributable earnings, inclusive of Exxaro's equity accounted investment in associates, amounted to R9 046 million or 2 555 cents per share, up 177% from 2011's 921 cents per share.

Headline earnings recorded, which exclude, inter alia, the impact of the impairment and partial impairment reversal as well as profits realised on the sale of the subsidiaries, were R4 115 million or 1 162 cents per share. This represents a 11% increase on the corresponding 2011 earnings of R3 637 million or 1 045 cents per share.

Cash flow

Cash retained from operations was R2 485 million for the group. This was primarily used to fund net financing charges of R80 million, taxation payments of R164 million and the final dividend for the 2011 financial year of R1 771 million. A total of R1 677 million of the capital expenditure was invested in new capacity with R675 million applied towards sustaining and environmental capital. R1 556 million of the capital investment in new capacity was for the expansion of GMEP to supply Eskom's Medupi power station.

After the receipt of R1 958 million, primarily received from Sishen Iron Ore Company Proprietary Limited (SIOC) as dividends, the group had a net cash outflow before financing activities of R2 456 million for the period under review. The acquisition of AKI contributed to the net cash outflow and the net debt reported at 30 June 2012 of R1 288 million, reflecting a debt to equity ratio of 4%.

Capital expenditure

The group continues to take due cognisance of the macro-economic fundamentals and the challenges experienced by the industry in its evaluation of growth projects while ensuring alignment with the group's approved commodity strategy.

Equity accounted investments

Equity-accounted income in the post-tax profits of associates consists primarily of Exxaro's 19,98% interest in SIOC of R1 935 million and 26% in Black Mountain Mining Proprietary Limited (Black Mountain) of R45 million. Exxaro's effective shareholding in Chifeng Zinc refinery has been diluted from 22% to 11,97% as a result of Exxaro not participating in the Phase IV expansion project. As such, Chifeng is no longer accounted for as an associate but rather as a financial asset with effect from the first half of 2012.

The Tronox Limited investment has been equity accounted for effectively 15 days in the six-month period ended 30 June 2012, contributing R118 million post-tax in equity income for this period. Moreover, an excess of R707 million was accounted for being the best estimate of the fair value of the net assets over the cost of the investment in Tronox Limited and 26% investment in South African mineral sands operations. This amount will be finalised in the second half of 2012.

COAL

Revenue and net operating profit

Revenue remained stable at R5 825 million, mainly due to higher average domestic prices, partially offset by lower export prices.

The marginal increase in revenue was not enough to counter inflationary cost increases, resulting in a decrease in net operating profit to R1 352 million at an operating margin of 23%.

Production and sales volumes

Total coal production volumes decreased by 3% mainly as a result of lower steam coal volumes.

The power station coal production at the Eskom tied operations was 4% lower due to production difficulties at Matla and Arnot. Commercial mines' power station coal production was, however, higher mainly due to improved run of mine tonnage at NBC, partially offset by lower production volumes at Grootegeluk due to conveyor belt breakdowns.

Sales to Eskom were 2% lower as a result of lower power station coal production at Arnot and Matla.

Other domestic sales were 13% lower due to lower sales at Leeuwpan and NBC marginally offset by higher steam coal sales from Grootegeluk and Inyanda.

Steam coal production was 7% lower as a result of poor run of mine tonnage at Leeuwpan.

Export sales tonnes declined by 13% primarily as a result of lower availability on the Transnet Freight Rail (TFR) line as well as production challenges experienced at the Mafube mine.

A decline in the Char plant production was reported due to lower demand from customers, mainly resulting from softening Ferrochrome markets. Stock levels were proactively managed down to match the demand.

The decrease in demand from Ferrochrome customers led to a 49% decrease in sales from the Char business.

Coking coal production increased by 3% due to a higher demand from ArcelorMittal South Africa Limited (AMSA) and higher production from the Tshikondeni mini pits that operated for the full six months.

Capital expenditure

To date the total project expenditure on GMEP is R5,93 billion, while total funds committed amount to approximately R7 billion. The first coal based on a revised ramp up schedule agreed with Eskom was already delivered to Eskom. The new agreement is still subject to the approval of the Eskom Board in early August 2012, failing which the terms of the current coal supply agreement will apply. In terms of the revised agreement, 160kt of coal will be delivered during 2012 for the commissioning of the respective coal handling systems while the coal supply ramp-up will commence during March 2013 and endure until mid-2016.

MINERAL SANDS

Revenue and net operating profit

An increase in revenue was recorded at all the mineral sands operations although only accounted for five and a half months due to the sale of the business to Tronox Limited. Revenue increased 24% to R3 594 million mainly as a result of higher prices achieved on all products. Higher slag sales volumes due to higher furnace uptime was offset by lower sales volumes of pigment, zircon, rutile and pig iron.

The higher revenue recorded translated into a higher net operating profit of R1 822 million after excluding the partial impairment reversal of property, plant and equipment at KZN Sands of R103 million.

Production and sales volumes

Production volumes at the KZN Sands mine continued to decline significantly due to lower grades as the mine comes to end of life in 2013. Furnace 1 was back on line at the end of February 2012. No furnace incidents were reported in the six-month period under review, resulting in high production of slag products at the furnaces. The deficit in furnace feedstock requirements due to the declining production from Hillendale was supplemented by existing ilmenite stock piles.

Namakwa Sands' zircon production was managed against full stock piles and weak customer demand, while slag production increased mainly due to increased furnace uptime.

The proactive management of pigment stock piles in a softening market at Australia Sands led to pigment production being 41% lower than the corresponding period in 2011. Included in the 2011 production numbers are tonnages relating to the Kwinana pigment plant expansion. Tronox bought back into the expansion on 30 June 2011, contributing to the reduction of Exxaro's proportionate share of pigment production. Zircon production was significantly lower due to lower demand as well as lower dry mill feed rates from lower grades. Synthetic rutile production remained stable in comparison to the corresponding period as a result of good plant stability and improved ilmenite feed rates.

The slow down in the market continued to have a negative impact on the demand for zircon. As such sales tonnes were 59% lower than the corresponding period in 2011. Pig iron and pigment sales declined by 16% and 53% respectively, also due to softening market demand. The demand for slag products, however, remained strong.

Capital expenditure

R49 million was spent on the Fairbreeze project in the six-month period ended 30 June 2012, bringing the total cost capitalised to the project to date to R75 million.

BASE METALS

Revenue and net operating profit

The cessation of zinc production at Zincor refinery was the main contributor to the decrease in revenue and net operating losses in the base metals business. Lower average selling prices were realised for zinc and lead at US$ 1 976 and US$ 2 087 per tonne respectively (2011: US$ 2 325 and US$ 2 602). Sales recognised at Zincor were as a result of closing stock, recorded at the end of the 2011 financial year, being realised.

A consolidated net operating profit of R448 million was reported for the base metals business as the profit realised on the sale of Rosh Pinah was partially offset by Zincor's continued care and maintenance costs.

Production and sales

No production was recorded at Zincor in the first half of 2012. Zinc and lead concentrate production at Rosh Pinah was 10kt lower mainly due to lower feed grades. This in turn led to lower sales volumes.

UNREVIEWED PHYSICAL INFORMATION

OWNER-CONTROLLED OPERATIONS ('000 tonnes)	6 months ended 30 Jun 2012	6 months ended 30 Jun 2011 (Restated)	12 months ended 31 Dec 2011 (Restated)
Coal			
Production and buy-ins			
Power station coal	**15 236**	15 326	31 765
Tied operations[1]	**6 142**	6 370	12 441
Commercial operations	**9 094**	8 956	19 324
Coking coal	**1 274**	1 241	2 161
Tied operations[1]	**149**	134	299
Commercial operations	**1 125**	1 107	1 862
Steam coal	**2 936**	3 141	5 966
Buy-ins	**460**	868	1 636
Char	**38**	77	142
Total	**19 944**	20 653	41 670
Sales			
Eskom	**15 125**	15 496	31 681
Tied operations[1]	**6 136**	6 376	12 443
Commercial operations	**8 989**	9 120	19 238
Other domestic coal	**2 493**	2 577	4 841
Tied operations[1]	**141**	166	325
Commercial operations	**2 352**	2 411	4 516
Export	**1 816**	2 084	4 898
Char	**38**	74	129
Total	**19 472**	20 231	41 549
Mineral sands[2]			
Production			
Ilmenite	**403**	367	771
Zircon	**74**	94	195
Rutile	**32**	32	67
Synthetic rutile	**54**	54	110
Pig iron (LMPI)	**104**	68	160
Scrap iron	**5**	4	8
Slag tapped	**173**	124	277
Chloride slag	**134**	150	281
Sulphate slag	**25**	26	49
Leucoxene	**4**	5	10
Pigment	**26**	44	76
Sales			
Ilmenite	**15**		15
Zircon	**37**	91	173
Rutile	**24**	33	66
Synthetic rutile	**12**	16	37
Pig iron (LMPI)	**66**	79	170
Scrap iron	**1**	1	4
Chloride slag	**137**	126	274
Sulphate slag	**28**	28	50
Leucoxene	**4**	4	8
Pigment	**20**	43	71
Base Metals			
Production			
Zinc concentrate (Rosh Pinah)	**33**	43	89
Zinc metal (Zincor)		41	73
Lead concentrate (Rosh Pinah)	**6**	9	16
Sales			
Zinc concentrate (Rosh Pinah)	**37**		
Zinc metal (Zincor)	**4**	46	86
Lead concentrate (Rosh Pinah)		7	18

1 Tied operations refer to mines that supply their entire production to either Eskom or AMSA in terms of contractual agreements.

2 Includes Exxaro Sands Australia's 50% interest in the Tiwest joint venture.

NON-CONTROLLED OPERATIONS[1] ('000 tonnes)	6 months ended 30 Jun 2012	6 months ended 30 Jun 2011 (Restated)	12 months ended 31 Dec 2011 (Restated)
Coal			
Mafube production tonnes	**878**	1 035	2 137
Mafube sales tonnes	**901**	1 018	2 085
Iron ore			
SIOC production	**4 307**	3 831	8 253
SIOC sales	**4 677**	4 405	8 714

1 Exxaro's share in non-controlled operations.

Capital expenditure and project pipeline

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.

COAL

The total capital expenditure to completion of GMEP is still forecast at R9,5 billion.

Exxaro continues to engage with the relevant stakeholders for the conclusion of implementation plans for an integrated infrastructure for the Waterberg coalfields which will include the supply of water, rail, and road and housing requirements. This infrastructure is deemed crucial to the developments of projects such as Thabametsi, a greenfields project that is geared at both the domestic and export markets. It is expected that this project will provide Exxaro with the opportunity to produce additional volumes of between 13Mtpa and 15Mtpa.

Exxaro Coal and Coal of Africa Limited (CoAL) continue to progress on the valuation of the Makhado Project in the Greater Soutpansberg area. The project represents a potential development of high quality metallurgical coal assets. Exxaro Coal is still in the process of reviewing CoAL's definitive feasibility study and is expected to reach a decision on whether to proceed to exercise its option in the third quarter of 2012.

Studies relating to the evaluation of the Phase 2 expansion of the Sintel Char plant to produce an additional 140ktpa of char as well as the bankable feasibility study for the production of market coke at Grootegeluk, continue to progress and are expected to be completed in the first quarter of 2013.

The Belfast project continues to progress and a bankable feasibility study is now only expected to be completed in the second half of 2012.The colliery, if feasible and fully operational, will produce both export and power station coal.

The pre-feasibility study on the Moranbah South project commenced in 2011 and is now planned to be completed in the second half of 2012. Exxaro, jointly with Anglo Coal Australia, plans to embark on a bankable feasibility study in 2013.

FERROUS

Exxaro has assumed full management and operational control over the entire group of companies that were acquired as part of the acquisition of AKI. A broad-based review of the operations and technical aspects of the Mayoko project is currently being conducted and is expected to be completed during the second half of 2012. The project has advanced significantly since acquisition with emphasis on the Phase I mining. The intent is to develop the project in phases, eventually producing and exporting 10mtpa of iron ore by 2016.

AlloyStream™'s large scale demonstration facility to commercialise the technology for beneficiation of manganese ore into high carbon ferromanganese alloy, together with Assmang Limited, was successfully commissioned in the first quarter of 2012. Testing of commercial viability will continue in 2012 and 2013.

ENERGY

Cennergi submitted five renewable energy projects (two solar projects and three wind projects) through the Department of Energy's (DoE) Request for Qualification and Proposals for new Generation Capacity under the Independent Power Producer Procurement Programme (IPPPP). The joint venture was granted preferred bidder status on two wind projects and plans to achieve financial close by February 2013 in terms of the current IPPPP milestones. The first of these projects, Amakhala Emoyeni Wind Farm project, is a 140MW wind farm located near the town of Bedford in the Eastern Cape. The second successful wind project is the Tsitsikamma Community Wind Farm, which Cennergi is developing together with Watt Energy and the Tsitsikamma Development Trust. This project entails a 95MW wind farm located on the Mfengu community land, in the Eastern Cape.

The construction of the 14MW co-generation power plant at Namakwa Sands commenced in the second quarter of 2012. This project now falls within the ambit of Tronox Limited.

The facilitation for the development of a 600MW coal-fired base load power station, at Thabametsi in the Waterberg continues. The preferred Independent Power Producer (IPP) partner for the base load power station will be selected during the second half of 2012. The Thabametsi greenfields development project is expected to reach first coal production by 2017, dependent on the Waterberg IPP and water supply development schedule.

The exploration programme for the Botswana gas initiative is progressing well and security of tenure of the leases has been secured; moreover the project is in the process of acquiring an extension to the prospecting licence.

CONVERSION OF MINING RIGHTS

The execution of the mining rights for Tshikondeni, Matla, Strathrae, Arnot and Glisa has still not been scheduled by the DMR. Exxaro continues to engage and consult with the different regional offices of the DMR to expedite the execution process.

OUTLOOK

The safety of our people remains the highest priority for the Exxaro group. As such, Exxaro will continue to focus on creating and maintaining a safe and healthy environment for our people to work in.

The financial and operational results are expected to be relatively stable in the second half of 2012.

The coal export price index is anticipated to remain under pressure for the remainder of 2012, while domestic prices are expected to be at marginally higher levels. Power station coal demand is expected to remain robust along with strong steam coal demand. Overall coal production volumes are expected to be higher in the second half but are likely to be offset by weaker international coal prices. The Char plant has been put on care and maintenance until market conditions improve. TFR performance is expected to remain stable.

Exxaro's future equity income is expected to be influenced by the mineral sands and iron ore industry due to Exxaro's interests in Tronox Limited and SIOC respectively.

The trading levels of the local currency to the US dollar will invariably impact on the financial results in the second half of 2012.

The financial information on which the outlook statement is based has not been reviewed or reported on by the group's external auditors. These forward-looking statements are based upon 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 company'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

Ms N Langeni resigned as non-executive director effective 18 January 2012. The board expressed its sincere appreciation for her contribution during her term of office. As a result Ms S Dakile-Hlongwane was appointed as non-executive director of the board on 21 February 2012 as the Basadi Ba Kopane Investments Proprietary Limited nominated representative.

Dr Mahomed Fazel Randera was appointed to the Exxaro board as a non-executive director on 13 June 2012 as the second Eyesizwe Mining Proprietary Limited nominated representative. The board welcomes Dr Randera to the team.

The following board committee changes also became effective from 13 June 2012:

- Mr JJ Geldenhuys was appointed to the Audit Committee to replace Mr NL Sowazi;
- Dr D Konar was appointed as a member of the Remuneration and Nomination Committee; and
- Ms S Dakile-Hlongwane was appointed to the Sustainability, Risk and Compliance Committee.

INTERIM DIVIDEND

Notice is hereby given that a gross interim cash dividend Number 19 of 350 cents per share for the six-month period ended 30 June 2012 has been declared payable to shareholders of ordinary shares. The STC credits utilised amount to 350 cents per share. The number of ordinary shares in issue at the date of this declaration is 357 611 115. Although the local dividend tax rate is 15%, no withholding tax will be due as a result of the STC credits utilised.

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

Last day to trade cum dividend on the JSE	Friday, 14 September 2012
First trading day ex dividend on the JSE	Monday,17 September 2012
Record date	Friday, 21 September 2012
Payment date	Tuesday, 25 September 2012

No share certificates may be dematerialised or rematerialised between Monday, 17 September 2012 and Friday, 21 September 2012, both days inclusive. Dividends in respect of certificated shareholders will be transferred electronically to shareholders` bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant ("CSDP") or broker credited on Tuesday, 25 September 2012.

On behalf of the board

Len Konar	Sipho Nkosi	Wim de Klerk
Chairman	Chief Executive Officer	Finance Director

31 July 2012

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Directors
Dr D Konar‡ (Chairman), SA Nkosi* (Chief Executive Officer), WA de Klerk*(Finance Director), S Dakile-Hlongwane†, JJ Geldenhuys‡, CI Griffith†, U Khumalo†, VZ Mntambo†, RP Mohring‡, Dr MF Randera†, J van Rooyen‡, NL Sowazi†, D Zihlangu†

* Executive † Non-executive ‡ Independent non-executive

Prepared under supervision of:
WA de Klerk, CA (SA) South African Institute of Chartered Accountants (SAICA)
Registration number 00133273.

Group Company Secretary
CH Wessels

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Exxaro Resources Limited
(Incorporated in the Republic of South Africa)
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South African tax registration number: 9218/098/14/4
JSE Share code: EXX
ISIN code: 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.