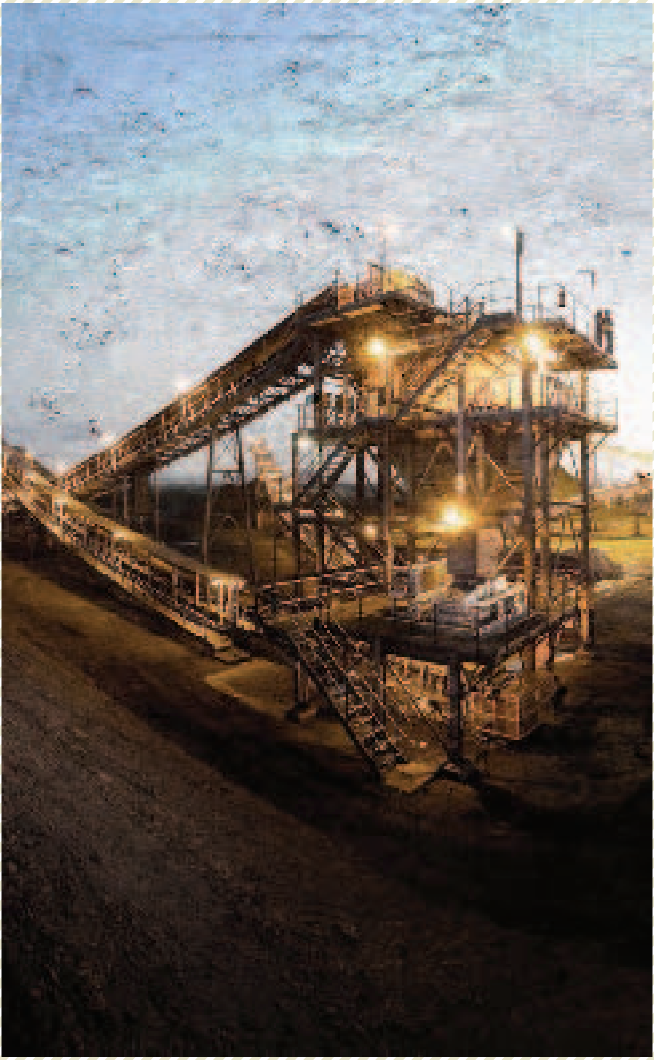
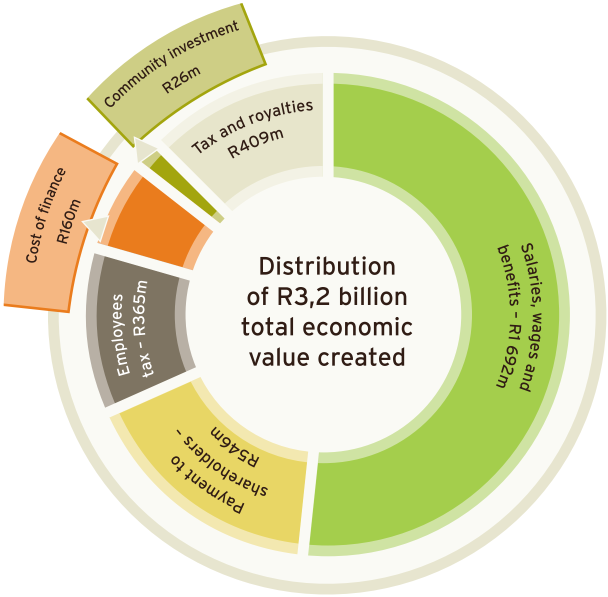


REVIEWED INTERIM FINANCIAL RESULTS

for the six-month period ended 30 June 2013

exxaro

POWERING POSSIBILITY



Distribution of R3,2 billion total economic value created
Salaries, wages and benefits - R1 692m
Payment to shareholders - R546m
Employees tax - R365m
Cost of finance R160m
Community investment R26m
Tax and royalties R409m

HUMAN
ENSURE EXXARO'S SUSTAINABILITY
SOCIAL
PROTECT AND BUILD EXXARO'S REPUTATION
MANUFACTURED
DEVELOP EXXARO'S LEADERSHIP AND PEOPLE
FINANCIAL
IMPROVE EXXARO'S PORTFOLIO
NATURAL
ACHIEVE OPERATIONAL AND FINANCIAL EXCELLENCE

OVERVIEW OF THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

30 June 2013
R44,4bn
assets up 9% on 1H12, up 5% on 2H12

Coal produced
18,8Mt
down 3% on 1H12
down 9% on 2H12

COMMODITY PORTFOLIO
- COAL
- FERROUS
- TITANIUM DIOXIDE
- ENERGY

30 June 2103
R52bn
market capitalisation

HEPS of 712 cents – down 39% on 1H12, up 199% on 2H12
AEPS of 632 cents – down 75% on 1H12, up 157% on 2H12

Interim dividend of 235 cents per share – down 33% on 1H12, up 57% on 2H12

LTIFR at 0,21 against group target of 0,15

Revenue from continuing operations
R6,2bn
up 6% on 1H12, down 2% on 2H12

NCC pre-tax impairment
R292m

Operating profit from continuing operations
R884m
down 30% on 1H12, up 105% on 2H12

Equity-income of
R2bn
down 23% on 1H12, up 103% on 2H12

GMEP
96% complete

30 June 2013
Net debt: equity 12%

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited Rm
Revenue	6 245	5 873	12 229
Operating expenses	(5 361)	(4 609)	(10 533)
Operating profit	884	1 264	1 696
Gains on disposal of non-core assets		40	42
Net operating profit (note 5)	884	1 304	1 738
Interest income (note 7)	42	66	138
Interest expense (note 7)	(268)	(186)	(325)
Income from investments	2	2	3
Share of income from equity-accounted investments	2 015	2 608	3 602
Profit before tax	2 675	3 794	5 156
Income tax expense	(429)	(339)	(537)
Profit for the period from continuing operations	2 246	3 455	4 619
(Loss)/profit for the period from discontinued operations (note 8)	(7)	5 336	5 028
Profit for the period	2 239	8 791	9 647
(Loss)/income recognised in other comprehensive income for the period, net of tax			
Items that will not be reclassified to profit or loss	12	(21)	(181)
Share of comprehensive income/(loss) from equity-accounted investments	12	(21)	(181)
Items that may be subsequently reclassified to profit or loss	(521)	126	249
Unrealised foreign exchange differences on translating foreign operations	318	(120)	(33)
Revaluation of available-for-sale financial assets	94		
Cash flow hedges		(27)	(21)
Share of comprehensive (loss)/income from equity-accounted investments	(933)	273	303
Share of comprehensive income of non-controlling interests	2		
Total other comprehensive (loss)/income for the period, net of tax	(507)	105	68
Total comprehensive income for the period	1 732	8 896	9 715
Profit/(loss) attributable to:			
Owners of the parent	2 244	8 809	9 677
– continuing operations	2 251	3 458	4 634
– discontinued operations	(7)	5 351	5 043
Non-controlling interests	(5)	(18)	(30)
– continuing operations	(5)	(2)	(15)
– discontinued operations		(16)	(15)
Profit for the period	2 239	8 791	9 647
Total comprehensive income/(loss) attributable to:			
Owners of the parent	1 735	8 914	9 745
– continuing operations	1 742	3 842	5 706
– discontinued operations	(7)	5 072	4 039
Non-controlling interests	(3)	(18)	(30)
– continuing operations	(3)	(2)	(15)
– discontinued operations		(16)	(15)
Total comprehensive income for the period	1 732	8 896	9 715
Attributable earnings per share (cents)			
– basic	632	2 488	2 734
– diluted	632	2 461	2 726
Attributable earnings per share continuing operations (cents)			
– basic	634	977	1 309
– diluted	634	966	1 305
Attributable (loss)/earnings per share discontinued operations (cents)			
– basic	(2)	1 511	1 425
– diluted	(2)	1 495	1 421

Refer to note 10 for details regarding the number of shares.

RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Net Rm
6 months ended 30 June 2013 (Reviewed)			
Profit attributable to owners of the parent			2 244
Adjusted for:			
– IAS 16 Net gains on disposal of property, plant and equipment	(4)	(1)	(5)
– IAS 28 Loss on dilution of investment in associates	13		13
– IAS 28 Share of associates' gains or losses on disposal of property, plant and equipment	(5)	1	(4)
– IAS 36 Impairment of property, plant and equipment	292	(11)	281
Headline earnings	296	(11)	2 529
– continuing operations			2 537
– discontinued operations			(8)
6 months ended 30 June 2012 (Reviewed) (Restated)			
Profit attributable to owners of the parent			8 809
Adjusted for:			
– IFRS 10 Gains on disposal of subsidiaries and non-core assets	(4 121)		(4 121)
– IAS 16 Net gains on disposal of property, plant and equipment	(32)	1	(31)
– IAS 28 Excess of fair value over cost of investment in associate	(470)		(470)
– IAS 28 Share of associates' gains or losses on disposal of property, plant and equipment	3	(1)	2
– IAS 36 Reversal of impairment of property, plant and equipment	(103)	29	(74)
Headline earnings	(4 723)	29	4 115
– continuing operations			2 920
– discontinued operations			1 195
12 months ended 31 December 2012 (Audited)			
Profit attributable to owners of the parent			9 677
Adjusted for:			
– IFRS 10 Gains on disposal of subsidiaries and non-core assets	(4 034)		(4 034)
– IAS 16 Net gains on disposal of property, plant and equipment	(65)	4	(61)
– IAS 28 Excess of fair value over cost of investment in associate	(470)		(470)
– IAS 28 Share of associates' gains or losses on disposal of property, plant and equipment	(4)	1	(3)
– IAS 36 Reversal of impairment of property, plant and equipment	(103)	29	(74)
– IAS 38 Gains on disposal of intangible assets	(77)		(77)
Headline earnings	(4 753)	34	4 958
– continuing operations			3 999
– discontinued operations			959

	6 months ended 30 June 2013 Reviewed	6 months ended 30 June 2012 Reviewed (Restated)	12 months ended 31 Dec 2012 Audited
Headline earnings per share: aggregate (cents)			
– basic	712	1 162	1 401
– diluted	712	1 149	1 397
Headline earnings per share: continuing operations (cents)			
– basic	714	825	1 130
– diluted	714	816	1 127
Headline (loss)/earnings per share: discontinued operations (cents)			
– basic	(2)	337	271
– diluted	(2)	333	270

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	At 30 June 2013 Reviewed Rm	At 30 June 2012 Reviewed (Restated) Rm	At 31 Dec 2012 Audited Rm
ASSETS			
Non-current assets	39 660	35 416	37 445
Property, plant and equipment	17 980	12 802	15 881
Biological assets	56	66	55
Intangible assets	994	1 207	962
Investments in associates	17 008	18 329	17 154
Investments in joint ventures	513	309	425
Deferred tax	230	314	241
Financial assets (note 13)	2 879	2 389	2 727
Current assets	4 777	5 185	4 972
Inventories	915	746	776
Trade and other receivables (note 13)	2 510	2 073	2 642
Current tax receivable	122	123	190
Cash and cash equivalents (note 13)	1 230	2 243	1 364
Total assets	44 437	40 601	42 417
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to owners of the parent	29 958	29 174	28 794
Non-controlling interests	(19)	23	12
Total equity	29 939	29 197	28 806
Non-current liabilities	9 844	8 136	8 417
Interest-bearing borrowings (note 13)	3 565	3 422	2 761
Non-current provisions	3 200	2 184	2 842
Post-retirement employee obligations	142	129	142
Finance lease liability	126		106
Deferred tax	2 811	2 401	2 566
Current liabilities	4 654	3 268	5 194
Trade and other payables (note 13)	3 029	2 823	4 099
Interest-bearing borrowings (note 13)	29		(9)
Current tax payable	166	220	172
Current provisions	117	116	121
Overdraft (note 13)	1 313	109	811
Total equity and liabilities	44 437	40 601	42 417

CONDENSED GROUP STATEMENT OF CASH FLOWS

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited Rm
Cash flows from operating activities	(189)	470	543
– cash generated by operations	602	2 485	3 969
– interest paid	(165)	(221)	(345)
– interest received	37	141	208
– tax paid	(117)	(164)	(277)
– dividends paid	(546)	(1 771)	(3 012)
Cash flows from investing activities	(1 240)	(1 745)	(2 940)
– property, plant and equipment to maintain operations	(577)	(675)	(1 571)
– property, plant and equipment to expand operations	(1 826)	(1 677)	(3 762)
– proceeds from disposal of property, plant and equipment	11	37	77
– proceeds from disposal of subsidiaries		931	1 133
– proceeds from disposal of intangible assets			77
– proceeds from disposal of financial assets designated through profit or loss			5
– investment in intangible assets	(23)	(1)	(36)
– dividends from equity-accounted investments	1 216	1 958	4 019
– investment in other non-current assets	33	150	(16)
– decrease in cash and cash equivalents on disposal of subsidiaries		(1 052)	(1 052)
– acquisition of subsidiaries		(1 421)	(1 421)
– investment in associates and joint ventures	(76)		(396)
– income from investments	2	2	3
– other investing activities		3	
Cash flows from financing activities	715	(678)	(1 291)
– proceeds from issuance of share capital	11	9	15
– consideration paid to non-controlling interests	(96)	(1 181)	(1 181)
– interest-bearing borrowings raised	800	5 000	5 800
– interest-bearing borrowings repaid		(4 506)	(5 925)
Net decrease in cash and cash equivalents	(714)	(1 953)	(3 688)
Cash and cash equivalents at beginning of the period	553	4 118	4 118
Translation difference on movement in cash and cash equivalents	78	(31)	123
Cash and cash equivalents at end of the period	(83)	2 134	553
Cash and cash equivalents as per the statement of financial position	1 230	2 243	1 364
Overdraft as per the statement of financial position	(1 313)	(109)	(811)

Refer to note 8 for cash flows from discontinued operations.

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital Rm	Other components of equity		
		Foreign currency translations Rm	Financial instruments revaluation Rm	Equity settled reserve Rm
At 1 January 2012 (Audited)	2 359	1 585	196	1 412
Profit for the period				
Other comprehensive income		(120)	(27)	
Share of comprehensive income of associates and joint ventures		21	(21)	62
Issue of share capital	9			
Share-based payments movements				(217)
Dividends paid				
Acquisition of subsidiaries		(13)		
Acquisition of non-controlling interest				
Disposal of subsidiaries		(459)	(137)	
Balance at 30 June 2012 (Reviewed) (Restated)	2 368	1 014	11	1 257
Profit for the period				
Other comprehensive income		87	6	
Share of comprehensive income of associates and joint ventures		97	4	32
Issue of share capital	6			
Share-based payments movement				34
Dividends paid				
Acquisition of subsidiaries		13		
Disposal of subsidiaries				(23)
Balance at 31 December 2012 (Audited)	2 374	1 211	21	1 300
Profit for the period				
Other comprehensive income		318		
Financial instruments fair value movements			94	
Share of comprehensive income of associates and joint ventures		(990)	(9)	48
Issue of share capital	14			
Share-based payments movement				29
Dividends paid				
Acquisition of non-controlling interest				
Balance at 30 June 2013 (Reviewed)	2 388	539	106	1 377

Final dividend paid per share (cents) in respect of the 2012 financial year	150
Interim dividend paid per share (cents) in respect of the 2012 interim period	350
Dividend payable per share (cents) in respect of the 2013 interim period	235

Retirement benefit obligation reserves Rm	Other reserves Rm	Retained income Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
1	8	18 027	23 588	20	23 608
		8 809	8 809	(18)	8 791
			(147)		(147)
	135	55	252		252
			9		9
			(217)		(217)
		(1 771)	(1 771)		(1 771)
			(13)	467	454
	(740)		(740)	(441)	(1 181)
			(596)	(5)	(601)
1	(597)	25 120	29 174	23	29 197
		868	868	(12)	856
			93		93
(164)	(136)	37	(130)		(130)
			6		6
			34		34
		(1 241)	(1 241)		(1 241)
			13	1	14
			(23)		(23)
(163)	(733)	24 784	28 794	12	28 806
		2 244	2 244	(5)	2 239
			318	2	320
			94		94
12		18	(921)		(921)
			14		14
			29		29
		(546)	(546)		(546)
	(68)		(68)	(28)	(96)
(151)	(801)	26 500	29 958	(19)	29 939

1. Corporate information

Exxaro Resources Limited (Exxaro), a public company incorporated in South Africa, is a diversified resources group, with interests in the coal (controlled and non-controlled), titanium dioxide (non-controlled), ferrous (controlled and non-controlled) and energy (controlled and non-controlled) markets. These reviewed condensed group interim financial results as at and for the six-month period ended 30 June 2013 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

2. Basis of preparation

(a) Statement of compliance

The reviewed condensed group interim financial results for the six-month period ended 30 June 2013 have 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 Standard (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the Johannesburg Stock Exchange (JSE), Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act No 71 of 2008.

The reviewed condensed group interim financial results should be read in conjunction with the audited group annual financial statements as at and for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The reviewed condensed group interim financial results have been prepared on the historical cost basis, excluding financial instruments and biological assets, which are at fair value.

(b) Judgements and estimates

In preparing these reviewed condensed group interim financial results, management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies and the key source of estimation uncertainty were the same as those applied to the audited group annual financial statements as at and for the year ended 31 December 2012.

3. Significant accounting policies

The accounting policies, methods of computation and presentation adopted are consistent with those applied in the audited group annual financial statements as at and for the year ended 31 December 2012, except as described below. The following changes in accounting policies are expected to be reflected in the group annual financial statements as at and for the year ending 31 December 2013.

During the first half of 2013 the following pronouncements became effective:

	Effective date
IAS 1 *Financial statement presentation* (as amended)	1 July 2012
IAS 19 *Employee benefits* (revised)	1 July 2012*
IAS 27 *Consolidated financial statements* (revised)	1 January 2013*
IAS 28 *Investments in associates and joint ventures* (revised)	1 January 2013*
IFRS 10 *Consolidated financial statements* (revised)	1 January 2013*
IFRS 11 *Joint arrangements* (as amended)	1 January 2013*
IFRS 12 *Disclosure of interest in other entities* (as amended)	1 January 2013*
IFRS 13 *Fair value measurement*	1 January 2013
IFRIC 20 *Stripping costs in the production phase of a surface mine*	1 January 2013
Annual improvements to IFRS 2009 – 2011 cycle	1 January 2013

** Early adopted in 2012.*

The accounting standards and amendments issued to current accounting standards and interpretations which are relevant to the group, but not yet effective at 30 June 2013, 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.

During 2012, Exxaro early adopted the suite of consolidation standards, including IFRS 10, 11 and 12 and IAS 27 and 28, effective 1 January 2013 as well as IAS 19 *Employee Benefits* (revised). The impact of this early adoption has been disclosed in the group audited annual financial statements as at and for the year ended 31 December 2012.

(a) IAS 1 *Financial statement presentation*
As a result of the amendments to IAS 1, the group has modified the presentation of items of other comprehensive income in the reviewed condensed group statement of comprehensive income, to present separately: items that could be reclassified to profit or loss in the future from those that could never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the group.

(b) IFRS 13 *Fair value measurement*
IFRS 13 establishes a single framework for measuring fair value and recording the disclosure thereof, when such measurements are required or permitted by other IFRS. In particular, it unifies the definition of fair values as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements on fair value measurements in other IFRS, including IFRS 7 *Financial Instruments*: *Disclosures.* Some of these disclosures are specifically required in interim financial statements. Accordingly, the group has included additional disclosures (refer note 13).

In accordance with the transitional provisions of IFRS 13, the group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the group's assets and liabilities.

(c) IFRIC 20 *Stripping costs in the production phase of a surface mine*
IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

An extensive exercise to determine the impact of IFRIC 20 on the surface mines within the group was performed during the first half of 2013. Based on the results thereof, it has been concluded that there is no impact on the current treatment of stripping costs. Stripping activities in the coal mining environment are not typically done in advance (generally limited to one to three months) due to the spontaneous combustion that may occur. Therefore the benefits derived from stripping are for current production and not for access to production beyond a 12-month future period.

Exxaro does not have any predecessor stripping assets (stripping assets recognised prior to the effective date) and therefore the transitional adjustments of IFRIC 20 are not applicable.

An associate of the group has been impacted by IFRIC 20 and as a result changed the treatment of past and present stripping costs. Management considered the impact to be insignificant to the group, and as such no adjustment was made for the prior comparative period.

4. Representation of comparative information

On 14 February 2012, the group acquired a controlling interest in the share capital of African Iron Limited (AKI). During the second half of the 2012 financial year, the group completed the purchase accounting for its acquisition of AKI.

The results from the completion of the acquisition accounting is shown in the table below:

	Provisional as disclosed at 30 June 2012 Rm	Final as disclosed at 31 Dec 2012 Rm	Increase/ (decrease) Rm
Intangible assets	3 235	862	(2 373)
Property, plant and equipment – Mineral resources		1 586	1 586
Deferred tax liability	476	789	313
Transactions with non-controlling interests		740	740
Other equity movements	(52)	214	(266)

In line with IFRS 3 *Business Combinations,* the group represented its 30 June 2012 comparative financial information to reflect the above adjustments as at acquisition date.

On 15 June 2012, Exxaro Resources Limited acquired 39,2% of the shares in Tronox Limited and a 26% members interest in Tronox Sands LLP. Subsequent to this transaction, Exxaro completed the purchase accounting for the acquisition of its interest in the associate and the excess of the fair value over the cost of the investment was calculated as R470 million and recognised in the Statement of comprehensive income. This resulted in a decrease in the carrying amount of the investment of R237 million, compared to the amount previously presented.

The group represented its 30 June 2012 comparative financial information to reflect the above adjustments as at acquisition date.

5. Net operating profit is arrived at after

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Continuing operations			
Depreciation and amortisation	(414)	(345)	(701)
Net realised foreign currency exchange gains	88	60	60
Net unrealised foreign exchange losses	(15)	(17)	(79)
(Losses)/gains on derivative instruments held-for-trading	(84)	165	(1)
Impairment reversals of trade and other receivables		13	6
Royalties	(24)	(19)	(124)
Profit on disposal of property, plant and equipment	3	33	139
Gain on disposal of non-core assets		40	42
Loss on dilution of investment in associate	(13)		
Other income(1)	645	44	352

(1) The other income relates to shortfall income received from customers as a result of delays in agreed upon production off-take plans.

6. Impairment charges/(reversals) of non-current assets

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Included in operating expenses are the following impairment losses/(reversals):			
Impairment of property, plant and equipment[1]	292		
Reversal of impairment of property, plant and equipment[2]		(103)	(103)
Tax effect	(11)	29	29
Net effect on attributable earnings	281	(74)	(74)
– continuing operations	281		
– discontinued operations		(74)	(74)

[1] The carrying value of property, plant and equipment of the New Clydesdale Colliery (NCC) coal operation was impaired to the respective recoverable amounts based on impairment tests performed in June 2013. The decline in recoverable amounts are mainly due to lower export sales prices, lower train availability as well as operational challenges.

[2] The partial impairment reversal relates to the carrying value of property, plant and equipment of the KZN Sands operations.

7. Net financing costs

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Continuing operations			
Total interest income	42	66	138
Interest income on cash and cash equivalents	22	42	81
Interest received from loans with joint ventures	14	24	42
Interest income on finance leases	6		15
Total interest expense	(433)	(210)	(655)
Interest expense and loan costs	(160)	(129)	(249)
Interest adjustment on non-current provisions	(268)	(81)	(404)
Amortisation of transaction costs	(5)		(2)
Borrowing costs capitalised	165	24	330
Total net financing costs	(226)	(120)	(187)

8. Discontinued operations

During 2011 Exxaro announced the cessation of zinc production at the Zincor refinery. Following the necessary consultations, Zincor ceased production on 12 December 2011. During 2012 the mineral sands and Rosh Pinah operations were sold. The Zincor refinery, mineral sands and Rosh Pinah operations have been classified as discontinued operations in 2012. Discontinued operations for the six-month period ended 30 June 2013 relates only to Zincor.

Financial information relating to the discontinued operations is set out below:

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Performance and cash flow information			
Revenue		3 883	3 893
Operating income/(expenses)	33	(2 027)	(2 069)
Profit on sale of subsidiaries		4 081	3 995
Net operating profit	33	5 937	5 819
Interest income		75	75
Interest expense	(40)	(111)	(241)
(Loss)/profit before tax	(7)	5 901	5 653
Income tax expense		(565)	(625)
(Loss)/profit for the period from discontinued operations	(7)	5 336	5 028
Cash flow attributable to operating activities	43	1 092	1 036
Cash flow attributable to investing activities		(684)	(1 358)
Cash flow attributable to financing activities	(43)	(1 065)	(2 778)
Cash flow attributable to discontinued operations		(657)	(3 100)

9. Dividends

A final dividend of R546 million for the year ended 31 December 2012, was paid in April 2013.

In addition, an interim dividend of 235 cents per share (2012: 350 cents per share) was declared by the board of directors on 21 August 2013. The dividend is payable on 16 September 2013 to shareholders who are on the register at 13 September 2013. This interim dividend, amounting to approximately R841 million (2012: R1 253 million) has not been recognised as a liability in these reviewed condensed group interim financial results. It will be recognised in shareholders' equity in the year ending 31 December 2013.

Dividend tax of 15% is payable by shareholders on the dividends received during the year. As a result of the Secondary Tax on Companies (STC) credits available to the company, the dividend tax payable amounts to Rnil (2012: Rnil).

	30 June 2013
Issued share capital as at declaration date (number)	358 061 205
Company tax reference number	9218/098/14/4

10. Share capital

	6 months ended 30 June 2013 Reviewed	6 months ended 30 June 2012 Reviewed	12 months ended 31 Dec 2012 Audited
Number of ordinary shares (million)			
– in issue	358	358	358
– weighted average number of shares	355	354	354
– diluted weighted average number of shares	355	358	355

11. Transactions with non-controlling interests

During April 2013, the group acquired the remaining 3% of the issued shares of DMC Iron Congo SA for a purchase consideration of AUD9,9 million (R96 million). The group now holds 100% of the equity share capital of DMC Iron Congo SA. The carrying amount of the non-controlling interest in DMC Iron Congo SA on the date of acquisition was R28 million.

The group derecognised non-controlling interests of R28 million and recorded a decrease in equity attributable to owners of the parent of R68 million. The effect of changes in the ownership interest of DMC Iron Congo SA on the equity attributable to owners of the company during the period is summarised as follows:

	6 months ended 30 June 2013 Reviewed Rm
Carrying amount of non-controlling interests acquired	(28)
Excess of consideration paid recognised in parent's equity	(68)
Consideration paid for non-controlling interest	(96)

12. Investments

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Fair value of unlisted investments in associates and joint ventures	36 219	34 690	29 963
Fair value of unlisted investments included in other financial assets (refer note 13)	763	716	716
Market value of listed investments in associates	10 184	9 956	7 911
Market value of listed investments included in financial assets (refer note 13)	42	50	52

The group's 44,65% interest in Tronox Limited on 31 December 2012 was diluted during the period to 44,42% on 30 June 2013 due to share warrants and share options that were exercised by participants during the period.

13. Financial instruments

(a) Carrying amounts and fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the reviewed condensed group statement of financial position, are as follows:

At 30 June 2013 (Reviewed)	Carrying amount Rm	Fair value Rm
ASSETS		
Non-current assets	2 691	2 691
Financial assets, consisting of:		
– Exxaro Environmental Rehabilitation Trust asset	584	584
– Loans to associates and joint ventures	365	365
– Richards Bay Coal Terminal (RBCT)	553	553
– Kumba Iron Ore Limited	41	41
– New Age Exploration Limited	1	1
– Chifeng Kumba Hongye Zinc Corporation Limited	210	210
– Non-current receivables	937	937
Current assets	3 156	3 156
Trade and other receivables	1 923	1 923
Derivative financial instruments	3	3
Cash and cash equivalents	1 230	1 230
Total assets	5 847	5 847
LIABILITIES		
Non-current liabilities	3 565	3 565
Interest-bearing borrowings	3 565	3 565
Current liabilities	3 666	3 666
Trade and other payables	2 278	2 278
Derivative financial instruments	46	46
Interest-bearing borrowings	29	29
Overdraft	1 313	1 313
Total liabilities	7 231	7 231

(b) Fair value hierarchy

The following table analyses recurring fair value measurements of financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – unobservable inputs for the asset and liability.

At 30 June 2013 (Reviewed)	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets held-for-trading at fair value through profit or loss			
– Current derivatives financial assets		3	
Financial assets designated at fair value through profit or loss			
– Exxaro Environmental Rehabilitation Trust	584		
– Kumba Iron Ore Limited	41		
Available-for-sale financial assets			
– Chifeng Kumba Hongye Zinc Corporation Limited			210
– New Age Exploration Limited	1		
– Richards Bay Coal Terminal			553
Financial liabilities held-for-trading at fair value through profit or loss			
– Current derivatives financial liabilities		(46)	
Net financial assets/(liabilities) carried at fair value	626	(43)	763

13. Financial instruments (continued)

(b) Fair value hierarchy (continued)

Level 2 fair values for over-the-counter derivative financial instruments are based on market information (quotes). These quotes are tested for reasonableness by discounting estimated future cash flows using the market rate for similar instruments at measurement date.

The fair value computations of the investments are performed by the group's corporate finance department, reporting to the Finance Director, on a six-monthly basis. The valuation reports are discussed with the audit committee in accordance with the group's reporting governance.

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred.

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six-month period ended 30 June 2013.

There were no transfers between level 2 and level 3, as shown in the reconciliation below.

(c) Level 3 fair values

For the six-month period ended 30 June 2013 (Reviewed)	Chifeng Kumba Hongye Zinc Corporation Limited Rm	Richards Bay Coal Terminal Rm
Opening balance at 1 January 2013	174	467
Movement during the year:		
Total gains recognised in other comprehensive income	10	84
Settlements		2
Exchange gains or losses for the period recognised in profit or loss	26	
Closing balance at 30 June 2013	210	553

(i) Chifeng Kumba Hongye Zinc Corporation Limited

Chifeng Kumba Hongye Zinc Corporation Limited is classified within level 3 as there is no quoted market price or observable price available for this investment. This unlisted investment is valued at the present value of the estimated future cash flows, using a discounted cash flow model. For the six-month period ended 30 June 2012, this investment was accounted for as an equity-accounted associate. During August 2012 the shareholding diluted and consequently the investment was accounted for as a financial asset.

The significant unobservable inputs used in the fair value measurement of the investment in Chifeng Kumba Hongye Zinc Corporation Limited are Rand/United States Dollar (USD) exchange rate, Zinc London Metal Exchange (LME) price, production volumes, operational costs and the discount rate. Significant increases/(decreases) in any of those inputs in isolation, would result in a significantly lower/(higher) fair value measurement. Interrelationships between unobservable inputs are not considered to have a significant impact within the range of reasonably possible alternative assumptions.

13. Financial instruments (continued)

(c) Level 3 fair values (continued)

Observable inputs	Range of unobservable inputs	Sensitivity of unobservable inputs and fair value measurement[(1)]
Rand/USD exchange rate	R9,03 to R9,85/USD1	Strengthening of the Rand to the USD
Zinc LME price (USD per tonne in real terms)	2 044 to 2 238 USD/tonne	Increase in price of zinc concentrate
Unobservable inputs		
Production volumes	208 750 tonne	Increase in production volumes
Operational costs (USD million per annum in real terms)	88,5	Decrease in operational costs
Discount rate	13%	Decrease in discount rate

[(1)] *Change in unobservable/observable input which will result in an increase in the fair value measurement.*

(ii) Richards Bay Coal Terminal (RBCT)

RBCT is classified within a level 3 as there is no quoted market price or observable price available for this investment. This unlisted investment is valued as the present value of the estimated future cash flows, using a discounted cash flow model. It is not anticipated that the RBCT investment will be disposed of in the near future.

The significant unobservable inputs used in the fair value measurement of the investment in RBCT are Rand/USD exchange rate, API#4 export price, Transnet Market Demand Strategy, annual utilisation factor and the discount rate. Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement. Any interrelationships between unobservable inputs are not considered to have a significant impact within the range of reasonably possible alternative assumptions.

Observable inputs	Range of unobservable inputs	Sensitivity of unobservable inputs and fair value measurement[(1)]
Rand/USD exchange rate	R9,03 to R19,09/USD1	Strengthening of the Rand to the USD
API#4 export price per tonne (steam coal A-grade price in real terms)	R80,39 to R97	Increase in API#4 export price per tonne
Unobservable inputs		
Transnet Market Demand Strategy for the terminal (million tonnes per annum – Mtpa)	68Mtpa to 91Mtpa	Acceleration of Transnet Freight rail performance, i.e. reach full capacity sooner
Discount rate	13%	Decrease in discount rate
Annual utilisation factor (safety and rail delay factor)	90%	Increase in annual utilisation factor

[(1)] *Change in unobservable/observable input which will result in an increase in the fair value measurement.*

14. Segmental information

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

The corporate transactions during 2012 necessitated a change in the segmental reporting structures and the manner in which operating results are reported to the chief operating decision-maker.

The following operating segments were impacted as a result of the changes in the organisational structure:

Base metals

Up to and including 31 December 2012, the reportable segments included an operating segment for Base metals which consisted of Zincor, Rosh Pinah and other base metals.

Exxaro's 50,04% interest in the Rosh Pinah operations was sold to a subsidiary of Glencore International plc on 1 June 2012. This sale formed part of Exxaro's strategic plan to divest from its zinc assets.

The remaining Base metals entities no longer meet the quantitative thresholds described in IFRS 8 *Operating Segments*. These have been aggregated in the remaining Base metals entities within the "Other" reportable segment.

Mineral sands/Titanium dioxide

The previously reported Mineral sands operating segment, included KZN Sands, Namakwa Sands and Australia Sands.

The Mineral sands operations sale and acquisition of a shareholding in Tronox Limited in 2012 resulted in Exxaro holding 44,42% (31 December 2012: 44,65%) of the shares in Tronox Limited and 26% directly in each of the South African based KZN Sands and Namakwa Sands operations. Exxaro currently equity-accounts for the interest in Tronox Limited and the South African Mineral sands operations. The investment value in these associated companies is seen as significant and will be reported as a separate operating segment.

The Mineral sands operating segment was restructured to include both Mineral sands and Titanium dioxide (TiO_2) which is reported in the share of income from equity-accounted investments in the Statement of comprehensive income. The mineral sands segment consisted of the business now disposed, whereas the TiO_2 segment consists of the newly acquired business.

Ferrous

In line with the group's strategy to establish an Exxaro controlled ferrous business, Exxaro acquired African Iron Limited (AKI) in February 2012. AKI is an 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 AlloyStream™ and FerroAlloys operations as well as Exxaro's 19,98% interest in Sishen Iron Ore Company were previously reported within the "Other" operating segment of Exxaro. These investments are now reported within the Ferrous operating segment, based on the similar commodity suite of these operations.

Following the change in the composition of the group's reportable segments, the prior periods' segmental information has been represented to reflect these changes.

14. Segmental information (continued)

The numbers below include both the continuing and discontinued operations.

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited (Restated) Rm
(a) Revenue			
Coal	6 149	5 825	12 064
Tied	1 782	1 453	3 449
Commercial	4 367	4 372	8 615
Ferrous	55	45	107
Alloys	55	45	107
TiO_2		3 594	3 594
Other	41	292	357
Base metals		288	298
Other	41	4	59
Total external revenue	6 245	9 756	16 122
(b) Net operating profit/(loss)			
Coal	1 031	1 352	2 105
Tied	210	79	285
Commercial	821	1 273	1 820
Ferrous	(44)	(87)	(31)
Iron ore	(1)	(78)	(6)
Alloys	(26)	(9)	(25)
Other	(17)		
TiO_2		1 925	1 925
Other	(70)	4 051	3 558
Base metals	32	448	422
Other	(102)	3 603	3 136
Total net operating profit	917	7 241	7 557
(c) Total assets			
Coal	21 150	16 558	19 717
Tied	1 832	1 692	1 719
Commercial	19 318	14 866	17 998
Ferrous	9 559	7 051	6 917
Iron ore	9 408	7 011	6 858
Alloys	147	40	59
Other	4		
TiO_2	11 566	12 064	13 037
Other	2 162	4 928	2 746
Base metals	567	638	552
Other	1 595	4 290	2 194
Total external assets	44 437	40 601	42 417

14. Segmental information (continued)

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited (Restated) Rm
(d) Total liabilities			
Coal	7 779	6 216	8 001
Tied	1 627	1 260	1 596
Commercial	6 152	4 956	6 405
Ferrous	671	511	593
Iron ore	631	497	572
Alloys	38	14	21
Other	2		
Other	6 048	4 677	5 017
Base metals	900	753	867
Other	5 148	3 924	4 150
Total external liabilities	14 498	11 404	13 611

15. Net (debt)/cash

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

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited (Restated) Rm
Net debt	(3 677)	(1 288)	(2 199)
Calculation of movement in net debt:			
Cash outflow:	(1 429)	(1 275)	(2 397)
– shares issued	11	9	15
– share-based payments	(2)		
– translation difference on movement in cash and cash equivalents	77		
– net debt of subsidiaries disposed		820	820
– net cash of subsidiaries acquired		141	
– consideration paid to non-controlling interests	(96)		(1 181)
– non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency	(869)	(45)	(70)
– non-cash flow movements in net debt applicable to currency translation differences of net debt items of foreign entities	830	(103)	268
Increase in net debt	(1 478)	(453)	(2 545)

16. Contingent liabilities

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed (Restated) Rm	12 months ended 31 Dec 2012 Audited (Restated) Rm
Contingent liabilities	1 856	993	1 055
Grootegeluk Medupi Expansion Project	145		
Ferrous	84		
Share of contingent liabilities of associates and joint ventures	492	198	276
Operational guarantees	1 135	795	779

16. Contingent liabilities (continued)

Other contingent liabilities include operational guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.

These contingent liabilities have no tax impact. The timing and occurrence of any possible outflows are uncertain.

17. Contingent assets

	6 months ended 30 June 2013 Reviewed Rm	6 months ended 30 June 2012 Reviewed Rm	12 months ended 31 Dec 2012 Audited Rm
Contingent assets	113	80	85

Contingent assets relate mainly to a surrender fee in exchange for the exclusive right to prospect, explore and mine for coal within a designated area in Central Queensland and Moranbah, Australia, conditional on the grant of a mining lease.

Included in contingent assets are the group's share of contingent assets of associates and joint ventures of R27 million (June 2012: Rnil; December 2012: Rnil). The timing and occurrence of any possible inflows are uncertain.

18. Related party transactions

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

19. Going concern

After taking into account the current economy, the group's liquidity position as well as internal budgets and forecasts 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.

20. JSE Limited Listings Requirements

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

21. Corporate governance

Detailed disclosure of the company's application of the principles contained in the King Report on Governance for South Africa 2009 (King III) was made in the 2012 Integrated Report and is available on the company's website in accordance with the JSE Listings Requirements. No material changes have occurred since the disclosure. Efforts are constantly employed to address the areas requiring improvement. The classification of the independence of the non-executive directors is currently under review and could potentially change in the short term. Please contact the Group Company Secretary, Carina Wessels, for any additional information in this regard.

22. Mineral resources and mineral reserves

No material changes to the mineral resources and mineral reserves disclosed in the 2012 Integrated Report as at and for the year ended 31 December 2012 have occurred, other than the depletion due to continued mining activities.

The new order mining right of Tshikondeni and Matla, although granted, still require execution. Until execution, old mining licences remain in place.

23. Events after the reporting period

Details of the interim dividend proposed are given in note 9.

On 8 August 2013, Exxaro announced that its board has taken an in-principle decision to cease production at NCC, subject to the consultation and engagement process for the full or partial disposal of this operation.

A final decision in this regard is only expected in the latter part of 2013. This announcement does not constitute an adjusting event post the reporting period.

24. Review conclusion

The condensed group interim financial results for the six-month period ended 30 June 2013, on page 2 to 21, have been reviewed by the company's external auditors, PricewaterhouseCoopers Inc, 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.

25. Additional disclosure*

	6 months ended 30 June 2013 Rm	6 months ended 30 June 2012 Rm	12 months ended 31 Dec 2012 Rm
Net asset value per share (Rand)	84	82	80
Capital expenditure			
– incurred	2 403	2 352	5 333
– contracted	1 574	3 071	6 283
– authorised, but not contracted	2 055	1 233	4 208
Capital expenditure contracted relating to captive mines, Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal SA Limited and Eskom, respectively	257	574	116
Operating lease commitments	3	14	18
Operating sub-lease rentals receivable	1		1

* *Non-IFRS numbers.*

Salient features

- Core net operating profit of R1 187 million (2012: R2 609 million)
- Headline earnings per share (HEPS) of 712 cents (R2012: 1 162 cents)
- Interim dividend of 235 cents per share (2012: 350 cents)

Challenges

- Lost time injury frequency rate (LTIFR) at 0,21 against target of 0,15
- Three-week industrial action in first quarter of 2013, causing coal production losses of 2,2Mt
- New Clydesdale Colliery (NCC) pre-tax impairment of R292 million

Comparability of results

The following comments are based on a comparison of the group's condensed reviewed interim financial results and unreviewed production and sales volumes information for the six-month periods ended 30 June 2013 and 2012 respectively. These results are not comparable due to (amongst others):

- the pre-tax impairment charges on the NCC carrying value of property, plant and equipment of R292 million recorded in the six-month period ended 30 June 2013;
- the partial impairment reversal of the carrying value of property, plant and equipment at KZN Sands of R103 million in 2012;
- profits realised on the sale of the mineral sands operations amounting to R3 537 million and Rosh Pinah operations amounting to R544 million as well as other assets amounting to R40 million during 2012; and
- the loss recognised on the dilution of the investment in the Tronox Limited (Tronox) associate, amounting to R13 million as a result of a decrease in the effective shareholding to 44,42% (2012: 44,65%).

Delivery of the group's strategy

Exxaro's strategy is to create and grow value through the extraction of energy, metal and mineral commodities from diverse geographies, using own capabilities and through the development of appropriate and relevant local partnerships. Exxaro aims to develop markets for its energy, metal and mineral products and apply appropriate technology throughout the value chain for added value and competitive market advantage. Exxaro will invest in commodities that generate sustainable economic returns above the cost of capital for the benefit of all our stakeholders.

Coal

In line with Eskom's recent announcement of the Medupi power station construction being delayed by six months resulting in unit six only expected to supply electricity to the grid in the second half of 2014, Exxaro confirms that the parties have reached an amicable agreement to deal with this delay. Construction on the Grootegeluk Medupi Expansion Project (GMEP), to supply Eskom's Medupi power station with 14,6 million tonnes per annum, continues to progress on time and within budget and is 96% complete.

Exxaro is contemplating the cessation of production at NCC. This is subject to the consultation and engagement processes as stipulated and required in terms of the Labour Relations Act for the full or partial disposal of this operation. NCC's carrying value of property, plant and equipment has been impaired by R292 million (pre-tax), during the six-month period ended 30 June 2013 mainly as a result of reduced profitability in turn caused by lower export sales prices, lower train availability as well as operational challenges.

Ferrous

Exxaro is actively progressing the group's strategy to develop a controlled and managed ferrous division. The application for a Mining Convention was submitted to the government of the RoC in the first quarter of 2013. Negotiations with regards to the Mining Convention are ongoing. Mining will commence once the Mining Convention has been ratified by the parliament of the RoC.

Energy

Exxaro continues to engage with Linc Energy Limited to jointly pursue underground coal gasification as a commercial business with the intention to develop energy solutions in sub-Saharan Africa.

Following a selection process in the second quarter of 2013, Exxaro chose to partner with GDF SUEZ for the development of a 600MW coal-fired Independent Power Producer (IPP) power station in the Waterberg region, with the coal to be supplied by Exxaro's proposed greenfields Thabametsi mine.

Titanium dioxide (TiO_2)

The first year of a three-year "lock-in period" of Exxaro's shareholding in Tronox, listed on the New York Stock Exchange, has lapsed. During the remaining two years Exxaro will continue to consider its options within the pigment business.

Exxaro's shareholding in Tronox has declined from 44,65% at 31 December 2012 to 44,42% at 30 June 2013. The dilution is as a result of share warrants and share options exercised by share scheme participants (employees and former employees) during the period.

Safety, health, environment and community

There were no fatalities for the six-month period ended 30 June 2013 and the group continues to strive towards achieving zero harm at all operations.

A 0,21 LTIFR per 200 000 man-hours worked was recorded for the six-month period ended 30 June 2013 (2012: 0,26) against a target of 0,15 mainly as a result of an increase in "slip and fall" incidents. Notwithstanding this, seven operations achieved no lost time injuries. Exxaro has initiated multiple safety improvement programmes, such as the Global Mining Industry Risk Management programme, to raise the awareness of risks. The group has also incorporated the Mine Safety and Health Administration as a standard to proactively manage the health and safety practices across the group.

The group's health and hygiene efforts show an overall 24% improvement in number of employees enrolled in the HIV/AIDS programme compared to the corresponding period in 2012. Exxaro still faces some challenges with tuberculosis cases.

Given the association of the group's operations with wetlands and associated biodiversity as well as considering the strain on water resources in South Africa, water stewardship is a key tenet of Exxaro's business strategy. In this regard, Exxaro has a Water Management Programme which has seen average monthly operational water use reducing by 42%. In respect of the wetlands, Exxaro considers trade-offs between the economic benefits of the mining industry and environmental protection, both in the short and long term. The decision to mine the Weltevreden area in Leeuwpan was supported by a detailed trade-off study, details of which are available on Exxaro's website.

Progress with the development of the water treatment plants within the group is at different stages of implementation. At Matla mine the plant is scheduled for delivery in the second quarter of 2014, while at the North Block Complex (NBC) Glisa mine the plant is scheduled for the last quarter of 2014. The two plants will have capacity to treat 11,5 mega litres per day and save 8,9 mega litres per day from industrial application by discharging treated water back into the water streams around both mines.

Leadership and people

The Exxaro group continues to be focused on transformation, development of people and rewarding top performers. The group has met its targets on employment equity on junior and middle management. Continued focus on the senior management band is expected to result in the group meeting this target by 2014.

Exxaro spent R68 million (2012: R74 million) for the six months on industry related training initiatives. This training involved 735 youth candidates, of which 80% were historical disadvantaged South Africans (HDSAs) selected for learnerships, internships, bursaries and various skills programmes.

Operational and financial excellence

Group

Revenue and net operating profit

Group consolidated revenue decreased by 36% to R6 245 million for the six-month period ended 30 June 2013, mainly as a result of the disposal of the mineral sands and Rosh Pinah businesses in 2012.

Group consolidated net operating profit was R1 795 million lower at R1 222 million, after the exclusion of the items listed in the "comparability of results" section above. This was mainly due to the coal operations being the main contributors to the group's performance in the first half of 2013 compared to 2012 where the mineral sands and Rosh Pinah operations contributed to operating profits for five and a half and five months, respectively. Corporate further saved costs (R231 million) mainly from reduced consulting fees (R180 million).

Earnings

Attributable earnings, inclusive of Exxaro's equity-accounted investment in associates, amounted to R2 244 million (2012: R8 809 million) or 632 cents per share (R2012: 2 488 cents) for the six-month period, representing an 75% decrease from the 2012 comparative period, mainly as a result of the non-recurring profits on the sale of subsidiaries and other non-core assets recorded in 2012.

Headline earnings

Headline earnings achieved, which exclude, inter alia, the impact of the impairment and partial impairment reversal as well as profits realised on the sale of subsidiaries in 2012, were R2 529 million (2012: R4 115 million) or 712 cents per share (2012: 1 162 cents) for the six-month period ended 30 June 2013, representing a 39% decrease in headline earnings per share from the corresponding period in 2012.

Cash flow

Cash generated from operations was R602 million (2012: R2 485 million) for the group, which was primarily used to fund net financing charges of R128 million, taxation payments of R117 million and a portion of the dividends paid of R546 million. A total of R1 826 million of capital was invested in new capacity, with R577 million applied towards sustaining capital.

After the receipt of R1 216 million (2012: R1 958 million) in dividends, primarily from Sishen Iron Ore Company Proprietary Limited (SIOC) and Tronox, as well as the outflow associated with sustaining and expansion capital, the group had a net cash outflow before financing activities of R1 429 million (2012: R1 275 million) for the period under review. A total of R1 087 million of the capital investment in new capacity was for GMEP (R850 million) as well as the backfill project (R237 million).

Net debt at 30 June 2013 was R3 677 million, reflecting a net debt to equity ratio of 12%.

Exchange rates

An average exchange rate of R9,19 to the US dollar (USD) was achieved for the six-month period ended 30 June 2013 compared to R7,88 in 2012. Unrealised foreign currency losses of R15 million on the revaluation of monetary items denominated in a foreign currency were recorded based on the relative weakness of the local currency to the USD at 30 June 2013 (2012: R118 million profit).

Coal

Trading conditions for the coal business continued to be challenging. The coal export price declined from approximately USD92 per tonne in January 2013 to a low of around USD77 per tonne in June 2013. Exxaro realised an average export price of USD84 per tonne in the first half of 2013, compared to USD103 per tonne in the comparable period in 2012.

A marginal increase in export volumes was achieved compared to the comparative period in 2012, while the continued depressed ferrochrome industry led to low demand in the metallurgical market.

Revenue and net operating profit

Coal reported revenue of R6 149 million in the six-month period ended 30 June 2013, representing an increase of 6% compared to 2012, mainly due to higher revenue from tied mines. Revenue from the commercial mines was, however, lower due to lower prices realised on export and domestic sales partially offset by higher revenue from Eskom.

A 24% decrease in net operating profit to R1 031 million (at an operating margin of 17%) was achieved, mainly as a result of the decrease in selling prices (R228 million), lower volumes sold (R50 million) as well as inflationary pressures on costs (R164 million). Operating costs recorded were R320 million higher than in the corresponding period in 2012 mainly due to higher corporate service fee allocated (R222 million), higher distribution costs (R33 million); higher labour (R30 million).

Included in the performance of the coal business is the pre-tax impairment of NCC (R292 million) as well as the fovourable impact of the local currency weakness against the USD of R167 million.

The income received from Eskom as a result of the delay on the Medupi power station during the six-month period ended 30 June 2013 was R601 million higher than the corresponding period in 2012.

Due to a continued decline in global market interest rates, the group revised the inflation and discount rates used to calculate the net present value of its rehabilitation provisions in line with the latest cost of debt indicators. The decrease of the rehabilitation provision increased the tied mines' net operating profit by R132 million.

Production and sales volumes

Overall coal production (excluding buy-ins from Mafube) remained stable for the six-month period ended 30 June 2013 at 19 million tonnes.

Metallurgical coal

- Grootegeluk's metallurgical coal production was 209kt (19%) lower, negatively influenced by the unprotected industrial action in the first quarter of 2013, while Tshikondeni production increased by 30kt (20%) mainly due to better extraction ratios and better utilisation of equipment.
- Sales decreased by 67kt (6%) mainly due to lower off-take by ArcelorMittal South Africa as a result of the slump in the ferrochrome market and lower export sales (62kt) as a result of lower train allocations to Grootegeluk for export via the Richards Bay Coal Terminal.

Thermal coal

Total production was 467kt (3%) lower mainly due to lower (501kt) volumes from the tied mines.

- Matla's lower production was attributable to the delayed phasing of a short wall move at the mine, difficult geological conditions as well as the unprotected industrial action in March 2013.
- Production at Arnot was mainly affected by the unprotected industrial action in March 2013, as well as lower volumes from a section due to the ongoing difficult geological conditions.
- Production at Grootegeluk was lower (98kt) mainly as a result of the unprotected industrial action.
- NBC increased production (338kt) mainly as a result of improved extraction rates.
- The unprotected industrial action and lower yields achieved resulted in lower production at Leeuwpan (120kt).
- NCC production was lower (100kt) due to unfavourable mining conditions, plant maintenance and equipment breakdowns.

Domestic sales from the commercial operations decreased by 24kt (3%) due to lower sales at Grootegeluk, Inyanda and Leeuwpan as a result of the industrial action, partially offset by higher sales at NBC and NCC, where some product was redirected to the domestic market due to a reduced number of export trains scheduled by Transnet Freight Rail.

Export sales were 10% (147kt) higher mainly due to higher railings from most of the mines. However, NCC reported lower export volumes due to lower train availiability.

COMMENTARY (continued)

The Char plant production and sales were 37% and 58% lower, respectively, mainly due to the previously reported downtime in the ferrochrome industry, with production deliberately reduced to match demand.

Reviewed segment results

R million	6 months ended 30 June 2013 Reviewed	6 months ended 30 June 2012 Reviewed (Restated)	12 months ended 31 December 2012 Audited (Restated)
Revenue			
Coal operations	6 149	5 825	12 064
Tied[(1)]	1 782	1 453	3 449
Commercial	4 367	4 372	8 615
Ferrous	55	45	107
Alloys	55	45	107
TiO_2		3 594	3 594
Other	41	292	357
Base metals[(2)]		288	298
Other	41	4	59
Total external revenue	6 245	9 756	16 122
Net operating profit/(loss)			
Coal operations	1 031	1 352	2 105
Tied[(1)]	210	79	285
Commercial	821	1 273	1 820
Ferrous	(44)	(87)	(31)
Iron ore	(1)	(78)	(6)
Alloys	(26)	(9)	(25)
Other[(3)]	(17)		
TiO_2[(4)]		1 925	1 925
Other	(70)	4 051	3 558
Base metals[(2)]	32	448	422
Other[(5)]	(102)	3 603	3 136
Total net operating profit	917	7 241	7 557

(1) Tied operations refer to mines that supply their entire production to either Eskom or ArcelorMittal South Africa (AMSA).

(2) Previously reported as a separate segment.

(3) Ferrous head office costs not directly attributable to the operation at Mayoko and as such could not be capitalised with development.

(4) Includes a partial impairment reversal of R103 million in 2012 of the carrying value of property, plant and equipment at KZN Sands. This segment was previously reported as the mineral sands segment prior to the sale transaction in 2012.

(5) Includes a profit on sale of subsidiaries of R544 million and R3 451 million on the sale of the Rosh Pinah and mineral sands operations respectively as well as R40 million on the sale of other non-core assets in 2012.

Unreviewed coal production and sales information

('000 tonnes)	6 months ended 30 June 2013	6 months ended 30 June 2012 (Restated)	12 months ended 31 December 2012 (Restated)
Production			
Thermal	17 704	18 171	37 641
– Tied[(1)]	5 640	6 141	13 029
– Commercial	12 064	12 030	24 612
Metallurgical	1 095	1 274	2 366
– Tied[(1)]	179	149	339
– Commercial	916	1 125	2 027
Reductants	24	38	43
Total production (excluding buy-ins)	18 823	19 483	40 050
Buy-ins	542	460	1 111
Total production (including buy-ins)	19 365	19 943	41 161
Sales			
Thermal	17 902	18 224	37 929
– Tied[(1)]	5 643	6 136	13 022
– Commercial	10 634	10 610	21 708
– Export	1 625	1 478	3 199
Metallurgical	1 142	1 209	2 326
– Tied[(1)]	185	141	282
– Commercial	681	730	1 348
– Export	276	338	696
Reductants	16	38	62
Total sales	19 060	19 471	40 317

[(1)] *Tied operations refer to mines that supply their entire production to either Eskom or AMSA.*

Ferrous

Revenue and net operating profit

FerroAlloys remains the only contributor of revenue to the Ferrous business. Revenue increased by 22% to R55 million when compared to the six-month period ended 30 June 2012 due to increased demand from Kumba Iron Ore Limited, and an average price increase of 6%.

A net operating loss of R44 million was recorded in the six-month period ended 30 June 2013 compared to the corresponding period in 2012 (R87 million), due to higher corporate costs, costs of the furnace refurbishment at AlloyStream and lower 2012 African Iron Ore costs capitalised due to the timing of the development phase.

Production and sales volumes

Plant availability at FerroAlloys was impacted by furnace related problems in the six-month period ended 30 June 2013 resulting in a 12% decrease in production.

Sales volumes were in line with production as tonnes sold at FerroAlloys decreased by 10% when compared to the corresponding period in 2012.

Equity-accounted investments

Exxaro's share in the post-tax profits of its equity-accounted investments comprise of Exxaro's interest in SIOC of R2 120 million, Black Mountain Mining Proprietary Limited (Black Mountain) of R52 million, Mafube of R80 million and Tronox's and Cennergi's effective losses of R168 million and R69 million respectively.

SIOC recorded a restatement of its 2012 numbers as a result of the first time adoption of the accounting standard: *IFRIC 20 Stripping costs in the production phase of a surface mine*. Exxaro's share of the restatement amounted to a positive R71 million.

As this amount was below Exxaro's materiality level, no restatement of Exxaro's comparative equity income was, however, done. The full R71 million is nonetheless included in the R2 120 million equity income recorded for the six-month period ended 30 June 2013.

Tronox achieved an increase in the mineral sands volumes, however, this was offset by lower prices, primarily in the depressed zircon market. Pigment selling prices obtained were lower although higher volumes were achieved in the European and Asia-Pacific regions.

Post-tax equity-accounted income

R million	6 months ended 30 June 2013 Reviewed	6 months ended 30 June 2012 Reviewed	12 months ended 31 December 2012 Audited
Sishen Iron Ore Company	2 120	1 935	3 202
Tronox Limited[1]	(168)	588	220
Black Mountain	52	45	101
Mafube	80	65	144
Cennergi	(69)	(25)	(65)
Total post-tax equity-accounted income	2 015	2 608	3 602

[1] *Includes the excess of fair value of net assets over the cost of the investment in associates of R470 million in June 2012 (December 2012: R470 million).*

Capital expenditure and project pipeline

Macro-economic challenges experienced by the mining industry and specifically the group's commodity sector continued to be considered in the group's evaluation of growth projects. Current global economic conditions indicate a reduction in demand growth rates and commodity prices up to the period 2015/2016. Capital allocation management continues to be a key focus and the group aims to preserve cash whilst ensuring the delivery of growth projects and returning cash to shareholders.

Coal

Construction on the GMEP, to supply Eskom's Medupi power station with 14,6 million tonnes of coal per annum, is 96% complete. The capital expenditure on the project to date is R8,9 billion with total capital expenditure for the project still forecast at R10,2 billion. The major construction contracts are expected to be completed during the second half of 2013.

In terms of the contractual arrangement between Exxaro and Eskom, following Eskom's recent announcement of the delay in the completion of the Medupi power station, Eskom has the option to defer the commencement of coal deliveries to the Medupi power station from March 2013 to the first quarter of 2014. The subsequent rate of coal deliveries will then be increased to take the full volume of the deferred coal over a period of 24 months prior to December 2016. There is no adverse financial impact on the parties in the long run in terms of the revised agreement. The coal supply ramp-up therefore did not commence during the first half of 2013 as scheduled. However, the ramp-up completion date remains scheduled to continue until 2016.

The 740 housing units at Grootegeluk were completed by June 2013 and within the budget of R590 million.

The development of the Thabametsi project, a prospective greenfields opencast mine adjacent to Grootegeluk mine is expected to coincide with the 600MW coal-fired base load IPP power station. The Thabametsi mine will supply approximately 3,8 million tonnes per annum of coal to the 600MW Waterberg IPP post ramp-up. The period of the coal supply agreement will be determined by the duration of the power purchase agreement signed with Eskom. It is estimated to extend up to 25 years. The pre-feasibility study for the Thabametsi mine has commenced and is anticipated to be completed by the end of 2013, whilst the bankable feasibility study will commence at the beginning of 2014.

The Mining Right application process is in progress and the first coal production is expected to be achieved by 2016/17, subject to the 600MW Waterberg IPP and water supply development schedules. Stakeholder engagement for the crucial integrated infrastructure plans of the Waterberg coalfields development, which will include the supply of water, rail, road and housing requirements, continues.

The Char Phase 2 expansion continues to be executed in a phased manner due to continued weak market conditions, which in turn will impact on the timing of adding retorts. The bankable feasibility study is expected to be completed in the second half of 2013.

A bankable feasibility study to produce market coke from semi-soft coking coal at Grootegeluk is expected to be completed in the second half of 2013.

The bankable feasibility study on the Belfast project in Mpumalanga is now only expected to be completed in the first quarter of 2014. The colliery, once fully operational, will produce both export and power station coal.

The joint value engineering exercise between Exxaro and Anglo American plc on the Moranbah South project (a 50/50 joint venture) is progressing as planned. The pre-feasibility study will be updated with the value engineering findings, before seeking approval to commence with the definitive feasibility study. The environmental impact study process is progressing on schedule and authorisation is expected in the second half of 2014.

Ferrous

The development of the Mayoko project commenced during the first half of 2012. The delay in finalising the Mining Convention will impact on Exxaro's planned ramp-up period as well as the timing of operational readiness. Regular engagement with the relevant Republic of Congo government authorities continues at all levels to ensure that the project is successfully implemented. The production of the first ore is scheduled to commence during the second half of 2014, pending the finalisation of the Mining Convention, which includes rail and port agreements. All efforts are being made to ensure operational readiness is achieved to meet this target.

The project expenditure continues to be managed within a contractual risk exposure limit imposed by the board, which will remain in force until such time that the Mining Convention is granted.

Total expenditure on the project for the six-month period ended 30 June 2013 was R854 million, bringing the total spent since acquisition in the first half of 2012 to R1,3 billion.

Exploration at Mayoko during the first half of 2013 was focused on regional exploration, content testing work on various target areas and improving the resource accuracy. The Joint Ore Reserves Committee (JORC) compliant resource has increased from 121 million tonnes at acquisition to 730 million tonnes. An Exploration Permit for the Mayoko project was approved by the Council of Ministers of the RoC during the six-month period ended 30 June 2013 and a decree granting the Permit was signed by the president of the RoC on 9 August 2013.

Energy

In a national environment where the need for cleaner energy is evident, Exxaro continues to explore opportunities in the energy markets.

Cennergi, a 50/50 joint venture with Tata Power, achieved financial closure on both its Amakhala Emoyeni Wind Farm and Tsitsikamma Community Development Wind Farm projects in the second quarter of 2013 under Window 2 of the Department of Energy's rolling renewable energy IPP procurement programme. These two wind projects, with a combined 229MW capacity, represent 35% of the total wind allocation of the Window 2 renewable energy programme.

Further to the term sheets signed in the second half of 2012, Exxaro and Linc Energy Limited concluded formal agreements in May 2013. The agreements are conditional upon obtaining an extension of the prospecting right, which is awaited from the Department of Mineral Resources, as well as Exchange Control Approval being granted by the South African Reserve Bank for the payment of licence fees and royalties for the intellectual property. The parties will implement a business model, which optimally combines Exxaro's strategic interests to expand its coal beneficiation opportunities with Linc Energy's unique position as a world leader in underground coal gasification and downstream process integration know-how. This milestone allows Exxaro to extract the inherent value contained in clean coal technology.

The Botswana gas exploration programme is nearing completion, with ongoing gas content testing. The pilot programme is scheduled for completion in the third quarter of 2013.

Conversion of mining rights

The granted mining rights of Tshikondeni and Matla still require execution. Until execution, old mining licences remain in place.

Outlook

Exxaro is committed to creating and maintaining a safe and healthy environment for our people to work and live in. Our strategy aims to deliver enduring financial returns to shareholders balanced with social and environmental value creation through considered investments that will meet stakeholder expectations.

To remain a sustainable and diversified mining company, Exxaro's focus remains grounded on improved long-term value creation through cost management, improved productivity levels and investment in risk-adjusted return projects. General economic conditions and internal cost pressures require Exxaro to preserve cash for purposes of future growth and dividend payment. Corporate costs continue to be overweight following the divestments in 2012; as such sustainable cost savings initiatives and the need to remove the inefficiencies across the group will be top priority over the next six to 12 months. The long lead times of Exxaro's Grootegeluk Medupi Expansion and Mayoko projects result in Exxaro's earnings being sensitive in the short- to medium-term period up to 2016.

The financial and operational results for the remainder of 2013 are expected to be impacted by continued low coal prices, the ZAR/USD exchange rate volatility as well as the availability of trains for coal exports.

To broaden coal marketing options, Exxaro is active in developing new markets in China, India and Pakistan. A proposed ban on low-grade imports to China may benefit higher-grade South African coal. However, developments in the financial markets may impact on the availability of trade finance and impact coal trading.

Whilst expected to remain stable, domestic market demand is expected to be sensitive to international market pricing influences. Supply to Eskom from Exxaro will remain on schedule at agreed supply levels.

Capital investment management as well as project execution and delivery are critical factors in Exxaro's short- to medium-term outlook.

Key challenges that are expected to have significant influence over the group's strategy include:

- commodity price volatility;
- the potential for labour unrest in the mining industry;
- the impact of carbon tax on the Exxaro group;
- uncertainty in future government policy on South Africa's future energy requirements mix; and
- the proposed changes to the Mineral and Petroleum Resources Develoment Act and introduction of beneficiation legislation.

Exxaro's equity income from Tronox is expected to improve in the second half of 2013. Positive pigment volumes are expected in the second half of 2013 as the pigment utilisation rates increase. It is expected that Tronox will reach approximately a 80% utilisation rate. Zircon sales are also expected to pick up as the market continues to recover.

As reported in the Kumba Iron Ore Limited results announcement on 25 July 2013, annual production volumes from the Sishen mine are expected to increase in the second half of 2013, whilst export sales volumes are expected to be similar to those in 2012.

Exxaro will continue to be a diversified and multi-commodity organisation to mitigate the risk of over-reliance on one commodity.

Changes to the board

Mr U Khumalo resigned as non-executive director effective 31 January 2013. The board expressed its sincere appreciation to Mr Khumalo for his contribution during his tenure on the board.

Interim dividend

The dividend declaration was carefully considered to take into account the group's capital allocation strategy, with an effort to balance distribution between shareholders and long-term growth.

Notice is hereby given that a gross interim cash dividend number 21 of 235 cents per share for the six-month period ended 30 June 2013 has been declared payable to shareholders of ordinary shares. The total Secondary Tax on Companies (STC) credits available for offsetting against the new dividend tax amount to R1 566 million, which equates to 235 cents per share. The number of ordinary shares in issue at the date of this declaration is 358 061 205. Although the local dividend tax rate is 15%, no tax will be due as a result of the STC credits utilised. Exxaro's tax reference number is 9218/098/14/4.

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

Last day to trade cum dividend on the JSE	Friday, 6 September 2013
First trading day ex dividend on the JSE	Monday, 9 September 2013
Record date	Friday, 13 September 2013
Payment date	Monday, 16 September 2013

No share certificates may be dematerialised or rematerialised between Monday, 9 September 2013 and Friday, 13 September 2013, both days inclusive. Dividends in respect of certificated shareholders will be transferred electronically to the shareholders' bank accounts on the payment date. Shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 16 September 2013.

On behalf of the board

Len Konar
Chairman

Sipho Nkosi
Chief Executive Officer

Wim de Klerk
Finance Director

21 August 2013

NOTES

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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.

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

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

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