SUMMARISED INTERIM FINANCIAL RESULTS
for the six-month period ended 30 June 2015

PERFORMANCE IN BRIEF

NO FATALITY FOR 1H15

LOST-TIME INJURY FREQUENCY RATE (LTIFR) IMPROVED BY **23%** TO **0,17**

COAL PRODUCTION VOLUMES AT **19 MILLION TONNES**, UP 1%

COAL EXPORTS AT **2,4 MILLION TONNES**, DOWN 12%

53% DECREASE IN DIVIDENDS RECEIVED FROM ASSOCIATES

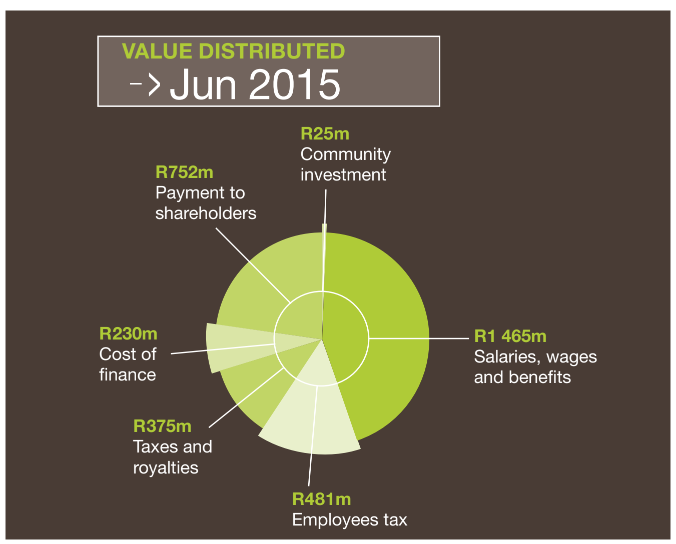
NET CASH POSITION OF **R55 MILLION**

HEADLINE EARNINGS PER SHARE OF **303 CENTS**, DOWN 62%

INTERIM DIVIDEND OF **65 CENTS** PER SHARE, DOWN 75%

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME (Rm)

	6 months ended Jun 2015	6 months ended Jun 2014	12 months ended Dec 2014
Revenue	8 324	7 412	16 401
Operating expenses	(6 513)	(6 620)	(15 197)
Other income		888	1 466
Impairment charges of non-current assets		(5 760)	(5 962)
Net operating (loss)/profit	1 811	(4 080)	(3 292)
Net financing cost	(326)	(43)	(103)
Income from financial assets	1	7	9
Share of income from equity-accounted investments	83	1 515	2 515
Profit/(loss) before tax	1 569	(2 601)	(871)
Income tax (expense)/benefit	(402)	159	(13)
Profit/(loss) for the period	1 167	(2 442)	(884)
Other comprehensive income, net of tax	561	468	1 190
Total comprehensive income/(loss) for the period	1 728	(1 974)	306
Attributable earnings/(loss) per share (cents)			
– Basic	329	(688)	(249)
– Diluted	328	(686)	(249)
Headline earnings per share (cents)			
– Basic	303	793	1 372
– Diluted	303	790	1 372



CONDENDSED GROUP STATEMENT OF FINANCIAL POSITION (Rm)

	At 30 Jun 2015	At 30 Jun 2014	At 31 Dec 2014
Non-current assets	41 638	40 402	41 408
Current assets	9 987	5 578	5 693
Non-current assets held-for-sale	314	284	328
Total assets	51 939	46 264	47 429
Total equity	35 429	33 060	34 425
Non-current liabilities	12 638	9 186	9 182
Current liabilities	3 645	3 809	3 590
Non-current liabilities held-for-sale	227	209	232
Total equity and liabilities	51 939	46 264	47 429
Net asset value per share (Rand)	99	92	96
Market capitalisation (Rb)	31,1	49,6	37,1

CONDENSED GROUP STATEMENT OF CASH FLOWS (Rm)

	6 months ended Jun 2015	6 months ended Jun 2014	12 months ended Dec 2014
Cash flows from operating activities	1 297	262	1 660
Cash generated by operations	2 330	1 555	4 083
Net interest paid	(207)	(136)	(248)
Tax paid	(74)	(31)	(120)
Dividends paid	(752)	(1 126)	(2 055)
Cash flows from investing activities	(178)	485	620
Capital expenditure to maintain operations	(703)	(502)	(1 460)
Capital expenditure to expand operations	(298)	(1 076)	(1 737)
Dividend income from equity-accounted investments	984	2 081	3 719
Other investing activities	(161)	(18)	98
Cash flows from financing activities	3 350		(604)
Interest-bearing borrowings raised	4 320	1 000	1 000
Interest-bearing borrowings repaid	(970)	(1 000)	(1 604)
Net increase in cash and cash equivalents	4 469	747	1 676

FINANCIAL AND OPERATIONAL EXCELLENCE
Group

Segment results

	Revenue				Net operating profit/(loss)			
	6 months ended 30 Jun		6 months ended 31 Dec	12 months ended 31 Dec	6 months ended 30 Jun		6 months ended 31 Dec	12 months ended 31 Dec
	2015 Reviewed Rm	2014 Reviewed Rm	2014 Reviewed Rm	2014 Audited Rm	2015 Reviewed Rm	2014 Reviewed Rm	2014 Reviewed Rm	2014 Audited Rm
Carbon	**8 217**	7 312	8 864	16 176	**1 664**	1 836	1 461	3 297
– Tied[1]	**1 847**	2 094	2 483	4 577	**102**	208	111	319
– Commercial	**6 370**	5 218	6 381	11 599	**1 562**	1 628	1 350	2 978
Ferrous	**83**	71	88	159	**(48)**	(5 917)	(321)	(6 238)
– Iron ore[2]					**(40)**	(5 821)	(279)	(6 100)
– Alloys	**83**	71	88	159	**3**	(96)	(1)	(97)
– Other					**(11)**		(41)	(41)
Other	**24**	29	37	66	**195**	1	(352)	(351)
– Base metals							(1)	(1)
– Other[3]	**24**	29	37	66	**195**	1	(351)	(350)
Total	**8 324**	7 412	8 989	16 401	**1 811**	(4 080)	788	(3 292)

[1] *Mines managed on behalf of and supplying their entire production to either Eskom or ArcelorMittal South Africa Limited (AMSA) in terms of contractual agreements.*

[2] *Net operating loss includes the pre-tax impairment of the original investment including goodwill, carrying value of property, plant and equipment and qualifying project costs capitalised to the Mayoko iron ore project of R5 760 million as well as the write-off and impairment of financial assets totalling R43 million recorded in 2014.*

[3] *Net operating profit/(loss) includes a pre-tax impairment loss of intellectual property of R202 million in 2H14.*

Group financial results

Revenue

Group revenue increased by 12% to R8 324 million for the six-month period ended 30 June 2015 (1H15) compared to R7 412 million in six-month period ended 30 June 2014 (1H14) (six months ended 31 December 2014 (2H14): R8 989 million), mainly due to higher revenue in the carbon business arising from higher power station coal sales.

Net operating profit

The group recorded a net operating profit for the period of R1 811 million (1H14: net operating loss of R4 080 million; 2H14: net operating profit of R788 million). The 2014 operating loss was mainly due to the pre-tax impairment of the carrying value of the Mayoko iron ore project assets totalling R5 807 million in 1H14 as well as the pre-tax impairment of the carrying value of intellectual property (R202 million) in 2H14.

Earnings

Earnings attributable to owners of the parent, which include Exxaro's equity-accounted investments in associates and joint ventures, were R1 167 million (1H14: attributable losses of R2 441 million; 2H14: attributable earnings of R1 558 million) or 329 cents earnings per share (1H14: 688 cents loss per share, 2H14: 439 cents earnings per share), an improvement of 148% from 1H14 mainly due to non-recurring post-tax impairment losses recorded in 2014.

Headline earnings, excluding the impact of any impairment and partial impairment reversals as well as profits realised on the sale of subsidiaries and other non-core assets, were 62% lower at R1 077 million (1H14: R2 814 million, 2H14: R2 055 million) or 303 cents per share (1H14: 793 cents, 2H14: 579 cents per share), mainly due to a R1 432 million (95%) reduction in the post-tax equity-accounted income of associates and joint ventures.

Cash flow and funding

Cash preservation remains key to managing the business through this challenging period and maintaining a balance between project capital investment and return of cash to shareholders. Cash flow generated from operations was 50% higher at R2 330 million (1H14: R1 555 million; 2H14: R2 528 million). This cash was used to pay dividends of R752 million, net financing charges of R207 million and taxation of R74 million.

At R1 001 million, a 37% reduction in overall capital expenditure was recorded in 1H15. R298 million (1H14: R1 076 million; 2H14: R661 million) was invested in new capacity (expansion capital), and R703 million (1H14: R 502 million; 2H14: R958 million) applied to sustaining and environmental capital (stay-in-business capital). Of funds spent on stay-in business capital, R390 million was for Grootegeluk's replacement of trucks and shovels. We continue to critically assess growth projects and consider the timing of cash flow in order to prioritise capital accordingly.

After the receipt of dividends of R985 million (1H14: R2 083 million; 2H14: R1 645 million), primarily from Sishen Iron Ore Company Proprietary Limited (SIOC) and Tronox Limited, as well as the outflow associated with capital expenditure, the group had net cash inflow before financing activities of R1 119 million (1H14: R747 million; 2H14: R1 533 million).

Carbon business results

Export volumes reached 2,39 million tonnes (Mt) for 1H15 against 2,73Mt in 1H14. The group realised an average coal export price of US$56 per tonne (API4 of US$61 per tonne) in 1H15 compared to US$68 per tonne (API4 of US$77 per tonne) in 1H14, mainly on higher sales volumes of higher-value product. An average of 81% of export sales was RBI product, compared with 67% for the same period in 2014.

Production and sales volumes

Overall coal production volumes (excluding buy-ins) were 221 thousand tonnes (kt) higher and sales were 226kt, marginally higher than 1H14.

Metallurgical coal

Grootegeluk's production was 207kt (18%) lower mainly due to the failure of the run-of-mine conveyor feed structure at the Grootegeluk 8 plant. This resulted in a cut back on semi-soft coking coal production at Grootegeluk 6 plant in order to meet Eskom demand. The closure of Tshikondeni in 4Q14 translated into a 108kt reduction in production compared to 1H14.

Sales decreased by 505kt (37%) mainly due to lower stock available for exports via Richards Bay Coal Terminal (RBCT) and lower supply to AMSA because of low semi-soft coking coal stock levels after reprioritising production to deliver power station coal for Eskom's Medupi and Matimba plants, coupled with no sales from Tshikondeni to AMSA due to the closure of the mine.

Thermal coal

Power station coal production from tied mines was 1 820kt (30%) lower than 1H14. Matla production was 1 754kt lower (34%) mainly due to suspending some production volume-related bonus schemes, permanent closure of Mine 1 on safety risks and exacerbated by short wall moves at Mine 2. Arnot's production was 66kt lower, also due to suspending some production volume-related bonus schemes.

The commercial mines' power station coal production was higher by 2 924kt (32%) compared to 1H14 mainly at Grootegeluk (2 907kt: 45%) after Medupi power station began ramping up from mid-2014. North Block Complex (NBC) production was 166kt higher (14%) after Eskom agreed to off-take 240kt per month in 1H15 compared to 200kt per month in 1H14, while Leeuwpan production decreased by 149kt (11%) on reduced demand from the Majuba plant caused by the silo and tippler breakdown late in 2014.

Power station domestic coal sales for the commercial mines were 2 807kt (32%) higher, mainly due to higher demand from Eskom with Medupi power station ramping up.

Power station export coal sales via RBCT decreased marginally (93kt). No coal was exported via Maputo in 2015.

Steam coal production was 568kt (23%) lower, reflecting lower production at Inyanda (337kt) as the mine nears the end of its life, lower Leeuwpan production (198kt) on lower yields and reduced throughput in the Dense Medium Separation (DMS) plant and lower Grootegeluk (33kt) production as a result of reprioritisation to deliver power station coal to Eskom.

Steam coal domestic sales decreased by 275kt (18%) mainly due to the low production at Inyanda 157kt (86%) being diverted to the export market, 80kt (12%) lower sales at Leeuwpan on lower demand, 38kt (5%) lower sales at Grootegeluk due to lower demand and stock availability.

Steam coal export sales rose 106kt (6%), reflecting high stock levels at the beginning of 1H15.

Semi-coke

Semi-coke plant production was down 28kt (44%), mainly due to low demand that limited production to only two retorts. Sales were 30kt (46%) lower due to the high amount of imported coke from China.

Revenue

Carbon revenue rose 12% from 1H14, reflecting higher revenue from commercial mines due to increased power station coal sales at higher prices, partly offset by lower export sales volumes at weaker rand prices, and lower domestic volumes at lower prices.

Net operating profit

A decrease of 9% in carbon net operating profit was recorded for 1H15 compared to 1H14. This reflects the absence of shortfall income compared to that recorded in 1H14 (R888 million), lower domestic and export sales volumes at lower average rand selling prices recorded in 1H15, as well as the discontinuation of the capitalisation of Grootegeluk Medupi expansion project (GMEP) and backfill mining cost (R152 million) recorded in 1H15 compared to 1H14. This was partly offset by higher Eskom sales due to the Medupi power station ramp up. Operating margin of 20% was realised in 1H15.

Portfolio improvement

Project details were included in the finance director's pre-close message published on SENS on 25 June 2015. The details below relate to further developments since then.

Grootegeluk

We continue to engage with Eskom on announced later dates to commission Medupi power station's units 1 to 5 to evaluate and understand the impact this may have on the current coal supply and off-take agreement. For now, all supply and off-take is in line with Addendum 9 to the coal supply and off-take agreement.

Acquisitions: Total Coal South Africa Proprietary Limited (TCSA)

Approval of the section 11 transfer of mineral rights was granted on 5 August 2015 by the Department of Mineral Resources (DMR) for the TCSA mineral rights. The purchase price consideration has been amended as detailed in the SENS announcement dated 11 August 2015. All remaining conditions precedent for the transaction to become effective have been met.

NCC

All conditions precedent for the sale of New Clydesdale Colliery (NCC) were fulfilled and the transaction was completed on 31 July 2015.

Ferrous business results

We closed the AlloyStream™ test plant in 2Q15. Most employees (eight) were redeployed within the group, with the balance (three) accepting retrenchment packages. As such, FerroAlloys is now the only owner-controlled and operated ferrous business in the group.

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Net operating loss

Ferrous core net operating losses increased by 10% to R121 million, excluding the impact of key transactions listed in Table 1, mainly as a result of R11 million relating to inflationary pressures.

Equity-accounted investments

The significant decline in the iron ore price in 1H15 has translated into 63% lower equity-accounted income and 61% lower dividends from SIOC compared to 1H14.

Portfolio improvement

Mayoko iron ore project

Four of the six locomotives were sold to the government of the Republic of Congo (RoC). We aim to dispose of the remaining locomotives and rolling stock in 2H15/1H16. No further capital will be spent on the project. In the meantime, our presence in the RoC is aimed at securing the mining right at the absolute minimum operating costs.

TiO_2 and Alkali Chemicals business results

Equity-accounted losses

Equity-accounted loss from the Tronox investment was R659 million, compared to R304 million in 1H14. This was mainly due to ilmenite stock write-downs (R435 million) to the lower of cost or net realisable value, consulting fees for the Alkali Chemicals acquisition and higher financing costs in 1H15.

Outlook

Our priority in the short- to medium term is to remain cash flow-positive while preserving growth opportunities. The actions we have implemented in response to current market conditions are expected to position Exxaro to withstand the subdued macro-economic outlook.

We expect market oversupply, coupled with low demand in our commodity portfolio (coal, iron ore, mineral sands and pigment), to persist in the near term which will demand more rigorous efforts to ensure short-term survival and sustainable long-term profitability. Given that the API4 RB1 coal price is expected to remain around US$60 per tonne, we expect our export sales volumes for FY15 to be roughly 4Mtpa.

While the Eskom power station business provides a hedge against falling export US$ commodity prices, the prolonged weakness of the ZAR against the US$ raises the risk of increased domestic inflation, which has a direct impact on our production costs and capital projects for imported goods.

Given the state of commodity markets, we have assumed that no dividends will be received from our SIOC equity-accounted investment and minimal dividends will be received from Tronox Limited. This will have a direct impact on our current positive cash flows as well as our ability to continue paying dividends. As such, we will continue to critically review capital allocation, our project pipeline, as well as our optionality regarding investments. Our Black Economic Empowerment (BEE) structure comes to a ten year end in 2016, and we continue to put a concerted effort towards a co-ordinated unwinding of this structure.

Interim dividend

Notice is given that a gross interim cash dividend, number 25, of 65 cents (interim 2014: 260 cents; final 2014: 210 cents) per share, for the six-month period ended 30 June 2015 has been declared, payable to shareholders of ordinary shares.

Salient dates for payment of the interim dividend are:

Last day to trade cum dividend on the JSE	Friday, 4 September 2015
First trading day ex dividend on the JSE	Monday, 7 September 2015
Record date	Friday, 11 September 2015
Payment date	Monday, 14 September 2015

On behalf of the board

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

19 August 2015

CORPORATE INFORMATION

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Exxaro Resources Limited
(Incorporated in the Republic of South Africa)

Registration number: 2000/011076/06

JSE share code: EXX **ISIN:** ZAE000084992 **ADR code:** EXXAY

("Exxaro" or "the company" or "the group")

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