

EXX - Exxaro Resources Limited - Director: Change

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EXXARO RESOURCES LIMITED

(formerly Kumba Resources Limited)

Incorporated in the Republic of South Africa

(Registration Number: 2000/011076/06)

Share Code: EXX

ISIN Number: ZAE000084992

("Exxaro" or "the company")

DIRECTOR: CHANGE OF FUNCTION

In terms of paragraph 3.59 of the JSE Limited Listings Requirements, Exxaro advises that Dr CJ Fauconnier, presently the Chief Executive Officer ("CEO") will retire from the board with effect from 31 August 2007.

Shareholders are advised that, Mr SA Nkosi will succeed Dr CJ Fauconnier as CEO on 1 September 2007, as disclosed in the Revised Listing Particulars of Exxaro dated 9 October 2006.

31 August 2007

MS VILJOEN

COMPANY SECRETARY

Sponsor

JPMorgan Equities

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

Exxaro Resources Limited

Registration number: 2000/011076/06

ISIN code: ZAE000084992

JSE share code: EXX

ADR code: EXXAY

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

\* Delivering on growth

\* Successful integration of Kumba Coal and Eyesizwe Coal

\* Headline earnings of 246 cents per share

\* Interim dividend of 60 cents per share

\* Share placement increased free float

CONDENSED GROUP INCOME STATEMENT

6 months 6 months 12 months

	ended 30 June 2007	ended 30 June 2006	ended 31 Dec 2006
Reviewed	Reviewed	Audited	
CONTINUING OPERATIONS	Rm	Rm	Rm
Revenue	4 852	3 055	7 263
Operating expenses	(3 961)	(2 393)	(6 022)
Fair value adjustment on unbundling of subsidiary			17 963
BEE credential expense and unbundling costs		(79)	(821)
Impairment of property, plant and equipment		(784)	(784)
Net operating profit/(loss)	891	(201)	17 599
Net financing costs (note 4)	(109)	(125)	(307)
Share of income from equity accounted investments	401	24	159
Profit/(loss) before taxation (note 2)	1 183	(302)	17 451
Taxation	(330)	(42)	(578)
Profit/(loss) for the period from continuing operations	853	(344)	16 873
Profit for the period from discontinued operations (note 5)		1 421	2 323
Profit for the period	853	1 077	19 196
Attributable to:			
Equity holders of the parent	839	1 067	19 169
Minority interest	14	10	27
Profit for the period	853	1 077	19 196
Ordinary shares (million)			
- in issue	352	309	351
- weighted average number of shares	341	307	313
- diluted weighted average number of shares	354	315	318
Attributable earnings per share (cents)			
- basic	246	348	6 124
- diluted	237	339	6 028
Attributable earnings/(loss) per share from continuing operations (cents)			
- basic	246	(115)	5 382
- diluted	237	(112)	5 297
Attributable earnings per share from discontinued operations (cents)			

- basic		463	742
- diluted		451	731
Dividend paid per share (cents) in respect of the previous financial year		160	160
Dividend paid per share (cents) in respect of the interim period		180	180
Special dividend paid per share (cents) on unbundling			185
Dividend declared per share (cents) in respect of the interim period	60		
Reconciliation of headline earnings			
Net profit for the period attributable to ordinary shareholders	839	1 067	19 169
Adjusted for:			
- Impairment charges (note 3)		784	784
- Share of associate's net profit on disposal of property, plant and equipment	(1)		(1)
- Excess of minority interest over cost of acquisition		(36)	(36)
- Net deficit/(surplus) on disposal of property, plant and equipment	2	(19)	3
- Fair value adjustment prior to unbundling			(17 963)
- Net profit on disposal of investment		(21)	(39)
- Taxation effect of adjustments	(1)	(216)	(219)
Headline earnings	839	1 559	1 698
Headline earnings from discontinued operations		1 423	2 328
Headline earnings from continuing operations	839	136	(630)
Headline earnings per share (cents)			
- basic	246	508	542
- diluted	237	495	534
Headline earnings per share from continuing operations (cents)			
- basic	246	44	(201)
- diluted	237	43	(198)
Headline earnings per share from discontinued operations (cents)			
- basic		464	744
- diluted		452	732

CONDENSED GROUP BALANCE SHEET  
As at 30 As at 30 As at 31

		June 2007 Reviewed	June 2006 Reviewed	Dec 2006 Audited
Rm	Rm			
	Rm			
ASSETS				
Non-current assets				
Property, plant and equipment		7 743	8 164	7 583
Biological assets	26	29	26	
Intangible assets		74	67	69
Investments in unlisted associates and joint ventures (note 7)		724	141	384
Deferred taxation	701	636	748	
Other financial assets (note 7)		1 046	478	693
		10 314	9 515	9 503
Current assets				
Inventories	1 645	1 774	1 391	
Trade and other receivables		1 633	2 562	1 663
Cash and cash equivalents		857	1 335	906

Non-current assets classified as held for sale	4 135	5 671	3 960
sale	95	12	2
Total assets	14 544	15 198	13 465
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity	9 276	8 329	8 142
Minority interest	29	18	27
Total shareholders' equity	9 305	8 347	8 169
Non-current liabilities			
Interest-bearing borrowings	1 299	1 654	1 214
Non-current provisions	1 168	773	931
Deferred taxation	1 097	1 114	1 116
3 564	3 541	3 261	
Current liabilities			
Trade and other payables	1 436	1 524	1 321
Interest-bearing borrowings	131	1 162	613
Taxation	82	603	67
Current provisions	26	21	30
Shareholders for dividends			4
	1 675	3 310	2 035
Total equity and liabilities	14 544	15 198	13 465
Net debt (note 9)	573	1 481	921
Net asset value per share (cents)	2 635	2 695	2 320
Capital expenditure			
- incurred	396	861	2 010
- contracted	417	1 337	842
- authorised but not contracted	693	2 603	732
Capital expenditure contracted relating to			
captive mines (30 June 2006 Tshikondeni and Thabazimbi; 30 June 2007 and 31 December 2006 Tshikondeni, Arnot and Matla), which will be financed by Mittal Steel South Africa and Eskom respectively	444	131	8
Commitment relating to the acquisition of Namakwa Sands and a 26% interest in Black Mountain (Pty) Limited from Anglo Operations Limited, subject to price adjustments	2 353		
Contingent liabilities	166	100	100
Operating lease commitments	122	165	124
Operating sublease rentals receivable	1	1	10
CONDENSED GROUP CASH FLOW STATEMENT			
	6 months	6 months	12 months
ended 30	ended 30	ended 31	
	June	June	Dec
	2007	2006	2006
	Reviewed	Reviewed	Audited
Rm	Rm	Rm	
Cash retained from operations	1 255	2 282	4 761
- income from equity accounted investments	71		
- net financing costs	(64)	(121)	(278)
- taxation paid	(309)	(895)	(1 927)
- dividends paid (note 6)	(4)	(492)	(3 396)
Cash used in investing activities			
- capital expenditure	(396)	(861)	(2 010)
- proceeds from disposal of property, plant and equipment	10	150	170
- acquisition of subsidiary	(8)		(1 545)
- investments acquired	(240)		
- proceeds from disposal of investment		23	26

- other	(5)	96	308
Net cash inflow/(outflow)	310	182	(3 891)
Net cash flow from financing activities			
- cash flows from issue of shares	100	105	2 199
- borrowings (repaid)/raised	(468)	(435)	1 518
Net (decrease) in cash and cash equivalents	(58)	(148)	(174)
Special purpose entities consolidated	9		
Less cash and cash equivalents of unbundled subsidiaries			(403)
Cash and cash equivalents beginning of period	906	1 483	1 483
Cash and cash equivalents end of period	857	1 335	906

#### NOTES TO THE GROUP FINANCIAL RESULTS

##### 1. Basis of preparation

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

	6 months ended 30 June	6 months ended 30 June	12 months ended 31 Dec
	Reviewed Rm	Reviewed Rm	Audited Rm
2007	2006	2006	
2. Profit/(loss) before taxation from continuing and discontinuing operations is arrived at after			
Depreciation and amortisation of intangible assets	(368)	(423)	(813)
Financing costs	(153)	(200)	(451)
Interest received	44	50	115
Net realised foreign exchange (losses)/gains on:			
- currency exchange differences	(2)	159	199
- revaluation of derivative instruments	6	(144)	(278)
Net unrealised foreign exchange (losses)/gains on:			
- currency exchange differences	(41)	(107)	(97)
- revaluation of derivative instruments	(10)	8	51
Fair value adjustment on financial assets	29	36	84
Impairment charges (note 3)		(784)	(784)
Excess of minority interest over cost of acquisition		36	36
Net profit on disposal of investments		21	39
Fair value adjustment on unbundling of subsidiary			17 963
Net (deficit)/surplus on disposal of property, plant and equipment	(2)	19	(3)
Share-based payment: BEE credential expense			(580)
Share-based payment expense	(38)	2	(185)
Cost of empowerment transaction, unbundling, integration and branding		(79)	(241)
3. Impairment charges			
Impairment of property, plant and equipment	(6)	(784)	(784)
Reversal of impairment of other investments			

		(784)	(784)
Taxation effect		227	227
		(557)	(557)
4. Net financing cost			
Interest expense and loan costs	78	143	354
Finance leases	30	28	39
Interest income	(44)	(50)	(115)
Net interest expense	64	121	278
Interest adjustment on non-current provisions	45	29	58
	109	150	336
Less discontinued operations (note 5)		25	29
Net financing cost as per income statement	109	125	307
5. Discontinued operations			
Exxaro unbundled its iron ore business effective 1 November 2006 as part of an empowerment transaction and now holds only			
a 20% interest in Sishen Iron Ore Company (Pty) Limited which is equity accounted.			
Revenue		3 846	6 483
Operating expenses		(1 912)	(3 385)
Net operating profit	1 934		3 098
Net financing costs		(25)	(29)
Profit before taxation		1 909	3 069
Taxation		(488)	(746)
Profit for the period from discontinued operations		1 421	2 323
Cash flow attributable to operating activities		430	982
Cash flow attributable to investing activities		(430)	(7 025)
Cash flow attributable to financing activities		(261)	5 853
Cash flow attributable to discontinued operations		(261)	(190)
6. Dividends paid			
Cash dividends		491	1 628
Share repurchase			1 763
Cash dividends paid to minorities relating to previous year	4	1	5
4	492	3 396	
		As at 30 June 2007	As at 30 June 2006
			As at 31 Dec 2006
Reviewed	Reviewed	Audited	
		Rm	Rm
7. Investments			
Unlisted investments in associates - directors' valuation	8 900	169	4 812
Listed investments included in other financial assets - market value(1)		78	92
Unlisted investments included in other financial assets - directors' valuation (1) Reclassified as non-current asset held for sale in 2007.	333	35	93
8. Business combination			
On 27 February 2007, the group acquired 100% of the issued share capital of Rosh Pinah Mine Holdings (Pty) Limited which			

is included in the base metals segment results. The acquired business contributed neither revenue nor operating profits to the group for the period from 27 February 2007 to 30 June 2007. This transaction increased the Exxaro effective

shareholding in Rosh Pinah Zinc Corporation (Pty) Limited from 89,5% to 93,9%.

Details of assets acquired are as follows:

- cash paid on acquisition	(8)
- fair value of assets acquired	8
Goodwill	
Fair value of assets acquired:	
- property, plant and equipment	18
- investments	15
- interest-bearing borrowings	(25)
Fair value of net assets	8
Total purchase consideration	(8)
Cash outflow on acquisition of subsidiary	(8)

9. Net debt

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

10. Related party transactions

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

11. Post-balance sheet event

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

12. JSE Limited requirements

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

13. Corporate governance

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

14. Auditors' review

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

UNAUDITED COMPARABLE PHYSICAL INFORMATION ('000 TONNES)

	6 months ended	6 months ended 31	12 months ended 31
	30 June 2007	30 June 2006	Dec 2006
Coal(1)			
Production .			
- Power station	16 830	16 849	34 599
Tied operations(2)	8 353	8 638	17 596
Commercial operations	8 477	8 211	17 003
- Coking	1 479	1 109	2 496
Tied operations	242	180	363
Commercial operations	1 237	929	2 133
- Other commercial operations	2 016	2 339	4 665
Total	20 325	20 297	41 760
Sales			
- Eskom	16 604	16 554	34 665

Tied operations		8 337	8 623	17 598
Commercial operations	8 267	7 931	17 067	
- Other domestic		2 572	2 449	4 892
Tied operations		214	207	381
Commercial operations		2 358	2 242	4 511
- Export commercial operations	813	1 092	2 434	
Total		19 989	20 095	41 991
Mineral Sands - RSA				
Production				
- Ilmenite	187	160		319
- Zircon		19	26	50
- Rutile		9	12	25
- Pig iron		48	41	75
- Scrap pig iron	9	5		10
- Chloride slag		77	72	134
- Sulphate slag		14	18	36
Sales				
- Ilmenite	30	30		50
- Zircon		14	23	48
- Rutile		9	9	31
- Pig iron		45	29	60
- Scrap pig iron	4	5		9
- Chloride slag		81	64	104
- Sulphate slag		8	10	30
Mineral Sands - Australia(3)				
Production				
- Ilmenite		111	116	227
- Zircon		19	18	36
- Rutile		8	9	18
- Synthetic rutile	48	54		98
- Leucoxene		8	7	14
- Pigment		26	27	54
Sales				
- Ilmenite	10			30
- Zircon		16	16	32
- Rutile		2	8	18
- Synthetic rutile		21	19	27
- Leucoxene	7	4		10
Base metals				
Production				
- Zinc concentrate		53	55	104
- Zinc metal	61	56		106
Zincor		51	48	90
Chifeng(4)		10	8	16
- Lead concentrate		11	13	21
Zinc metal sales				
- Domestic		45	45	91
- Export		12	15	24
Total		57	60	115
Lead concentrate sales				
- Export		7	12	32

(1) For comparative purposes the Eyesize Coal mines are included for the full periods disclosed.

(2) Tied operations refer to mining operations that supply their entire production to either Eskom or Mittal Steel South Africa in terms of contractual agreements.

(3) The production and sales tonnes reflect Exxaro Sands Australia's 50% interest in the Tiwest joint venture with Tronox Inc., western Australia.

(4) The effective interest in the physical information for the Chifeng (Hongye) refinery has been disclosed.

#### GROUP STATEMENT OF CHANGES IN EQUITY

Non-distributable reserves

Foreign

Financial



Rm	Rm	Rm	Share capital Rm	Share premium	currency translations	instruments revaluation
	Opening balance at 31 December 2005		3	2 937	(29)	(5)
	Net gains/(losses) not recognised in income statement			313		18
	Currency translation differences			313		
	Share-based payments movement					
	Financial instruments fair value movements recognised in equity					
-	recognised in current period profit or loss					8
-	recognised in equity					9
-	fair value adjustment					1
	Net profit					
	Dividends paid					
	Issue of share capital(1)			105		
	Balance at 30 June 2006		3	3 042	284	13
	Net gains/(losses) not recognised in income statement				120	13
	Currency translation differences			135		
	Share of reserve movements of associates			6		
	Share-based payments movement					
	Financial instruments fair value movements recognised in equity					
-	recognised in equity					14
-	fair value adjustment					(1)
	Deferred taxation			(21)		
	Net profit					
	Dividends paid					
	Share repurchase					
	Dividend in specie - fair value				(25)	(2)
	Dividend in specie - fair value adjustment					
	Dividend in specie - net asset value				(25)	(2)
	Issue of share capital		1	2 093		
-	Management Share Option Scheme Trust (1)			143		
-	empowerment transformation transaction		1	1 950		
-	issue of share capital to share trusts			173		
-	treasury shares			(173)		
	Balance at 31 December 2006		4	5 135	379	24
	Net gains/(losses) not recognised in income statement				174	(48)
	Currency translation differences			175		(1)
	Share of reserve movements of associates			(1)		
	Share-based payments movement					
	Financial instruments fair					

value movements recognised in equity				
- recognised in equity				(47)
Net profit				
Issue of share capital(1)		9		
Share placement(2)		91		
- issue		640		
- repurchase		(460)		
- expenses		(89)		
Prior year dividend in specie reclassification		(3 186)		
Special purpose entities now consolidated opening retained income				
Minority share buy-out				
Balance at 30 June 2007	4	2 049	553	(24)
		Non-distributable reserves		
		Equity		
		settled	Insurance	Retained
reserve	reserve	income		
		Rm	Rm	Rm
Opening balance at 31 December 2005		88		4 325
Net gains/(losses) not recognised in income statement		(2)		
Currency translation differences				
Share-based payments movement		(2)		
Financial instruments fair value movements recognised in equity				
- recognised in current period profit or loss				
- recognised in equity				
- fair value adjustment				
Net profit				1 067
Dividends paid				(491)
Issue of share capital(1)				
Balance at 30 June 2006		86		4 901
Net gains/(losses) not recognised in income statement		716		
Currency translation differences				
Share of reserve movements of associates		3		
Share-based payments movement		713		
Financial instruments fair value movements recognised in equity				
- recognised in equity				
- fair value adjustment				
Deferred taxation				
Net profit				18 102
Dividends paid				(1 137)
Share repurchase				(1 763)
Dividend in specie - fair value				(18 305)
Dividend in specie - fair value adjustment				(17 966)
Dividend in specie - net asset value				(339)
Issue of share capital				
- Management Share Option Scheme Trust (1)				
- empowerment transformation transaction				
- issue of share capital to share trusts				
- treasury shares				
Balance at 31 December 2006		802		1 798

Net gains/(losses) not recognised in income statement	72		
Currency translation differences			
Share of reserve movements of associates	34		
Share-based payments movement	38		
Financial instruments fair value movements recognised in equity			
- recognised in equity			
Net profit			839
Issue of share capital(1)			
Share placement(2)			
- issue			
- repurchase			
- expenses			
Prior year dividend in specie reclassification			3 186
Special purpose entities now consolidated opening retained income			(3)
Minority share buy-out			
Balance at 30 June 2007	874		5 820
		Attributable to equity holders of	
		Minority	Total
the parent interest equity			
	Rm	Rm	Rm
Opening balance at 31 December 2005	7 319	9	7 328
Net gains/(losses) not recognised in income statement	329		329
Currency translation differences	313		313
Share-based payments movement	(2)		(2)
Financial instruments fair value movements recognised in equity			
- recognised in current period profit or loss	8		8
- recognised in equity	9		9
- fair value adjustment	1		1
Net profit	1 067	10	1 077
Dividends paid	(491)	(1)	(492)
Issue of share capital(1)	105		105
Balance at 30 June 2006	8 329	18	8 347
Net gains/(losses) not recognised in income statement	849		849
Currency translation differences	135		135
Share of reserve movements of associates	9		9
Share-based payments movement	713		713
Financial instruments fair value movements recognised in equity			
- recognised in equity	14		14
- fair value adjustment	(1)		(1)
Deferred taxation	(21)		(21)
Net profit	18 102	17	18 119
Dividends paid	(1 137)	(8)	(1 145)
Share repurchase	(1 763)		(1 763)
Dividend in specie - fair value	(18 332)		(18 332)
Dividend in specie - fair value adjustment	(17 966)		(17 966)
Dividend in specie - net asset value	(366)		(366)
Issue of share capital	2 094		2 094
- Management Share Option Scheme Trust (1)	143		143
- empowerment transformation transaction	1 951		1 951

- issue of share capital to share trusts	173		173
- treasury shares	(173)		(173)
Balance at 31 December 2006	8 142	27	8 169
Net gains/(losses) not recognised in income statement	198		198
Currency translation differences	174		174
Share of reserve movements of associates	33		33
Share-based payments movement	38		38
Financial instruments fair value movements recognised in equity			
- recognised in equity	(47)		(47)
Net profit	839	14	853
Issue of share capital(1)	9		9
Share placement(2)	91		91
- issue	640		640
- repurchase	(460)		(460)
- expenses	(89)		(89)
Prior year dividend in specie reclassification			
Special purpose entities now consolidated opening retained income	(3)		(3)
Minority share buy-out		(12)	(12)
Balance at 30 June 2007	9 276	29	9 305

(1) Issued to the Management Share Option Scheme Trust due to options exercised.

(2) Repurchase of 10 million shares from Anglo South Africa Capital (Pty) Limited on 13 April 2007 at R45,99 per share and subsequent re-issue of 10 million new Exxaro shares at R64 per share. STC on the share repurchase of R57,5 million is included in net profit.

(3) Dividends declared after this interim period comprise of an interim dividend of 60 cents per share. STC at 12,5% (R26 million) will be payable on the dividend.

#### COMMENTS

Reported results not comparable

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

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

Comparable supplementary results

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

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

#### Operating results

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

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

## Earnings

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

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

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

## Cash flow

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

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

Net debt of R921 million at 31 December 2006 decreased to R573 million at a net debt to equity ratio of 6,2% on 30 June 2007. Net debt will increase by the contracted payment of R2,353 million, subject to the disclosed price adjustments, for the acquisition of Namakwa Sands and a 26% interest in Black Mountain/Gamsberg on conversion and subsequent cession of their mining rights. After the end of the reporting period, Exxaro disposed of its 3,78% interest in Mineral Deposits Limited (MDL) for

AU\$1,25 per share resulting in a net cash inflow of AU\$14 million (R84,6 million). The original interest in MDL of 15,37% was acquired in February 2001 for AU\$0,44 per share.

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

## Safety, health and environment

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

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

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

## Reported segment results

6 months    6 months    12 months

		ended 30 June 2007	ended 30 June 2006	ended 31 Dec 2006
Reviewed	Pro forma			
	Pro forma			
		Rm	Rm	Rm
Revenue				
Iron Ore			3 846	6 483
Coal		2 319	1 177	2 882
Mineral Sands		1 040	875	1 859
- Exxaro KZN Sands (previously Tigor SA)		480	378	817
- Exxaro Australia Sands (previously Tigor Australia)		560	497	1 042
Base Metals		1 416	948	2 379
Industrial Minerals		73	51	122
Other		4	4	21
Total		4 852	6 901	13 746
Net operating profit				
Iron Ore			1 934	3 098
Coal		393	308	599
Mineral Sands		8	(666)	(698)
- Exxaro KZN Sands		(10)	(798)	(842)
- Exxaro Australia Sands		18	132	144
Base Metals		502	215	609
Industrial Minerals		(11)	11	26
Other		(1)	(69)	17 063
Total		891	1 733	20 697
Comparable unaudited supplementary results				
(Pro formas)		6 months ended 30 June	6 months ended 30 June	12 months ended 31 Dec
2007	2006	2006		
			Rm	Rm
Revenue				
Coal(1)			2 319	2 063
- Tied operations		838	798	1 625
- Commercial operations			1 481	1 265
Mineral Sands			1 040	875
- Exxaro KZN Sands			480	378
- Exxaro Australia Sands		560	497	1 042
Base Metals			1 416	948
- Rosh Pinah			577	429
- Zincor			1 358	895
- Other		(519)	(376)	(743)
Industrial Minerals			73	51
- Current operations			73	51
Other			4	4
Total		4 852	3 941	8 814
Net operating profit				
Coal(1)			393	271
- Tied operations			50	76
- Commercial operations		343	195	515
Mineral Sands			8	118
- Exxaro KZN Sands(2)			(10)	(14)
- Exxaro Australia Sands			18	132
Base Metals		502	215	609
- Rosh Pinah			330	155
- Zincor			192	66
- Other			(20)	(6)
Industrial Minerals		(11)	2	(1)
- Current operations			8	11
- AlloyStreamTrade Mark			(19)	(9)
Other (3)			(1)	19
				(53)

Net operating profit	891	625	1 261
Net financing costs	(109)	(130)	(315)
Equity accounted income(4)	401	308	638
Taxation(2)	(330)	(273)	(595)
Minority interest	(14)	(10)	(27)
Attributable earnings	839	520	962
Share of associate's net profit on disposal of property, plant and equipment	(1)		(1)
Excess of minority interest over cost of acquisition		(36)	(36)
Net deficit/(surplus) on disposal of property, plant and equipment	2	(22)	(3)
Net profit on disposal of investment		(21)	(39)
Taxation effect of adjustments	(1)	12	10
Headline earnings	839	453	893

(1) For comparative purposes the Eyesizwe coal mines are included for the full periods disclosed.

(2) Excludes the pre-tax impairment in 2006 of R784 million and the taxation effect of R227 million.

(3) Excludes non-recurring expenditure of R79 million and R241 million associated with the empowerment transaction in the six months to 30 June 2006 and 12 months to 31 December 2006 respectively.

(4) Includes 20% investment in SIOC equity accounted from 1 January 2006.

#### Operations

##### Coal

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

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

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

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

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

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

##### Exxaro KZN Sands

Revenue increased by 27% to R480 million on the corresponding period in 2006 due to improved production and sales tonnages, with marginally higher prices. Both furnaces contributed with chloride titanium slag tapped 5kt higher at 77kt and improved low manganese pig iron production. Ilmenite production was aligned with the higher smelter feed requirements yielding 27kt more than the corresponding period in 2006. Zircon and rutile production decreased due to lower in-situ mineral grades.

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

##### Exxaro Australia Sands

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

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

comparable period in 2006.

#### Base Metals

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

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

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

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

#### Industrial Minerals

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

#### GROWTH OPPORTUNITIES

##### Coal

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

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

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

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

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

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



The Mafube expansion project, in which Exxaro is a 50:50 joint venture partner with Anglo Coal, is expected to cost approximately R1,9 billion on completion. Construction commenced in July 2006 with the first coal to washing plant expected in November 2007 and ramp-up to full capacity in seven months. Geological drilling and modelling at Mmamabula in Botswana, a joint venture between Exxaro Coal and Magaleng continued until the end of June 2007. An application for a mining license or special extension of the prospecting license was submitted in March 2007. The feasibility study is planned to commence in 2008.

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

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

#### Mineral Sands

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

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

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

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

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

#### Base Metals

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

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

#### ALLOYSTREAMTM

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

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

#### CONVERSION OF MINING RIGHTS

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

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

#### DIRECTORATE

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

#### OUTLOOK

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

#### INTERIM DIVIDEND

The directors have declared an interim dividend number 9 of 60 cents per share in respect of the 2007 interim period.

The dividend has been declared in South African currency and is payable to the shareholders recorded in the books of the company at close of business on Friday, 7 September 2007.

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

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

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

On behalf of the Board

Dr CJ Fauconnier  
(Chief Executive Officer)  
15 August 2007

DJ van Staden  
(Chief Financial Officer)

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Directors: Dr CJ Fauconnier (Chief Executive Officer), PM Baum, JJ Geldenhuys, U Khumalo, MJ Kilbride\*, Dr D Konar, VZ Mntambo, RP Mohring, PKV Ncetezo, SA Nkosi\*, NMC Nyembezi-Heita, NL Sowazi, DJ van Staden\*, D Zihlangu

\*Executive

Company Secretary: MS Viljoen

Corporate Affairs and Investor Relations: Trevor Arran (+27 12 307 3292)

Sponsor: JP Morgan (+27 11 507 0300)

If you have any queries regarding your shareholding in Exxaro Resources, please contact the Transfer Secretaries at +27 11 370 5000

This report is available on:

[www.exxaro.com](http://www.exxaro.com)

Date: 16/08/2007 07:00:02 Produced by the JSE SENS Department.

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16 Aug 2007

RECEIVED

EXX - Exxaro - Reviewed group financial results an

EXX

EXX

EXX - Exxaro - Reviewed group financial results and physical information for the six-month period ended 30 June 2007

EXXARO RESOURCES LIMITED

(formerly Kumba Resources Limited)

Incorporated in the Republic of South Africa

(Registration Number: 2000/011076/06)

Share Code: EXX

ISIN Number: ZAE000084992

("Exxaro" or "the company") For immediate release

EXXARO RESOURCES REVIEWED GROUP FINANCIAL RESULTS AND PHYSICAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2007

HIGHLIGHTS

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

NOTE TO EDITORS:

REPORTED RESULTS NOT COMPARABLE

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

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

COMPARABLE SUPPLEMENTARY RESULTS

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

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

Diversified South African-based resources group Exxaro Resources Limited (Exxaro) today reported revenue of R4,85 billion for the six-month period ended 30 June 2007, an increase of 23%, while net operating profit increased by R266 million to R891 million.

"The Group continues to benefit from buoyant demand and high commodity prices," said Dr Con Fauconnier, Exxaro's chief executive officer.

An average exchange rate of R7,33 to the US dollar was realised compared with R6,32 for the corresponding period in 2006. This was significantly offset by the strengthening of the Australian dollar to the US dollar which impacted negatively on the financial results of the mineral sands operations in Australia.

EARNINGS

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

Attributable earnings for the period ended 30 June 2007 are R839 million or 246 cents per share, representing a 61% increase on the comparable 2006 attributable earnings of R520 million or 169 cents per share. This includes Exxaro's 20% interest in the after-tax profits of SIOC amounting to R394 million, some R108 million higher than for the comparable period.

Headline earnings of R839 million (246 cents per share) are 85% higher than for

the previous corresponding period of R453 million (148 cents per share).

#### CASH FLOW

Cash retained from operations was R1,26 billion. This was mainly applied to taxation payments of R309 million, capital expenditure of R396 million (consisting of R190 million in new capacity and R206 million in sustaining and environmental capital) and an investment of R239 million in Richards Bay Coal Terminal (RBCT) to secure Exxaro's export entitlement. The group had a net cash inflow of R310 million for the period.

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\*View or download the full results announcement on [www.exxaro.com](http://www.exxaro.com)

\*See Addendum 1 for Operational highlights; Addendum 2 for Growth opportunities  
Editor's Note:

Exxaro is one of the largest South African-based diversified resources groups, with interests in the coal, mineral sands, base metals, industrial minerals and iron ore commodities. [www.exxaro.com](http://www.exxaro.com)

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Sponsor: J.P.Morgan Equities Limited

16 August 2007

#### ADDENDUM 1:

##### OPERATIONAL HIGHLIGHTS

###### Coal

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

#### Industrial Minerals

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

#### ADDENDUM 2:

##### GROWTH OPPORTUNITIES

##### Coal

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

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

The Board has approved two further retorts for the Sintel Char facility currently under construction to produce char for the ferro-alloy industry from the Grootegeluk mine. Production from this four-retort facility is expected to ramp-up to 160ktpa by 2008 at a revised total estimated cost of R290 million. The feasibility study to investigate the viability of a market coke plant is now scheduled for completion in November 2007. If viable, the plant will produce high quality market coke from semi soft coking coal produced at Grootegeluk mine.

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

Exxaro has started producing coal at the new Inyanda mine near Witbank in Mpumalanga province, four months after construction started. The R269 million

Inyanda coal mine is the first greenfields project to be developed under the Exxaro corporate identity and will produce up to 1,5Mtpa of product. The Mafube expansion project, in which Exxaro is a 50:50 joint venture partner with Anglo Coal, is expected to cost approximately R1,9 billion on completion. Construction commenced in July 2006 with the first coal to washing plant is expected in November 2007 and ramp-up to full capacity in seven months. Geological drilling and modelling at Mmamabula in Botswana, a joint venture between Exxaro Coal and Magaleng continued until the end of June 2007. An application for a mining licence or special extension of the prospecting licence was submitted in March 2007. The feasibility study is planned to commence in 2008.

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

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

#### Mineral Sands

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

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

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

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

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

#### Base Metals

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

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

#### ALLOYSTREAMTM

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

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

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