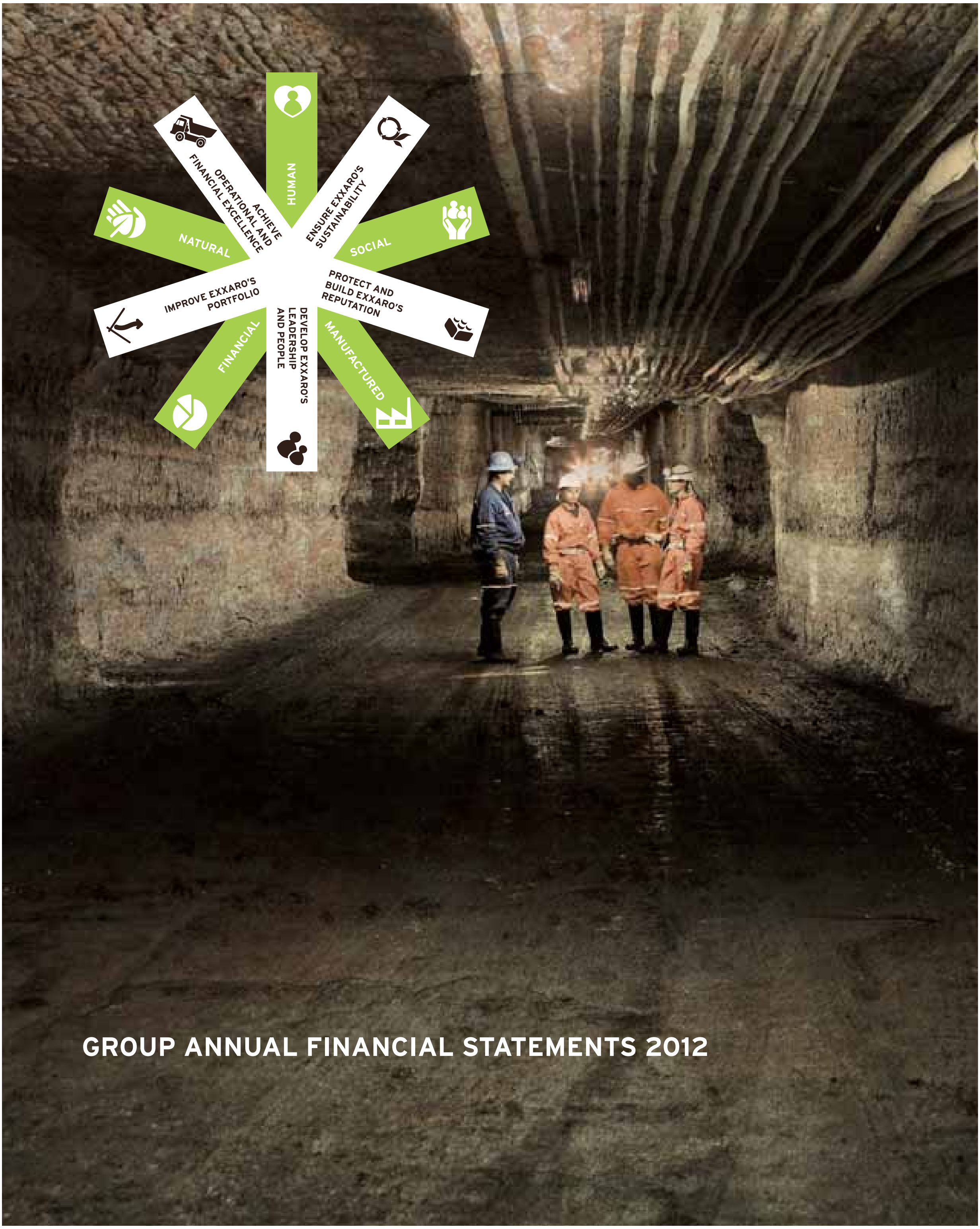

GROUP ANNUAL FINANCIAL STATEMENTS 2012

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exxaro
POWERING POSSIBILITY

CONTENTS

[1] *Does not form part of the audited financial statements*

These group and company financial statements for the year ended 31 December 2012 have been prepared under the supervision of WA de Klerk (CA)SA, South African Institute of Chartered Accountants (SAICA) registration number 00133273.

Disclaimer:

Any reference to future financial performance included in these annual results has not been reviewed nor reported on by the company's auditors. These 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, prices. Exxaro undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information or future developments.

GROUP CASH VALUE ADDED STATEMENTS

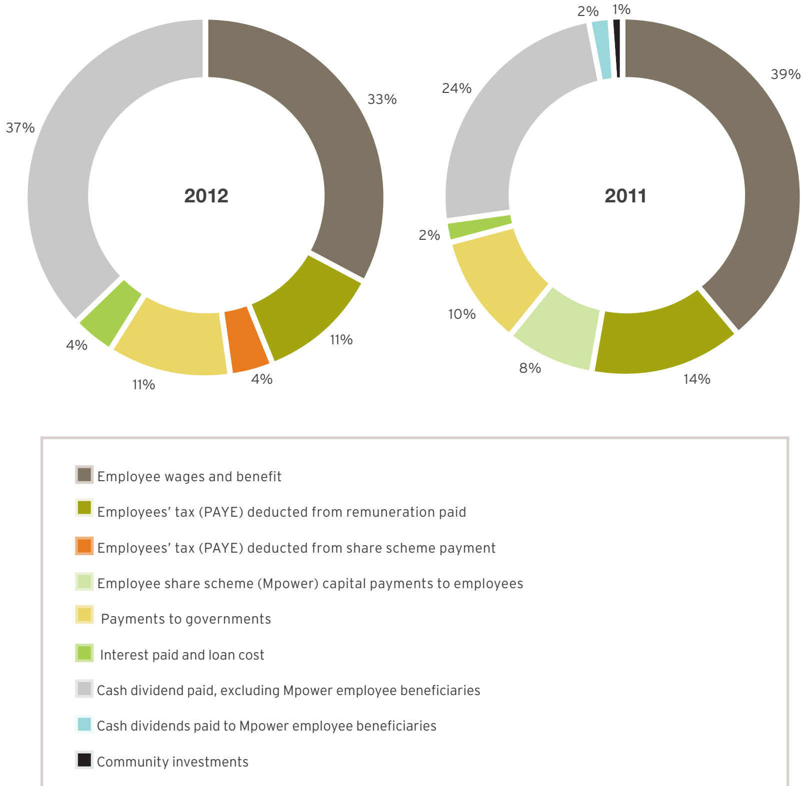
For the year ended 31 December

The value added statements show the wealth the group has created through mining, beneficiation, trading and investing operations. Exxaro generates and creates value for many of its stakeholders as follows:

- employees receive salaries/wages, share-based payments as well as bonusses;
- the governments of the countries where Exxaro has operations receive taxes and royalty payments;
- suppliers and contractors are supported through the procurement of consumables, services and capital goods;
- shareholders receive a fair return on their investment through dividends and growth on the share price;
- Exxaro has corporate social investment initiatives which benefit surrounding communities; and
- to ensure sustainability and expansion continuous and substantial reinvestment into the group is necessary.

The statement below summarises the total cash wealth created and how it was disbursed among the group's stakeholders, leaving a retained amount which was reinvested in the group for the replacement of assets and further development of operations.

Economic value distributed



Year ended 31 December	2012 Rm	2011 Restated Rm
Direct economic value generated	8 802	11 679
Income from the sale of products, services and assets	18 529	24 796
Income from investments and interest received	4 022	3 524
Operating costs[1]	(13 749)	(16 641)
Economic value distributed	8 259	8 177
Employee wages and benefits[2]	2 731	3 191
Employees' tax (PAYE) deducted from remuneration paid	941	1 183
Employee share scheme (Mpower) capital payments to employees		683
Employees' tax (PAYE) deducted from share scheme payment	291	
Payments to government	922	828
Interest paid and loan cost (R330 million interest capitalised in 2012)	326	127
Cash dividend paid, excluding Mpower dividend to employees	3 014	1 958
Cash dividend paid to Mpower employee beneficiaries	10	165
Community investments (including donations)[3]	24	42
Economic value retained in the group to maintain and develop operations	543	3 502
Total economic value distributed or retained	8 802	11 679

1 *Payments to suppliers and royalty payments*
2 *Total monetary outflows to employees, excluding employee taxes*
3 *Voluntary contributions and investment of funds in the broader community. Excludes legal and commercial activities such as rehabilitation costs required by law*

	2012 Rm	2011 Restated Rm
Payments to government	922	828
Taxation contribution	277	499
Republic of South Africa	272	440
Namibia		49
Netherlands	7	10
Australia	(2)	
Value added tax	250	26
Levied on purchases of goods and services	(2 018)	(2 394)
Charged on turnover	2 268	2 420
Additional amounts collected by the group on behalf of government	30	25
Unemployment insurance fund	30	24
Withholding tax		1
Levies paid to government	365	278
Rates and taxes paid to local authorities	23	35
Royalties paid to government	262	182
Workers' compensation fund	10	6
Unemployment insurance fund	30	26
Skills development levy	40	29
Community investments per country/region	24	42
RSA: Gauteng and corporate projects	12	14
RSA: Limpopo	7	11
RSA: Mpumalanga	5	14
RSA: Western Cape		2
Namibia		1

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

To the shareholders of Exxaro Resources Limited

The directors of the company are responsible for maintaining adequate accounting records, the preparation of the annual financial statements of the company and group as well as to develop and maintain a sound system of internal controls to safeguard shareholders' investments and group and company's assets. In presenting the accompanying financial statements, International Financial Reporting Standards have been followed, applicable accounting policies have been used and prudent judgements and estimates have been made.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal controls aimed at reducing the risk of error or loss in a cost-effective manner. Such systems can provide reasonable but not absolute assurance against material misstatement or loss. The directors, primarily through the audit committee, which consists only of independent non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal controls, auditing, financial reporting and risk management. The group's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the independent external auditors. The independent external auditors are responsible for reporting on the company and consolidated group financial statements. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the audit committee.

The directors have reviewed the company and consolidated group financial budgets along with the underlying business plans for the period to 31 December 2013. In light of the current company and consolidated financial position and existing borrowing facilities, they consider it appropriate that the company and consolidated group annual financial statements be prepared on the going-concern basis.

The independent external auditors are responsible for reporting on whether the company and consolidated group annual financial statements are fairly represented in accordance with International Financial Reporting Standards. The independent external auditors have audited the annual financial statements of the company and group and their unmodified report appears on page 03.

Against this background, the directors of the company accept responsibility for the company and consolidated group annual financial statements, which were approved by the board of directors on 28 March 2013 and are signed on its behalf by:

SA Nkosi
Chief executive officer

WA de Klerk
Finance director

CERTIFICATE BY GROUP COMPANY SECRETARY

In terms of section 88(e) of the Companies Act No. 71 of 2008, as amended (Companies Act), I, CH Wessels, in my capacity as group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 31 December 2012, Exxaro Resources Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

CH Wessels
Group company secretary
28 March 2013

AUDIT COMMITTEE REPORT

The company's audit committee is established as a statutory committee in terms of section 94(2) of the Companies Act No. 71 of 2008, as amended (Companies Act) and oversees audit committee matters for all of the South African subsidiaries within the Exxaro group, as permitted by section 94(2)(a) of the Companies Act.

The audit committee operates in accordance with the specific statutory duties imposed by the Companies Act, the JSE Listings Requirements, as well as in accordance with detailed terms of reference, which has incorporated the principles contained in the King report on governance for South Africa 2009, as well as duties specifically delegated by the company's board of directors.

The committee consists of three independent non-executive directors and the chairman of the board is not a member of the audit committee. It meets four times a year and details of attendance are contained in the Governance Report.

The group's independent external auditors are PricewaterhouseCoopers Incorporated (PwC). Fees paid to the auditors are disclosed in note 5 to the annual financial statements.

Exxaro has an approved board policy to regulate the use of non-audit services by the group's independent auditors. The policy differentiates between permitted and prohibited non-audit services, and specifies a monetary threshold by which approvals are considered. During the year under review, fees paid to PwC amounted to R75 million in total, which included R46 million for the 2012 statutory audit and related activities and R29 million for non-audit services. Non-audit services rendered by the independent external auditors during the period comprised tax advisory and tax compliance services, due-diligence reviews and other advisory services. As reported in 2011, the higher than ideal value of non-audit services rendered was mostly as a result of consulting work completed as part of the Tronox Limited transaction, which had started and was approved prior to appointing PwC as independent external auditors. The audit committee is satisfied with the level and extent of non-audit services rendered during the year by PwC as well as their continued independence.

The committee annually assesses the independence of the external auditors and again completed such assessment at its meeting on 28 February 2013. PwC were required to confirm that:

- They are not precluded from re-appointment due to any impediment in section 90(b) of the Companies Act;
- In compliance with section 91(5) of the Companies Act, by comparison with the membership of the firm at the time of its re-appointment in 2012, more than one half of the members remain in 2013; and
- They remain independent, as required by section 94(7)(a) of the Companies Act and the JSE Listings Requirements.

Based on the above assessment, the committee re-nominated PwC as independent external auditors for the 2013 financial year. Shareholders will therefore be requested to re-elect PwC as independent auditors for the 2013 financial year at the annual general meeting of 24 May 2013.

The committee reviewed the company and consolidated group annual financial statements and accounting practices in detail and is satisfied that the information contained in the financial statements, as well as the application of accounting practices applied are reasonable.

The committee, with input and reports from the internal and external auditors, reviewed the company's system of internal financial control during the year under review. As a result of the implementation of a new operating model and associated technological enabler, certain deficiencies in the system of internal control have been identified. These deficiencies are being adequately addressed by management. In the interim, manual verification processes have been implemented, where relevant, and the independent external auditors have applied appropriate substantive procedures in order to mitigate potential risks. The chief audit executive and the committee will continue monitoring progress and maturity improvement in the internal control environment on a regular basis.

Further information on the activities of the committee is contained in the Governance Report.

J van Rooyen
Audit committee chairman

Pretoria
28 March 2013

INDEPENDENT EXTERNAL AUDITOR'S REPORT

To the shareholders of Exxaro Resources Limited

We have audited the consolidated and separate financial statements of Exxaro Resources Limited set out on page 40 to 165, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Exxaro Resources Limited as at 31 December 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2012, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor
Johannesburg
5 April 2013

REPORT OF THE DIRECTORS

The directors have pleasure in presenting the annual financial statements of Exxaro Resources Limited (Exxaro) and the group for the year ended 31 December 2012.

Nature of business

Exxaro, a public company incorporated in South Africa, is one of the largest South African-based diversified resources groups, with interests in the coal (controlled and non-controlled), mineral sands/titanium dioxide (non-controlled), iron ore (controlled and non-controlled) and energy (controlled and non-controlled) markets. Exxaro is listed on the JSE Limited and is a constituent of the JSE's Top 40 index.

Exxaro's assets vary between controlled and operated assets and equity investments. The major controlled assets include its coal operations and its iron ore prospecting operations in the Republic of the Congo, whereas the major equity investments include its 44,65% interest in Tronox Limited, the world's largest fully integrated producer of titanium ore and titanium dioxide, the third-largest titanium feedstock producer and the second-largest producer of zircon, its 26% interest in Tronox's SA mineral sands operations and UK Limited Liability Partnership entity, its 19,98% interest in Sishen Iron Ore Company Proprietary Limited, which extracts and processes iron ore and its 50% interest in Cennergi Proprietary Limited, an energy company which aims to be the leading cleaner energy independent power producer in South Africa.

Integrated report

Summarised information on the activities and performance of the group and the various divisions of the group is contained in the integrated report on pages 73 to 75 as well as in the group financial performance in brief on pages 242 to 249. These reports are unaudited. The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the integrated report and in the opinion of the board the integrated report addresses all material issues, and presents fairly the integrated performance, sustainability of the organisation and its impacts. The integrated report has been prepared in line with corporate governance best practice.

Corporate governance

The board of directors endorses the principles contained in the King report on governance for South Africa 2009 (King III). Full details on how these principles were applied in Exxaro are set out in the Governance Report on page 213 of the integrated report.

Change in accounting policies

The accounting policies applied during the year ended 31 December 2012 are consistent, in all material respects, with those applied in the annual financial statements for the year ended 31 December 2011, except for the early adoption of the revised consolidating standards as well as IAS 19 *Employee benefits (revised)* as detailed in note 36 of this report. This early adoption of the new suite of consolidation standards has resulted in the restatement of prior year numbers as presented in the remainder of the report.

Registration details

The company registration number is 2000/011076/06. The registered office is Roger Dyason Road, Pretoria West, 0183, Republic of South Africa.

Activities and financial results

The company and group financial results for the year ended 31 December 2012 and 2011 are not comparable due to the profits realised on the sale of the mineral sands, Rosh Pinah and other assets of R4 127 million in 2012, the partial impairment reversal of the carrying value of property, plant and equipment at KZN Sands of R103 million in 2012 (2011: R869 million), as well as R516 million impairment of the carrying value of property, plant and equipment at the Zincor refinery in 2011. The conclusion of these two sales transactions resulted in the mineral sands and Rosh Pinah businesses' financial results effectively being included in these financial results for approximately five and five and a half months, respectively, compared to the full 12-month period in 2011.

Capital management

The board of directors is ultimately responsible to monitor debt levels, return on capital, total shareholders' return as well as compliance with contractually agreed loan covenants. These key metrics are detailed on page 72 of the integrated report. The group aims to cover its annual net funding requirements through long-term loan facilities with maturities spread evenly over time.

During the year, the group complied with all its contractually agreed loan covenants. Neither the company nor any of its subsidiaries are subject to externally imposed regulatory capital requirements. There were no significant changes in the group's approach to capital management during the year. The group continuously reviews its capital expenditure programmes, including sustaining capital to ensure that the capital structure remains robust to withstand any economic downturn.

Property, plant and equipment

Although the intention is to progress to distributing 50% of attributable earnings to shareholders, adequate provision is made for future capital commitments and working capital requirements in determining the level of interim and final dividends to shareholders.

Capital expenditure for the period amounted to R5 333 million (2011: R4 858 million).

Share buy-back

The group may from time to time repurchase its own shares in the open market, depending on prevailing market prices. These share repurchases are primarily intended to settle the group's various employee share incentive schemes and decisions are made based on specific transaction requirements. The group does not, however, have a defined share buy-back plan.

Shareholders' resolutions

At the eleventh annual general meeting of shareholders, held on Tuesday, 22 May 2012, the following resolutions were passed:

- Approval of group financial statements;
- Re-election of directors;
- Appointment of group audit committee members;
- Appointment of group social and ethics committee members;
- Approval of the company's remuneration policy and its implementation;
- Appointment of group independent auditors and noting TD Shango as designated audit partner;
- Renewal of the authority that unissued shares be placed under the control of the directors;
- General authority to issue shares for cash;
- Authorisation of directors and/or secretary to implement the above resolutions;
- Special resolution to approve directors' fees for 2012;
- Special resolution to authorise directors to repurchase the company's shares; and
- Special resolution to approve financial assistance for the subscription of securities.

At a general meeting of shareholders held on Tuesday, 22 May 2012, the following resolutions were passed:

- Approval of a specific issue of initial subscription shares for cash;
- Approval of a specific issue of further subscription shares for cash;
- Authorisation of directors and/or secretary to implement the above resolutions; and
- Special resolution to approve a new memorandum of incorporation.

Other than various resolutions by subsidiary companies in relation to the implementation of the Tronox transaction, whereby Exxaro sold its mineral sands operations in exchange for a 39,2% (31 December 2012: 44,65%) interest in Tronox Limited, Exxaro and its subsidiaries have passed no other special or ordinary shareholders' resolutions of material interest or of a substantive nature.

Share capital

Authorised

500 000 000 ordinary shares of R0,01 each.

Issued

357 787 785 (2011: 354 234 548) ordinary shares of R0,01 each.

The increase can be summarised as follows:

	Date of issue	Number of shares
Opening balance		354 234 548
Issued in terms of the Kumba Management Share Option Scheme due to options offered at prices ranging from R18,38 to R47,73.	24 February 2012 to 13 December 2012	532 720
Mpower 2012 issue offered at R193,37	28 June 2012	3 020 517
Closing balance		357 787 785

Shareholders

An analysis of shareholders and shareholdings appears in annexure 5 of the annual report.

Dividend payments

Dividend number 19

Interim dividend number 19 of 350 cents per share was declared in South African currency in respect of the period ended 30 June 2012. The dividend was paid in South African currency on Tuesday, 25 September 2012 to shareholders recorded in the register of the company at close of business on Friday, 21 September 2012. In order to comply with the requirements of STRATE, the last day to trade cum dividend was Friday, 14 September 2012. The shares commenced trading ex dividend on Monday, 17 September 2012 and the record date was Friday, 21 September 2012.

Dividend number 20

Final dividend number 20 of 150 cents per share was approved by the board on 6 March 2013 and declared in South African currency in respect of the period ended 31 December 2012.

The dividend payment date is Monday, 15 April 2013 to shareholders recorded in the register of the company at close of business on Friday, 12 April 2013. To comply with the requirements of STRATE, the last day to trade cum dividend is Friday, 5 April 2013. The shares will commence trading ex dividend on Monday, 8 April 2013 and the record date is Friday, 12 April 2013.

The total STC credits available for offsetting against the new dividend tax (effective 1 April 2012) amount to R2 024 million. The number of ordinary shares in issue at the date of this declaration is 357 787 785. Although the local dividend tax rate is 15%, no dividends tax will be due as a result of the STC credits utilised (150 cents per share). Exxaro Resources Limited's tax reference number is 9218/098/14/4.

Investments and subsidiaries

The financial information in respect of investments and interests in subsidiaries of the company is disclosed in Annexures 2 and 3 to the financial statements.

Events after the reporting period

The directors are not aware of any matter or circumstance that has arisen since the end of the financial period not dealt with in this report or in the company and consolidated group financial statements that would significantly affect the operations or the results of the group.

Directorate and shareholdings

The names of the directors in office at the date of this report are set out on pages 210 to 213 of the integrated report.

Details of directors' shareholding are contained on pages 14 and 15 of this report.

Mr CI Griffith resigned as non-executive director effective 29 November 2012. Mr NB Mbazima was subsequently appointed to succeed Mr Griffith as non-executive director of the board with effect 30 November 2012. Mr U Khumalo resigned as non-executive director effective 31 January 2013. The board expressed its sincere appreciation to Mr Griffith and Mr Khumalo, for their contributions during their respective terms of office.

The following directors are required to retire by rotation in terms of clauses 6.2 (1) and (2) of the memorandum of incorporation of the company, and being eligible for re-election, offer themselves for re-election at the forthcoming annual general meeting:

- Mr JJ Geldenhuys;
- Mr NB Mbazima;
- Mr VZ Mntambo; and
- Dr MF Randera.

Group company secretary

The group company secretary is Ms CH Wessels and details of the registered office and postal address appear on the administration sheet included in the integrated report.

Independent external auditors

PwC was re-elected as independent external auditors on 22 May 2012 in accordance with section 90 of the Companies Act.

Audit committee

The audit committee report appears on page 02 of this report.

Borrowing powers and financial assistance

Borrowing capacity is determined by the directors in terms of the memorandum of incorporation, from time to time:

	Group	
	2012 Rm	2011 Restated Rm
Amount approved (per memorandum of incorporation)	36 008	29 510
Total borrowings	2 751	3 772
Unutilised borrowing capacity	33 257	25 738

The borrowing powers of the company and the group were set at 125% of shareholders' funds for both the 2012 and 2011 financial years.

Pursuant to the authorisation granted at the general meeting of the company held on 29 November 2011, the board of directors of the company, at its meeting held on 21 February 2012, had approved, in accordance with section 45 of the Companies Act and the JSE Limited Listings Requirements, the giving of financial assistance to related and inter-related companies of the company up to an amount not exceeding R40 billion, at any time and from time to time during the period 21 February 2012 to 31 December 2012.

The company had satisfied the solvency and liquidity test, as contemplated in section 45 of the Companies Act and detailed in section 4 of the Companies Act post such assistance and the terms under which such assistance was provided were fair and reasonable to the company.

Going concern

The board of directors believes that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The board of directors is not aware of any new material changes that may adversely impact the group or any material non-compliance with statutory or regulatory requirements.

Employee incentive schemes

Details of the group's employee incentive schemes are set out on page 140 of this report.

Annual general meeting

The 12th annual general meeting of shareholders of Exxaro will be held at the Corporate Office, Roger Dyason Road, Pretoria West, Republic of South Africa, at 10:00 on Friday, 24 May 2013. Refer to pages 174 to 186 of these annual financial statements for further details of the ordinary and special business for consideration at this meeting.

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

This report on remuneration and related matters (refer page 110 of the integrated report) covers issues which are the concern of the board as a whole, in addition to those which were dealt with by the remuneration and nomination committee (Remco).

Remuneration policy

The Remco has a clearly defined mandate from the board aimed at:

- ensuring that the company's chairman, directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance; and
- ensuring that the company's remuneration strategies and packages, including the incentive schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the company.

Directors' service contracts

All executive directors' normal contracts are subject to six calendar months' notice. Non-executive directors are not bound by service contracts.

There are no restraints of trade associated with the contracts of executive directors.

Related party transactions

Details of the group's related party transactions are set out on page 129 of this report.

Summary of remuneration paid or payable to directors and prescribed officers

Year ended 31 December 2012	Basic salary R	Fees for services R	Performance bonuses[1] R
Executive directors			
SA Nkosi	6 859 647		2 517 124
WA de Klerk	4 217 225		1 054 030
	11 076 872		3 571 154
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			
Non-executive directors			
S Dakile-Hlongwane[3]		246 310	
JJ Geldenhuys		634 733	
CI Griffith[4]		346 283	
U Khumalo[5]		255 971	
Dr D Konar (chairman)		1 060 666	
N Langeni[6]			
NB Mbazima[7]			
VZ Mntambo		327 293	
RP Mohring		683 001	
MF Randera[8]		153 173	
NL Sowazi[5]		303 864	
J van Rooyen		577 748	
D Zihlangu		327 293	
Total remuneration paid by Exxaro		4 916 335	
Prescribed officers			
PT Arran[9]	2 155 841		813 255
MDM Mgojo	3 843 865		1 097 830
M Piater	2 637 818		998 345
WH van Niekerk[9]	2 310 253		809 289
PE Venter	3 985 326		1 544 291
M Veti	2 159 470		768 333
CH Wessels	1 236 864		397 176
	18 329 437		6 428 519
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			

1 *All incentive schemes are performance related and were approved by the board. The three-tier short-term incentive scheme applies to all employees throughout the group*
2 *Include travel allowances*
3 *Appointed on 21 February 2012*
4 *Resigned on 29 November 2012*
5 *Fees paid to the respective employer and not the individual*
6 *Resigned on 18 January 2012*
7 *Appointed on 30 November 2012*
8 *Appointed on 13 June 2012*
9 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Retirement amounts paid to or received by executive directors are paid or received under defined contribution retirement funds.

Benefits and allowances[2] R	Retirement fund contributions R	Gains on management share option scheme R	Other R	Total R
81 401	595 683	15 187 718		25 241 573
163 515	346 373	8 448 242		14 229 385
244 916	942 056	23 635 960		39 470 958
				(23 635 960)
				7 645 042
				23 480 040
				246 310
32 513				667 246
				346 283
				255 971
				1 060 666
				327 293
26 756				709 757
				153 173
				303 864
				577 748
				327 293
59 269				4 975 604
	116 939	3 003 003		6 089 038
88 594	295 323	6 123 824		11 449 436
112 558	261 812	3 794 997	574	7 806 104
78 056	151 367	5 951 570		9 300 535
163 182	297 142	10 336 711		16 326 652
41 374	214 909	4 327 759		7 511 845
44 030	100 286			1 778 356
527 794	1 437 778	33 537 864	574	60 261 966
				(33 537 864)
				9 277 994
				36 002 096

Summary of remuneration paid or payable to directors and prescribed officers (continued)

Year ended 31 December 2011	Basic salary R	Fees for services R	Performance bonuses[1] R
Executive directors			
SA Nkosi	5 653 180		3 424 467
WA de Klerk	3 527 231		1 943 798
	9 180 411		5 368 265
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			
Non-executive directors			
JJ Geldenhuys		489 120	
CI Griffith		330 200	
U Khumalo[3]		236 130	
Dr D Konar (chairman)		849 347	
N Langeni		311 797	
VZ Mntambo		324 297	
RP Mohring		567 580	
NL Sowazi[3]		331 590	
J van Rooyen		460 300	
D Zihlangu		311 797	
Total remuneration paid by Exxaro		4 212 158	
Prescribed officers			
PT Arran	2 944 806		1 664 321
MDM Mgojo	3 061 375		1 600 575
M Piater	2 460 818		1 267 868
WH van Niekerk	3 018 432		1 793 080
PE Venter	2 799 181		1 739 462
M Veti	1 911 358		971 499
MS Viljoen[4]	939 012		335 823
CH Wessels[5]	674 029		418 044
	17 809 011		9 790 672
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			

1 *All incentive schemes are performance related and were approved by the board. The three-tier short-term incentive scheme applies to all employees throughout the group*
2 *Include travel allowances*
3 *Fees paid to the respective employer and not the individual*
4 *Retired effective 31 August 2011 (as group company secretary effective 30 June 2011)*
5 *Appointed effective 1 June 2011 (as group company secretary effective 1 July 2011)*

Retirement amounts paid to or received by executive directors are paid or received under defined contribution retirement funds.

Benefits and allowances[2] R	Retirement fund contributions R	Gains on management share option scheme R	Other R	Total R
80 692	526 376	7 372 141	7 669	17 064 525
195 796	303 286	7 614 078	5 352	13 589 541
276 488	829 662	14 986 219	13 021	30 654 066
				(14 986 218)
				11 267 550
				26 935 398
25 961				515 081
				330 200
				236 130
8 715				858 062
5 721				317 518
				324 297
16 825				584 405
				331 590
				460 300
				311 797
57 222				4 269 380
45 000	223 788	1 552 934	4 832	6 435 681
75 350	250 471	2 757 243	4 840	7 749 854
118 208	232 592	2 699 785	7 642	6 786 913
145 642	283 919	4 293 509	4 906	9 539 488
215 411	252 831	8 459 835	4 500	13 471 220
76 185	182 611	1 213 700	3 638	4 358 991
9 750	65 932	691 213	1 919	2 043 649
317 255	54 785		1 653	1 465 766
1 002 801	1 546 929	21 668 219	33 930	51 851 562
				(21 668 219)
				13 048 438
				43 231 781

Beneficial interest

Directors' beneficial interest in Exxaro shares	At 31 December 2012	
	Direct	Indirect
Director		
SA Nkosi[1]	37 362	9 852 845
WA de Klerk[1]	1 462	8 932
S Dakile-Hlongwane		
JJ Geldenhuys		
U Khumalo		
Dr D Konar (chairman)	6 168	
NB Mbazima		
VZ Mntambo		5 529 881
RP Mohring	1 000	
MF Randera		
NL Sowazi		3 038 387
J van Rooyen		
D Zihlangu		2 818 552
Directors' non-beneficial interest in Exxaro shares		
Director		
SA Nkosi		
WA de Klerk		61 082
S Dakile-Hlongwane		
JJ Geldenhuys		
U Khumalo		
Dr D Konar (chairman)		
NB Mbazima		
VZ Mntambo		
RP Mohring		
MF Randera		
NL Sowazi		
J van Rooyen		
D Zihlangu		

1 *The indirect beneficial interest includes shares held in terms of the company's deferred bonus plan disclosed on page 142*

Beneficial interest (continued)

Directors' beneficial interest in Exxaro shares	At 31 December 2011	
Director	**Direct**	**Indirect**
SA Nkosi	19 776	9 837 655
WA de Klerk	33 695	
JJ Geldenhuys		
CI Griffith		
U Khumalo		
Dr D Konar (chairman)	168	
N Langeni		
VZ Mntambo		5 529 881
RP Mohring		
NL Sowazi		3 038 387
J van Rooyen		
D Zihlangu		2 818 552
Directors' non-beneficial interest in Exxaro shares		
Director		
SA Nkosi		
WA de Klerk		54 950
JJ Geldenhuys		
CI Griffith		
U Khumalo		
Dr D Konar (chairman)		
N Langeni		
VZ Mntambo		
RP Mohring		
NL Sowazi		
J van Rooyen		
D Zihlangu		

There has been no change to the interest of directors in share capital since 31 December 2012 to the date of this report.

On 31 December 2012 Mr SA Nkosi held 2,8% (2011: 2,8%), Mr VZ Mntambo held 1,5% (2011: 1,6%), Mr NL Sowazi held 0,8% (2011: 0,9%) and Mr D Zihlangu held 0,8% (2011: 0,8%) directly or indirectly in the share capital of the company.

Directors' and prescribed officers' share options and restricted share awards

The following options and rights to shares in the company were exercised or outstanding in favour of directors and prescribed officers of the company under the company's share option schemes:

Management share option scheme

Year ended 31 December 2012	Options held at 31 December 2012	Exercise price	Exercisable period	Proceeds if exercisable at 31 December 2012	Pre-tax gain if exercisable at 31 December 2012
		R		R	R
Executive director WA de Klerk					
Prescribed officer M Piater					
WH van Niekerk[1]					

[1] *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Options exercised during the year	Exercise price	Sale price/ market price	Pre-tax gain	Date exercised
	R	R	R	
8 750	19,62	212,80	1 690 325	17/04/2012
8 750			1 690 325	
4 510	19,62	213,00	872 144	13/04/2012
4 510			872 144	
1 330	19,62	199,53	239 280	22/03/2012
583	19,62	199,51	104 876	22/03/2012
2 976	19,62	199,50	535 323	22/03/2012
280	19,62	199,79	50 448	22/03/2012
253	19,62	199,85	45 598	22/03/2012
413	19,62	199,86	74 439	22/03/2012
253	19,62	199,87	45 603	22/03/2012
119	19,62	199,91	21 455	22/03/2012
253	19,62	200,25	45 699	22/03/2012
6 460			1 162 721	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share option scheme (continued)

Year ended 31 December 2011	Options held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R	Pre-tax gain if exercisable at 31 December 2011[1] R
Executive director					
WA de Klerk					
	8 750	19,62	22/04/2012	1 470 000	1 298 325
	8 750			1 470 000	1 298 325
Prescribed officer					
M Piater					
	4 510	19,62	22/04/2011	757 680	669 194
	4 510			757 680	669 194
WH van Niekerk					
	6 460	19,62	22/04/2011	1 085 280	958 535
	6 460			1 085 280	958 535

[1] *Based on a share price of R168,00 which prevailed on 31 December 2011*

Options exercised during the year	Exercise price	Sale price/ market price	Pre-tax gain	Date exercised
	R	R	R	
3 230	13,62	155,00	456 657	08/03/2011
5 445	12,90	155,00	773 735	08/03/2011
3 726	12,90	155,01	529 502	08/03/2011
134	12,90	155,02	19 044	08/03/2011
1 120	12,90	154,70	158 816	08/03/2011
631	12,90	154,72	89 488	08/03/2011
24	12,90	154,86	3 407	08/03/2011
1 202	12,90	154,87	170 648	08/03/2011
1 083	12,90	154,88	153 764	08/03/2011
800	12,90	155,20	113 840	08/03/2011
1 099	12,90	155,22	156 410	08/03/2011
1 318	12,90	155,23	187 591	08/03/2011
2 365	12,90	155,07	336 232	08/03/2011
412	12,90	155,29	58 665	08/03/2011
360	12,90	155,41	51 304	08/03/2011
3 437	12,90	155,60	490 460	08/03/2011
462	12,90	155,62	65 937	08/03/2011
148	12,90	155,63	21 124	08/03/2011
385	12,90	155,77	55 005	08/03/2011
315	12,90	155,84	45 026	08/03/2011
1 281	12,90	156,00	183 311	08/03/2011
299	12,90	156,01	42 790	08/03/2011
904	12,90	156,02	129 380	08/03/2011
265	12,90	156,13	37 956	08/03/2011
731	12,90	156,19	104 745	08/03/2011
832	12,90	156,22	119 242	08/03/2011
352	12,90	156,23	50 452	08/03/2011
32 360			4 604 531	
193	12,90	144,01	25 304	16/03/2011
3 766	12,90	144,00	493 723	16/03/2011
500	12,90	144,02	65 560	16/03/2011
3 081	12,90	143,80	403 303	16/03/2011
7 540			987 890	
5 693	12,90	155,10	809 545	07/03/2011
12 657	12,90	155,60	1 806 154	07/03/2011
1 091	12,90	156,00	156 122	07/03/2011
179	12,90	156,01	25 617	07/03/2011
19 620			2 797 438	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share option scheme (continued)

Year ended 31 December 2011	Options held at 31 December 2011	Exercise price	Exercisable period	Proceeds if exercisable at 31 December 2011	Pre-tax gain if exercisable at 31 December 2011
		R		R	R
Prescribed officer					
PE Venter					

Management share appreciation right scheme

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price	Exercisable period	Proceeds if exercisable at 31 December 2012	Pre-tax gain if exercisable at 31 December 2012[1]
		R		R	R
Executive director					
SA Nkosi	38 680	60,60	01/03/2014	6 536 920	4 192 912
	41 780	112,35	01/04/2015	7 060 820	2 366 837
	67 430	67,07	01/04/2016	11 395 670	6 873 140
	45 474	126,77	01/04/2017	7 685 106	1 920 367
	36 538	163,95	01/04/2018	6 174 922	184 517
	229 902			38 853 438	15 537 773
WA de Klerk	19 330	60,60	01/03/2014	3 266 770	2 095 372
	16 410	112,35	01/04/2015	2 773 290	929 627
	37 760	67,07	01/04/2016	6 381 440	3 848 877
	21 478	126,77	01/04/2017	3 629 782	907 016
	18 268	163,95	01/04/2018	3 087 292	92 253
	113 246			19 138 574	7 873 145
Prescribed officer					
PT Arran[2]	10 190	60,60	01/03/2014	1 722 110	1 104 596
	9 470	112,35	01/04/2015	1 600 430	536 476
	15 200	67,07	01/04/2016	2 568 800	1 549 336
	16 358	126,77	01/04/2017	2 764 502	690 798
	14 084	163,95	01/04/2018	2 380 196	71 124
	65 302			11 036 038	3 952 330

[1] *Based on a share price of R169,00 which prevailed on 31 December 2012*

[2] *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Options exercised during the year	Exercise price	Sale price/ market price	Pre-tax gain	Date exercised
	R	R	R	
1 393	12,90	149,88	190 813	28/02/2011
318	12,90	149,89	43 563	28/02/2011
4 129	12,90	149,95	565 879	28/02/2011
400	12,90	149,95	54 820	28/02/2011
1 722	19,62	169,25	257 663	05/04/2011
2 000	19,62	169,31	299 380	05/04/2011
1 207	19,62	170,00	181 509	05/04/2011
341	19,62	170,01	51 283	05/04/2011
1 866	19,62	169,50	279 676	05/04/2011
101	19,62	169,99	15 187	05/04/2011
493	19,62	170,08	74 177	05/04/2011
866	19,62	170,50	130 662	05/04/2011
674	19,62	170,51	101 700	05/04/2011
15 510			2 246 312	

Options exercised during the year	Exercise price	Sale price/ market price	Pre-tax gain	Date exercised
	R	R	R	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share appreciation right scheme (continued)

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2012 R	Pre-tax gain if exercisable at 31 December 2012[1] R
Prescribed officer					
MDM Mgojo	18 340	60,60	01/03/2014	3 099 460	1 988 056
	15 720	112,35	01/04/2015	2 656 680	890 538
	27 530	67,07	01/04/2016	4 652 570	2 806 133
	16 358	126,77	01/04/2017	2 764 502	690 798
	14 084	163,95	01/04/2018	2 380 196	71 124
	92 032			15 553 408	6 446 649
M Piater	9 840	60,60	01/03/2014	1 662 960	1 066 656
	9 420	112,35	01/04/2015	1 591 980	533 643
	16 330	67,07	01/04/2016	2 759 770	1 664 517
	9 380	126,77	01/04/2017	1 585 220	396 117
	8 542	163,95	01/04/2018	1 443 598	43 137
	53 512			9 043 528	3 704 070
WH van Niekerk[2]	7 980	60,60	01/03/2014	1 348 620	865 032
	8 990	112,35	01/04/2015	1 519 310	509 284
	14 080	67,07	01/04/2016	2 379 520	1 435 174
	12 190	63,45	04/05/2016	2 060 110	1 286 655
	16 358	126,77	01/04/2017	2 764 502	690 798
	14 084	163,95	01/04/2018	2 380 196	71 124
	73 682			12 452 258	4 858 067
PE Venter	17 376	126,77	01/04/2017	2 936 544	733 788
	14 104	163,95	01/04/2018	2 383 576	71 225
	31 480			5 320 120	805 013
M Veti					
	11 590	67,07	01/04/2016	1 958 710	1 181 369
	7 624	126,77	01/04/2017	1 288 456	321 962
	6 168	163,95	01/04/2018	1 042 392	31 148
	25 382			4 289 558	1 534 479
CH Wessels	2 936	163,95	01/04/2018	496 184	14 827

[1] *Based on a share price of R169,00 which prevailed on 31 December 2012*
[2] *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Options exercised during the year	Exercise price	Sale price/ market price	Pre-tax gain	Date exercised
	R	R	R	
30 540	67,07	207,93	4 301 864	02/05/2012
30 540			4 301 864	
7 100	60,60	199,97	989 527	28/02/2012
7 020	112,35	199,97	615 092	28/02/2012
14 120			1 604 619	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share appreciation right scheme (continued)

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R	Pre-tax gain if exercisable at 31 December 2011[1] R
Executive director					
SA Nkosi	38 680	60,60	01/03/2014	6 498 240	4 154 232
	41 780	112,35	01/04/2015	7 019 040	2 325 057
	67 430	67,07	01/04/2016	11 328 240	6 805 710
	45 474	126,77	01/04/2017	7 639 632	1 874 893
	36 538	163,95	01/04/2018	6 138 384	147 979
	229 902			38 623 536	15 307 871
WA de Klerk	19 330	60,60	01/03/2014	3 247 440	2 076 042
	16 410	112,35	01/04/2015	2 756 880	913 217
	37 760	67,07	01/04/2016	6 343 680	3 811 117
	21 478	126,77	01/04/2017	3 608 304	885 538
	18 268	163,95	01/04/2018	3 069 024	73 985
	113 246			19 025 328	7 759 899
Prescribed officer					
PT Arran	10 190	60,60	01/03/2014	1 711 920	1 094 406
	9 470	112,35	01/04/2015	1 590 960	527 006
	15 200	67,07	01/04/2016	2 553 600	1 534 136
	16 358	126,77	01/04/2017	2 748 144	674 440
	14 084	163,95	01/04/2018	2 366 112	57 040
	65 302			10 970 736	3 887 028
MDM Mgojo	18 340	60,60	01/03/2014	3 081 120	1 969 716
	15 720	112,35	01/04/2015	2 640 960	874 818
	27 530	67,07	01/04/2016	4 625 040	2 778 603
	16 358	126,77	01/04/2017	2 748 144	674 440
	14 084	163,95	01/04/2018	2 366 112	57 040
	92 032			15 461 376	6 354 617
M Piater	9 840	60,60	01/03/2014	1 653 120	1 056 816
	9 420	112,35	01/04/2015	1 582 560	524 223
	16 330	67,07	01/04/2016	2 743 440	1 648 187
	9 380	126,77	01/04/2017	1 575 840	386 737
	8 542	163,95	01/04/2018	1 435 056	34 595
	53 512			8 990 016	3 650 558
WH van Niekerk	7 980	60,60	01/03/2014	1 340 640	857 052
	8 990	112,35	01/04/2015	1 510 320	500 294
	14 080	67,07	01/04/2016	2 365 440	1 421 094
	12 190	63,45	04/05/2016	2 047 920	1 274 465
	16 358	126,77	01/04/2017	2 748 144	674 440
	14 084	163,95	01/04/2018	2 366 112	57 040
	73 682			12 378 576	4 784 385

[1] *Based on a share price of R168,00 which prevailed on 31 December 2011*

	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share appreciation right scheme (continued)

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R	Pre-tax gain if exercisable at 31 December 2011[1] R
Prescribed officer					
PE Venter					
	30 540	67,07	01/04/2016	5 130 720	3 082 402
	17 376	126,77	01/04/2017	2 919 168	716 412
	14 104	163,95	01/04/2018	2 369 472	57 121
	62 020			10 419 360	3 855 935
M Veti	7 100	60,60	01/03/2014	1 192 800	762 540
	7 020	112,35	01/04/2015	1 179 360	390 663
	11 590	67,07	01/04/2016	1 947 120	1 169 779
	7 624	126,77	01/04/2017	1 280 832	314 338
	6 168	163,95	01/04/2018	1 036 224	24 980
	39 502			6 636 336	2 662 300
CH Wessels[2]	2 936	163,95	01/04/2018	493 248	11 891

[1] *Based on a share price of R168,00 which prevailed on 31 December 2011*

[2] *Appointed effective 1 June 2011 (as group company secretary effective 1 July 2011)*

Management share scheme – long-term incentive plan

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2012 R
Executive director				
SA Nkosi				
	47 412		01/04/2013	8 012 628
	36 538		01/04/2014	6 174 922
	68 565		01/04/2015	11 587 485
	152 515			25 775 035
WA de Klerk				
	21 478		01/04/2013	3 629 782
	18 268		01/04/2014	3 087 292
	34 689		01/04/2015	5 862 441
	74 435			12 579 515
Prescribed officer				
PT Arran[2]				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	28 255		01/04/2015	4 775 095
	58 697			9 919 793
MDM Mgojo				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	27 812		01/04/2015	4 700 228
	58 254			9 844 926

1 *Based on a share price of R169,00 which prevailed on 31 December 2012*

2 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
19 330	60,60	172,27	2 158 581	06/04/2011
18 110	112,35	172,27	1 085 151	06/04/2011
37 440			3 243 732	

Pre-tax gain if exercisable at 31 December 2012[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	67 438		197,54	13 321 703	13/04/2012
8 012 628					
6 174 922					
11 587 485					
25 775 035	67 438			13 321 703	
	37 764		197,54	7 459 901	03/04/2012
3 629 782					
3 087 292					
5 862 441					
12 579 515	37 764			7 459 901	
	15 202		197,54	3 003 003	13/04/2012
2 764 502					
2 380 196					
4 775 095					
9 919 793	15 202			3 003 003	
	27 536		197,54	5 439 461	05/04/2012
2 764 502					
2 380 196					
4 700 228					
9 844 926	27 536			5 439 461	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – long-term incentive plan (continued)

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2012 R
Prescribed officer				
M Piater				
	9 380		01/04/2013	1 585 220
	8 542		01/04/2014	1 443 598
	15 632		01/04/2015	2 641 808
	8 606		01/11/2015	1 454 414
	42 160			7 125 040
WH van Niekerk[2]				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	28 283		01/04/2015	4 779 827
	58 725			9 924 525
PE Venter				
	17 376		01/04/2013	2 936 544
	14 104		01/04/2014	2 383 576
	28 318		01/04/2015	4 785 742
	59 798			10 105 862
M Veti				
	7 624		01/04/2013	1 288 456
	6 168		01/04/2014	1 042 392
	12 424		01/04/2015	2 099 656
	26 216			4 430 504
CH Wessels	2 936		01/06/2014	496 184
	5 345		01/04/2015	903 305
	8 281			1 399 489

1 Based on a share price of R169,00 which prevailed on 31 December 2012
2 Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R
Executive director				
SA Nkosi				
	67 438		01/04/2012	11 329 584
	47 412		01/04/2013	7 965 216
	36 538		01/04/2014	6 138 384
	151 388			25 433 184

1 Based on a share price of R168,00 which prevailed on 31 December 2011

Pre-tax gain if exercisable at 31 December 2012[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	16 340		197,54	3 227 804	13/04/2012
1 585 220					
1 443 598					
2 641 808					
1 454 414					
7 125 040	16 340			3 227 804	
	14 090		197,54	2 783 339	13/04/2012
	12 112		212,65	2 575 617	17/05/2012
2 764 502					
2 380 196					
4 779 827					
9 924 525	26 202			5 358 956	
	30 550		197,54	6 034 847	03/04/2012
2 936 544					
2 383 576					
4 785 742					
10 105 862	30 550			6 034 847	
	11 596		197,54	2 290 674	13/04/2012
1 288 456					
1 042 392					
2 099 656					
4 430 504	11 596			2 290 674	
496 184					
903 305					
1 399 489					

Pre-tax gain if exercisable at 31 December 2011[1] R	Options exercised during the year	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
	41 782		163,95	6 850 159	07/04/2011
11 329 584					
7 965 216					
6 138 384					
25 433 184	41 782			6 850 159	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – long-term incentive plan (continued)

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R
Executive director				
WA de Klerk				
	37 764		01/04/2012	6 344 352
	21 478		01/04/2013	3 608 304
	18 268		01/04/2014	3 069 024
	77 510			13 021 680
Prescribed officer				
PT Arran				
	15 202		01/04/2012	2 553 936
	16 358		01/04/2013	2 748 144
	14 084		01/04/2014	2 366 112
	45 644			7 668 192
MDM Mgojo				
	27 536		01/04/2012	4 626 048
	16 358		01/04/2013	2 748 144
	14 084		01/04/2014	2 366 112
	57 978			9 740 304
M Piater				
	16 340		01/04/2012	2 745 120
	9 380		01/04/2013	1 575 840
	8 542		01/04/2014	1 435 056
	34 262			5 756 016
WH van Niekerk				
	14 090		01/04/2012	2 367 120
	12 112		04/05/2012	2 034 816
	16 358		01/04/2013	2 748 144
	14 084		01/04/2014	2 366 112
	56 644			9 516 192
PE Venter				
	30 550		01/04/2012	5 132 400
	17 376		01/04/2013	2 919 168
	14 104		01/04/2014	2 369 472
	62 030			10 421 040
M Veti				
	11 596		01/04/2012	1 948 128
	7 624		01/04/2013	1 280 832
	6 168		01/04/2014	1 036 224
	25 388			4 265 184
MS Viljoen[2]				
CH Wessels[3]	2 936		01/04/2014	493 248

1 Based on a share price of R168,00 which prevailed on 31 December 2011
2 Retired effective 31 August 2011
3 Appointed effective 1 June 2011

Pre-tax gain if exercisable at 31 December 2011[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	16 418		163,95	2 691 731	01/04/2011
6 344 352					
3 608 304					
3 069 024					
13 021 680	16 418			2 691 731	
	9 472		163,95	1 552 934	08/04/2011
2 553 936					
2 748 144					
2 366 112					
7 668 192	9 472			1 552 934	
	15 724		163,95	2 577 950	06/04/2011
4 626 048					
2 748 144					
2 366 112					
9 740 304	15 724			2 577 950	
	9 422		163,95	1 544 737	08/04/2011
2 745 120					
1 575 840					
1 435 056					
5 756 016	9 422			1 544 737	
	8 994		163,95	1 474 566	08/04/2011
2 367 120					
2 034 816					
2 748 144					
2 366 112					
9 516 192	8 994			1 474 566	
	18 114		163,95	2 969 790	06/04/2011
5 132 400					
2 919 168					
2 369 472					
10 421 040	18 114			2 969 790	
	7 022		163,95	1 151 257	08/04/2011
1 948 128					
1 280 832					
1 036 224					
4 265 184	7 022			1 151 257	
	4 216		163,95	691 213	05/04/2011
493 248					

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – deferred bonus plan

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2012 R
Executive director				
SA Nkosi				
	1 433		01/03/2013	242 177
	3 527		31/03/2013	596 063
	420		31/08/2013	70 980
	1 492		28/02/2014	252 148
	2 934		31/03/2014	495 846
	569		11/11/2014	96 161
	1 346		28/02/2015	227 474
	3 099		31/03/2015	523 731
	370		31/08/2015	62 530
	15 190			2 567 110
WA de Klerk				
	1 003		01/03/2013	169 507
	2 083		31/03/2013	352 027
	262		31/08/2013	44 278
	932		28/02/2014	157 508
	1 542		31/03/2014	260 598
	355		11/11/2014	59 995
	842		28/02/2015	142 298
	1 679		31/03/2015	283 751
	234		31/08/2015	39 546
	8 932			1 509 508
Prescribed officer				
PT Arran[2]	247		31/08/2012	41 743
MDM Mgojo				
	832		01/03/2013	140 608
	1 530		31/03/2013	258 570
	223		31/08/2013	37 687
	600		28/02/2014	101 400
	1 186		31/03/2014	200 434
	252		11/11/2014	42 588
	558		28/02/2015	94 302
	1 455		31/03/2015	245 895
	104		31/08/2015	17 576
	6 740			1 139 060

1 *Based on a share price of R169,00 which prevailed on 31 December 2012*
2 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Pre-tax gain if exercisable at 31 December 2012[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	2 315		210,29	486 821	12/03/2012
	6 620		197,54	1 307 715	13/03/2012
	466		153,39	71 480	12/09/2012
242 177					
596 063					
70 980					
252 148					
495 846					
96 161					
227 474					
523 731					
62 530					
2 567 110	9 401			1 866 016	
	1 644		210,29	345 717	09/03/2012
	3 000		197,54	592 620	04/04/2012
	326		153,39	50 005	06/09/2012
169 507					
352 027					
44 278					
157 508					
260 598					
59 995					
142 298					
283 751					
39 546					
1 509 508	4 970			988 342	
41 743					
	645		210,29	135 637	12/03/2012
	2 586		197,54	510 838	05/04/2012
	247		153,39	37 887	12/09/2012
140 608					
258 570					
37 687					
101 400					
200 434					
42 588					
94 302					
245 895					
17 576					
1 139 060	3 478			684 362	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – deferred bonus plan (continued)

Year ended 31 December 2012	Rights held at 31 December 2012	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2012 R
Prescribed officer				
M Piater				
	688		01/03/2013	116 272
	1 058		31/03/2013	178 802
	181		31/08/2013	30 589
	644		28/02/2014	108 836
	794		31/03/2014	134 186
	250		11/11/2014	42 250
	609		28/02/2015	102 921
	947		31/03/2015	160 043
	167		31/08/2015	28 223
	5 338			902 122
WH van Niekerk[2]				
	247		31/08/2012	41 743
	761		01/03/2013	128 609
	1 357		31/03/2013	229 333
	223		31/08/2013	37 687
	794		28/02/2014	134 186
	1 319		31/03/2014	222 911
	304		11/11/2014	51 376
	749		28/02/2015	126 581
	1 483		31/03/2015	250 627
	7 237			1 223 053
PE Venter	908		01/03/2013	153 452
	213		31/08/2015	35 997
	1 121			189 449
M Veti				
	498		01/03/2013	84 162
	675		31/03/2013	114 075
	147		31/08/2013	24 843
	510		28/02/2014	86 190
	637		31/03/2014	107 653
	197		11/11/2014	33 293
	134		31/08/2015	22 646
	2 798			472 862

1 *Based on a share price of R169,00 which prevailed on 31 December 2012*
2 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited*

Pre-tax gain if exercisable at 31 December 2012[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	947		210,29	199 145	12/03/2012
	1 690		197,54	333 843	13/04/2012
	223		153,39	34 206	10/09/2012
116 272					
178 802					
30 589					
108 836					
134 186					
42 250					
102 921					
160 043					
28 223					
902 122	2 860			567 194	
	1 301		210,29	273 587	09/03/2012
	1 615		197,54	319 027	10/04/2012
41 743					
128 609					
229 333					
37 687					
134 186					
222 911					
51 376					
126 581					
250 627					
1 223 053	2 916			592 614	
153 452					
35 997					
189 449					
	766		210,29	161 082	12/03/2012
	1 262		197,54	249 295	13/04/2012
	144		153,39	22 088	12/09/2012
84 162					
114 075					
24 843					
86 190					
107 653					
33 293					
22 646					
472 862	2 172			432 465	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – deferred bonus plan (continued)

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R
Executive director				
SA Nkosi				
	2 315		02/03/2012	388 920
	6 620		31/03/2012	1 112 160
	466		31/08/2012	78 288
	1 433		01/03/2013	240 744
	3 527		31/03/2013	592 536
	420		31/08/2013	70 560
	1 492		28/02/2014	250 656
	2 934		31/03/2014	492 912
	569		11/11/2014	95 592
	19 776			3 322 368
WA de Klerk				
	1 644		02/03/2012	276 192
	3 000		31/03/2012	504 000
	326		31/08/2012	54 768
	1 003		01/03/2013	168 504
	2 083		31/03/2013	349 944
	262		31/08/2013	44 016
	932		28/02/2014	156 576
	1 542		31/03/2014	259 056
	355		11/11/2014	59 640
	11 147			1 872 696
Prescribed officer				
PT Arran	247		31/08/2012	41 496
MDM Mgojo				
	645		02/03/2012	108 360
	2 586		31/03/2012	434 448
	247		31/08/2012	41 496
	832		01/03/2013	139 776
	1 530		31/03/2013	257 040
	223		31/08/2013	37 464
	600		28/02/2014	100 800
	1 186		31/03/2014	199 248
	252		11/11/2014	42 336
	8 101			1 360 968

1 *Based on a share price of R168,00 which prevailed on 31 December 2011*

Pre-tax gain if exercisable at 31 December 2011[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	718		147	105 553	04/03/2011
	2 573		147	378 257	04/03/2011
	213		179	38 172	16/11/2011
388 920					
1 112 160					
78 288					
240 744					
592 536					
70 560					
250 656					
492 912					
95 592					
3 322 368	3 504			521 982	
	542		147,01	79 679	08/03/2011
	1 398		147,01	205 520	08/03/2011
	182		179,21	32 616	16/11/2011
276 192					
504 000					
54 768					
168 504					
349 944					
44 016					
156 576					
259 056					
59 640					
1 872 696	2 122			317 815	
41 496					
	1 194		147,01	175 530	02/03/2011
	21		179,21	3 763	21/11/2011
108 360					
434 448					
41 496					
139 776					
257 040					
37 464					
100 800					
199 248					
42 336					
1 360 968	1 215			179 293	

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – deferred bonus plan (continued)

Year ended 31 December 2011	Rights held at 31 December 2011	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2011 R
Prescribed officer				
M Piater				
	947		02/03/2012	159 096
	1 690		31/03/2012	283 920
	223		31/08/2012	37 464
	688		01/03/2013	115 584
	1 058		31/03/2013	177 744
	181		31/08/2013	30 408
	644		28/02/2014	108 192
	794		31/03/2014	133 392
	250		11/11/2014	42 000
	6 475			1 087 800
WH van Niekerk				
	1 301		02/03/2012	218 568
	1 615		31/03/2 012	271 320
	247		31/08/2012	41 496
	761		01/03/2013	127 848
	1 357		31/03/2013	227 976
	223		31/08/2013	37 464
	794		28/02/2014	133 392
	1 319		31/03/2014	221 592
	304		11/11/2014	51 072
	7 921			1 330 728
PE Venter	908		01/03/2013	152 544
M Veti				
	766		02/03/2012	128 688
	1 262		31/03/2012	212 016
	144		31/03/2012	24 192
	498		01/03/2013	83 664
	675		31/03/2013	113 400
	147		31/08/2013	24 696
	510		28/02/2014	85 680
	637		31/03/2014	107 016
	197		11/11/2014	33 096
	4 836			812 448

1 *Based on a share price of R168,00 which prevailed on 31 December 2011*

Pre-tax gain if exercisable at 31 December 2011[1] R	Options exercised during the year	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	1 031		147,01	151 567	08/03/2011
	87		179,21	15 591	21/11/2011
159 096					
283 920					
37 464					
115 584					
177 744					
30 408					
108 192					
133 392					
42 000					
1 087 800	1 118			167 158	
	120		179,21	21 505	21/11/2011
218 568					
271 320					
41 496					
127 848					
227 976					
37 464					
133 392					
221 592					
51 072					
1 330 728	120			21 505	
152 544					
	287		147,01	42 192	08/03/2011
	113		179,21	20 251	21/11/2011
128 688					
212 016					
24 192					
83 664					
113 400					
24 696					
85 680					
107 016					
33 096					
812 448	400			62 443	

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December

		Group		Company	
		2012	2011 Restated	2012	2011
	Notes	Rm	Rm	Rm	Rm
Revenue	4	12 229	12 126	1 425	1 141
Operating expenses	5	(10 533)	(9 575)	346	(1 548)
Gains/(losses) on disposal of non-core assets	11	42	1	(1 973)	24
Net operating profit/(loss)		1 738	2 552	(202)	(383)
Interest income	7	138	261	22	101
Interest expense	7	(325)	(628)	(254)	(223)
Income from investments	8	3	4	6 991	3 829
Share of income from equity-accounted investments	19	3 602	4 745		
Profit before tax		5 156	6 934	6 557	3 324
Income tax (expense)/benefit	9	(537)	(871)	95	(5)
Profit for the year from continuing operations		4 619	6 063	6 652	3 319
Profit for the year from discontinued operations	10	5 028	1 594		
Profit for the year		9 647	7 657	6 652	3 319
Gain/(loss) recognised in other comprehensive income for the year, net of tax	32	68	541		(4)
Exchange differences on translating foreign operations		(33)	800		(4)
Cash flow hedges		(21)	(40)		
Share of comprehensive income/(loss) of associates		122	(254)		
Share of comprehensive income of non-controlling interests			35		
Total comprehensive income for the year		9 715	8 198	6 652	3 315
Profit/(loss) attributable to:					
Owners of the parent		9 677	7 653	6 652	3 319
– continuing operations		4 634	6 073	6 652	3 319
– discontinued operations		5 043	1 580		
Non-controlling interests		(30)	4		
– continuing operations		(15)	(10)		
– discontinued operations		(15)	14		
Profit for the year		9 647	7 657	6 652	3 319
Total comprehensive income attributable to:					
Owners of the parent		9 745	8 159	6 652	3 315
– continuing operations		5 706	6 641	6 652	3 315
– discontinued operations		4 039	1 518		
Non-controlling interests		(30)	39		
– continuing operations		(15)	(6)		
– discontinued operations		(15)	45		
Comprehensive income for the year		9 715	8 198	6 652	3 315
Attributable earnings per share (cents)	13				
Attributable earnings per shares – aggregate					
– basic		2 734	2 199		
– diluted		2 726	2 168		
Attributable earnings per share – continuing operations					
– basic		1 309	1 745		
– diluted		1 305	1 720		
Attributable earnings per share – discontinued operations					
– basic		1 425	454		
– diluted		1 421	448		

Refer to note 13 for number of shares.

STATEMENTS OF FINANCIAL POSITION

At 31 December and 1 January

		Group			Company	
		At 31 December		At 1 January	At 31 December	
	Notes	2012 Rm	2011 Restated Rm	2011 Restated Rm	2012 Rm	2011 Rm
ASSETS						
Non-current assets						
Property, plant and equipment	16	15 881	9 584	12 194	627	508
Biological assets	17	55	66	46		
Intangible assets	18	962	128	75	24	43
Investments in associates	19	17 154	4 545	3 662	13 152	
Investments in joint ventures	19	425	243	168	77	
Investments in subsidiaries	20				8 580	3 272
Deferred tax	29	241	227	724	235	115
Financial assets	21	2 727	2 360	2 390	74	14
Total non-current assets		37 445	17 153	19 259	22 769	3 952
Current assets						
Inventories	22	776	560	3 081		
Trade and other receivables	23	2 642	2 624	3 505	5 749	9 247
Current tax receivable		190	105	105		
Cash and cash equivalents		1 364	1 018	2 077	315	29
Total current assets		4 972	4 307	8 768	6 064	9 276
Non-current assets classified as held-for-sale	12		14 979	85		3 676
Total assets		42 417	36 439	28 112	28 833	16 904
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	25	2 374	2 359	2 170	2 961	2 362
Other components of equity		1 636	3 202	2 321	921	1 214
Retained earnings		24 784	18 027	12 946	13 453	9 825
Equity attributable to owners of the parent		28 794	23 588	17 437	17 335	13 401
Non-controlling interests		12	20	(23)		
Total equity		28 806	23 608	17 414	17 335	13 401
Non-current liabilities						
Interest-bearing borrowings	26	2 761	2 102	3 504	2 761	2 101
Non-current provisions	28	2 842	2 111	2 065	26	29
Post-retirement employee obligations	36.2	142	133	96		
Financial liabilities	27	106				
Deferred tax	29	2 566	1 702	1 323		
Total non-current liabilities		8 417	6 048	6 988	2 787	2 130
Current liabilities						
Trade and other payables	30	4 099	3 181	2 796	7 912	537
Interest-bearing borrowings	26	(9)	836	688	(9)	836
Current tax payable		172	50	144		
Current provisions	28	121	151	30		
Overdraft	26	811			808	
Total current liabilities		5 194	4 218	3 658	8 711	1 373
Non-current liabilities classified as held-for-sale	12		2 565	52		
Total equity and liabilities		42 417	36 439	28 112	28 833	16 904

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

	Share capital and premium Rm	Foreign currency translations Rm
At 1 January 2011	2 170	716
Profit for the year		
Other comprehensive income		800
Share of comprehensive income of associates		72
Issue of share capital[1]	15	
Mpower vesting issue of shares	174	
Share-based payments movements		
Non-controlling interests additional contributions		
Dividends paid		
Disposal of subsidiaries		(3)
Balance at 31 December 2011	2 359	1 585
Profit for the year		
Other comprehensive income		(33)
Share of comprehensive income of associates		118
Issue of share capital[1]	15	
Share-based payments movement		
Dividends paid		
Acquisition of subsidiaries		
Acquisition of non-controlling interest		
Disposal of subsidiaries		(459)
Balance at 31 December 2012	2 374	1 211

[1] *Issued to the Kumba Resources Management Share Trust due to options exercised*

Final dividend paid per share (cents) in respect of the 2011 financial year	500
Dividend paid per share (cents) in respect of the 2012 interim period	350
Final dividend payable per share (cents) in respect of 2012 financial year	150

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the group.

Financial instruments revaluation reserve

The financial instruments revaluation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Equity-settled reserve

The equity-settled reserve represents the fair value of services received and settled by equity instruments granted.

Other reserves

Comprises associates' other reserves and transactions with non-controlling interests (refer note 24).

Other components of equity							
Financial instruments revaluation Rm	**Equity-settled reserve** Rm	**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
216	1 389			12 946	17 437	(23)	17 414
				7 653	7 653	4	7 657
(40)					760	35	795
20		1	8	(355)	(254)		(254)
					15		15
					174		174
	23				23	2	25
						8	8
				(2 217)	(2 217)	(6)	(2 223)
					(3)		(3)
196	1 412	1	8	18 027	23 588	20	23 608
				9 677	9 677	(30)	9 647
(21)					(54)		(54)
(17)	94	(164)	(1)	92	122		122
					15		15
	(183)				(183)		(183)
				(3 012)	(3 012)		(3 012)
						468	468
			(740)		(740)	(441)	(1 181)
(137)	(23)				(619)	(5)	(624)
21	1 300	(163)	(733)	24 784	28 794	12	28 806

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

		Other components of equity			
	Share capital and premium Rm	Foreign currency translations Rm	Equity-settled reserve Rm	Retained income Rm	Total equity Rm
Balance at 1 January 2011	2 347	2	1 141	8 656	12 146
Profit for the year				3 319	3 319
Other comprehensive income		(4)			(4)
Share-based payments movements			75		75
Cash dividends paid				(2 150)	(2 150)
Issue of share capital[1]	15				15
Balance at 31 December 2011	2 362	(2)	1 216	9 825	13 401
Profit for the year				6 652	6 652
Share-based payments movements			(293)		(293)
Cash dividends paid				(3 024)	(3 024)
Issue of share capital[1]	599				599
Balance at 31 December 2012	2 961	(2)	923	13 453	17 335

[1] *Issued to the Kumba Resources Management Share Trust due to options exercised as well as the Mpower 2012 issue*

Final dividend paid per share (cents) in respect of the 2011 financial year	500
Dividend paid per share (cents) in respect of the 2012 interim period	350
Final dividend payable per share (cents) in respect of 2012 financial year	150

STATEMENT OF CASH FLOWS

For the year ended 31 December

		Group		Company	
	Notes	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm
Cash flows from operating activities					
Cash generated by/(utilised in) operations	31.1	3 969	6 189	(1 316)	(1 461)
Interest paid	31.2	(345)	(566)	(252)	(222)
Interest received	31.2	208	532	22	101
Tax paid	31.3	(277)	(499)		
Dividends paid	31.4	(3 012)	(2 123)	(3 024)	(2 150)
		543	3 533	(4 570)	(3 732)
Cash flows from investing activities					
Property, plant and equipment to maintain operations	31.5	(1 571)	(1 591)	(184)	(291)
Property, plant and equipment to expand operations	31.6	(3 762)	(3 267)		
Investment in intangible assets		(36)	(119)	(2)	(59)
Proceeds from disposal of intangible assets		77			
Proceeds from disposal of property, plant and equipment		77	483		
Increase in investments in other non-current assets	31.7	(16)	(110)	(22)	
Proceeds from disposal of subsidiaries	31.8	81	50	313	33
Increase in joint ventures and associates	31.9	(396)		(396)	
Acquisition of subsidiaries	31.10	(1 421)		(2 743)	
Increase in investments in subsidiaries	31.11			(2 311)	(1 209)
Proceeds from disposal of financial assets designated through profit or loss		5			
Income from equity-accounted investments	31.12	4 019	3 516		
Income from investments	31.13	3	9	6 991	3 829
Other investing activities			(13)		
		(2 940)	(1 042)	1 646	2 303
Cash flows from financing activities					
Interest-bearing borrowings raised		5 800	338	5 800	219
Interest-bearing borrowings repaid		(5 925)	(953)	(3 966)	(1)
Consideration paid to non-controlling interests	24	(1 181)			
Proceeds from issuance of share capital		15	15	599	15
Increase in loans from non-controlling interests			11		
		(1 291)	(589)	2 433	233
Net (decrease)/increase in cash and cash equivalents		(3 688)	1 902	(491)	(1 196)
Cash and cash equivalents at beginning of the year		4 118	2 077	29	1 229
– Cash and cash equivalents before restatement		4 118	2 140	29	1 229
– IFRS 11 Restatement			(63)		
Translation difference on movement in cash and cash equivalents		123	139	(31)	(4)
Cash and cash equivalents at end of the year		553	4 118	(493)	29
Cash and cash equivalents classified as held-for-sale at end of the period			3 100		
Cash and cash equivalents per statement of financial position	31.14	553	1 018	(493)	29
Cash and cash equivalents at end of the period		553	4 118	(493)	29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December

1. Basis of preparation

1.1 Statement of compliance

The principal accounting policies of the Exxaro Resources Limited company and group of companies (the group) as well as the disclosures made in the annual financial statements comply with International Financial Reporting Standards (IFRS) and IFRIC interpretations effective for the group's financial year and the Companies Act of South Africa No. 71 of 2008 (as amended) applicable to companies reporting under IFRS and the JSE Listings Requirements.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for the revaluation to fair value of financial instruments and biological assets. The comparative financial information has been restated for the effect of the early adoption of the suite of consolidation standards issued in May 2011, included IFRS 10 (as amended) *Consolidated financial statements,* IFRS 11 (as amended) *Joint arrangements*, IFRS 12 (as amended) *Disclosure of interest in other entities*, IAS 27 *Separate financial statements* (revised) and IAS 28 *Investment in associates and joint ventures (revised).*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the company and consolidated group financial statements are disclosed in notes 1.3 and 1.4.

1.3 Judgements made by management

The following judgements, apart from those involving estimates (as mentioned below), have been made by management in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- in applying IFRS 2 *Share-based Payment*, management has made certain judgements in respect of the fair value option pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 36.4);
- in applying IFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations*, management has made judgments as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5;
- in applying IFRS 8 *Operating Segments*, the identification of reportable operating segments of the group;
- in applying IAS 19 *Employee Benefits*, the identification as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme;
- in applying IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, estimates of determining the present obligation of environmental and decommissioning provisions;
- in applying IFRIC 4 *Determining whether an Arrangement* contains a Lease, and IAS 17 *Leases*, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease; and
- in applying IFRS 11 *Joint Arrangements,* management has assessed the level of influence that the group has on its investments in joint arrangement and subsequently classified the investments as joint operations or joint ventures in line with the standard's guidelines.

1.4 Key assumptions made by management in applying accounting policies

The following key assumptions concerning the future, and other key sources of estimating uncertainty at the financial year end, may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the assumption or estimation changes significantly.

The financial information on which some of the assumptions are based has not been reviewed nor reported on by the group's independent external auditors.

1.4.1 Going concern

Management considers key financial metrics and loan covenant compliance in its approved medium-term budgets, together with its existing term facilities, to conclude that the going-concern assumption used in the compiling of its annual financial statements is relevant.

1.4.2 Share-based payments

For share-based payments, estimates are made in determining the fair value of equity instruments granted. Assumptions are used in the valuation models and include assumptions regarding future dividend yield, risk-free rate, expected employee attrition rate, expected share volatility and expected option life. Refer note 36.5.

1.4.3 Environmental and decommissioning provisions

Provision is made for environmental and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the discount rate used and the expected date of closure of mining activities in determining the present value of environmental and decommissioning provisions. Estimates are based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances. Refer note 28.

Unwinding of discount due to passage of time is included as an element of borrowing costs in arriving at profit and loss for the year-end in terms of IAS37 *Provisions, contingent liabilities and contingent assets*. The movements from one reporting period to the next, due to change in the estimate of provision are accounted for in profit or loss as well as the Statement of Financial Position. Changes in the cost of estimate for land rehabilitation due to inflation and change in the life of mine other than the one year lapsed, are included in the Statement of Comprehensive Income as borrowing costs. Changes in the rehabilitation cost estimate due to scope change are included in profit or loss as cost of sales.

Included in the immediate closure cost upon which the environmental provision is based, all mines expected to close within five years of the end of the current financial period should include an estimate for social and labour cost expected to be incurred as part of the rehabilitation process. The estimated cost shall be estimated at a minimum of 2% of the total immediate closure cost of the mine, depending on the social exposure risk as determined by safety, health, environment and community (SHEC) committee.

1.4.4 Other provisions

For other provisions, estimates are made of legal or constructive obligations resulting in possible outflow of economic benefits, and the expected date of probable outflow of economic benefits in order to assess whether the provision should be discounted or not. Refer note 28.

1.4.5 Post-retirement obligations

For defined benefit schemes, management is required to make annual estimates and assumptions about the discount rate, future remuneration changes, employee attrition rates, administration costs, changes in benefits, medical cost trends, inflation rates, exchange rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Refer note 36.2.

1. Basis of preparation (continued)

1.4 Key assumptions made by management in applying accounting policies (continued)

1.4.6 Impairments and impairment reversals

Impairment tests are performed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets which have been impaired are reviewed for possible reversal of impairment at each reporting date. Management has identified possible impairment indicators which include movements in exchange rates, commodity prices and the economic environment in which the businesses operate. Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating the cash flows, management base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. The discount rates used are pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

1.4.7 Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 37.

1.4.8 Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This requires management to make assumptions on a subsidiary-by-subsidiary level of future taxable income in determining the deferred tax asset to be raised. Refer note 29.

1.4.9 Useful life and residual values

The depreciable amount of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect to the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If an asset is expected to be abandoned the residual value is estimated at zero. In determining the useful life of assets, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

1.4.10 Mineral resources

Management makes estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2007) for South African and Congolese properties and the JORC Code (2004) for Australian properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.

1.5 Change in accounting policy

1.5.1 Early adoption of the suite of consolidation standards issued in May 2011

The group has early adopted IFRS 10 *Consolidated Financial Statements* (as amended), IFRS 11 *Joint Arrangements* (as amended) and IFRS 12 *Disclosure of Interest in Other Entities* (as amended), as well as the consequential amendments to IAS 27 *Separate Financial Statements* (revised) and IAS 28 *Investments in Associates and Joint Ventures* (revised), with a date of initial application of 1 January 2012.

1.5.2 Joint arrangements

As a result of the early adoption of IFRS 11 (as amended), the group has changed its accounting policy with respect to its interest in joint arrangements.

Under IFRS 11 (as amended), the group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the contractual rights and obligations that each investor has rather than the legal structure of the joint arrangement. When making this assessment, the group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

There has been no impact on the group by applying IFRS 10 (as amended) retrospectively.

The group has reassessed the classification of its joint arrangements under IFRS 11:

	Exxaro shareholding interest (%)	Previous treatment	Revised treatment
Mafube Coal Proprietary Limited – joint venture with Anglo Operations Limited	50	Proportionately consolidated	Equity accounted
South Dunes Coal Terminal Company Proprietary Limited – joint venture with Eskom Enterprises Proprietary Limited and Golang Coal Proprietary Limited	33	Proportionately consolidated	Equity accounted
Moranbah joint arrangement – joint operation with Anglo American	50	Share of net income, assets and liabilities	Share of net income, assets and liabilities
Cennergi Proprietary Limited (Refer note 19)	50	Acquired in 2012	Equity accounted

The effects of the change in accounting policies on the statements of financial position, comprehensive income and the cash flows of the group at 1 January 2011 and 31 December 2011 are summarised below. The change in accounting policy had no impact on earnings per share.

Impact of change in accounting policy on the statement of comprehensive income	**For the period ended 31 December 2011 As previously presented** Rm	**For the period ended 31 December 2011 Restated** Rm	**Impact of change in accounting policy** Rm
Revenues	21 305	20 962	(343)
Operating expenses	(16 924)	(16 838)	86
Net financing cost	(291)	(226)	65
Income from investments	9	9	
Share of income from equity-accounted investments	4 668	4 745	77
Profit before tax	8 767	8 652	(115)
Tax expense	(1 110)	(995)	115
Profit after tax	7 657	7 657	

1. Basis of preparation (continued)

1.5 Change in accounting policy (continued)

Impact of change in accounting policy on the statement of financial position	For the period ended 31 December 2011 As previously presented Rm	For the period ended 31 December 2011 Restated Rm	Impact of change in accounting policy Rm
Assets			
– Property, plant and equipment	10 695	9 584	(1 111)
– Financial assets[1]	1 757	2 360	603
– Deferred tax	228	227	(1)
– Investments in joint ventures[2]		243	243
– Trade and other receivables	2 763	2 624	(139)
– Cash and cash equivalents	1 065	1 018	(47)
– Inventories	589	560	(29)
			(481)
Liabilities			
– Interest-bearing borrowings	2 202	2 102	(100)
– Non-current provisions	2 166	2 111	(55)
– Deferred tax	1 845	1 702	(143)
– Trade and other payables	3 334	3 181	(153)
– Current interest-bearing borrowings	866	836	(30)
			(481)

[1] *Includes loans of equity-accounted investments previously disclosed as investments in associates*
[2] *Relates to investments in joint arrangement classified as joint ventures in terms of IFRS 11 (as amended)*

Impact of change in accounting policy on the statement of financial position	For the period ended 1 January 2011 As previously presented Rm	For the period ended 1 January 2011 Restated Rm	Impact of change in accounting policy Rm
Assets			
– Property, plant and equipment	13 305	12 194	(1 111)
– Financial assets[1]	1 589	2 390	801
– Deferred tax	726	724	(2)
– Investments in joint ventures[2]		168	168
– Trade and other receivables	3 752	3 505	(247)
– Cash and cash equivalents	2 140	2 077	(63)
– Inventories	3 120	3 081	(39)
			(493)
Liabilities			
– Interest-bearing borrowings	3 644	3 504	(140)
– Non-current provisions	2 097	2 065	(32)
– Deferred tax	1 352	1 323	(29)
– Trade and other payables	3 057	2 796	(261)
– Current provisions	33	30	(3)
– Current interest-bearing borrowings	716	688	(28)
			(493)

[1] *Includes loans of equity-accounted investments previously disclosed as investments in associates*
[2] *Relates to investments in joint arrangement classified as joint ventures in terms of IFRS 11 (as amended)*

1. Basis of preparation (continued)

1.5 Change in accounting policy (continued)

Impact on statement of cash flows	For the period ended 31 December 2011 As previously presented Rm	For the period ended 31 December 2011 Restated Rm	Impact of change in accounting policy Rm
Cash flows from operating activities	3 802	3 533	(269)
Cash flows from investing activities	(1 313)	(1 042)	271
Cash flows from financing activities	(603)	(589)	14
Net increase in cash and cash equivalents	1 886	1 902	16

1.5.3 Early adoption of IAS 19 *Employee benefits* (revised)

The group has early adopted IAS 19 *Employee benefits* (revised). The impact of the early adoption on the prior year was considered by management to be immaterial.

2. Adoption of new and revised standards and interpretations

During 2012, the following accounting pronouncements became effective:	Effective date
• Amendment to IFRS 7 *Financial instruments: Disclosure* These amendments are part of the IASB's comprehensive review of off-balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.	1 July 2011
• Amendment to IFRS 1 *First time adoption* The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRS', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.	1 July 2011
• Amendment to IAS 12 *Income taxes* Introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The adoption of the amended and revised standards did not have a significant impact on the measurement or disclosure and presentation of items included in the financial statements.	1 January 2012

During 2012, Exxaro early adopted the suite of consolidation standards issued in May 2011 as well as IAS 19 *Employee benefits (revised)*, effective 1 January 2013. The early adoption incorporated the following standards:

- IFRS 10 *Consolidated financial statements* (as amended)
  The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls to present consolidated one or more other entity financial statements. It defines the principle of control and established control as the basis for consolidation. This standard replaces all the guidance on control and consolidation in IAS 27 *Consolidated and separate financial statements* and SIC 12 *Consolidation – special purpose entities*. The group assessed the adoption of IFRS 10 and did not result in any change in the consolidation status of its entities.

2. Adoption of new and revised standards and interpretations (continued)

- IFRS 11 *Joint arrangements* (as amended)

  IFRS 11 focuses on the rights and obligations of the parties to a joint arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint venture are no longer allowed.
- IFRS 12 *Disclosures of interest in other entities* (as amended)

  IFRS 12 includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities
- IAS 27 *Separate financial statements* (revised)

  IAS 27 includes the requirements relating to separate financial statements
- IAS 28 *Investments in associates and joint ventures* (revised)

  IAS 28 includes the requirements for associates and joint ventures that have to be equity-accounted following the issue of IFRS 11
- IAS 19 *Employee benefits (revised)* These amendments eliminate the corridor approach and calculate finance costs based on net funding basis

The impact of the early adoption of the suite of consolidated standards is disclosed in the basis of preparation of these financial statements (Refer page 51). The group has applied the above standards retrospectively.

There was no material impact on the prior year as a result of the early adoption of IAS 19 *Employee benefits (revised)*.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:	**Effective date**
• Amendment to IFRS 1 *First time adoption of IFRS* This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.	1 January 2013
• Amendment to IFRS 7 *Financial instruments: Disclosure* This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with United States Generally accepted accounting principles (US GAAP).	1 January 2013
• IFRS 9 *Financial instruments* IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.	1 January 2015
• IFRS 13 *Fair value measurement* IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.	1 January 2013

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:	Effective date
• Amendment to IAS 1 *Financial statement presentation* The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	1 July 2012
• Amendment to IAS 32 *Financial instruments: Presentation* This amendment is to the application guidance in IAS 32. It clarifies some of the requirements for off-setting financial assets and financial liabilities on the statement of financial position.	1 January 2014
• IFRIC 20 *Stripping costs in the production phase of a surface mine* This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of surface mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.	1 January 2013

The impact of the implementation of these standards and interpretations on the Exxaro group of companies still has to be determined.

3. Significant accounting policies

3.1 Basis of consolidation

The accounting policies set out below have been applied by the Exxaro group of companies consistently to all periods presented in these company and group financial statements, except for the change in accounting policy as explained in note 1.5.

Where applicable, the comparative information has been restated as if an operation discontinued during the current year, had been discontinued from the start of the comparative year. Refer note 10.

The group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of the company and its subsidiaries. Subsidiaries are those entities in which the group has an interest of more than half of the voting rights or the power to exercise control.

3.1.1 Subsidiaries

The results of subsidiaries are included for the duration of the period in which the group exercises control over the subsidiary. All intercompany transactions and resultant profits and losses between group companies are eliminated on consolidation. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the group. If it is not practical to change the policies, the appropriate adjustments are made on consolidation to ensure consistency within the group.

3. Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

3.1.1 Subsidiaries (continued)

The results of special purpose entities that, in substance, are controlled by the group, are consolidated.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

Business combinations are accounted for using the acquisition method as at the acquisition date – ie, when control is transferred to Exxaro. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, Exxaro takes into consideration potential voting rights that are currently exercisable. The group also assesses existence of control where it does not have more than 50% of the voting power, but is able to govern the financial and operating policies by virtue of *de-facto* control.

De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating activities.

3.1.2 Changes in ownership interest in subsidiaries without change in control

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on the acquisition of non-controlling interests are also recorded in equity.

3.1.3 Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.2 Revenue recognition

Revenue associated with the sale of commodities is recognised when the price is determanable, the product has been delivered in accordance with the terms of the sales agreement, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales prices is reasonably assured.

Export revenues are recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred.

Revenue arising from services is recognised on the accrual basis in accordance with the substance of the relevant agreements and include services rendered to subsidiaries (for company reporting purposes) and other entities.

Revenue, which excludes value added tax, represents the gross value of goods and services invoiced.

3.3 Interest and dividend income

Interest is recognised on the time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividends receivable are recognised when the right to receive payment is established.

3.4 Income tax expense

Income tax expense represents the sum of current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years in determination of taxable profit (temporary differences), and it further excludes items that are never taxable or deductible (non-temporary differences). The group's liability for tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

3.5 Dividend expenditure

Dividends paid are recognised by the company in the period in which the dividends are approved by the company's shareholders. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividends proposed or declared subsequent to the year end are not recognised at the financial year end, but are disclosed in the notes to the financial statements.

All unclaimed dividends are held in trust until they are either claimed by the relevant shareholder or the relevant shareholder's claim to such dividends prescribed (in which event such unclaimed dividends will become the property of the group).

3.6 Financial instruments

3.6.1 Recognition

A financial instrument is recognised when the group becomes a party to a contract which entitles it to receive contractually agreed cash flows on the instrument. All acquisitions of financial assets that require delivery within the time frame established by regulation or market convention (regular-way purchases) are recognised at trade date, which is the date on which the group commits to acquire the asset.

3.6.2 Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in financial assets transferred that is created or retained by the group is recognised as a separate asset or liability.

The group may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all, or substantially all, risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position.

The rights and obligations retained in the transfer of financial instruments are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The group derecognises a financial liability when it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires.

The group may enter into transactions where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

3. Significant accounting policies (continued)

3.6 Financial instruments (continued)

3.6.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt instruments, trade and other payables, cash and cash equivalents, loans and borrowings and trade and other receivables.

Non-derivative financial instruments are recognised initially at fair value plus, in the case where financial instruments are not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the group's cash management system and are included as a component of cash and cash equivalents for purposes of the cash flow statements. Cash and cash equivalents are measured at amortised cost.

3.6.4 Financial instruments at fair value through profit or loss

The group designates financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis; and
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the assets or liabilities contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract and has to be separately disclosed and fair-valued through profit or loss.

All of the group's financial instruments designated as at fair value through profit or loss were designated as such as it is believed that the designation significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition, financial instruments designated or classified as at fair value through profit or loss are measured at fair value with changes in fair value recognised in profit or loss.

3.6.5 Available-for-sale financial assets

The group has designated certain assets as available-for-sale financial assets. In other circumstances available-for-sale financial assets are classified as such because they do not fall within the classification of loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Gains or losses on available-for-sale financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary items, which are taken to profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

3.6.6 Financial instruments not at fair value through profit or loss, and not available-for-sale

- Receivables
  Long-term receivables and trade and other receivables are measured at amortised cost using the effective interest rate method. Effective interest rate method is a method of calculating the amortised cost of a financial asset or liability (or group of financial assets or financial liabilities) and allocating the interest income or interest expense over the relevant period. Amortised cost is the amount at which the long-term receivables and trade and other receivables are measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment or uncollectibility.

- Loans and borrowings
  Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

- Payables
  Trade and other payables recognised initially at fair value and subsequently measured at amortised cost, namely original debt less principal repayments and any amortisation using the effective interest rate method.

- Investment in equity instruments
  The fair value of investments is based on quoted bid prices for listed securities or valuations derived from discounted cash flow models for unlisted securities. Equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment. When equity instruments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

3.6.7 Derivative financial instruments

The group holds derivative financial instruments to hedge its foreign currency, interest rate and price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivative instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred.

Subsequent to initial recognition, derivative instruments are measured at fair value, and changes in fair value are accounted for as described below.

3.6.8 Fair value hedges

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability or a firm commitment, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for fair value hedge accounting, or the designation is revoked, hedge accounting is discontinued. Any adjustment up to that point, to a hedged item for which the effective interest rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

3.6.9 Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flow attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised in profit or loss.

3. Significant accounting policies (continued)

3.6 Financial instruments (continued)

3.6.9 Cash flow hedges (continued)

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to the asset in the same period during which the non-financial item affects profit or loss. For hedging of financial assets, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.6.10 Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

3.6.11 Net investments in foreign operation hedges

When a derivative, or a non-derivative financial liability, is designated as a hedge of a net investment in a foreign operation instrument, the effective portion of changes in the fair value of the hedging instrument is recognised directly in other comprehensive income, in the foreign currency translation reserve. Any ineffective portion of changes in the fair value of the derivative instrument is recognised immediately in profit or loss. The amount recognised in other comprehensive income is removed and included in profit or loss on disposal of the foreign operation.

3.6.11.1 Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

3.6.11.2 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any evidence that should be impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment allowance is raised when there is an indication of impairment and a write-off is only effected when the debtor is deemed to be fully impaired and not recoverable.

An available-for-sale equity investment is impaired when:

- its fair value has declined to below cost (adverse developments affecting the investee or operating environment have occurred since acquisition that, individually or collectively, amount to objective evidence of impairment; or the decline in fair value is significant or prolonged); and
- there is objective evidence of impairment (sometimes referred to as a possible impairment indicator).

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.6.12 Off-set

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the group has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6.13 Determining fair values

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using generally accepted valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like interest rate and currency swaps. For these financial instruments, inputs into models are available on the market.

The fair value of long- and medium-term borrowings is calculated using quoted market prices, or where such prices are not available, discounted cash flow analysis using the applicable yield curve for the duration of the borrowing are used. The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from widely available current market transactions. The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analyses for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

3.6.14 Financial guarantee contracts

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3.7 Borrowing costs, finance income and other financing expenses

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they occurred.

Finance income comprises interest income on funds invested including available-for-sale financial assets and hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expense comprises interest expense on borrowings and agreements for the use of assets classified as finance leases and unwinding of the discount on provisions.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

3.7 Borrowing costs, finance income and other financing expenses (continued)

3.7.1 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission expenses relate mainly to transaction and service fees and are expensed as the services are received.

3.8 Inventories

Inventories are valued at the lower of cost, determined on the moving average basis, and net realisable value. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and fixed production overheads, but excludes interest charges. Fixed production overheads are allocated on the basis of normal capacity. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

3.9 Foreign currencies

3.9.1 Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are credited to or charged in profit or loss.

3.10 Foreign entities

The financial statements of foreign entities are translated into South African rand as follows:

- assets and liabilities at rates of exchange ruling at the reporting date;
- income, expenditure and cash flow items at weighted average rates; and
- goodwill and fair value adjustments arising on acquisition at rates of exchange ruling at the reporting date.

All resulting exchange differences are reflected as part of shareholders' equity (other comprehensive income). On disposal, such translation differences are recognised in profit of loss as part of the cumulative gain or loss on disposal.

3.10.1 Exchange rates used

The average US dollar to South African rand conversion rate, where applicable, of US$1: R8,08 (2011: US$1: R7,22) has been used to translate the income and statements of cash flows while the statement of financial position has been translated at the closing rate at the last day of the reporting period US$1: R8,47 (2011: US$1: R8,18).

3.11 Dividend tax

Dividend tax replaced Secondary Tax on Companies (STC) on 1 April 2012. Dividends declared before this date will still be subject to STC. In terms of the new dividend tax regime, the liability for paying the tax is moved from the company declaring the dividend to the beneficial owner (Shareholder) receiving the dividend. The tax costs on dividends are therefore no longer included in the taxation line in profit or loss as disclosed in the previous reporting period.

3.12 Discontinued operations and non-current assets held-for-sale

Discontinued operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date.

If the carrying amount of a non-current asset and liability or disposal group will be recovered principally through a sale transaction rather than through continuing use, such an asset and liability is classified as non-current assets and liabilities held-for-sale and measured at the lower of carrying amount and fair value less cost to sell. This condition is regarded as met only when the sale is highly probable and the asset and liability (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3.13 Segment reporting

Exxaro is a mining group of companies focusing on extracting and processing a range of minerals and metals including coal, mineral sands, base metals, and selected industrial minerals. Exxaro also holds a 19,98% interest in Sishen Iron Ore Company Proprietary Limited which extracts and processes iron ore.

Segments are based on the group's different products and operations as well as the physical location of these operations and associated products. The group's reportable segments are coal tied operations, coal commercial operations, KZN Sands, Namakwa Sands, Australia Sands, Rosh Pinah, Zincor, other base metals and other. The basis of segment reporting is representative of internal management reporting.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive committee of the group.

3.14 Property, plant and equipment

Land and extensions under construction are stated at cost and are not depreciated. Buildings, including certain non-mining residential buildings and all other items of property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a systematic basis over the estimated useful lives of the assets after taking into account the estimated residual value of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset.

Moulds and refractory furnace relines are depreciated based on the usage thereof.

Items of property, plant and equipment are capitalised in components where components have a different useful life to the main item of property, plant and equipment to which the component can be logically assigned.

An asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3. Significant accounting policies (continued)

3.14 Property, plant and equipment (continued)

The estimated useful lives of items of property, plant and equipment are:

2012	Coal	Base metals	Industrial minerals	Other
Buildings and infrastructure (including residential buildings)	1 - 25 years	2 - 47 years	10 - 20 years	3 - 40 years
Mineral properties	1 - 25 years	n/a	n/a	3 - 29 years
Fixed plant and equipment	1 - 25 years	2 - 50 years	5-15 years	1 - 30 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	13 000-50 000 hours or 1 - 17 years	2 - 10 years	5 years	1 - 5 years
Loose tools and computer equipment	1 - 6 years	3 years	5 years	1 - 10 years
Development costs	1 - 15 years	n/a	n/a	10 - 20 years
Refractory relines	10 years	n/a	n/a	1 - 10 years
Site preparation and mining development	1 - 25 years	n/a	n/a	3 - 29 years

2011	Coal	Mineral sands
Buildings and infrastructure (including residential buildings)	1 - 25 years	2 - 40 years
Mineral properties	1 - 25 years	2 - 29 years
Fixed plant and equipment	1 - 25 years	1 - 30 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	13 000-50 000 hours or 1 - 17 years	2 - 25 years
Loose tools and computer equipment	1 - 6 years	2 - 10 years
Development costs	1 - 15 years	10 - 20 years
Refractory relines	10 years	4 - 6 years
Site preparation and mining development	1 - 25 years	2 - 29 years

	Base metals	Industrial minerals	Other
Buildings and infrastructure (including residential buildings)	2 - 47 years	10 - 20 years	20 - 25 years
Mineral properties	n/a	n/a	n/a
Fixed plant and equipment	2 - 50 years	5 - 15 years	5 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	2 - 15 years	5 years	2 - 5 years
Loose tools and computer equipment	2 - 8 years	5 years	3 - 5 years
Development cost	n/a	n/a	n/a
Refractory relines	n/a	n/a	n/a
Site preparation and mining development	7 - 25 years	n/a	n/a

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are taken to profit or loss.

Direct attributable expenses relating to major capital projects and site preparations are capitalised until the asset is brought to working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the qualifying asset is substantially complete. Directly attributable costs associated with the acquisition, development and installation of certain software are capitalised.

Such assets are depreciated using the amortisation method and periods applicable to computer equipment. Gains and losses on the disposal of property, plant and equipment are taken to profit or loss.

3.15 Exploration cost

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realised, ie, probable. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of information depending on the level of exploration. While the criteria for concluding that expenditure should be capitalised is always the "probability" of future benefits, the information that management uses to make that determination depends onthe level of exploration.

- Exploration and evaluation expenditure on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable.
- Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mimed or developed, is expensed as incurred until management are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost. A prefeasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors.
- The prefeasibility study, when combined with existing knowledge of mineral property that is adjacent to mineral deposits that are already being mined or developed, allows management to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.
- Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study.
- This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed allows management to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

3.16 Development costs

Development expenditure incurred by or on behalf of the group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure, including the cost of material, direct labour and an appropriate proportion of production overhead.

3. Significant accounting policies (continued)

3.17 Leased assets

3.17.1 Where the group is the lessee

Leases involving plant and equipment whereby the lessor provides finance to the group with the asset as security and where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease and depreciated over the useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance charge is charged against income over the lease period using the effective interest rate method.

For a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and recognised on the straight-line basis over the period of the lease.

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged against income on the straight-line basis over the period of the lease.

Arrangements that contain the right to use an asset are evaluated for recognition, classification as a finance or operating lease, measured, and accounted for accordingly.

3.17.2 Where the group is the lessor

Portions of fixed property and leased property are leased or subleased out under operating leases. The fixed property is included in property, plant and equipment in the statement of financial position. Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. All other rental income is recognised as it becomes due.

3.17.3 Contingent rent

The portion of the lease payments or receipts that is not fixed in amount but based on the future amount of a factor that changes other than with the passage of time, is classified as contingent rent and disclosed accordingly.

3.18 Biological assets

Biological assets are measured on initial recognition and at each financial year end at their fair value less estimated point-of-sale costs and any change in value is included in the net profit or loss for the period in which it arises.

Plantations are measured at their fair value less estimated point-of-sale costs. The fair value of the plantations is determined by an independent appraiser.

Livestock are measured at fair value less estimated point-of-sale costs, fair value being determined by the age and size of the animals and the market price. Market price is determined on the basis that the animal is sold to be slaughtered. Livestock held-for-sale is classified as consumable biological assets (inventories).

Game is measured at fair value less estimated point-of-sale costs, fair value being determined as the market price. Market price is determined with reference to the most recent live auction selling prices. Game earmarked for sale is classified as consumable biological assets (inventories).

3.19 Intangible assets

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the enterprise and the cost can be reliably measured. Amortisation is charged on a systematic basis over the estimated useful lives of the intangible assets.

3.19.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, refer note 3.17 on business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and not subsequently reversed.

3.19.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Exxaro intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing cost. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only if it increases the future benefits embodied in the specific asset to which it relates.

3.19.3 Other intangible assets

Other intangible assets (consisting of patents and licences) have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

3.19.4 Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate. The estimated maximum useful lives of intangible assets in respect of patents and licences are 25 years.

3.20 Impairment of assets

The carrying amounts of assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount is estimated as the higher of the fair value less costs to sell and the value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount.

3. Significant accounting policies (continued)

3.20 Impairment of assets (continued)

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed.

3.21 Business combinations

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired subsidiary on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 *Financial instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The group measures goodwill (refer note 3.13.1) at the acquisition date as:

- the fair value of the considerations transferred; plus
- the recognised amount of any non-controlling interest in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess of the fair value over the consideration paid is negative, a bargain purchase gain is recognised immediately in profit or loss.

3.22 Investments in joint arrangements and associates

As a result of the adoption of IFRS 11 *(as amended)*, Exxaro has changed its accounting policy with respect to interests in joint arrangements (refer note 1.5). Prior to 1 January 2012, the group's interest in jointly controlled entities was proportionately consolidated.

Joint arrangements are arrangements in which the group has joint control, established by contracts requiring unanimous consent for decisions on the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation: when the group has rights to the assets, and obligations for the liabilities, relating to an arrangement, each of its assets, liabilities, including its share of those held or incurred jointly, are accounted for in relation to the joint operation.
- Joint venture: when the group has rights only to the net assets of the arrangements, its interest is accounted for using the equity method, similar to the accounting treatment for associates.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when Exxaro holds between 20% and 50% of the voting power of another entity.

The company carries its investments in associates and joint ventures at cost less accumulated impairment losses. The cost of investments in associates and joint ventures is the fair value at the date of acquisition or the fair value at the date of loss of control of a former subsidiary where the company retains an associate or joint venture interest in the former subsidiary.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. Equity-accounted income represents the group's proportionate share of profits of those entities and the share of tax thereon.

The consolidated financial statements include Exxaro's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of Exxaro, from the date that significant influence commences until the date that significant influence ceases.

When Exxaro's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest that forms part thereof, is reduced to zero, and recognition of further losses is discontinued except to the extent that Exxaro has an obligation or has made payments on behalf of the investee.

The cumulative post-acquisition movements in profit and other comprehensive income are adjusted against the carrying amount of the investment in the consolidated group financial statements.

The retained earnings of an associate, net of any dividends, are classified as distributable reserves. The group's interest in associates is carried in the statement of financial position at an amount that reflects its share of the net assets and the goodwill on acquisition.

Where necessary, the results of associates and joint ventures are adjusted to ensure consistency with group policies.

An increase in the shareholding of an equity investment through a share buy-back executed by the associate has been accounted for in the records of the investor at the original cost of the investment. The investment in the associate in the records of the investor will not change, but the components of the carrying amounts within the investment will change.

Unrealised gains from transactions with equity-accounted investees are eliminated against the investment to the extent of Exxaro's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.23 Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for tax purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated using tax rates that have been enacted at the reporting date. The effect on deferred tax of any changes in taxation rates is charged or credited to the Statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends and has the ability to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (continued)

3.24 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated. The carrying amount of these assets approximates their fair value.

3.25 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money, and where appropriate, the risk specific to the liability.

3.25.1 Decommissioning and environmental rehabilitation

Provision is made for environmental rehabilitation and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Where a provision is made for dismantling and site restoration costs, an asset of similar initial value is raised and amortised in accordance with the group's accounting policy for property, plant and equipment.

Annual contributions are made to the group's environmental rehabilitation fund, created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during, and at the end of the life of mines. The Exxaro Environmental Rehabilitation Fund is consolidated.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of the ongoing current programme to prevent and control pollution and to rehabilitate the environment is charged against profit or loss as incurred.

3.26 Employee benefits

3.26.1 Post-employment benefits

Defined contribution plan

The group provides defined contribution retirement funds for the benefit of employees, the assets of which are held in separate funds. These funds are funded by contributions from employees and the group, taking account of the recommendations of independent actuaries. The group's contribution to the defined contribution fund is charged to the Statement of comprehensive income in the year to which it relates.

The group does not provide guarantees in respect of returns in the defined contribution funds.

Defined benefit obligations

Provision for severance benefits were made in accordance with Namibian law for the Namibian operations until the Rosh Pinah operations were sold in June 2012. As the severance benefits were only payable on retirement or the involuntary termination of service from the side of the employer, this was accounted for as a post-retirement service. The plan was a defined benefit obligation. The cost of providing these benefits was determined based on the projected unit credit method and actuarial valuations were performed at every reporting date. The defined benefit obligation presented in the Statement of financial position represented the sum of the present value of the obligation less the fair value of plan assets.

Past service cost is recognised immediately.

A post-retirement medical contribution obligation exists for certain in-service and retired employees who are members of accredited medical aid funds. This benefit is no longer offered to employees. The liability is determined using actuarial assumptions. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income.

3.26.2 Short- and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, are recognised during the period in which the employee renders the related service.

The vesting portion of long-term benefits is recognised and provided for at financial year end, based on current total cost to company.

3.26.3 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefits fall due more than 12 months after the reporting date, they are discounted to present value.

3.26.4 Equity compensation benefits

Senior management, including executive directors, and eligible employees participated in the share appreciation right scheme (SARs), long-term incentive plan (LTIP), deferred bonus plan (DBP), share option scheme and the employee empowerment participation scheme (Mpower).

SARs, LTIP, DBP, share options and Mpower are treated as equity-settled share-based payment schemes with the fair value being expensed over the vesting period of the instrument with a corresponding increase in equity. The fair value of these schemes are determined at grant date and subsequently reviewed at each reporting period only for changes in non-market performance conditions and employee attrition rates applicable to each scheme.

Only share options issued to certain executives and senior managers (phantom options) are treated as cash-settled share-based payments. A liability equal to the portion of goods and services received is recognised at the current fair value determined at each financial year end.

4. Revenue

		Group		Company	
	Notes	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm
Sale of goods		16 072	20 962		
Services		50		1 425	1 141
		16 122	20 962	1 425	1 141
Continuing operations		12 229	12 126	1 425	1 141
Discontinued operations		3 893	8 836		

5. Operating expenses

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Cost by nature					
– Raw materials and consumables		3 208	4 540	75	92
– Staff costs					
– Salaries and wages		3 323	3 875	724	616
– Share-based payments		131	165	58	78
– Termination benefits		26	114	2	20
– Pension and medical costs		295	294	44	39
– General charges		1 118	2 216	239	388
– Legal and professional fees		917	531	768	384
– Insurance		371	338	1	2
– Royalties		199	133		
– Railage and transport		1 376	1 426	7	3
– Repairs and maintenance		1 695	1 964	34	4
– Impairment (reversals)/charges of non-current assets	6	(103)	(353)	69	278
– Impairment (reversals)/charges and write-offs of trade and other receivables		(5)	(226)	(2 412)	(422)
– Energy		781	1 181	23	8
– Depreciation of property, plant and equipment	16	681	1 114	60	48
– Amortisation of intangible assets	18	21	19	20	16
– Movement in inventories		(1 016)	(286)		
– Own work capitalised[1]		(351)	(192)	(11)	(6)
– Sublease rentals received		(65)	(15)	(47)	
		12 602	16 838	(346)	1 548
– continuing operations		10 533	9 575	(346)	1 548
– discontinued operations		2 069	7 263		
Cost by function					
– Costs of goods sold/services rendered		11 523	16 201	2 044	1 692
– Selling and distribution costs		1 252	1 231		
– Sublease rentals received		(65)	(15)	(47)	
– Impairment charges of non-current assets	6	(103)	(353)	69	278
– Impairment charges, write-offs of trade and other receivables		(5)	(226)	(2 412)	(422)
		12 602	16 838	(346)	1 548
– continuing operations		10 533	9 575	(346)	1 548
– discontinued operations		2 069	7 263		

[1] *Relates to costs incurred by Exxaro that are of a capital nature*

	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
The above operating expenses are stated after:				
Auditors' remuneration				
– Audit fees	46	15	15	4
– Other services	29	23	46	21
Consultancy fees	772	424	657	309
Contingent rentals paid	7	14		
Contingent rentals received	(84)	(79)		

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
5. Operating expenses (continued)					
Currency exchange differences					
– Net realised losses		(112)	(538)	(37)	(1)
– Net unrealised (gains)/losses differences		(56)	(15)	11	(6)
Depreciation and amortisation					
– Buildings	16		14		
– Mineral properties	16	78	162		
– Extensions under construction	16	7	6		
– Residential buildings	16	3	5		
– Buildings and infrastructure	16	75	102	1	
– Machinery, plant and equipment	16	478	767	59	48
– Leased assets under finance lease	16		9		
– Site preparation, mining development and rehabilitation	16	40	49		
– Amortisation of intangible assets	18	21	19	20	16
Directors' and prescribed officers' emoluments (refer to the summary of remuneration paid or payable to directors and prescribed officers, pages 10 to 13)					
– Remuneration received by executive directors of the company		20	22	20	22
– Bonuses and cash incentives		3	5	3	5
– Remuneration received by non-executive directors of the company		5	4	5	4
Employee related restructuring cost		26	113	2	20
Exploration expenditure		181	130		
Fair value (gains)/losses on financial assets at fair value through profit or loss:					
– Held-for-trading	34	(92)	354		
Fair value losses/(gains) on financial liabilities at fair value through profit or loss:					
– Held-for-trading	34	25	(4)	14	3
Net fee costs on financial liabilities not at fair value through profit or loss		33	34	21	4
Impairment(reversals)/charges of non-current assets	6	(103)	(353)	69	278
Impairment (reversals)/charges, write-offs of trade and other receivables		(5)	(226)	(2 412)	(422)
Inventories write-down to net realisable value		19	1		
Provisions expense	28	130	346	2	1
Net (profit)/loss on disposal or scrapping of property, plant and equipment	11.2	(142)	2	(63)	
Net (profit)/loss on disposal of investment	11.1	(4 037)	3	1 973	(24)
Operating lease rentals expenses					
– Property		22	226	5	89
– Equipment		99	105	24	10
Operating sublease rentals received					
– Property		(65)	(15)	(47)	
Reconditionable spares usage			3		
Research and development costs		3	4		1

Retirement amounts paid to or receivable by executive directors are paid or received under defined contribution retirement funds

5. Operating expenses (continued)

	Notes	Aggregate Group 2012 Rm	Aggregate Group 2011 Rm
The above costs are stated after including:			
Auditors' remuneration			
– audit fees		46	15
– other services		29	23
Consultancy fees		772	424
Contingent rentals paid		7	14
Contingent rentals received		(84)	(79)
Currency exchange differences			
– net realised losses on currency exchange differences		(112)	(538)
– net unrealised (gains)/losses on currency exchange differences		(56)	(15)
Depreciation and amortisation			
– buildings	16		14
– mineral properties	16	78	162
– residential buildings	16	3	5
– buildings and infrastructure	16	75	102
– machinery, plant and equipment	16	478	767
– leased assets under finance lease	16		9
– site preparation	16	40	49
– extensions under construction	16	7	6
– amortisation of intangible assets	18	21	19
Directors' emoluments (refer to the Directors remuneration report, page 09)			
– executive directors			
– remuneration received by directors of the company		19	22
– bonuses and cash incentives		4	5
– remuneration received by directors of the company		5	4
Employee related restructuring cost		26	113
Exploration expenditure		181	130
Fair value (gains)/losses on financial assets at fair value through profit or loss:			
– designated upon initial recognition		(21)	(14)
– held-for-trading	34	(92)	354
Fair value losses/(gains) on financial liabilities at fair value through profit or loss:			
– held-for-trading		25	(4)
Net fee costs on financial liabilities not at fair value through profit or loss		33	34
Impairment charges of non-current assets	6	(103)	(353)
Inventories write down to net realisable value		19	1
Provisions expense		130	346
Net (profit)/loss on disposal or scrapping of property, plant and equipment		(142)	2
Operating lease rentals expenses			
– property		22	226
– equipment		99	105
Operating sublease rentals received			
– property		(65)	(15)
Reconditionable spares usage			3
Research costs		3	4
Impairment charges, write-offs of trade and other receivables	11.1	(5)	(226)

Aggregate Company		Continuing Group		Continuing Company		Discontinued Group	
2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm
15	4	45	10	35	4	1	5
46	21	28	22	26	21	1	1
657	309	763	401	657	309	9	23
						7	14
		(84)	(79)				
(37)	(1)	(60)	(177)	(37)	(1)	(52)	(361)
11	(6)	79	20	11	(6)	(135)	(35)
							14
		78	140				22
		3	3				2
1		75	68	1			34
59	48	478	396	59	48		371
							9
		40	35				14
		6	6			1	
20	16	21	16	20	16		3
19	22	19	22	19	22		
4	5	4	5	4	5		
5	4	5	4	5	4		
2	20	30	47	2	20	(4)	66
		181	130				
(1)		(19)	(11)	(1)		(2)	(3)
		(23)	154			(69)	200
14	3	24	1	14	3	1	(5)
21	4	33	30	21	4		4
69	278			69	278	(103)	(353)
		19					1
2	1	127	137	2	1	4	209
(63)		(139)	(35)	(63)		(3)	37
5	89	9	98	5	89	13	128
24	10	97	98	24	10	2	7
(47)		(63)	(12)	(47)		(2)	(3)
			2				1
	1	2	4		1	1	
(2 412)	(422)	(6)	(228)	(2 412)	(422)	1	2

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
6. Impairment charges non-current assets					
Included in operating expenses are the following impairment losses					
Impairment of property, plant and equipment[1]			516		
Impairment of investments[2]				69	278
Total impairment charges			516	69	278
Reversal of impairment of other fixed assets					
Reversal of impairment of property, plant and equipment[3]		(103)	(869)		
Tax effect		29			
Net effect on attributable earnings		(74)	(353)	69	278
– continuing operations				69	278
– discontinued operations		(74)	(353)		

[1] *Impairment due to the significant changes in the manner in which the Zincor refinery asset is expected to be used coupled with a reassessment of the assets' carrying value.*

[2] *Impairment of the Botswana investment of R69 million (2011: R31 million) due to the changing risk profile of the investment and an impairment of the Zincor investment of Rnil million (2011: R247 million).*

[3] *The partial impairment reversal relates to the carrying value of property, plant and equipment of the KZN Sands operations of R103 million (2011: R869 million).*

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
7. Net financing costs					
Interest income		213	532	22	101
Interest income on cash and cash equivalents		156	267	22	101
Finance leases interest		15	207		
Interest received from joint ventures		42	58		
Interest expense		(896)	(759)	(254)	(223)
Interest expense and loan costs		(327)	(332)	(250)	(222)
Interest adjustment on non-current provisions	28	(554)	(421)	(2)	(1)
Interest adjustment on post-retirement obligation provision	36.2	(2)	(3)		
Finance leases interest		(11)	(3)		
Amortisation of transaction costs		(2)		(2)	
Borrowing costs capitalised		330			
Total net financing costs		(353)	(227)	(232)	(122)
– continuing operations		(187)	367	(232)	(122)
– discontinued operations		(166)	(140)		
Continuing operations					
Total interest income		138	261	22	101
Interest income on cash and cash equivalents		81	203	22	101
Finance leases interest		15			
Interest received from loans with joint ventures		42	58		

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
7. Net financing costs (continued)					
Total interest expense		(325)	(628)	(254)	(223)
Interest expense and loan costs		(249)	(281)	(250)	(222)
Amortisation of transaction costs		(2)		(2)	
Borrowing costs capitalised		330			
Interest adjustment on non-current provision		(404)	(347)	(2)	(1)
		(187)	(367)	(232)	(122)
Included in interest expense is the following:					
Interest expense on financial liabilities measured at amortised cost		(18)	(330)		(222)
Interest expense on bank overdrafts		(25)	(1)	(25)	(1)
Interest expense on non-current provisions					
Interest expense on financial liabilities designated at fair value through profit or loss		(225)		(225)	
Interest expense on financial liabilities held for trade			(1)		
Other		(59)			
Included in interest income is the following:					
Interest income on unimpaired loans and receivables		45	79	20	
Interest income on cash and cash equivalents		28	128	1	101
Interest income on financial assets designated at fair value through profit or loss		25	18	1	
Other		58	42		
8. Income from investments					
Subsidiaries					
Unlisted shares					
– Dividends				2 669	32
– Net interest received				303	281
				2 973	313
Associates – dividends received					
Listed shares				217	
Unlisted shares				3 802	3 516
Other					
Listed shares		2	4		
Unlisted shares		1	5		
Total income from investments		3	9	6 991	3 829
– continuing operations		3	4	6 991	3 829
– discontinued operations			5		
Included in net interest received is the following:					
Interest expense on financial liabilities measured at amortised cost				(370)	(97)
Interest income on impaired loans and receivables				29	33
Interest income on unimpaired loans and receivables				644	345

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
9. Income tax expense					
Charge to income					
South African normal tax					
Current		271	337		
– current year		249	339		
– prior year		22	(2)		
Deferred		703	404	(95)	5
– current year		719	403	(95)	1
– prior year		(16)	1		4
Foreign normal tax					
Current		64	46		
– current year		69	45		
– prior year		(5)	1		
Deferred		124	205		
– current year		128	215		
– prior year		(4)	(10)		
Dividends tax			3		
Total charge to statement of comprehensive income		1 162	995	(95)	5
– continuing operations		537	871	(95)	5
– discontinued operations		625	124		
Reconciliation of tax rates		%	%	%	%
Tax as a percentage of profit before tax		10,7	11,5	(1,4)	0,2
Tax effect of					
– Assessed losses not provided for		(0,3)	(0,2)		
– Capital losses		0,3	0,1		0,2
– Disallowable expenditure		(2,6)	(1,9)	(1,0)	(3,3)
– Exempt income		0,1	0,4		
– Special tax allowances		0,1		0,1	
– Share of associates		9,4	15,3	27,6	29,9
– Disposal of investments and other non-core assets		10,4		(7,0)	
– Tax rate differences		0,2			
– Prior year tax			0,1		(0,1)
– Derecognition of deferred tax asset		(0,4)	(6,2)		
– Reinstatement of deferred tax asset		0,3	9,3		
– Impairment of investments		(1,0)	(0,4)	(0,3)	(2,3)
– Reversal of impairments		0,8			7,9
– Write down of subsidiaries' loans				10,0	(4,4)
Standard tax rate		28,0	28,0	28,0	28,0
Effective tax rate for operations, excluding income from equity Accounted investments, impairment charge and share of tax thereon		15,8	28,0		

The reduction in the effective tax rate excluding equity-accounted investment income is mainly due to the sale of the mineral sands and Rosh Pinah operations.

10. Discontinued operations

Rosh Pinah sale

On 1 June 2012, the conditions precedent to the sale of Exxaro's 50,04% shareholding in the Rosh Pinah mine operation to a subsidiary of Glencore International plc were met. Proceeds of the sale transaction (R931 million) were received on 16 June 2012.

Mineral sands

Further regulatory and other approvals related to the transaction between Exxaro and Tronox Incorporated were obtained and the transaction became effective on 15 June 2012. The transaction entailed the combination of Exxaro's mineral sands operations with the businesses of Tronox under a new Australian holding company, Tronox Limited, which listed on the New York Stock Exchange on 18 June 2012 under the ticker symbol TROX. Exxaro holds 44,65% (39,2% on 15 June 2012) of the shares in Tronox Limited and 26% each of the KZN Sands and Namakwa Sands operations, which are accounted for as associates as at 31 December 2012, refer to note 19.

As a result of the transaction, Exxaro lost control over the mineral sands operations. Exxaro accounts for the investment in Tronox Limited and the retained interests in the SA mineral sands operations under the equity method as Exxaro excercises significant influence over them. On the date of disposal, Exxaro:

- derecognised the assets and liabilities of the mineral sands operations;
- recognised the fair value of the 39,2% shares in Tronox Limited and the implied fair value of the 26% retained shares in the SA mineral sands operations by reference to the listed share price of Tronox Limited on 15 June 2012; and
- reclassified to profit and loss, amounts recognised in other comprehensive income related to the foreign currency translation and hedging and recognised the difference as a gain on disposal of discontinued operations (refer note 11).

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

	Group	
	2012 Rm	2011 Rm
Revenue	3 893	8 836
Operating expenses	(2 069)	(7 263)
Profit on sale of subsidiaries	3 995	
Net operating profit	5 819	1 573
Interest income	75	64
Interest expense	(241)	76
Share of income from investments		5
Profit before tax	5 653	1 718
Income tax expense	(625)	(124)
Profit for the period from discontinued operations	5 028	1 594
Cash flow attributable to operating activities	1 036	927
Cash flow attributable to investing activities	(1 358)	(286)
Cash flow attributable to financing activities	(2 778)	1 979
Cash flow attributable to discontinued operations	(3 100)	2 620

11. Gains on the disposal of investments and non-core assets

11.1 Discontinued operations

Group 2012	Mineral sands Rm	Rosh Pinah Rm	Total Rm
Gains on the disposal of subsidiaries			
Consideration received or receivable:			
Cash[1]	202	931	1 133
39,2% Shares in Tronox Limited	10 605		10 605
26% Shares in SA mineral sands operations	1 181		1 181
26% members' interest in Tronox Sands LLP	1 091		1 091
Total disposal consideration	13 079	931	14 010
Foreign currency transaction reserve realised	459		459
Hedging reserves realised	137		137
Carrying amount of net assets sold	(10 224)	(387)	(10 611)
Gain on sale[2]	3 451	544	3 995

[1] *After net working capital changes*
[2] *After tax of Rnil*

The fair values of the 39,2% shares in Tronox Limited and the 26% shares in SA mineral sands operations were determined by reference to the listed share price of Tronox Limited shares on 15 June 2012, the date that the transaction became effective.

11.2 Continuing other non-core assets

Group 2012	Ndzalama Rm	Northfield Rm	Total Rm
Gains on the disposal			
Consideration received or receivable:			
Cash	5		5
Total disposal consideration	5		5
Carrying amount of net assets sold	(3)	40	37
Gain on sale[1]	2	40	42

[1] *After tax of Rnil*

11. Gains on the disposal of investments and non-core assets (continued)
11.2 Continuing other non-core assets (continued)

2011	Turkey Rm	Glen Douglas Rm	Total Rm
Gains/(losses) on the disposal			
Consideration received:			
Cash	17	33	50
Total disposal consideration	17	33	50
Carrying amount of net assets sold	(12)	(37)	(49)
Gain/(loss) on sale before and after income tax	5	(4)	1

[1] After tax of Rnil

Company

2012	Mineral sands Rm	Rosh Pinah Rm	Total Rm
Gains/(losses) on the disposal			
Consideration received or receivable:			
Cash[1]	89	224	313
Shares in Tronox Limited	3 399		3 399
Shares in SA mineral sands operations	1 181		1 181
Members' interest in Tronox Sands LLP	1 091		1 091
Loan to subsidiary	(1 803)		(1 803)
Total disposal consideration	3 957	224	4 181
Carrying amount of net assets sold	(5 919)	(235)	(6 154)
Loss on sale[2]	(1 962)	(11)	(1 973)

[1] After net working capital changes
[2] After tax of Rnil

2011	Glen Douglas Rm	Total Rm
Gains/(losses) on the disposal		
Consideration received:		
Cash	33	33
Total disposal consideration	33	33
Carrying amount of net assets sold	(9)	(9)
Gain on sale before and after income tax	24	24

[1] After tax of Rnil

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

The assets, equity and liabilities of the businesses classified as non-current assets held-for-sale (NCAHFS) and those discontinued were as follows:

	Group		Company	
	At 31 December		At 31 December	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
Assets				
Property, plant and equipment		6 771		
Intangible assets		132		
Investments in subsidiaries				3 676
Deferred tax assets		465		
Financial assets		158		
Inventories		2 404		
Trade and other receivables		1 931		
Trade receivables		1 578		
Other receivables		36		
Derivative instruments held-for-sale		9		
Non-financial instrument receivables		308		
Tax receivable		18		
Cash and cash equivalents		3 100		
		14 979		3 676
Liabilities				
Non-current interest-bearing borrowings		(551)		
Non-current provisions		(631)		
Post-retirement provisions		(51)		
Deferred tax liabilities		(69)		
Trade and other payables		(967)		
Trade payables		(487)		
Other payables		(135)		
Derivative instruments		(106)		
Non-financial instrument payables		(239)		
Short term interest-bearing borrowings		(283)		
Tax payable		(3)		
Current provisions		(10)		
		(2 565)		
Net assets at end of year		12 414		3 676

For the year ended 31 December	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
13. Earnings per share					
Basic attributable earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.					
Profit for the year attributable to equity holders of the parent (R million)		9 677	7 653		
Profit for the year from continuing operations attributable to equity holders of the parent (R million)		4 634	6 073		
Profit for the year from discontinued operations attributable to equity holders of the parent (R million)		5 043	1 580		
Weighted average number of ordinary shares in issue (million)		354	348		
Basic earnings per share (cents)		2 734	2 199		
Basic earnings per share from continuing operations (cents)		1 309	1 745		
Basic earning per share from discontinued operations (cents)		1 425	454		
For the diluted attributable earnings per share the weighted average number of ordinary shares is adjusted as above.		355	353		
Diluted earnings per share (cents)		2 726	2 168		
Diluted earnings per share from continuing operations (cents)		1 305	1 720		
Diluted earnings per share from discontinued operations (cents)		1 421	448		
For the 2012 and 2011 financial years, shares under option had an effect on the adjusted weighted average number of shares in issue as the average option price attached to the option shares was lower than the average market price.					
Basic headline earnings per share is calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.					
Headline earnings (R million)	14	4 958	7 302		
Headline earnings from continuing operations (R million)		3 999	6 048		
Headline earnings from discontinued operations (R million)		959	1 254		
Weighted average number of ordinary shares in issue (million)		354	348		
Headline earnings per share (cents)		1 401	2 098		
Headline earnings per share from continuing operations (cents)		1 130	1 738		
Headline earnings per share from discontinued operations (cents)		271	360		

For the year ended 31 December	Notes	Group 2012	Group 2011 Restated	Company 2012	Company 2011
13. Earnings per share (continued)					
For the diluted headline earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of not yet released purchased shares and options under the Management Share Scheme, net of shares held by the scheme for releasing purposes. Diluted headline earnings per share is calculated by dividing headline earnings by the adjusted weighted average number of shares in issue.					
Weighted average number for diluted headline earnings per share (million)		355	353		
Weighted average number of ordinary shares in issue (million) (as calculated above)		354	348		
Adjusted for options and net purchased shares in terms of the Management Share Scheme (million)		1	5		
Diluted headline earnings per share (cents)		1 397	2 069		
Diluted headline earnings per share from continuing operations (cents)		1 127	1 714		
Diluted headline earnings per share from discontinued operations (cents)		270	355		

14. Reconciliation of group headline earnings

	Gross Rm	Tax Rm	Net Rm
2012			
Profit for the year attributable to owners of the parent			9 677
Adjusted for:			
– IAS 16 Gains or losses on disposal of property, plant and equipment	(65)	4	(61)
– IAS 36 Reversal of impairment of property, plant and equipment	(103)	29	(74)
– IFRS 10 Gains on disposal of subsidiaries and non-core assets	(4 034)		(4 034)
– IAS 28 Excess of fair value over cost of investment in associate	(470)		(470)
– IAS 38 Gain on disposal of intangible assets	(77)		(77)
– IAS 28 Share of associates' gains or losses on disposal of property, plant and equipment	(4)	1	(3)
Headline earnings	(4 753)	34	4 958
– continuing operations			3 999
– discontinued operations			959

14. Reconciliation of group headline earnings (continued)

	Gross Rm	Tax Rm	Net Rm
2011 (Restated)			
Profit for the year attributable to owners of the parent			7 653
Adjusted for:			
– IAS 36 Impairment of property, plant and equipment	516		516
– IAS 16 Gains or losses on disposal of property, plant and equipment	3	(2)	1
– IAS 36 Reversal of impairment of property, plant and equipment	(869)		(869)
– IFRS 10 Gains on disposal of subsidiaries	(1)		(1)
– IAS 28 Share of associates' gains or losses on disposal of property, plant and equipment	2		2
Headline earnings	(349)	(2)	7 302
– continuing operations			6 048
– discontinued operations			1 254

Headline earnings per share	Notes	2012 cents	2011 cents
	13		
Headline earnings per share: aggregate			
– basic		1 401	2 098
– diluted		1 397	2 069
Headline earnings per share: continuing operations			
– basic		1 130	1 738
– diluted		1 127	1 714
Headline earnings per share: discontinued operations			
– basic		271	360
– diluted		270	355

	Group		Company	
For the year ended 31 December	2012 Rm	2011 Rm	2012 Rm	2011 Rm

15. Dividend

	Group 2012 Rm	Group 2011 Rm	Company 2012 Rm	Company 2011 Rm
Dividends paid during the year:				
Cash dividends	3 012	2 217	3 024	2 150
Paid to minorities		6		
	3 012	2 223	3 024	2 150

A gross final cash dividend number 20 of 150 cents per share for the 2012 financial year has been declared, payable to shareholders of ordinary shares. The total STC credits available for offsetting against the new dividend tax amount to R2 024 million. The number of shares in issue at the date of this declaration were 357 787 785. Although the local dividend tax rate is 15%, no tax will be due as a result of the STC credits utilised (150 cents per share). Exxaro's tax reference number is 9218/098/14/4. STC on the 2011 dividend amounts to Rnil after taking into account STC credits.

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

Last day to trade cum dividend on the JSE	Friday, 5 April 2013
First trading day ex dividend on the JSE	Monday, 8 April 2013
Record date	Friday, 12 April 2013
Payment date	Monday, 15 April 2013

No share certificate may be dematerialised or rematerialised between Monday, 8 April 2013 and Friday, 12 April 2013, both days inclusive. Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant (CSDP) or broker credited on Monday, 15 April 2013.

15. Dividend (continued)

An interim dividend of 350 cents per share was declared and paid as well as a final 2011 dividend of 500 cents was paid in 2012.

16. Property, plant and equipment

	Notes	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
Group									
2012									
Gross carrying amount									
At beginning of year		142	1 793	62	1 264	5 318	355	5 389	14 323
Additions		33	5		52	380	65	4 798	5 333
Changes in decommissioning assets				2	2	138	(27)	(6)	109
Acquisition of subsidiary and other business operations			1 522			19			1 541
Disposal of subsidiaries and other business operations			(1)						(1)
Borrowing costs capitalised	7					330			330
Disposals of items of property, plant and equipment		(25)	(11)		(3)	(196)	(26)	(93)	(354)
Net reclassification to non-current assets classified as held-for-sale		24	10		(33)	(236)	(11)	(161)	(407)
Exchange differences on translation		3	138		1	7	1		150
Transfer between classes				29	6	525	(20)	(540)	
Other movements						36		93	129
At end of year		177	3 456	93	1 289	6 321	337	9 480	21 153

16. Property, plant and equipment (continued)

	Notes	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
Group 2012 (continued)									
Accumulated depreciation									
At beginning of year			834	48	456	2 713	166	6	4 223
Depreciation charges	5		78	3	75	478	40	7	681
Acquisition of subsidiary						4			4
Disposal of subsidiaries and other business operations			(1)						(1)
Disposals of items of property, plant and equipment						(123)	(28)		(151)
At end of year			911	51	531	3 072	178	13	4 756
Impairment of assets									
At beginning of year		1			48	447		20	516
At end of year		1			48	447		20	516
Net carrying amount at end of year		176	2 544	42	710	2 803	159	9 447	15 881

16. Property, plant and equipment (continued)

	Notes	Land and buildings Rm	Mineral properties Rm	Resi-dential land and buildings Rm	Buildings and infra-structure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
2011									
Gross carrying amount									
At beginning of year		728	2 559	174	2 998	13 503	1 072	2 214	23 248
Restatement		(461)	1	(2)	(83)	(742)	1	(1)	(1 287)
At beginning of the year (restated)		267	2 560	172	2 915	12 761	1 073	2 213	21 961
Additions		16		5	103	943	7	3 784	4 858
Changes in decommissioning assets				2	3	48	8	24	85
Disposals of items of property, plant and equipment					(21)	(758)	(9)	(5)	(793)
Reclassification to non-current assets classified as held-for-sale		(150)	(864)	(119)	(1 894)	(8 513)	(827)	(371)	(12 738)
Exchange differences on translation		9	97		74	659	101	37	977
Other movements				2	84	178	2	(293)	(27)
At end of year		142	1 793	62	1 264	5 318	355	5 389	14 323
Accumulated depreciation									
At beginning of year		28	961	53	997	5 305	449		7 793
Restatement		(11)	(13)	(1)	(5)	(146)			(176)
At beginning of the year (restated)		17	948	52	992	5 159	449		7 617
Depreciation charges	5	14	162	5	102	776	49	6	1 114
Disposals of items of property, plant and equipment					(13)	(229)	(9)		(251)
Transfer of accumulated depreciation on impairment reversals					139	423	6		568

16. Property, plant and equipment (continued)

Accumulated depreciation (continued) 2011	Notes	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infra-structure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
Reclassification to non-current assets classified as held-for-sale		(31)	(321)	(9)	(817)	(3 745)	(384)		(5 307)
Exchange differences on translation			45		53	331	54		483
Other movements						(2)	1		(1)
At end of year			834	48	456	2 713	166	6	4 223
Impairment of assets									
At beginning of the year (restated)			6		655	1 345	142	2	2 150
Impairment reversals					(210)	(651)	(8)		(869)
Impairment charges	6	1			48	447		20	516
Disposals of items of property, plant and equipment						(51)		(2)	(53)
Transfer of accumulated depreciation on impairment reversals					(139)	(423)	(6)		(568)
Reclassification to non-current assets classified as held-for-sale			(6)		(306)	(220)	(128)		(660)
At end of year		1			48	447		20	516
Net carrying amount at end of year		141	959	14	760	2 158	189	5 363	9 584

16. Property, plant and equipment (continued)

	Notes	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Extensions under construction Rm	Total Rm
Company					
2012					
Gross carrying amount					
At beginning of year		11	305	351	667
Additions		9	26	151	186
Disposals of items of property, plant and equipment			(68)		(68)
Transfer between classes			64	(64)	
At end of year		20	327	438	785
Accumulated depreciation					
At beginning of year		3	156		159
Depreciation charges	5	1	59		60
Disposals of items of property, plant and equipment			(61)		(61)
At end of year		4	154		158
Net carrying amount at end of year		16	173	438	627
Company					
2011					
Gross carrying amount					
At beginning of year		10	248	119	377
Additions			15	275	290
Transfers between classes		1	42	(43)	
At end of year		11	305	351	667
Accumulated depreciation					
At beginning of year		3	108		111
Depreciation charges	5		48		48
At end of year		3	156		159
Net carrying amount at end of year		8	149	351	508

17. Biological assets

	Plantation Rm	Livestock Rm	Game Rm	Total Rm
Group				
2012				
Carrying amount				
At beginning of year	18	11	37	66
(Losses)/gains attributable to physical and price changes	(2)	2		
Net reclassification to inventory	(1)	(5)	(5)	(11)
At end of year	15	8	32	55
Fair value of biological assets can be split as follows:				
– mature	14	8	32	54
– immature	1			1

The plantation was valued by Mr Johannes Bezuidenhout, an independent appraiser, on 11 December 2012.

17. Biological assets (continued)

	Plantation Rm	Livestock Rm	Game Rm	Total Rm
2011				
Carrying amount				
At beginning of year	8	7	31	46
Gains attributable to physical and price changes	12	6	5	23
Net reclassification to inventory	(2)	(2)	1	(3)
At end of year	18	11	37	66
Fair value of biological assets can be split as follows:				
– mature	16	11	37	64
– immature	2			2
Closing stock consist of:				
Plantation (ha)[1]	1 147	1 009		
Livestock[2]				
Cattle (quantity)	2 300	2 613		
Horses (quantity)	12	33		
Game[3] (quantity)	4 531	4 699		

[1] *Wattle and blue gum trees*
[2] *Cattle and horses*
[3] *Rhino, buffalo, warthog, giraffe, ostrich and a variety of antelope*

18. Intangible assets

	Group 2012 Rm	Group 2011 Rm	Company 2012 Rm	Company 2011 Rm
Goodwill[1]				
Gross carrying amount				
Acquisition of subsidiary	827			
Exchange differences	75			
At end of year	902			
Patents and licences[2]				
Gross carrying amount				
At beginning of year	168	145	77	19
Additions	30	164	2	59
Acquisition of subsidiary	1			
Transfer to non-current assets held-for-sale		(193)		
Transfers from other assets	(78)	22		
Exchange differences		30		
At end of year	121	168	79	78
Accumulated amortisation				
At beginning of year	40	70	35	19
Transfer to non-current assets held-for-sale		(61)		
Amortisation charge	21	19	20	16
Exchange differences		12		
At end of year	61	40	55	35
Net carrying amount at end of year	962	128	24	43

[1] *Goodwill is allocated to AKI, which is regarded as a single cash generating unit. As at year end Exxaro had finalised the purchase price allocation which was recorded on a provisional basis at interim. Impairment testing was performed on this goodwill based on value in use and fair value less cost to sell where factors such as iron ore prices, exchange rates and respective discount rate were considered. No goodwill impairment was deemed required at 31 December 2012*
[2] *Includes SAP licences as well as an option to receive specific quantities of water from the Eungella water pipeline*

18. Intangible assets (continued)

Patents and licences assets have finite useful lives and are amortised on a straight-line basis over their respective useful lives.

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Restated Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
19. Investments in associates and joint ventures					
Investments (per statement of financial position)					
Associates		17 154	4 545	13 152	
– Listed		10 314		10 879	
– Unlisted		6 840	4 763	2 273	
Joint ventures (incorporated)		425	243	77	
Total investments		17 579	4 788	13 229	
Loans					
Associates (unlisted)	21		218		
Joint ventures (incorporated)	21	557	740	60	
Total loans		557	958	60	
Total investments and loans		18 136	5 746	13 289	

Refer to annexure 2 for market and directors' valuations of investments.

2012 Group	Associate companies Investments Rm	Associate companies Loans[1,2] Rm	Associate companies Total Rm	Joint ventures Investments Rm	Joint ventures Loans[1,3] Rm	Joint ventures Total Rm
At beginning of year	4 546	218	4 764	243	740	983
Additional interests acquired	274		274	47		47
Transfer to/(from) financial asset	(173)		(173)			
Acquisition of joint venture				30	39	69
Acquisition of associates[4]	12 878		12 878			
Per statement of comprehensive income	3 602		3 602	105	(60)	45
– Share of profit or loss	3 132		3 132	105	(25)	80
– Excess of fair value of net asset value over cost of investment in associate[5]	470		470			
– Elimination of intergroup profits					(35)	(35)

19. Investments in associates and joint ventures (continued)

	Associate companies			Joint ventures		
2012 (continued)	**Investments**	**Loans[1,2]**	**Total**	**Investments**	**Loans[1,3]**	**Total**
Group	Rm	Rm	Rm	Rm	Rm	Rm
Dividends paid	(4 019)		(4 019)			
Exchange difference	4		4			
Share of reserve movements	122		122			
Repayments of loans		(218)	(218)		(162)	(162)
At end of the year (refer annexure 2)	17 154		17 154	425	557	982
Group						
2011 (Restated)						
At beginning of year	3 662	218	3 880			
IFRS 11 restatement				168	955	1 123
Per statement of comprehensive income	4 670		4 670	75		75
– Share of profit or loss	4 670		4 670	75		75
Dividends paid	(3 516)		(3 516)			
Exchange difference	34		34			
Movement in indebtedness in joint ventures					(215)	(215)
Share of reserve movements joint ventures	(305)		(305)			
At end of the year (refer annexure 2)	4 545	218	4 763	243	740	983

	Associate companies			Joint ventures		
Company	**Investments**	**Loans[1]**	**Total**	**Investments**	**Loans[1,3]**	**Total**
2012	Rm	Rm	Rm	Rm	Rm	Rm
Additional interests acquired	274		274	47		47
Transfer (to)/from other assets				30	39	69
Acquisition of associate[4]	12 878		12 878			
Loans raised					21	21
At end of the year (refer annexure 2)	13 152		13 152	77	60	137

[1] *The long-term portion of loans to associates and joint ventures are included in financial assets on the statement of financial position. (Refer note 21)*

[2] *These loans are interest free and have no fixed repayment terms. These loans were subordinated to other debt until such time that the associate's assets exceed its liabilities as was the case in 2011*

[3] *Some loans are interest free and have no fixed repayment terms. The Cennergi loan has been subordinated to other debt until such time that the joint venture's assets exceeds its liabilities*

[4] *Refer to note 10: Discontinued operations, note 11: Disposal of investments and non-core assets and note 12: Non-current assets classified as held-for-sale*

[5] *Exxaro's 44,65% (39,2% on 15 June 2012) shares in Tronox Limited and the 26% retained shares in SA mineral sands operations have been accounted for using the equity method from 15 June 2012, the date upon which Tronox Limited and the SA mineral sands operations became associates of Exxaro. Upon acquisition, Exxaro determined that its share of the net fair value of the associate's identifiable assets and liabilities exceeded the cost of its investment by R707 million (as determined by reference to the listed share price of Tronox Limited on 15 June 2012). Exxaro has made adjustments to its provisional fair value allocation at interim, which has reduced the excess of the fair value of net assets over the cost of investment to R470 million. This excess is included as income in the determination of Exxaro's share of associate profit or loss*

20. Investments in subsidiaries

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
Shares at cost less impairment losses (refer to annexure 3)				5 780	1 166
Indebtedness (refer to annexure 3)				891	11 175
– by subsidiaries				8 352	11 298
– to subsidiaries				(7 461)	(123)
Total current portion (refer to annexure 3)				1 909	(9 069)
Less: Current portion included in trade and other receivables	23			(5 552)	(9 192)
Add back: Current portion included in trade and other payables	30			7 461	123
Non-current portion (refer to annexure 3)				2 800	2 106
Total shares and indebtedness				8 580	3 272

21. Financial assets

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
Environmental Rehabilitation Trust asset		526	442	14	14
Loans of equity-accounted investments	19	557	958	60	
Long-term receivables	33.1.7	810	687		
Investments (refer annexure 2)		646	273		
Finance lease receivables		188			
		2 727	2 360	74	14
Included in non-current assets classified as held-for-sale	12				
Environmental Rehabilitation Trust asset			156		
Investments			2		
			158		

For details refer to note 19 on investment in associates and joint ventures, as well as note 33 on financial instruments.

22. Inventories

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
Finished products		352	269		
Work-in-progress		92	32		
Raw materials		18	5		
Plant spares and stores		303	247		
Merchandise		11	7		
		776	560		
Included in non-current assets classified as held-for-sale	12		2 404		
		776	2 964		

Included in merchandise are biological assets held-for-sale classified as inventories. There was no inventory sold in which delivery was delayed at the buyer's request with the buyer taking title in both 2012 and 2011. No inventories were pledged as security for liabilities in 2012 nor 2011.

Inventory carried at net realisable value (NRV) amounts to R76 million (2011: R7 million).

23. Trade and other receivables

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
Trade receivables		1 344	1 716	18	
Other receivables[1]		584	186	125	56
Indebtedness by subsidiaries	20			5 552	9 192
Indebtedness by subsidiaries				5 997	12 050
Specific allowances for impairment				(445)	(2 858)
Derivative instruments	33.1	50	49		
Non-financial instruments[2]		693	708	57	2
Specific allowances for impairment		(27)	(33)	(3)	(3)
Collective allowances for impairment		(2)	(2)		
		2 642	2 624	5 749	9 247
Included in non-current assets classified as held-for-sale	12		1 931		
Trade and other receivables			1 578		
Other receivables			36		
Derivative financial instruments			9		
Non-financial instruments[1]			308		
		2 642	4 555	5 749	9 247

[1] Includes sundry receivables and reclassifications of creditors with debit balances

[2] Includes VAT refundable, prepayments, employee advances, etc

23. Trade and other receivables (continued)

	Group		Company	
	At 31 December		At 31 December	
Trade and other receivables are stated after the following allowances for impairment:	2012 Rm	2011 Rm	2012 Rm	2011 Rm
Specific allowances for impairment				
At beginning of year	(33)	(50)	(2 861)	(3 286)
Impairment loss recognised	(9)	(20)		
Indebtedness by subsidiaries impairments			5	(519)
Indebtedness by subsidiaries reversals			2 408	941
Impairment loss reversals	15	37		3
Other reconciling items				
At end of year	(27)	(33)	(448)	(2 861)
Of which relates to:				
Trade receivables	(24)	(29)		
Other receivables	(3)	(4)	(3)	(3)
Subsidiaries			(445)	(2 858)
	(27)	(33)	(448)	(2 861)
Collective allowances for impairment				
At beginning of year	(2)	(1)		
Impairment loss recognised		(1)		
At end of year	(2)	(2)		
Of which relates to:				
Trade receivables	(2)	(2)		

For a detailed analysis of the trade and other receivables refer to note 33 on financial instruments.

24. Business combinations

On 14 February 2012, the group acquired a controlling interest of 67% of the share capital of African Iron Limited (AKI) for AU$190 million (R1 562 million), which is included in the "other" business segment until it is operational. The acquisition is classified as an acquisition of a business.

AKI is a junior mining, exploration and development company previously listed on the Australian Stock Exchange, involved in the development and exploration of the Mayoko Iron Ore and Ngoubou-Ngoubou Projects in the Republic of Congo in central West Africa.

The acquired business is in development state, and has not contributed any revenues to the group results. It has also contributed R9 million losses to the group operating profit for the period from 14 February 2012 to 31 December 2012. If the date of acquisition was 1 January 2012, revenue contribution from this business would have been Rnil, whilst net operating loss would have been R21,8 million.

The goodwill of AU$102 million (R827 million at acquisition) arising from the acquisition relates to the future potential upside of the business and deferred tax on the mineral asset. This goodwill has been recognised in intangible assets, refer to note 18. As at year end Exxaro had finalised the purchase price allocation which was recorded on a provisional basis at interim.

The following table summarises the consideration paid for the AKI group, the fair value of the assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

24. Business combinations (continued)

Details of the acquired assets are as follows:

	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm
Purchase consideration:		
Consideration		
Cash	1 562	
Total consideration transferred	1 562	
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	141	
Property, plant and equipment	1 537	
Trade and other receivables	6	
Trade and other payables	(25)	
Deferred tax liabilities	(456)	
Total identifiable net assets	1 203	
Non-controlling interest	(468)	
Goodwill	827	
	1 562	
Less: cash and cash equivalents in subsidiary acquired	(141)	
Cash outflow on acquisition of subsidiary	1 421	

As part of the acquisition, Exxaro acquired AKI's duty to pay a deferred consideration in the form of a production royalty of AU$1/ton of iron ore shipped.

Acquisition-related costs of R41 million have been charged to operating expenses in the consolidated statement of profit or loss for the year ended 31 December 2012.

Non-controlling interest has been measured using the proportionate share of the acquired entity's net identifiable assets. At acquisition, non-controlling interests were identified as the remaining 33% in AKI and 8% in DMC Iron Congo SA.

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

The fair value of trade and other receivables is R6 million and includes no trade receivables as the business is still in exploration and development phase. The gross contractual amount for other receivables is R6 million, of which none is expected to be uncollectible.

Transactions with non-controlling interests

During March 2012, the group acquired the remaining 33% of the issued shares of AKI for a purchase consideration of AU$123 million (R1 049 million). The group now holds 100% of the equity share capital of AKI. The carrying amount of the 33% non-controlling interests in AKI on the date of acquisition was R397 million.

During June 2012, the group acquired an additional 5% of the issued shares of DMC Iron Congo SA for a purchase consideration of AU$16,5 million (R133 million). The group now holds 97% of the equity share capital of DMC Iron Congo SA. The carrying amount of the 5% non-controlling interests in DMC Iron Congo SA on the date of acquisition was R44 million.

24. Business combinations (continued)

The group derecognised non-controlling interests of R441 million and recorded a decrease in equity attributable to owners of the parent of R740 million. The effect of changes in the ownership interest of AKI and DMC Iron Congo SA on the equity attributable to owners of the company during the year is summarised as follows:

	Group		Company	
	At 31 December		At 31 December	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
Carrying amount of non-controlling interests acquired	(441)			
Excess of consideration paid recognised in parent`s equity	(740)			
Consideration paid to non-controlling interests	(1 181)			

25. Share capital

	Group 2012 Rm	Group 2011 Rm	Company 2012 Rm	Company 2011 Rm
Share capital at par value				
Authorised				
500 000 000 ordinary shares of R0,01 each	5	5	5	5
Issued				
357 787 785 (2011: 354 234 548) ordinary shares of R0,01 each	4	4	4	4
Share premium	2 957	2 358	2 957	2 358
Treasury shares held by Kumba Resources Management Share Trust and the Exxaro Employee Empowerment Participation Scheme Trust (Mpower)[1]	(587)	(3)		
Total	2 374	2 359	2 961	2 362
Refer to statement of changes in equity (page 42 to 45) for details of movements.				
Reconciliation of authorised shares not issued (million)				
Number of authorised unissued ordinary shares at beginning of year	145	142	145	142
Number of shares repurchased during the year		4		4
Number of shares issued during the year	(1)	(1)	(1)	(1)
Number of unissued authorised shares at end of year	144	145	144	145

[1] *These trusts have been consolidated*

Refer to annexure 4 for resolutions pertaining to the unissued ordinary shares under the control of the directors until the forthcoming annual general meeting.

	Notes	Group At 31 December 2012 Rm	Group At 31 December 2011 Rm	Company At 31 December 2012 Rm	Company At 31 December 2011 Rm
26. Interest-bearing borrowings					
Non-current borrowings					
Summary of loans by financial year of redemption					
2012			900		617
2013		(9)	1 882	(9)	1 701
2014		(9)	298	(9)	200
2015		324	285	324	200
2016		326	73	326	
2017		1 127	115	1 127	
2018 onwards		993		993	
Total interest-bearing borrowings (refer annexure 1)		2 752	3 553	2 752	2 718
Transferred to current borrowings		9	(617)	9	(617)
Transfer to non-current liabilities classified as held-for-sale			(834)		
– Non-current borrowings			(551)		
– Current borrowings			(283)		
Total non-current interest-bearing borrowings		2 761	2 102	2 761	2 101
Current borrowings					
Current portion of non-current borrowings		(9)	617	(9)	617
Short term borrowings – money market			219		219
Total		(9)	836	(9)	836
No capital repayments are expected until 2015. The R9 million in 2013 and 2014 relates to the amortisation of the transaction costs on borrowing costs.					
Details of interest rates payable on borrowings are shown in annexure 1.					
Included in the 2011 interest-bearing borrowings are obligations relating to finance leases including those classified as non-current liabilities held-for-sale.	12				
Minimum lease payments:					
– less and up to one year			47		
– more than one year and less than five years			143		
– more than five years			333		
Total			523		
Less: future finance charges			(334)		
Present value of lease liabilities			189		
– current			21		
– non-current (more than one year and less than five years)			53		
– non-current (more than five years)			115		
Total present value of lease liabilities			189		
Classified as non-current asset held-for-sale			189		
Overdraft					
Bank overdraft	31.14	811		808	

The bank overdraft is repayable on demand and interest payable is based on current South African money market rates.

26 Interest-bearing borrowings (continued)

Exxaro entered into numerous operating lease arrangements. All major lease arrangements are renewable if there is mutual agreement between the parties to the arrangements with some contracts specifying extension periods. Arrangements containing escalation clauses are usually based on CPI or PPI indexes. None of the lease arrangements contain restrictive clauses that are unusual to the particular type of lease.

There were no defaults or breaches in terms of interest-bearing borrowings during both reporting periods.

	Group		Company	
	At 31 December		At 31 December	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
27. Net investment in finance lease				
Total gross investment in finance lease	193			
– Not later than one year	13			
– Later than one year but not later than five years	54			
– Later than five years	126			
Less: Unearned finance income	(106)			
Present value of minimum lease payments receivable	87			
Representing lease assets:				
– Not later than one year	2			
– Later than one year but not later than five years	12			
– Later than five years	73			

The lease relates to the upgrade of the Zeeland Water Treatment Works (in Lephalale), of which Exxaro Coal will fund the capital for a total period of 15 years. The municipality's share of the capital expenditure will be recovered through fixed monthly instalments over this period. The minimum lease instalments are payable monthly with no escalation and calculated at a rate of 13% per annum.

28. Provisions

	Notes	Environmental rehabilitation Rm	De-commissioning Rm	Re-structuring Rm	Cash-settled share-based payment Rm	Onerous contract Rm	Total Rm
Group							
2012							
At beginning of year		1 867	334	32		29	2 262
Charge to operating expenses		88	57			(29)	116
Additional provision		169	83				252
Unused amounts reversed		(81)	(26)			(29)	(136)
Interest adjustment	7	468	75	11			554
Provisions capitalised to property, plant and equipment			109				109
Utilised during year		(16)		(6)			(22)
Reclassification to non-current assets held-for-sale		4	(20)				(16)
Disposals		(40)					(40)
At end of year		2 371	555	37			2 963
Current portion included in current liabilities		(113)		(8)			(121)
Total non-current provisions		2 258	555	29			2 842
2011							
At beginning of year		1 470	626	30	4		2 130
IFRS 11 restatement		(3)	(32)				(35)
Restated balance at beginning of year		1 467	594	30	4		2 095
Charge to operating expenses		233	(2)		1	29	261
Additional provision		242	3		1	29	275
Unused amounts reversed		(9)	(5)				(14)
Interest adjustment	7	362	51	8			421
Provisions capitalised to property, plant and equipment			86				86
Utilised during year		(18)		(6)	(1)		(25)
Exchange differences		15	38				53
Reclassification to non-current assets held-for-sale		(192)	(433)		(4)		(629)
At end of year		1 867	334	32		29	2 262
Current portion included in current liabilities		(115)		(7)		(29)	(151)
Total non-current provisions		1 752	334	25			2 111

28. Provisions (continued)

	Notes	Environmental rehabilitation Rm	Cash-settled share-based payment Rm	Onerous contract Rm	Total Rm
Company					
2012					
At beginning of year		24	4	1	29
Charge to operating expenses				(1)	(1)
Interest adjustment	7	2			2
Utilised during year			(4)		(4)
At end of year		26			26
2011					
At beginning of year		23	4		27
Charge to operating expenses			1	1	2
Interest adjustment	7	1			1
Utilised during year			(1)		(1)
At end of year		24	4	1	29

Environmental rehabilitation

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Decommissioning

The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Funding of environmental and decommissioning rehabilitation

Contributions towards the cost of the mine closure are also made to the Exxaro Environmental Rehabilitation Fund and the balance of the fund amounted to R533 million (2011: R539 million) at year-end. Of this amount R526 million (2011: R521 million) is included in financial assets and R7 million (2011: R18 million) in trade and other receivables of the group. Cash flows will take place when the mines are rehabilitated.

Restructuring

The liability includes accruals for plant and facility closures, including the dismantling costs thereof, and employee termination costs, in terms of the announced restructuring plans for the Hlobane and Durnacol mines. Provision is made on a piecemeal basis only for those restructuring obligations supported by a formally approved plan.

The restructuring for Durnacol mine will be completed within the next six years and for Hlobane mine in the next 16 years. The number of years is reviewed annually and revised according to updated rehabilitation plans.

Cash-settled share-based payment

Exxaro offered a cash-settled share-based payment, based on the company’s share price performance, to certain individuals who were under an embargo and not entitled to accept share scheme offers, due to their involvement in the empowerment transaction.

29. Deferred tax

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
The movements on the deferred tax account are as follows:					
At beginning of year		1 475	627	(115)	(85)
IFRS 11 restatement			(29)		
Restated deferred tax at the beginning of the year		1 475	598	(115)	(85)
Foreign currency adjustment		(4)	(38)		
Increase in joint venture					
Share-based payments movements		53	(65)	(24)	(35)
Items charged directly to other components of equity		(1)	(25)	(1)	(1)
Tax charge to non-distributable reserve			(23)	(1)	(1)
Less: charges in statement of comprehensive income		(1)	(2)		
Transferred to non-current assets held-for-sale			396		
Acquisition of AKI		498			
Sale of investments		(523)			
Statement of comprehensive income charge	9				
– current		847	618	(95)	1
– prior		(20)	(9)		4
At end of year		2 325	1 475	(235)	(115)
Comprising:					
– financial instruments			(236)		
– provisions		(93)	(175)	(3)	(1)
– foreign tax losses carried forward		(5)	(122)		
– bad debt reassessment		(5)	(6)		
– income received in advance		(5)	(8)		
– leave pay accrual		(45)	(35)	(9)	(6)
– lease liability			116		
– decommissioning provision		(21)	(19)		
– share-based payments		(71)	(79)	(48)	(58)
– hedge premium			(5)		
– restoration provision		(540)	(365)	(7)	(7)
– assessed losses		(659)	(455)	(196)	(62)
– property, plant and equipment		2 379	2 139	24	14
– unrealised foreign exchange profit/(loss)		48	146	(1)	
– derecognition of deferred tax assets		576	415		
– Exxaro Environmental Rehabilitation asset		146	124	5	5
– prepayments		14	38		
– inventories		(9)	2		
– finance lease debtor		25			
– borrowing cost capitalised		92			
– acquisition of AKI		498			
		2 325	1 475	(235)	(115)

29. Deferred tax (continued)

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
Calculated tax losses					
– tax losses available for set-off against future South African taxable income		2 354	1 625	700	221
– tax losses available for set-off against future foreign taxable income		18	436		

The total deferred tax assets raised with regard to assessed losses amount to R88 million (2011: R163 million; 1 January 2011: R706 million) and are mainly attributable to the mineral sands businesses. The total deferred tax assets not raised amount to R739 million (2011: R678 million; 1 January 2010: R907 million).

All recognised deferred tax asset balances are supported by the future taxable profits against which they can be utilised.

30. Trade and other payables

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
Trade payables		1 815	883	177	194
Other payables[1]		1 611	1 142	125	58
Non-financial instruments[2]		509	941	114	140
Leave pay accrual		159	138	32	22
Indebtedness to subsidiaries	20			7 461	123
Derivative instruments	33	5	77	3	
		4 099	3 181	7 912	537
Included in non-current assets held-for-sale			967		
		4 099	4 148	7 912	537

[1] *Includes sundry payables and reclassification of debtors with credit balances*
[2] *Includes input VAT, bonus accruals, etc*

31. Notes to the cash flow statement

31.1 Cash generated by/(utilised in) operations

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
Net operating profit/(loss)		7 557	4 125	(202)	(383)
Adjusted for non-cash movements					
– depreciation and amortisation		702	1 133	80	64
– impairment charges and reversals of non-current assets		(103)	(353)	69	278
– impairment charges, reversals and write-offs of trade and other receivables		(5)	(226)	(2 412)	(422)
– provisions		130	346	(1)	2
– foreign exchange revaluations and fair value adjustments		(241)	231	13	(7)
– reconditionable spares usage			3		
– net (profit)/loss on disposal or scrapping of property, plant and equipment		(142)	2	(63)	
– net profit on disposal of investments		(4 037)	3	1 973	(24)
– contingent rent adjustment			107		
– share-based payment expenses		(219)	51	(154)	24
Balance carried forward		3 642	5 422	(697)	(468)

31. Notes to the cash flow statement (continued)

31.1 Cash generated by/(utilised in) operations (continued)

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
Balance brought forward		3 642	5 422	(697)	(468)
Working capital movements					
– (increase)/decrease in inventories		(928)	344		
– increase/(decrease) in trade and other receivables		277	(815)	(665)	(1 165)
– increase in trade and other payables		1 005	1 264	50	173
– utilisation of provisions	28	(27)	(26)	(4)	(1)
Cash generated by/(utilised in) operations		3 969	6 189	(1 316)	(1 461)

31.2 Net financing costs

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Interest paid	7	(896)	(759)	(254)	(223)
Interest received	7	213	532	22	101
Financing costs not involving cash flow	28,36	556	424	2	1
Finance lease interest adjustment		(10)	(231)		
		(137)	(34)	(230)	(121)

31.3 Normal tax paid

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Amounts receivable/(unpaid) at beginning of year		55	(42)		
Amounts charged to the income statements		(334)	(386)		
Acquisition of subsidiary		3			
Arising on translation of foreign entities		1			
Non-current assets classified as held-for-sale		16	(16)		
Amounts (unpaid)/receivable at end of year		(18)	(55)		
		(277)	(499)		

31.4 Dividends paid

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Dividends declared and paid		(3 012)	(2 217)	(3 024)	2 150
Dividends to non-controlling interests			(6)		
Non-cash flow dividend in specie			100		
		(3 012)	(2 123)	(3 024)	2 150

31.5 Investments in property, plant and equipment to maintain operations

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Replacement of property, plant and equipment		(1 531)	(1 563)	(184)	291
Reconditional spares		(40)	(28)		
		(1 571)	(1 591)	(184)	291

31.6 Investments in property, plant and equipment to expand operations

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Expansion and new technology		(3 762)	(3 267)		

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
31. Notes to the cash flow statement (continued)					
31.7 Investment in other non-current assets					
Decrease in associates and joint venture loans		412	232		
Decrease in Environmental Rehabilitation Trust asset			8		
Increase in non-current receivables		(123)	(238)		
Increase in Environmental Rehabilitation Trust asset		(75)	(74)		
Increase in associate and joint venture loans		(31)	(17)	(22)	
Increase in investments		(199)	(21)		
Increase in non-current financial assets		(16)	(110)	(22)	
31.8 Proceeds from disposal of subsidiaries					
Consideration received	11.1				
Mineral sands		202		89	
Rosh Pinah		931		224	
Turkey			17		
Glen Douglas			33		33
		1 133	50	313	33
Less: cash and cash equivalents in subsidiary on date of disposal		(1 052)			
		81	50	313	33
31.9 Increase in joint ventures and associates					
Additional interest acquired in associates	19	(274)		(274)	
Additional interest acquired in joint venture	19	(47)		(47)	
Bookvalue adjustment of associate companies acquired		(75)		(75)	
		(396)		(396)	
31.10 Acquisition of subsidiaries					
Purchase consideration paid for acquisition of AKI and DMC Iron Congo SA		(1 421)		(2 743)	
		(1 421)		(2 743)	
31.11 Increase in investments in subsidiaries					
Increase in investment in subsidiaries				(111)	(1 830)
Increase in indebtedness by subsidiaries				(2 200)	621
				(2 311)	(1 209)
31.12 Income from equity-accounted investments					
Income from equity-accounted investments as per income statement		3 132	4 745		
Dividends received from equity-accounted investments		4 019	3 516		
Non-cash flow income from equity-accounted investments		(3 132)	(4 745)		
		4 019	3 516		
31.13 Income from investments					
Income from investments as per statement of comprehensive income		3	9	6 991	3 829

	Notes	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm

31. Notes to the cash flow statement (continued)

31.14 Cash and cash equivalents

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Cash and cash equivalents		1 364	1 018	315	29
Bank overdraft	26	(811)		(808)	
Cash and cash equivalents		553	1 018	(493)	29

31.15 Movement in net debt[1]

	Notes	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Cash (outflow)/inflow		(2 397)	2 491		
Add:					
– shares issued		15	15		
– share-based payments			(2)		
– loans from non-controlling interests			11		
– net debt of subsidiaries disposed		820	125		
– consideration paid to non-controlling interests		(1 181)			
– non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency		(70)	(8)		
– IFRS 11 restatement			64		
– non-cash flow movements in net debt applicable to currency translation differences of net debt items of foreign entities		268	(151)		
Decrease/(increase) in net debt		(2 545)	2 545		

[1] *Non-IFRS information*

32. Other comprehensive income

Group	2012 **Before-tax amount** Rm	2012 **Tax** Rm	2012 **Net-of-tax amount** Rm	2011 **Before-tax amount** Rm	2011 **Tax** Rm	2011 **Net-of-tax amount** Rm
Exchange differences on translating foreign operations	(38)	5	(33)	798	2	800
Financial instruments fair value (losses)/gains recognised in equity on cash flow hedges	(21)		(21)	(82)	42	(40)
Share of other comprehensive income of associates	122		122	(254)		(254)
Non-controlling interests' share of other comprehensive income				54	(19)	35
	63	5	68	516	25	541
Company						
Exchange differences on translating foreign operations				(4)		(4)
				(4)		(4)

33. Financial instruments

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments

The tables below set out the group's and company's classification of each category of financial assets and liabilities, as well as their fair values

	At fair value through profit or loss								
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Available-for-sale financial assets at fair value Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk Rm
Group									
31 December 2012									
Assets									
Non-current assets									
Property, plant and equipment						15 881	15 881		
Biological assets						55	55		
Intangible assets						962	962		
Investments in associates						17 154	17 154		
Investment in joint ventures						425	425		
Deferred tax						241	241		
Financial assets, consisting of:		530	1 367	642		188	2 727	2 539	2 539
– Exxaro Environmental Rehabilitation Trust asset		526					526	526	526
– Loans to associates and joint ventures			557				557	557	557
– Richards Bay Coal Terminal (RBCT)				467			467	467	467
– Investment in equity instruments at cost		4					4	4	4
– New Age Exploration Limited				1			1	1	1
– Chifeng Kumba Hongye Zinc Corporation Limited				174			174	174	174
– Finance lease receivable						188	188		
– Long-term receivables			810				810	810	810
Total non-current assets		530	1 367	642		34 906	37 445		
Current assets									
Inventories						776	776		
Trade and other receivables			1 899			693	2 592	1 899	1 899
Current tax receivable						190	190		
Derivative financial instruments	50						50	50	50
Cash and cash equivalents			1 364				1 364	1 364	1 364
Total current assets	50		3 263			1 659	4 972		
Total assets	50	530	4 630	642		36 565	42 417		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

The table below sets out the company and group classification of each category of financial assets and liabilities, as well as the respective fair values, where applicable.

	At fair value through profit or loss								
	Held-for-trading Rm	**Desig-nated** Rm	**Loans and recei-vables at amortised cost** Rm	**Available-for-sale financial assets at fair value** Rm	**Financial liabilities at amortised cost** Rm	**Non-financial assets and liabilities at cost** Rm	**Total carrying amount** Rm	**Fair value of financial instru-ments** Rm	**Maximum exposure of the carrying amount to credit risk** Rm
Equity and liabilities									
Capital and reserves									
Share capital						2 374	2 374		
Other components of equity						1 636	1 636		
Retained earnings						24 784	24 784		
Equity attributable to equity holders of the parent						28 794	28 794		
Non-controlling interest						12	12		
Total equity						28 806	28 806		
Non-current liabilities									
Interest-bearing borrowings					2 761		2 761	3 790	
Non-current provisions						2 842	2 842		
Post-retirement employee benefits						142	142		
Finance lease						106	106		
Deferred tax						2 566	2 566		
Total non-current liabilities					2 761	5 656	8 417		
Current liabilities									
Trade and other payables					3 426	668	4 094	3 426	
Derivative financial instruments	5						5	5	
Interest-bearing borrowings					(9)		(9)	(9)	
Current tax payable						172	172		
Current provisions						121	121		
Overdraft					811		811	811	
Total current liabilities	5				4 228	961	5 194		
Total equity and liabilities	5				6 989	35 423	42 417		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss								
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Available-for-sale financial assets at fair value Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk Rm
Group									
Restated									
31 December 2011									
Assets									
Non-current assets									
Property, plant and equipment						9 584	9 584		
Biological assets						66	66		
Intangible assets						128	128		
Investments in associates						4 545	4 545		
Investment in joint ventures						243	243		
Deferred tax						227	227		
Financial assets, consisting of:		446	1 645	269			2 360	2 360	2 360
– Exxaro Environmental Rehabilitation Trust asset		442					442	442	442
– Loans to associates and joint ventures			958				958	1 016	958
– Richards Bay Coal Terminal (RBCT)				269			269	269	269
– Investment in equity instruments at cost		4					4	4	4
– Long-term receivables			687				687	687	687
Total non-current assets		446	1 645	269		14 793	17 153		
Current assets									
Inventories						560	560		
Trade and other receivables			1 866			709	2 575	1 866	1 866
Current tax receivable						105	105		
Derivative financial instruments	49						49	49	49
Cash and cash equivalents			1 018				1 018	1 018	1 018
Total current assets	49		2 884			1 374	4 307		
Non-current assets classified as held-for-sale	9	158	4 714			10 098	14 979	4 881	4 881
Total assets	58	604	9 243	269		26 265	36 439		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss								
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Available-for-sale financial assets at fair value Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk Rm
Group (Restated) 31 December 2011 (continued)									
Equity and liabilities									
Capital and reserves									
Share capital						2 359	2 359		
Other components of equity						3 202	3 202		
Retained earnings						18 027	18 027		
Equity attributable to equity holders of the parent						23 588	23 588		
Non-controlling interest						20	20		
Total equity						23 608	23 608		
Non-current liabilities									
Interest-bearing borrowings					2 102		2 102	2 102	
Non-current provisions						2 111	2 111		
Post-retirement employee benefits						133	133		
Deferred tax						1 702	1 702		
Total non-current liabilities					2 102	3 946	6 048		
Current liabilities									
Trade and other payables					2 025	1 079	3 104	2 025	
Derivative financial instruments	77						77	77	
Interest-bearing borrowings					836		836	836	
Current tax payable						50	50		
Current provisions						151	151		
Total current liabilities	77				2 861	1 280	4 218		
Non-current liabilities classified as held-for-sale					1 375	1 190	2 565	1 375	
Total equity and liabilities	77				6 338	30 024	36 439		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss							
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk Rm
Company								
31 December 2012								
Assets								
Non-current assets								
Property, plant and equipment					627	627		
Intangible assets					24	24		
Investments in associates					13 152	13 152		
Investment in joint ventures					77	77		
Investment in subsidiaries			2 800		5 780	8 580	2 800	2 800
Deferred tax					235	235		
Financial assets, consisting of:		14	60			74	74	74
– Exxaro Environmental Rehabilitation Trust asset		14				14	14	14
– Loans to associates and joint ventures			60			60	60	60
Total non-current assets		14	2 860		19 895	22 769		
Current assets								
Trade and other receivables			5 692		57	5 749	5 692	5 692
Cash and cash equivalents			315			315	315	315
Total current assets			6 007		57	6 064		
Total assets		14	8 867		19 952	28 833		
Equity and liabilities								
Capital and reserves								
Share capital					2 961	2 961		
Other components of equity					921	921		
Retained earnings					13 453	13 453		
Total equity					17 335	17 335		
Non-current liabilities								
Interest-bearing borrowings				2 761		2 761	3 790	
Post-retirement employee benefits					26	26		
Total non-current liabilities				2 761	26	2 787		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss							
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk Rm
Company 31 December 2012 (continued)								
Current liabilities								
Trade and other payables				7 763	146	7 909	7 763	
Derivative financial instruments	3					3	3	
Interest-bearing borrowings				(9)		(9)	(9)	
Overdraft				808		808	808	
Total current liabilities	3			8 652	146	8 711		
Total equity and liabilities	3			11 323	17 507	28 833		
Company 2011								
Assets								
Non-current assets								
Property, plant and equipment					508	508		
Intangible assets					43	43		
Investment in subsidiaries			2 105		1 167	3 272	2 105	2 105
Deferred tax					115	115		
Financial assets, consisting of:		14				14	14	14
– Exxaro Environmental Rehabilitation Trust asset		14				14	14	14
Total non-current assets		14	2 105		1 833	3 952		
Current assets								
Trade and other receivables			9 245		2	9 247	9 245	9 245
Cash and cash equivalents			29			29	29	29
Total current assets			9 274		2	9 276		
Non-current assets classified as held-for-sale					3 676	3 676		
Total assets		14	11 379		5 511	16 904		

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss						
	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm
Company 31 December 2011 (continued)							
Equity and liabilities							
Capital and reserves							
Share capital					2 362	2 362	
Other components of equity					1 214	1 214	
Retained earnings					9 825	9 825	
Total equity					13 401	13 401	
Non-current liabilities							
Interest-bearing borrowings				2 101		2 101	2 101
Non-current provisions					29	29	
Total non-current liabilities				2 101	29	2 130	
Current liabilities							
Trade and other payables				374	163	537	374
Interest-bearing borrowings				836		836	836
Total current liabilities				1 210	163	1 373	
Total equity and liabilities				3 311	13 593	16 904	

The financial assets designated at fair value through profit and loss are managed, evaluated and reported internally on a fair value basis. Therefore the designation is deemed appropriate as this is in line with the group accounting policies.

As disclosed in the tables above, there were no financial liabilities designated at fair value through profit or loss as at 31 December 2012 and 31 December 2011 for the group and the company.

At 31 December 2012 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short-term maturities of these financial assets and liabilities.

No financial assets and liabilities had their fair value determined using valuation techniques during the year ended 31 December 2012 or 31 December 2011.

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

33.1.1 Fair values

Fair value hierarchy level

Financial assets and liabilities at fair value have been categorised in the following hierarchy structure:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset/liability

Level 3 – Inputs for the asset/liability that are not based on observable market data (unobservable inputs)

31 December 2012 Group	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets held-for-trading at fair value through profit or loss	50		50	
– Current derivatives financial instruments	50		50	
Financial assets designated at fair value through profit or loss	530	530		
– Exxaro Environmental Rehabilitation Trust	526	526		
– Investment in equity instruments at cost	4	4		
Available-for-sale financial assets	642	1		641
– Chifeng Kumba Hongye Zinc Corporation Limited	174			174
– New Age Exploration Limited	1	1		
– Richards Bay Coal Terminal investment	467			467
Financial liabilities held-for-trading at fair value through profit or loss	(5)		(5)	
– Current derivatives	(5)		(5)	
Net financial assets and liabilities held at fair value	1 217	531	45	641

Reconciliation of Level 3 hierarchy	Chifeng Kumba Hongye Zinc Corporation Limited Rm	Richards Bay Coal Terminal Rm
Opening balance		269
Movement during the year		
– Purchases		198
– Transfers into Level 3	174	
Closing balance	174	467

Company	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets designated at fair value through profit or loss	14	14		
– Exxaro Environmental Rehabilitation Trust	14	14		
Financial liabilities held-for-trading at fair value through profit or loss	(3)		(3)	
– Current derivatives	(3)		(3)	
Net financial assets and liabilities held at fair value	11	14	(3)	

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

31 December 2011 Group (Restated)	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets held-for-trading at fair value through profit or loss	58		58	
– Current derivatives financial instruments	58		58	
Financial assets designated at fair value through profit or loss	604	602		2
– Exxaro Environmental Rehabilitation Trust	598	598		
– Ndzalama game reserve: held-for-sale	2			2
– Investment in equity instruments at cost	4	4		
Available-for-sale financial assets	269			269
– Richards Bay Coal Terminal	269			269
Financial liabilities held-for-trading at fair value through profit or loss	(77)		(77)	
– Current derivatives	(77)		(77)	
Net financial assets and liabilities held at fair value	854	602	(19)	271

Reconciliation of Level 3 hierarchy	**Ndzalama game reserve** Rm	**Richards Bay Coal Terminal** Rm
Opening balance	7	252
Movement during the year		
– Purchases		17
– Sales	(5)	
Closing balance	2	269

Company	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets designated at fair value through profit or loss				
– Exxaro Environmental Rehabilitation Trust	14	14		

33.1.2 Current derivative financial instruments

Current derivative financial instruments are classified within Level 2 of the fair value hierarchy because the fair values are calculated as the present value of the estimated future cash flows based on observable indicators

33.1.3 Exxaro Environmental Rehabilitation Trust Fund (EERF)

The EERF is classified within Level 1 of the fair value hierarchy. The EERF receives, holds and invests funds contributed by the Exxaro group of companies for the rehabilitation or management of negative environmental impacts associated with mining and exploration activities. The contributions are aimed at providing for sufficient funds at date of estimated closure of mining activities to address the rehabilitation and environmental impacts.

The EERF was created and complies with the requirements of both the Minerals and Petroleum Resources activities.

Funds accumulated for a specific mine or exploration project can only be utilised for the rehabilitation and environmental impacts of that specific mine or project.

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

33.1.3 Exxaro Environmental Rehabilitation Trust Fund (EERF) (continued)

The trustees of the fund are appointed by Exxaro and consist of sufficiently qualified Exxaro employees capable of fulfilling their fiduciary duties.

The funds are invested by Exxaro's in-house treasury department on the JSE as well as with reputable financial institutions in accordance with a strict mandate to ensure capital preservation and real growth.

If a mine or exploration project withdraws from the fund for whatever valid reason, the funds accumulated for such mine or exploration project are transferred to a similar fund approved by the Commissioner of South African Revenue Services. The fund cannot be closed down without the permission of the Commissioner of the South African Revenue Services. R132 million (2011: R114 million) of the investments designated at fair value through profit or loss and the EERF are equity investments listed on the JSE and the fair value of these investments was calculated based on the FINI 15 ALSI as at 31 December 2012.

33.1.4 New Age Exploration Limited

The New Age Exploration Limited investment was acquired by Exxaro through African Iron Ore Proprietary Limited on 14 February 2012.

The investment is classified within Level 1 as the price is listed on the Australian Securities Exchange. At 31 December 2012 the shares were trading at AU$0,12.

33.1.5 Chifeng Kumba Hongye Zinc Corporation Limited

Chifeng Kumba Hongye Zinc Corporation Limited 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 based on unobservable inputs. Exxaro previously had an associated investment in this company. During August 2012 the shareholding diluted and consequently the investment is now accounted for as a financial asset.

33.1.6 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. For the financial year ended 31 December 2012, the investment in RBCT had no active market available. Subsequently this investment was classified within Level 3 of the fair value hierarchy.

RBCT is the largest single export coal terminal in the world and is situated in Richards Bay. Exxaro acquired 8 662 shares (1,20%) in RBCT through the merger of the former Eyesizwe Proprietary Limited and Kumba Resources Limited which was valued at R2 million on 1 November 2006. An additional 10 000 shares were acquired in RBCT on 30 June 2008 for R213 million (these shares were purchased at a price of US$30 million). The 10 000 ordinary shares entitle Exxaro to a 1,39% shareholding in RBCT. The 10 000 shares also entitle Exxaro to 1Mt of export allocation. Exxaro obtained a further 25 000 ordinary shares in RBCT Phase V expansion at a total cost of R290 million. This entitles Exxaro to export 2,5Mtpa at a Transnet Freight Rail (TFR) rail rate of 91Mtpa. All the shareholders in RBCT acquire equity instruments in order to obtain the right to export coal.

The South Dunes Coal Terminal (SDCT) also holds an investment in RBCT. Exxaro Coal (a 100% subsidiary of Exxaro Resources Limited) holds 33% in SDCT, with the effective value of R253 million at 31 December 2012 (2011: R177 million). All this, coupled with minor wharfage expenses, results in the overall investment in RBCT with a carrying value of R467 million (2011: R269 million). The fair value could not be measured reliably because RBCT shares do not form part of an active market as there are no other shares available in South Africa. Willing buyers and sellers cannot be found at any time (restricted to a select few) of the same nature (homogeneous) and prices are not available to the public. Although one could attach a certain set of market influences that significantly affect the value of such shares, the volatility of freight rates would cause the valuation to vary significantly, as an example.

33. Financial instruments (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

33.1.6 Richards Bay Coal Terminal (RBCT) (continued)

The fair value of the financial instruments at initial recognition was determined to be the transaction price. Upon initial recognition, no differences existed as a result of the fair value upon initial recognition differing to the value of the financial instrument determined using a valuation technique.

Subsequent to initial recognition, as the fair value of the investment in RBCT could not be measured reliably, the investment has been carried at cost. The carrying value of the investment in RBCT is R467 million (2011: R269 million).

It is not anticipated that the RBCT investment will be disposed of in the near future as the group has no intention to dispose of it.

33.1.7 Long-term receivables

Included in the long-term receivables is an amount of R810 million (2011: R687 restated) recoverable from Eskom in respect of the rehabilitation and environmental expenditure of the Matla and Arnot mines at the end-of-life of these mines. The corresponding anticipated liability is disclosed as part of non-current provisions (refer note 28).

There were no allowances for impairments on long-term receivables or investments in equity instruments at cost during the period under review.

33.1.8 Reclassification of financial assets

No reclassification of financial assets occurred during the period.

33.1.9 Derecognition of financial assets

No financial assets were derecognised during the period.

33.1.10 Statement of changes in equity

Included in the statement of other comprehensive income non-owner related movements are the following pre-tax adjustments relating to financial instruments:

	Group	
	2012 Rm	2011 Rm
Effective portion of change in fair value of cash flow hedge	(21)	(113)
Currency translation differences		31
Tax on items above		42
As disclosed in other comprehensive income (before tax) (refer note 32)	(21)	(40)

The above amounts are all included in the hedging reserve.

33.2 Risk management

33.2.1 Financial risk management

The group's corporate treasury function provides financial risk management services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

The group's objectives, policies and processes for measuring and managing these risks are detailed below. The group's management of capital is detailed in the report of the directors.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of derivative financial instruments is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis and results are reported to the board audit committee.

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.1 Financial risk management (continued)

The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The group enters into financial instruments to manage and reduce the possible adverse impact on earnings and cash flows of changes in interest rates, foreign currency exchange rates and commodity prices. Compliance with policies and exposure limits is reviewed by the internal auditors annually, with the results being reported to the audit committee.

Capital management

The board of directors is ultimately responsible to monitor debt levels, return on capital, total shareholders' return as well as compliance with contractually agreed loan covenants. These key metrics are detailed on page 72 of the integrated report. The group aims to cover its annual net funding requirements through long-term loan facilities with maturities spread evenly over time.

During the year, the group complied with all its contractually agreed loan covenants. Neither the company nor any of its subsidiaries are subject to externally imposed regulatory capital requirements. There were no significant changes in the group's approach to capital management during the year. The group continuously reviews its capital expenditure programmes, including sustaining capital to ensure that the capital structure remains robust to withstand any economic downturn.

33.2.2 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group's activities expose it primarily to the financial risks of changes in the EERF prices (see 33.2.2.1 below) foreign currency exchange rates (see 33.2.2.2 below), commodity prices (see 33.2.2.4 below) and interest rates (see 33.2.2.5 below). The group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign currency risks and commodity price risks, including:

- forward foreign exchange contracts (FECs) and currency options to hedge the exchange rate risk arising on the export of coal and imported capital expenditure;
- forward interest rate contracts to manage interest rate risk;
- interest rate swaps to manage the risk of rising interest rates; and
- currency options and currency swap agreements to manage the risk of foreign currency fluctuations.

33.2.2.1 Price risk management

As the EERF is invested by Exxaro's in-house treasury department on the JSE, the group is exposed to price changes. The funds are also invested with other reputable financial institutions in accordance with a strict mandate to ensure capital preservation and real growth. Thus the exposure to price changes is managed in this manner.

A 2% increase in the JSE industry average at reporting date would have increased equity by R2 million (2011:R0,74 million) after tax; an equal change in the opposite direction would have decreased equity by R2 million (2011;R0,74 million). The impact on profit or loss would have been an increase or decrease of R2 million (2011: R0,74 million) after tax. The analysis has been performed on the same basis for 2012 and 2011.

33.2.2.2 Foreign currency risk management

The group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The currency in which transactions are entered into is mainly denominated in US$, Euro, Australian dollars (AUD) and Congolese franc.

Exchange rate exposures are managed within approved policy parameters utilising FEC's, currency options and currency swap agreements.

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.2 Market risk management (continued)

33.2.2.2 Foreign currency risk management (continued)

The group maintains a fully covered exchange rate position in respect of foreign currency borrowings and imported capital equipment resulting in these exposures being fully converted to rand. Trade-related import exposures are managed through the use of economic hedges arising from export revenue as well as through FECs. Trade-related export exposures are hedged using FECs and options with specific focus on short-term receivables.

Uncovered foreign debtors at 31 December 2012 amount to US$11 million (2011: US$93 million), whereas uncovered cash and cash equivalents amount to US$Nil (2011: US$53 million).

All capital imports were fully hedged. There were no imports (other than capital imports) which were not fully hedged during 2012 and 2011. Monetary items have been translated at the closing rate at the last day of the reporting period US$1:R8,47 (2011: US$1:R8,18).

The FECs which are used to hedge foreign currency exposure mostly have a maturity of less than one year from the reporting date. When necessary, FECs are rolled over at maturity.

The following significant exchange rates applied for both group and company during the year:

	Average spot rate	Average achieved rate	Closing spot rate
31 December 2012			
USD	8,20	8,08	8,47
Euro	10,53		11,19
Congolese franc	0,01		0,01
Australian dollar	8,48		8,81
31 December 2011			
USD	7,22	7,28	8,18
Euro	10,07	9,98	10,58
Australian dollar	7,47	7,58	8,30

33.2.2.3 Foreign currency

Material FECs and currency options, which relate to specific statement of financial position items, that do not form part of a hedging relationship or for which hedge accounting was not applied at 31 December 2012 and 31 December 2011, are summarised as follows:

31 December 2012	Market related value Rm	Foreign amount million	Contract value Rm	Recognised fair value profits/ (losses) Rm
Group				
Exports				
United States dollar – FECs	34	4	36	2
31 December 2011				
Exports				
United States dollar – FECs	1 777	215	1 622	(155)

Economic hedges – foreign currency risk

The group has entered into certain forward exchange contracts, which relate to specific foreign commitments not yet due and export earnings for which the proceeds are not yet receivable. Details of the contracts are as follows:

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.2 Market risk management (continued)

33.2.2.3 Foreign currency (continued)

Economic hedges – foreign currency risk (continued)

31 December 2012	Market related value Rm	Foreign amount million	Contract value Rm	Recognised fair value profits/ (losses) Rm
Group				
Imports				
United States dollar – FECs				
Less than three months	140	16	144	(5)
One year	7	1	7	
Total	147	17	151	(5)

With respect to the above-mentioned economic hedges, the future expected cash flows are represented below:

	2013 Rm	Total Rm
Expected future cash flows		
– United States dollar – FECs	151	151
Expected gain/(loss) in profit or loss		
– United States dollar – FECs	(5)	(5)

31 December 2011	Market related value Rm	Foreign currency million	Contract value Rm	Recognised fair value in equity Rm
Group				
Imports				
United States dollar – FECs				
Less than three months	74	9	74	
Three months	10	1	10	
Six months	10	1	10	
One year	281	33	285	(4)
Total	375	44	379	(4)
Euro – FECs				
Less than three months	3		4	(1)
Total	3		4	(1)
Australian dollars – FECs				
Less than three months	3		3	
Total	3		3	
Exports				
United States dollar – Loans (including noteholders' loan)				
Less than three months	18	2	20	(2)
Three months	16	2	18	(2)
Six months	221	27	264	(43)
United States dollar – noteholders' loan				
One year	164	20	253	(89)
Two years	82	10	114	(32)
Three years	69	8	96	(27)
Four years	69	8	96	(27)
Total	639	77	861	(222)

Note: In respect of a US$77 million loan liability of Exxaro Australia Sands Proprietary Limited, an economic hedge exists between US$ revenue and US$ borrowings. Accordingly, future sales proceeds to be applied to the repayment of US$ borrowings are recorded at the historical exchange rate effective at the date of loan draw down.

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.2 Market risk management (continued)

33.2.2.3 Foreign currency (continued)

Economic hedges – foreign currency risk (continued)

With respect to the above-mentioned economic hedges, the future expected cash flows are represented below:

	2012 Rm	2013 Rm	>2013 Rm	**Total** Rm
Expected future cash flows				
– United States dollar – Loan	188			188
– United States dollar – noteholders' loan	114	253	306	673
Expected gain/(loss) in profit or loss (at maturity)				
– United States dollar – Loan	47			47
– United States dollar – noteholders' loan	108			108

Company 31 December 2012	**Market-related value** Rm	**Foreign currency** million	**Contract value** Rm	**Recognised fair value in equity** Rm
Imports				
United States dollar – FECs				
Less than three months	83	10	86	(3)
Total	83	10	86	(3)

With respect to the above-mentioned economic hedges, the future expected cash flows are represented below:

	2013 Rm	2014 Rm	2015 Rm	Total Rm
Expected future cash flows				
– United States dollar – FECs	86			86
Expected gain/(loss) in profit or loss				
– United States dollar – FECs	(3)			(3)

Foreign currency sensitivity

The following table includes outstanding foreign currency-denominated monetary items and adjusts their translation at the period end for a 10% increase in foreign currency rates and details the group and company sensitivity thereto. Foreign currency-denominated monetary items such as cash balances, trade receivables, trade payables and loans have been included in the analysis. A positive number represents a gain while a negative number represents a loss.

	Profit or loss		**Equity**	
Group	2012 Rm	2011 Rm	2012 Rm	2011 Rm
US$	17	243	(17)	(41)
Company				
US$	8		(8)	

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.2 Market risk management (continued)

33.2.2.3 Foreign currency (continued)

Foreign currency sensitivity (continued)

A 10% decrease in the rand against each foreign exchange rate would have an equal but opposite effect on the above, on the basis that all other variables remain constant.

For exports (US$), an increase in the exchange rate of the rand (ZAR) against the dollar (US$) (eg FEC taken out on exports at R7,94: US$1, with actual rate realising at R8,73: US$1) represents a weakening of the ZAR against the US$, which results in a loss incurred of R0,80.

The opposite applies for a decrease in the exchange rate.

For imports (€), an increase in the exchange rate of the ZAR against the € (eg, FEC taken out on exports at R10,00:€1, with actual rate coming out at R11,00: €1) represents a weakening of the rand against the €, which results in a gain credited of R1,00. The opposite applies for a decrease in the exchange rate.

33.2.2.4 Commodity risk management

The group did not enter into commodity derivatives to hedge certain of its export product exposures during the 2012 and 2011 financial years.

33.2.2.5 Interest rate risk management

The group is exposed to interest rate risk as it borrows and deposits funds at floating interest rates on the money market.

The risk is managed by entering into interest rate swaps. The financial institutions chosen are subject to compliance with the relevant regulatory bodies. A proportion of term borrowings was entered into at floating interest rates in anticipation of a decrease in the interest rate cycle.

The interest rate repricing profile is summarised below:

	1 – 6 months Rm	Beyond 1 year Rm	Total borrowings Rm
At 31 December 2012			
Term borrowings	2 761		2 761
Call borrowings[1]	(9)		(9)
	2 752		2 752
% of total borrowings	100%		100%

[1] *Amortisation of the transaction costs capitalised to the long-term borrowings classified as current liabilities*

	1 – 6 months Rm	Beyond 1 year Rm	Total borrowings Rm
At 31 December 2011 Restated			
Term borrowings	2 901	464	3 365
Call borrowings	219		219
	3 120	464	3 584
% of total borrowings	87%	13%	100%

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.2 Market risk management (continued)

Interest rate sensitivity

The following table reflects the potential impact on earnings, given a movement in interest rates of 50 basis points

	Increase of 50 basis points in interest rate		Decrease of 50 basis points in interest rate	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
(Loss)/profit	(14)	(16)	14	16

33.2.3 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Exxaro group's short, medium and long-term funding and liquidity management requirements.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. The group aims to cover at least its net debt requirements through long-term borrowing facilities.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment if a payment under the guarantee has become probable.

There are no financial guarantees for the 2012 and 2011 financial year, all guarantees currently accounted for relate to operational guarantees.

Borrowing capacity is determined by the directors in terms of the memorandum of incorporation, from time to time.

	Group	
	2012 Rm	2011 Rm
Amount approved (per memorandum of incorporation)	36 008	29 510
Total borrowings	(2 751)	(3 772)
Unutilised borrowing capacity	33 257	25 738

The group's capital base, the borrowing powers of the company and the group were set at 125% of shareholders' funds for both the 2012 and 2011 financial years.

Standard payment terms for the majority of trade payables is the end of the month following the month in which the goods are received or services are performed.

A number of trade payables do however have shorter contracted payment periods.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.3 Liquidity risk management (continued)

33.2.3.1 Maturity profile of financial instruments

The following table details the group's contractual maturities of financial assets and financial liabilities:

			Maturity			
	Carrying amount Rm	**Contractual cash flows** Rm	**0 – 12 months** Rm	**1 – 2 years** Rm	**2 – 5 years** Rm	**More than 5 years** Rm
Group						
31 December 2012						
Financial assets						
Exxaro Environmental Rehabilitation Trust asset	526	526		71	104	351
Loans to associates and joint ventures	557	557			(3)	560
Richards Bay Coal Terminal (RBCT)	467	467				467
New Age Exploration Limited	1	1				1
Investment in equity instruments at cost	4	4				4
Chifeng Kumba Hongye Zinc Corporation Limited	174	174				174
Derivative financial instruments	50	50	50			
Long-term receivables	810	810				810
Trade and other receivables	1 899	1 899	1 899			
Cash and cash equivalents	1 364	1 364	1 364			
	5 852	5 852	3 313	71	101	2 367
Percentage profile (%)	100	100	57	1	2	40
Financial liabilities						
Interest-bearing borrowings	2 752	3 790	(9)			3 799
Overdraft	811	811	811			
Trade and other payables	3 426	3 426	3 426			
Derivative financial instruments	5	5	5			
	6 994	8 032	4 233			3 799
Percentage profile (%)	100	100	53			47
Liquidity gap identified[1]	(1 142)	(2 180)	(920)	71	101	(1 432)
Derivative financial liabilities (Included in the above)						
Foreign exchange forward contracts used for hedging						
– Sell (rands inflow)	36					
Other forward exchange contracts						
– Buy (rands outflow)	152					

[1] *The liquidity gap identified will be funded by cash generated from operations*

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.3 Liquidity risk management (continued)

	Carrying amount Rm	Contractual cash flows Rm	Maturity 0 – 12 months Rm	Maturity 1 – 2 years Rm	Maturity 2 – 5 years Rm	Maturity More than 5 years Rm
Group						
31 December 2011						
Restated						
Financial assets						
Exxaro Environmental Rehabilitation Trust asset	598	598	156	2	70	370
Loans to associates and joint ventures	958	958	218		(3)	743
Richards Bay Coal Terminal (RBCT)	269	269				269
Investment in equity instruments at cost	4	4				4
Ndzalama game reserve	2	2	2			
Derivative financial instruments	58	58	58			
Long-term receivables	687	687				687
Trade and other receivables	3 480	3 480	3 480			
Cash and cash equivalents	4 118	4 118	4 118			
	10 174	10 174	8 032	2	67	2 073
Percentage profile (%)	100	100	79		1	20
Financial liabilities						
Interest-bearing borrowings	3 479	3 800	1 546	1 822	432	
Trade and other payables	2 859	2 859	2 859			
Derivative financial instruments	77	77	77			
	6 415	6 736	4 482	1 822	432	
Percentage profile (%)	100	100	67	27	6	
Liquidity gap identified	3 759	3 438	3 550	(1 820)	(365)	2 073
Derivative financial liabilities (Included in the above)						
Foreign exchange forward contracts used for hedging						
– Sell (Rands inflow)	1 622					
Other forward exchange contracts						
– Buy (Rands outflow)	386					

[1] *The liquidity gap identified will be funded by cash generated from operations*

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.3 Liquidity risk management (continued)

	Carrying amount Rm	Contractual cash flows Rm	Maturity 0 – 12 months Rm	1 – 2 years Rm	2 – 5 years Rm	More than 5 years Rm
Company						
31 December 2012						
Financial assets						
Exxaro Environmental Rehabilitation Trust asset	14	14			14	
Loans to associates and joint ventures	60	60				60
Trade and other receivables	8 492	8 492	8 492			
Cash and cash equivalents	315	315	315			
	8 881	8 881	8 807		14	60
Percentage profile (%)	100	100	99,1		0,2	0,7
Financial liabilities						
Interest-bearing borrowings	2 752	3 790	(9)			3 799
Derivative financial instruments	3	3	3			
Trade and other payables	7 763	7 763	7 763			
Overdraft	808	808	808			
	11 326	12 364	8 565			3 799
Percentage profile (%)	100	100	69,2			30,8
Liquidity gap identified[1]	(2 445)	(3 483)	242		14	(3 739)
Company						
31 December 2011						
Financial assets						
Exxaro Environmental Rehabilitation Trust asset	14	14			14	
Trade and other receivables	11 350	11 350	11 350			
Cash and cash equivalents	29	29	29			
	11 393	11 393	11 379		14	
Percentage profile (%)	100	100	99,9		0,1	
Financial liabilities						
Interest-bearing borrowings	2 937	3 257	1 004	1 824	429	
Trade and other payables	374	374	374			
	3 311	3 631	1 378	1 824	429	
Percentage profile (%)	100	100	38	50	12	
Liquidity gap identified	8 082	7 762	10 001	(1 824)	(415)	

[1] *The liquidity gap identified will be funded by cash generated from operations*

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.4 Credit risk management

Credit risk relates to potential default by counterparties on cash and cash equivalents, investments, trade receivables and hedged positions.

The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

Trade receivables consist of a number of customers with whom Exxaro has long-standing relationships. A high portion of term supply arrangements exists with such clients resulting in limited credit exposure which exposure, where dictated by customer credit worthiness or country risk assessment, is further mitigated through a combination of confirmed letters of credit and credit risk insurance.

Exxaro establishes an allowance for non-recoverability or impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have historical data of payment statistics for similar financial assets.

33.2.4.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. None of the financial assets below were held as collateral for any security provided.

The maximum exposure to credit risk at both reporting dates was equal to the carrying value of financial assets for both group and company.

Detail of the trade receivables credit risk exposure:

	Group	
	2012 %	2011 Restated %
By industry		
Steel	23	10
Manufacturing	1	10
Merchants	7	6
Structural metal		1
Public utilities	62	29
Pigment		7
Ceramics		1
Chemicals		2
Paint		9
Plastic		4
Paper		1
Other	7	20
	100	100
By geographical area		
South Africa	82	46
Europe	12	22
Asia	5	3
USA		6
Australia		17
Other	1	6
	100	100

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.4 Credit risk management (continued)

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

	Group		Company	
	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm
The carrying amount of the financial assets at reporting date was:				
Neither past due nor impaired	5 852	10 174	8 881	11 393
– trade and other receivables	1 899	3 480	8 492	11 350
– other financial assets	2 539	2 360	74	14
– non-current assets held-for-sale (financial assets)		158		
– derivative financial instruments	50	58		
– cash and cash equivalents	1 364	4 118	315	29
Past due	1	24		
– trade and other receivables	1	24		
Total financial assets	5 853	10 198	8 881	11 393
Impaired	28	35	448	2 861
– trade and other receivables	28	35	448	2 861
Financial assets including impaired receivables	5 881	10 233	9 329	14 254

The group strives to enter into sales contracts with clients which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivables balances become past due, the normal recovery procedures are followed to recover the debt, where applicable new payment terms may be arranged to ensure that the debt is fully recovered. Therefore the credit quality of the above assets deemed to be neither past due nor impaired is considered to be within industry norm.

There were no financial assets with renegotiated terms during the 2012 and 2011 reporting periods.

33. Financial instruments (continued)

33.2 Risk management (continued)

33.2.4 Credit risk management (continued)

33.2.4.2 Trade and other receivables age analysis

	Group		Company	
	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm
Past due but not impaired				
1 – 30 days overdue		1		
61 – 90 days overdue	1	23		
Total carrying amount of financial instruments past due but not impaired	1	24		
Past due and impaired				
31 – 60 days overdue	4			
>90 days overdue				2 861
>180 days overdue	24	35	448	
Total carrying amount of financial instruments past due and impaired	28	35	448	2 861
Total carrying amount of financial instruments past due or impaired	29	59	448	2 861

Before the financial assets can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding.

Loans and receivables designated at fair value through profit or loss

The group had no loans and receivables designated as at fair value through profit or loss during the period.

33.2.4.3 Collateral

No collateral was held by the group as security and other enhancements over the financial assets during the years ended 31 December 2012 and 31 December 2011.

Guarantees

The group did not obtain financial or non-financial assets by taking possession of collateral it holds as security or calling on guarantees during the financial year ended 31 December 2012 and 2011.

There were no guarantees provided by banks to secure financing during the financial years ended 31 December 2012 and 2011.

For all other guarantees, refer to note 37 on contingent liabilities.

33.2.5 Other price risks

The group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The group does not actively trade these investments.

34. Related party transactions

During the year 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 occurred under terms that are not more or less favourable than those arranged with third parties.

Associates and joint ventures

Details of investments in associates and joint ventures are disclosed in note 19 and annexure 2 while income is disclosed in note 19. There were no finance costs or expenses in respect of bad debts or doubtful debts incurred with regard to the joint ventures or the associates during the financial years ended 31 December 2012 or 2011.

	2012		2011	
	Joint ventures Rm	Associates Rm	Joint ventures Rm	Associates Rm
Items of income and expense incurred during the year				
– group sales of goods	4	192	12	58
– group purchases of goods and services	803		780	264
The outstanding balances at year end				
– included in trade and other receivables (refer note 23)	2		1	4
– included in trade and other payables (refer note 30)	210		68	

During both years under review, there was no provision raised for doubtful debts related to the outstanding balances above.

Subsidiaries

Details of income from, and investments in subsidiaries are disclosed in notes 8 and 20 respectively, as well as in annexure 3.

Corporate service fee from subsidiaries

The following significant service level commitment fees and corporate service fees were received by Exxaro Resources Limited for essential services rendered:

	2012 Rm	2011 Rm
Exxaro Coal Proprietary Limited	1 257	867
Exxaro Base Metals Proprietary Limited	40	113
Exxaro Sands Proprietary Limited	72	150

Special purpose entities

The group has an interest in the following special purpose entities which are consolidated unless otherwise indicated:

Entity	Nature of business
Exxaro Environmental Rehabilitation Fund	Trust fund for mine closure
Exxaro Employee Empowerment Participation Scheme Trust	Employee share incentive trust
Exxaro Foundation	Local social economic development[1]
Exxaro Chairman's Fund	Local social economic development[1]
Exxaro People Development Initiative	Local social economic development – bridging classes[1]
Kumba Resources Management Share Trust	Management share incentive trust
Mafube Coal Mining Proprietary Limited	Trust fund for mine closure

[1] *Non-profit organisations*

34. Related party transactions (continued)

Directors

Details relating to directors' emoluments and shareholdings (including options) in the company are disclosed in the directors' remuneration report.

Senior employees

Details relating to option and share transactions are disclosed in note 36.

Key management personnel

For Exxaro Resources Limited, other than the executive and non-executive directors, no other key management personnel were identified. Refer to page 09 for details on directors' remuneration.

For the group, for 2012 and 2011, the executive committee has been identified as being both key management personnel and prescribed officers. Refer to page 09 for details on their remuneration.

Shareholders

The principal shareholders of the company at 31 December 2012 are detailed in annexure 5 Analysis of shareholders schedule.

Contingent liabilities

Details are disclosed in note 37.

35. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive committee of the group.

The group has four reportable segments, as described below, which are the group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the executive committee of the group reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the group's reportable segments:

Coal

The coal operations are mainly situated in the Waterberg and Mpumalanga areas and are split between commercial coal operations and captive operations. The operations produce power station, steam and coking coal as well as char.

Mineral sands/Titanium dioxide

The mineral sands/titanium dioxide operations included KZN Sands and the Western Cape operations of Namakwa Sands as well as the Tiwest operations (50% joint venture with Tronox Incorporated) in Australia. These operations were classified as held-for-sale in 2011 and subsequently sold in June 2012 (Refer note 10 for details of the sale transaction). Exxaro currently holds a 44,65% equity interest in Tronox Limited (the company currently with a controlling shareholding in the South African and Australian mineral sands operations) and a 26% direct investment in each of the South African based KZN Sands and Namakwa Sands operations.

35. Operating segments (continued)

Base metals

The Rosh Pinah lead and zinc operations in southern Namibia were classified as held-for-sale in 2011 and subsequently sold to a subsidiary of Glencore International plc in 2012. The remaining assets within the base metals reporting segments include a 26% equity interest in Black Mountain Mining Proprietary Limited, an effective investment of 11,7% in the Chifeng operations as well the Zincor plant for which operations ceased at the end of 2011.

Other

The other operations include the group's investment in the African Iron Ore Limited (acquired on 14 February 2012), a 19,98% investment in Sishen Iron Ore Company Proprietary Limited and a 50% investment in Cennergi Proprietary Limited, (a joint venture with Tata Power) and investments in FerroAlloys and Alloystream projects.

35. Operating segments (continued)

Analysis of the group's profit or losses and assets and liabilities by reportable segment:

	Coal				Mineral sands/Titanium dioxide						
	Tied operations		Commercial operations		KZN Sands[2]		Namakwa Sands[2]		Australia Sands[2]		Tronox[3]
	2012 Rm	2011 Rm	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012
Total revenue	3 449	3 140	8 615	9 280	855	1 196	1 589	2 904	1 150	2 487	
Inter-segmental											
External (refer note 4)	3 449	3 140	8 615	9 280	855	1 196	1 589	2 904	1 150	2 487	
Revenue from continuing operations	3 449	3 140	8 615	9 280							
Revenue from discontinued operations					855	1 196	1 589	2 904	1 150	2 487	
Segment net operating profit/(loss)	285	309	1 820	2 774	680	753	1 009	987	236	938	
Net operating profit from continuing operations	285	309	1 820	2 774							
Net operating profit from discontinued operations					680	753	1 009	987	236	938	
Interest income (external) (refer note 7)	3	2	47	93	6	3	2	1	66	56	
Interest received from joint ventures (refer note 7)			42	58							
Interest expense (external) (refer note 7)				(55)					(73)	(52)	
Borrowing cost capitalised (refer note 7)											
Interest adjustment on non-current provisions (refer note 7)	(128)	(174)	(274)	(172)	(2)	(6)	2	(20)	(6)	(12)	
Interest adjustment on non-current employee obligations (refer note 29)							(2)	(3)			
Finance lease interest expense					(11)	(3)					
Finance lease interest income			15			207					
Amortisation of transaction costs											
Depreciation and amortisation of intangible assets	39	37	572	558		126		128		166	
Impairment charges/(reversals)					(103)	(869)					
Income tax expense/(income)	63	47	519	775	242	(547)	247	258	142	243	
Excess over cost of acquisition of minority interest											
Net surplus on disposal of investment											
Other non-cash flow items not disclosed above	26	87	(119)	(89)	(53)	32	(71)	104	(91)	28	
Cash inflow from operations	350	433	2 253	3 232	517	111	958	1 266	129	1 128	

	Base metals						Other		Total	
	Rosh Pinah		Zincor		Other base metals					
	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Restated Rm	2012 Rm	2011 Restated Rm
	218	698	81	1 551			165	108	16 122	21 364
		(402)								(402)
	218	296	81	1 551			165	108	16 122	20 962
		(402)					165	108	12 229	12 126
	218	698	81	1 551					3 893	8 836
	(7)	102	(91)	(1 239)	520	(8)	3 105	(491)	7 557	4 125
					(34)	(8)	(333)	(523)	(1 738)	2 552
	(7)	102	(91)	(1 239)	554		3 438	32	5 819	1 573
	1	3					31	109	156	267
									42	58
	(1)	(1)					(253)	(224)	327	(332)
							330		330	
	(4)	(23)	(142)	(13)				(1)	(554)	(421)
									(2)	(3)
									(11)	(3)
									15	207
							(2)		(2)	
		20	2	28			89	70	702	1 133
				516					(103)	(353)
	(6)	36		134		63	(45)	(14)	1 162	995
		25	(8)	207			(160)	14	(476)	408
	(8)	190	(96)	(488)	(33)	(43)	(428)	(407)	3 642	5 422

35. Operating segments (continued)

	Coal				Mineral sands/Titanium dioxide						
	Tied operations		Commercial operations		KZN Sands[2]		Namakwa Sands[2]		Australia Sands[2]		Tronox[3]
	2012 Rm	2011 Rm	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012
Cash generated by operations	446	401	3 209	3 883	144	237	921	713	130	803	
Income/(loss) from equity-accounted investments			144	77							(250)
Other material income											
Other material expenses											
Excess of fair value of net asset value over cost of investment in associate											470
Capital expenditure			4 225	3 788	126	223	162	264	126	178	
Segment assets and liabilities											
Deferred tax assets			89	35							19
Investments in associates and joint ventures (equity accounted)			387	243							13 037
External assets (excluding deferred tax and investments in equity-accounted associates and joint ventures and non current assets classified as held-for-sale)	1 719	1 573	17 046	13 004							45
Total assets	1 719	1 573	17 522	13 039							13 101
Non-current assets classified as held-for-sale											
Total assets as per statement of financial position	1 719	1 573	17 522	13 039							13 101
Liabilities (external)	1 523	1 215	4 304	2 608							
Deferred tax liabilities	70	101	2 060	1 589							
Current tax payable	6		42	33							
Total liabilities	1 596	1 316	6 406	4 230							
Non-current liabilities classified as held-for-sale											
Total liabilities as per statement of financial position	1 596	1 316	6 406	4 230							
Additions in non-current assets[1]			4 182	3 849		223		264		178	

[1] *Excluding financial instruments, deferred tax, post-employment benefit assets, Intercompany loans, investments in subsidiaries and rights under insurance contracts*

[2] *Operating results up to and including 15 June 2012*

[3] *Includes the investment in and equity income of Tronox Limited and the direct investment in the SA mineral sands business from the date of acquisition*

The group relies on two of its major customers for its revenue from the tied coal operations, commercial coal operations, base metals and "Other" reportable segments. The group has revenues from two external customers which account for at least 10% or more individually to the group's revenues (14% and 35% (2011: 12% and 24%)). The total amount of revenue from these two customers was R2 278 million and R5 578 million respectively (2011: R2 628 million and R5 160 million respectively).

	Base metals						Other		Total	
	Rosh Pinah		Zincor		Other base metals					
	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Restated Rm	2012 Rm	2011 Restated Rm
	(12)	208	81	(76)	(34)	(23)	(916)	43	3 969	6 189
					101	213	3 137	4 455	3 132	4 745
									470	
	30	80	2	28			662	297	5 333	4 858
							152	192	241	227
					340	407	3 815	4 138	17 579	4 788
			23	312	189	66	4 745	1 514	23 786	16 469
			23	312	529	691	9 523	5 845	42 417	21 460
										14 979
			23	312	529	691	8 712	5 845	42 417	36 439
		8	857	836	7		4 182	3 847	10 873	8 514
							436	12	2 566	1 702
							124	17	172	50
		8	857	836	7		4 742	3 876	13 611	10 266
										2 565
		8	857	836	7		3 935	3 875	13 611	12 830
		80	2	28			720	355	4 904	4 977

35. Operating segments (continued)

Geographical areas	External revenue		Carrying amount of non-current assets[1]	
	2012 Rm	2011 Restated Rm	2012 Rm	2011 Restated Rm
Sourced from country of domicile				
– South Africa	9 522	10 400	20 022	13 760
Sourced from foreign countries				
– Rest of Africa	46	197	2 963	638
– Europe	3 878	6 077	1 142	
– Asia	1 244	1 785		168
– Australia	569	1 683	36	
– United States of America	846	557	10 314	
– Brazil	9	165		
– Mexico	3	58		
– Other	5	40		
Total segment	16 122	20 962	34 477	14 566

[1] *Excluding financial instruments, deferred tax, post-employment benefit assets, Intercompany loans, investments in subsidiaries and rights under insurance contracts*

No asymmetrical (irregular) allocations to reportable segments occurred during the periods under review. There were no material changes in total assets disclosed from the last annual financial statements, except for the restatement due to the early adoption of IFRS 11.

Total segment revenue, which excludes value-added tax, represents the gross value of goods invoiced. Export revenue is recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred. The group uses the basis of significant marketing regions to allocate external revenues to the individual countries.

Total segment revenue further includes operating revenues directly and reasonably allocable to the segments. Segment revenue includes sales made between segments. These sales are made on a commercial basis.

Segment net operating profit equals segment revenue less segment expenses and includes impairment charges and goodwill amortisation.

Segment expenses represent direct or reasonably allocable operating expenses on a segment basis. Segment assets and liabilities include directly and reasonably allocable operating assets and liabilities. This information is not regularly provided to the chief decision-maker.

There were no differences in the way segment profit or loss is measured in comparison to the previous annual period or between the reportable segments' profits or losses and the group's profit or loss.

36. Employee benefits

36.1 Retirement funds

Independent funds provide retirement and other benefits for all permanent employees, retired employees and their dependants.

At the end of the financial year, the main defined contribution retirement funds to which Exxaro was a participating employer, were as follows:

- Exxaro Selector Pension Fund and Exxaro Selector Provident Fund;
- Iscor Employees' Provident Fund;
- Mine Workers Provident Fund; and
- Sentinel Mining Industry Retirement Fund.

Members generally pay a contribution of 7%, with the employer's contribution of 10% in general to the above funds being expensed as incurred.

36. Employee benefits (continued)

36.1 Retirement funds (continued)

All funds registered in the Republic of South Africa are governed by the South African Pension Funds Act of 1956 (the Act).

36.1.1 Defined contribution funds

Membership of each fund at 31 December 2012 and 31 December 2011 and employer contributions to each fund were as follows:

	Employer contributions	Employer contributions	Working members[1]	Working members[1]
	2012 Rm	2011 Restated Rm	2012 Number	2011 Restated Number
Group				
Continuing operations				
Exxaro Selector Funds	86	65	2 221	1 803
Iscor Employees' Provident Fund	41	25	2 503	2 382
Mine Workers Provident Fund	22	14	1 662	1 835
Sentinel Mining Industry Retirement Fund	36	26	1 065	1 004
Other funds	9	7	348	391
	194	137	7 799	7 415
Discontinued operations[2]				
Exxaro Selector Funds	8	18	6	700
Iscor Employees' Provident Fund	1	8	20	573
Namakwa Sands Employees Provident Fund	8	15		918
Sentinel Mining Industry Retirement Fund	3	7	1	95
Other funds	6	11		574
	26	59	27	2 860
Total	220	196	7 826	10 275
Company				
Exxaro Selector Funds	37	30	783	643
Iscor Employees' Provident Fund	2	1	111	79
Sentinel Mining Industry Retirement Fund	4	3	35	41
Other funds				1
	43	34	929	764

[1] *Working members who are contributing members to an accredited retirement fund*
[2] *The following operations were classified as discontinued operations: Rosh Pinah, Zincor and Sands*

Due to the nature of these funds the accrued liabilities by definition equate to the total assets under control of these funds.

36.1.2 Defined benefit funds

Rosh Pinah

The group had a defined benefit obligation for the provision of severance benefits to employees of the Rosh Pinah operation in accordance with Namibian law. As the severance benefits were only payable on retirement or the involuntary termination of services from the side of the employer, this was accounted for a post-retirement service obligation. This plan was a defined benefit obligation. No other post-retirement benefits were provided to these employees.

During the year Exxaro disposed of the Rosh Pinah operation which resulted in the transfer of the defined benefit obligation to a subsidiary of Glencore International plc.

36. Employee benefits (continued)

36.1 Retirement funds (continued)

An actuarial valuation of the present value of the defined benefit obligation was carried out at 31 December 2011 by Alexander Forbes.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2012 %	2011 %
Discount rate		9,50
Inflation rate		5,75
Salary increase rate		7,25
Amounts recognised in profit or loss in respect of the defined benefit plan were as follows:		
	Rm	Rm
Current service cost	1	1
Interest on obligation		1
	1	2
The expense for the year is included in the employee benefits expense in the statement of comprehensive income.		
Reconciliation of the opening and closing balances of the present value of the defined benefit obligation:		
Defined benefit obligation at beginning of year	7	5
Plus: Current service cost	1	1
Plus: Interest cost		1
Less: Disposal of Rosh Pinah	(8)	
Defined benefit obligation at end of year		7

Namakwa Sands

The group had defined benefit obligations for the provision of post-retirement medical benefits.

As part of the business combination with Namakwa Sands on 1 October 2008 a post-retirement medical obligation was acquired. During the year Exxaro disposed of Namakwa Sands which resulted in the transfer of the defined benefit obligation to Tronox Limited.

An actuarial valuation of the present value of the defined benefit obligation was carried out in November 2011 by NMG Consultants and Actuaries. The present value of the defined obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

36. Employee benefits (continued)

36.1 Retirement funds (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2012 %	2011 %
Discount rate		9,00
Inflation rate		6,25
Healthcare cost trend		7,75
	Rm	Rm
Amounts recognised in profit or loss in respect of the defined benefit plan were as follows:		
Current service cost	(1)	2
Interest on obligation	2	3
Actuarial gains		2
	1	7
The expense for the year is included in the employee benefits expense in the statement of comprehensive income.		
Reconciliation of the opening and closing balances of the present value of the defined benefit obligation:		
Defined benefit obligation at the beginning of the year	45	38
Plus: Current service cost	(1)	2
Plus: Interest cost	2	3
Plus: Actuarial losses		2
Less: Disposal of Namakwa Sands	(46)	
Defined benefit obligation at end of year		45

Refer note 36.2 for detail on the liability.

36. Employee benefits (continued)

36.2 Post-retirement employee obligations

	Notes	Post-retirement medical obligation Rm	Post-retirement defined benefit obligation Rm	Other post-retirement obligations Rm	Total Rm
Group					
2012					
At beginning of the year		131		2	133
Charge to operating expenses		13	1		14
Interest adjustment	7	2			2
Disposals		(4)	(1)	(2)	(7)
At end of the year		142			142
2011					
At beginning of the year		89	5	2	96
Charge to operating expenses		83	2		85
Interest adjustment	7	3			3
Reclassification to non-current obligations held-for-sale		(44)	(7)		(51)
Total non-current provisions		131		2	133

36.3 Post-retirement medical obligation

The group and company contribute to defined benefit medical aid schemes for the benefit of permanent employees and their dependants who choose to belong to one of a number of employer accredited schemes. The contributions charged against income amounted to R88 million (2011: R102 million).

After the merger with Eyesizwe Proprietary Limited in November 2006 and the successful creation of Exxaro, it was discovered that a post-employment healthcare benefit had been provided to a group of continuation and in-service members on the Witbank Coal Medical Aid Scheme and the BHP Billiton SA Medical Scheme. This benefit, which is no longer offered, applied to certain employees previously employed by Eyesizwe or Ingwe Coal and comprises a subsidy of contributions.

Exxaro Coal Mpumalanga's contribution to the post retirement medical aid obligation for the year ended 31 December 2012 amounted to R2,4 million (2011: R1,5 million).

The obligation represents a present value amount, which is actuarially valued on an annual basis. Any acturial gains or losses are recognised in the statement of comprehensive income.

36.4 Short-term incentives

The following schemes based on individuals, business unit, commodity and group-level performance are in place:

- Individual performance rewarded
- A three-tier performance incentive:
  - On -target business unit incentive
  - Commodity business improvement incentive
  - Group Improvement incentive.

36.4.1 Individual performance reward

A short-term incentive scheme focused on the individual is used to augment the performance management process and retention strategy.

36. Employee benefits (continued)

36.4 Short-term Incentives (continued)

36.4.2 The three-tier performance incentive

This incentive was created to reinforce a performance culture and applies to all full-time employees.

The second and third tiers are profit based and 30% of gains above budget are shared with employees.

First tier

The first tier is a line-of-sight incentive based on achieving 100% of the business unit's net operating profit target and is currently equal to 8,33% of annual gross remuneration for all full-time employees of every business unit, commodity, services and corporate office department.

Second tier

The second tier is based on exceeding budgeted consolidated net operating profit target by an improvement percentage at commodity business unit level.

Third tier

The third tier is based on exceeding budgeted consolidated group net operating profit target above the second-tier level.

36.5 Equity compensation benefits

Equity compensation benefits are provided to selected employees through the following share-based payment schemes:

36.5.1 Mpower 2012

During the year, Exxaro created an Employee Empowerment Participation Scheme (Mpower 2012) with an effective date of 1 July 2012 to replace the previous Mpower scheme that came to an end in November 2011. Exxaro issued approximately three million shares which will be held in trust to the benefit of selected Exxaro employee beneficiaries for a period of five years. At inception, all qualifying employees will receive the same number of units. Each unit represents a vested right in the subscription shares held by the trust and entitles them to dividends on the Exxaro shares in trust. On the final date (after the five-year period), the trustees of the trust will deliver the subscription shares underlying each unit to the participants. The Mpower 2012 scheme is an equity-settled share based-payment scheme.

36.5.2 Mpower

Exxaro created an Employee Empowerment Participation Scheme in November 2006 whereby certain employees are given the opportunity to share in the growth of the company. Exxaro issued approximately 10,7m shares which were held in trust to the benefit of selected Exxaro employee beneficiaries. Employees are awarded equal share units in the trust which entitles them to dividends on the Exxaro shares in trust in the five-year period that ended in November 2011. The total distribution to be made by the trust is independent of the number of units allocated to employees; therefore, as more units are allocated the benefits to the trust are split between participating employees. As a result, all equity instruments of the scheme are effectively granted upon first issue of units to a participant. Given this operation, the value of the scheme determined at the grant date represents the final scheme value to be recognised under IFRS 2. By the end of the five-year period or capital appreciation period, the Exxaro shares that employee beneficiaries have a right to through the share units awarded to them in the Trust, will be sold. The capital distribution is the profit that is made on these shares after they are sold and the outstanding loan (used to buy the shares) to Exxaro is settled. The Mpower scheme is an equity-settled share based-payment scheme.

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.3 Share Appreciation Right Scheme (SARS)

Participants obtain the right, if performance conditions are met, to receive a number of Exxaro shares to the value of the difference between the exercise price and the grant price. The performance condition relates to headline earnings per share of the group and is calculated for a minimum and maximum performance condition. Performance between these targets will result in proportional vesting which will be calculated using a linear sliding scale between the minimum and maximum performance conditions. Grants have a vesting period of three years at which time the performance conditions are calculated. The vested grants will lapse after seven years from the grant date.

The SARS scheme is an equity-settled share-based payment scheme.

36.5.4 Long-term Incentive Plan (LTIP)

A LTIP is a conditional award of Exxaro shares offered to qualifying senior employees of the group. The shares vest after three years, subject to certain performance conditions being met. The extent to which the performance conditions are met governs the number of shares that vest. LTIP is an equity-settled scheme.

There are two performance conditions that determine the number LTIPs that vest:

36.5.5 The Total Shareholder Return (TSR) condition

This condition compares the TSR of Exxaro with the TSR of a peer group of companies. The peer group of companies is determined by the Nomination Transformation, Remuneration and Human Resources Committee. TSR is defined to be the compound annual growth rate (CAGR) on a portfolio of

Exxaro/peer group shares purchased at the end of the group's financial year in which the grant is made, holding the shares, and reinvesting the dividends received from the portfolio in the same shares for three years, and then selling the portfolio at the end of the three years.

36.5.6 The Return on Capital Employed (ROCE) condition

The ROCE measure is a Return on Capital Employed measure with a number of adjustments as determined by the rules of the scheme. Initial targets are set based on existing ROCE performance in the base year of an LTIP and planned ROCE performance in the performance year (target year). The audited results for the previous financial year, with relation to the year in which the grants are made, is the base year and the third year after the base year is the target year.

50% of the grant is subject to the TSR condition and 50% is subject to the ROCE condition. Awards vests linearly between 30% and 100% for performance between the minimum and the maximum targets

36.5.7 Deferred Bonus Plan (DBP)

DBP is to encourage directors and senior management to sacrifice a part of their bonuses for the purpose of acquiring shares in the company in exchange for an uplift in the number of shares received. Participants may sacrifice a percentage of their (post-tax) bonus in exchange for Exxaro shares at the ruling market price. The pledged shares are then held in trust for a three year period, thus until the vesting date of the matching award. At vesting date, the company will make an additional award of shares by matching the shareholding on a one-for-one basis (matching award). Participants will consequently become unconditionally entitled to both the original pledged shares as well as the matching award of shares.

A participant may at its election dispose of and withdraw the pledged shares from the scheme at any stage. However, if the pledged shares are withdrawn before the expiry of the pledge period, the participant forfeits the matching award.

The DBP is an equity-settled scheme.

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.8 Options

The Exxaro Management Option Scheme consists of options in respect of ordinary shares at market value granted to eligible participants. No further grants were made under this scheme since the unbundling from Kumba Resources Limited in 2006. This scheme was replaced by the new schemes as listed above. The Option scheme is an equity-settled share-based payment scheme.

Options granted in terms of the Exxaro Management Share Option Scheme can be exercised over five years commencing on the first anniversary of the offer date. If the options are accepted by participants, the vesting periods, unless decided otherwise by the directors, are as follows:

- 10% after first anniversary of offer date;
- additional 20% after second anniversary of offer date;
- additional 20% after third anniversary of offer date;
- additional 25% after fourth anniversary of offer date; and
- additional 25% after fifth anniversary of offer date.

The options not exercised lapse by the seventh anniversary of the offer date.

36.5.9 Phantom Option Scheme

As a result of restrictions related to the empowerment transaction of Kumba Resources Limited and Exxaro Resources Limited in 2006, certain executives and senior managers who participated in Management Share Option Scheme were not able to receive certain grants of options which would normally have been made in the ordinary course of operations. Consequently "phantom options" were awarded to the affected participants within the following framework:

- awards of "phantom options" were made, with the grant price, vesting dates, and lapse periods set to be the same as those of the options awardable;
- on exercise, the participants are paid (in cash) the difference between the market price of Exxaro shares (volume weighted average price on the day preceding exercise) and the grant price; and
- all other rules and arrangements in respect of the Management Share Option Scheme were replicated for the Phantom Share Option Scheme.

The Phantom Option Scheme is a cash-settled scheme and no further issues were made since the 2006 unbundling from Kumba Resources Limited.

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.10 Share Appreciation Right Scheme

Details of the schemes:

		2012		2011	
		Number of instruments '000	**Grant price range** R	**Number of instruments** '000	**Grant price range** R
Outstanding at beginning of year		7 347	63,45 – 163,95	6 938	59,42 – 155,69
Issued during the year		168	67,07 – 210,84	1 542	150,66 – 185,92
Exercised during the year		(1 441)	59,42 – 163,95	(811)	59,42 – 155,69
Lapsed/cancelled during the year		(208)	60,60 – 175,29	(322)	63,45 – 163,95
Subsidiaries sold		(1 155)			
Outstanding at end of the year		4 711	59,42 – 210,84	7 347	59,42 – 185,92
Terms outstanding at end of the year	Expiry date				
	2012			63	67,07 – 163,95
	2013	92			
	2014	350	59,42 – 163,95	562	59,42 – 104,99
	2015	526	64,52 – 155,69	936	64,52 – 155,69
	2016	1 240	63,45 – 92,51	2 681	63,45 – 92,51
	2017	1 256	110,91 – 131,47	1 637	110,91 – 131,47
	2018	1 132	126,77 – 185,92	1 468	150,66 – 185,92
	2019	115	163,95 – 210,84		
		4 711		7 347	
Vested but not sold during the year		2 205	59,42 – 175,29	1 562	59,42 – 163,95
Exercise price range for instruments exercised during the year (R)			146,55 – 214,50		137,69 – 199,00
Total proceeds if shares are issued (R million)		496,2		771,8	

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.11 Long-term Incentive Plan

		2012		2011	
		Number of instruments ‘000	**Face value range**[1] R	**Number of instruments** ‘000	**Face value range**[1] R
Outstanding at beginning of year		1 479	63,45 – 163,95	1 524	63,45 – 126,77
Issued during the year		2 023	150,06 – 212,26	377	150,66 – 163,95
Exercised during the year		(597)	154,45 – 213,87	(416)	145,00 – 188,63
Lapsed/cancelled during the year		(131)	67,07 – 210,84	(6)	67,07 – 163,95
Subsidiaries sold		(548)			
Outstanding at end of the year		2 226	67,07 – 212,26	1 479	63,45 – 163,95
Terms of outstanding at end of the year	Expiry date				
	2012			689	63,45 – 69,06
	2013	327	67,07 – 197,54	416	113,61 – 126,77
	2014	298	150,66 – 163,95	374	150,66 – 163,95
	2015	1 601	150,06 – 212,26		
		2 226		1 479	
Face value range for instruments exercised during the year (R)			154,45 – 213,87		145,00 – 188,63
Total value of shares outstanding (R million)		409,8		160,2	

[1] *Face value is the volume weighted average price of the previous business day when the transaction is executed*

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.12 Deferred bonus plan

		2012		2011	
		Number of instruments '000	**Share price range**[2] R	**Number of instruments** '000	**Share price range**[2] R
Outstanding at beginning of year		109	66,38 – 180,28	96	65,58 – 128,14
Issued during the year		21	153,39 – 206,12	27	147,01 – 180,28
Exercised during the year		(43)	146,58 – 213,15	(14)	149,50 -189,97
Lapsed/cancelled during the year		(1)	91,08 – 179,46		
Subsidiaries sold		(19)			
Outstanding at end of the year		67	112,68 – 206,12	109	66,38 – 180,28
Terms of outstanding at end of the year	Expiry date				
	2012			51	66,38 – 88,95
	2013	25	112,68 – 125,41	31	112,68 – 125,41
	2014	21	147,01 – 180,28	27	147,01 – 180,28
	2015	21	153,39 – 206,12		
		67		109	
Share price range for instruments exercised during the year (R)			146,58 – 213,15		149,50 -189,97
Total value of shares outstanding (R million)		11,9		11,5	

[2] *Price at which the shares were bought/sold*

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.13 Options

		2012		2011	
		Number of instruments '000	Grant price range R	Number of instruments '000	Grant price range R
Outstanding at beginning of the year		861	18,38 – 47,73	1 460	12,90 – 47,73
Exercised during the year		(503)	18,38 – 47,73	(594)	12,90 – 47,73
Lapsed/cancelled during the year				(5)	47,73
Subsidiaries sold		(38)			
Outstanding at end of the year		320	36,59 – 47,73	861	18,38 – 47,73
Terms of outstanding at end of the year	Expiry date				
	2011				
	2012			310	18,38 – 32,84
	2013	320	36,59 – 47,73	551	33,47 – 47,73
		320		861	
Vested but not sold during the year		320	36,59 – 47,73	861	18,38 – 47,73
Exercise price range for instruments exercised during the year (R)			18,38 – 47,73		142,00 – 199,00
Total proceeds if shares are issued (R million)		12,1		28,8	

36.5.14 Phantom Option Scheme

		2012		2011	
		Number of instruments '000	Grant price range R	Number of instruments '000	Grant price range R
Outstanding at beginning of the year		25	32,84	33	19,62 – 32,84
Exercised during the year		(25)		(8)	19,62
Outstanding at end of the year				25	32,84
Terms of outstanding at end of the year	Expiry date				
	2012			25	32,84
				25	
Vested but not sold during the year				25	32,84
Exercise price for instruments exercised during the year (R)		202,95			175,29

36. Employee benefits (continued)

36.5 Equity compensation benefits (continued)

36.5.15 Fair value of equity compensation instruments

In determining the fair value of services received as consideration for equity instruments, measurement is referenced to the fair value of the equity instruments granted.

A modified binomial tree model is used for the valuation of the SARS and Phantom Option Scheme while a Monte Carlo Simulation model is used for the LTIP. The conditional matching awards granted in terms of the DBP are the economic equivalent of granting an Exxaro share, without dividend rights for the period from grant date to vesting date. Therefore the value of the DBP is equal to the grant date share price at the vesting date, less the present value of future dividends expected to be granted over the term of the scheme, multiplied by the pledged shares in the trust and the matching award.

		2012 R	2011 R
Weighted average fair value for grants during the year:			
	SARS	n/a	68,37
	LTIP	95,74	59,04
	DBP	163,29	144,87
Inputs to the valuation models for:			
SARS	Share price at valuation date (R)	n/a	170
	Weighted average option life (years)	n/a	7
	Exercise price (R)	n/a	163,95
	Expected volatility (%)[1]	n/a	42,20
	Dividend yield (%)	n/a	3,42
	Risk-free interest rate (%)	n/a	8,30
	Employee forfeiture rate (%)	n/a	5,73
Note : There were no new SARS grants during 2012.			
LTIP	Share price at valuation date (R)	198,13	170,00
	Weighted average option life (years)	3	3
	Expected volatility of Exxaro share (%)[1]	33,42	46,69
	Expected volatility of peer group share (average) (%)[1]	42,59	60,15
	Dividend yield (%)	6,32	3,22
	Risk-free interest rate (%)	6,36	7,32
	Employee forfeiture rate (%)	2,60	2,97
DBP	Share price at valuation date – February (R)	211,00	152,45
	Share price at valuation date – March (R)	198,13	165,46
	Share price at valuation date – August (R)	149,63	n/a
	Weighted average option life (years)	3	3
	Dividend yield – February (%)	n/a	3,59
	Dividend yield – March (%)	5,83	3,31
	Dividend yield – August (%)	6,33	n/a
	Risk-free interest rate – February (%)	9,07	7,19
	Risk-free interest rate – March (%)	6,28	7,37
	Risk-free interest rate – August (%)	6,36	n/a
	Employee forfeiture rate (%)	0	0
Phantom options	Share price at valuation date (R)	n/a	179,5
	Weighted average option life (years)	n/a	0,92
	Exercise price (R)	n/a	32,84
	Expected volatility (%)[1]	n/a	35,48
	Dividend yield (%)	n/a	5,13
	Risk-free interest rate (%)	n/a	5,34
	Employee forfeiture rate (%)	n/a	0

[1] *Volatility is measured as the annualised standard deviation of the continuously compounded daily returns of the underlying share(s) under the assumption that the share price is log-normally distributed. The historical period used to determine the log returns and hence volatility is equal in length to the period from valuation date up to and including the maturity date, starting from the valuation date*

	Group 31 December 2012 Rm	Group 31 December 2011 Restated Rm	Company 31 December 2012 Rm	Company 31 December 2011 Rm
37. Contingent assets and liabilities				
Contingent assets				
Surrender fee on prospect rights, exploration rights and mining rights.	85	82		
Contingent liabilities				
Contingent liabilities at reporting date, not otherwise provided for in these annual financial statements, arising from:				
– guarantees in the normal course of business from which it is anticipated that no material liabilities will arise	536	755	37	2
– Other[1]	519	442	21	21

[1] *Includes the group's share of contingent liabilities of associates and joint ventures of R276 million (2011: R233 million)*

The decrease in contigent liabilities in 2012 is attributable to the absence of guarantees related to the mineral sands business which was sold in the first half of 2012, partially offset by the increase in the group's share of contingent liabilities of associates and joint ventures.

38. Commitments

	Group 2012 Rm	Group 2011 Restated Rm	Company 2012 Rm	Company 2011 Rm
Capital commitments				
Capital expenditure contracted for plant and equipment	6 283	8 029		76
Capital expenditure authorised for plant and equipment but not contracted	4 208	2 413	950	206
The above includes the group's share of capital commitments of associates and joint ventures.	3 519	415		
Capital expenditure will be financed from available cash resources, funds generated from operations and available borrowing capacity.				
Capital expenditure contracted relating to captive mines Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal SA Limited and Eskom respectively.	116	90		

38. Commitments (continued)

A trust known as New Africa Mining Fund (the Fund) was established during 2003 to make portfolio investments in junior mining projects within South Africa and elsewhere on the continent of Africa. Exxaro, as an investor participant to the fund, has committed to contribute R20 million towards the fund. The fund manager can draw down this balance or any portion as and when required, by serving a 10-day notice to Exxaro. The commitment period commenced on 1 March 2003 and expired on 28 February 2010. Since then, up until 28 February 2013 no new investments may have been undertaken by the Fund, however, Exxaro may still have been required to invest funds into established investments limited to the initial R20 million commitment. The Fund will be dissolved within the next 12 months and a final distribution of the remaining fund assets will be made.

		Group		Company	
		31 December		31 December	
	Note	2012 Rm	2011 Restated Rm	2012 Rm	2011 Rm
Operating lease commitments					
The future minimum lease payments under non-cancellable operating leases are as follows:					
– less than one year		17	34	2	5
– more than one year and less than five years		1	26		3
		18	60	2	8
Operating sublease receivable					
Non-cancellable operating lease rentals are receivable as follows:					
– less than one year			3		
– more than one year and less than five years		1	1	1	1
		1	4	1	1

39. Events after the reporting period

The directors are not aware of any matters or circumstances that has arisen since the end of the financial period not dealt with in this report or in the company and consolidated group financial statements that would significantly affect the operations or the results of the group.

ANNEXURES

Annexure 1 — non-current interest-bearing borrowings

	Final repayment date	Rate of interest per year (payable half-yearly)					Group		Company	
		Fixed	Floating	Fixed	Floating					
		2012 %	%	2011 %	%		2012 Rm	2011 Rm	2012 Rm	2011 Rm
Local										
Unsecured loans										
	2013				6,830			150		150
	2013				6,830			178		178
	2013				6,830			270		270
	2013				6,930			675		675
	2013				6,830			50		50
	2013				6,930			125		125
	2013				6,830			90		90
	2013				6,930			224		224
	2013				6,830			24		24
	2013				6,930			60		60
	2013				6,830			72		72
	2015				6,677			800		800
	2016				8,960			9		
	2017		7,550				800		800	
	2020		7,900				1 952		1 952	
							2 752	2 727	2 752	2 718
Secured loan										
	2011			12,130		1				
	2011			17,490		2				
	2012			11,420		3				
	2013			13,540		4		4		
	2015			12,250		5		2		
	2025			8,330		6		22		
	2026			10,710		7		12		
	2031			16,050		8		45		
	2032			22,150		9		51		
								136		
Foreign										
Unsecured loans (US$)										
	2016			7,550		10		464		
Secured loans (US$)										
	2012				3,790	11		174		
	2016			6,400		12		52		
								226		
Total interest-bearing borrowings (refer not 26)							2 752	3 553	2 752	2 718

Annexures 1 — non current interest-bearing borrowings (continued)

Finance leases recognised due to IFRIC4 Determining whether an agreement contains a lease:

[1] *Finance lease agreement between Exxaro Sands Proprietary Limited and Mhlathuze Water in respect of a plant with a book value of Rnil in 2011*
[2] *Finance lease agreement between FerroAlloys Proprietary Limited and African Qxygen Limited (Afrox) in respect of machinery and equipment with a book value of Rnil in 2011*
[3] *Finance lease agreement between Exxaro Sands Proprietary Limited and Eskom in respect of buildings with a book value of Rnil million in 2011*
[4] *Finance lease agreement between Exxaro TSA Sands Proprietary Limited and Air Products in respect of a plant with a book value of R1 million in 2011*
[5] *Finance lease agreement between Rosh Pinah Zinc Corporation Proprietary Limited and Trentyre Namibia Proprietary Limited in respect of a plant with a book value of R2 million in 2011*
[6] *Finance lease agreement between Exxaro TSA Sands Proprietary Limited and Mhlathuze Water in respect of a plant with a book value of R13 million in 2011*
[7] *Finance lease agreement between Exxaro TSA Sands Proprietary Limited and Eskom in respect of buildings with a book value of R8 million in 2011*
[8] *Finance lease agreement between Exxaro Sands Proprietary Limited and Kusasa Bulk Terminals (Phase 1) in respect of a plant with a book value of R27 million in 2011*
[9] *Finance lease agreement between Exxaro Sands Proprietary Limited and Kusasa Bulk Terminals (Phase 2) in respect of a plant with a book value of R30 million in 2011*
[10] *US$60 million senior notes (fixed interest rate) issued by Ticor Finance (A.C.T) Proprietary Limited, an entity controlled by Exxaro Australia Sands Proprietary Limited*
[11] *A trade receivable facility from Investec Limited that is secured for the outstanding amount of US$21,250,000 against pigment receivables for that amount*
[12] *Finance lease agreement for the Co-generation plant with a bookvalue of R62 million in 2011, for the Kwinana Pigment Plant*

The following entities were sold in June 2012:

- Exxaro Sands Proprietary Limited
- Exxaro TSA Sands Proprietary Limited
- Rosh Pinah Zinc Corporation Proprietary Limited
- Exxaro Australia Sands Proprietary Limited

Annexure 2: investments in associates, joint arrangements and other investments

	Nature of business[1]	Country of incorporation[2]	Number of shares held	Percentage holding 2012 %	Percentage holding 2011 %	Group carrying amount 2012 Rm	Group carrying amount 2011 Rm	Company carrying amount 2012 Rm	Company carrying amount 2011 Rm	Year-end other than 31 December
Associated companies										
Listed										
Tronox Limited[3,4,8]	A	USA	51 154 280	44,65		10 314		10 880		
Unlisted										
Black Mountain Mining Proprietary Limited	A	RSA	260	26,00	26,00	340	457			31 March
Chifeng Kumba Hongye Zinc Corporation Limited	A & M	CH			38,00		126			
Chifeng NFC Kumba Hongye Zinc Corporation Limited	A & M	CH			25,00		42			
Tronox Mineral Sands Proprietary Limited and Tronox KZN Sands Proprietary Limited	A	RSA	208	26,00		1 581		1 181		
Tronox Sands Limited Liability Partnership	F	UK		26,00		1 142		1 091		
Sishen Iron Ore Company Proprietary Limited	A	RSA	240 000 000	19,98	19,98	3 777	4 138			
Total associated companies						17 154	4 763	13 152		

Annexure 2: investments in associates, joint arrangements and other investments (continued)

	Nature of business[1]	Country of incorporation[2]	Number of shares held	Percentage holding 2012 %	Percentage holding 2011 %	Group carrying amount 2012 Rm	Group carrying amount 2011 Rm	Company carrying amount 2012 Rm	Company carrying amount 2011 Rm	Year-end other than 31 December
Joint ventures										
Incorporated										
Unlisted										
Mafube Coal Mining Proprietary Limited	A	RSA	50	50,00	50,00	882	930			
Rosh Pinah Health Care Proprietary Limited	C	NAM		0,00	31,00					
RoshSkor Township Proprietary Limited	C	NAM		0,00	50,00					30 June
South Dunes Coal Terminal Co. Proprietary Limited	A	RSA	1 333	33,33	33,33	62	53			
Thakwaneng Mineral Resources Proprietary Limited	E	RSA	1	50,00	50,00					
Cennergi Proprietary Limited	EN	RSA	50	50,00		38		137		
Joint operations										
Unincorporated										
Moranbah Coal Project	A	AUS		50,00	50,00					
Tiwest	A	AUS			50,00					
						982	983	137		
Investment companies										
Listed										
Kumba Iron Ore Limited[5]						4	4			
New Age Exploration Limited						1				
Unlisted										
Richards Bay Coal Terminal (RBCT)[6]						468	269			
Chifeng Kumba Hongye Zinc Corporation Limited[7]						130				
Chifeng NFC Kumba Hongye Zinc Corporation Limited[7]						43				
Total other investments (refer note 20)						646	273			

Annexure 2: investments in associates, joint arrangements and other investments (continued)

	Nature of business[1]	Country of incor-poration[2]	Number of shares held	Percentage holding 2012 %	Percentage holding 2011 %	Group carrying amount 2012 Rm	Group carrying amount 2011 Rm	Company carrying amount 2012 Rm	Company carrying amount 2011 Rm	Year-end other than 31 December
Classified as non-current assets held-for-sale							2			
Total investments						18 782	6 021	13 289		
The investments are valued at balance sheet date. Unlisted shares are valued at directors' value.										
Listed investments in associates – market value						7 911				
Unlisted investments in associates and joint ventures – directors' valuation						29 963	23 698			
Listed other investments – market value						52	44			
Unlisted other investments – directors' valuation						716	392			
Unlisted investments Classified as Non-current assets held-for-sale – directors' valuation							2			

Where the above entities' financial year ends are not co-terminous with that of the company, financial information has been obtained from published information or management accounts as appropriate.

1 *A – Mining, C – Service, E – Exploration, M – Manufacturing, F – Financing, EN – Energy*
2 *RSA – Republic of South Africa, CH – People's Republic of China, NAM – Namibia, AUS – Australia, USA – United States of America, UK – United Kingdom*
3 *During the financial year Tronox Limited conducted a share buy-back which resulted in Exxaro's equity stake in Tronox Limited to increase from 39,2% to 43,5%*
4 *Exxaro also purchased Tronox Limited shares in the open market and acquired 1,4 million shares which increased the equity stake from 43,5% to 44,65%*
5 *Included in the directors' valuation of 2012 is an amount of R48 million (2011: R40 million) in respect of Kumba Iron Ore Limited, which is classified as part of other debtors*
6 *Included in the directors' valuation of 2012 is an amount of Rnil (2011: R33 million) in respect of RBCT, which is classified as part of other debtors*
7 *Decrease in shareholding in 2012 due to Exxaro not participating in share issue resulting in these entities no longer being associates of Exxaro*
8 *The market value of Tronox Limited is less than the carrying amount. This investment is however not impaired due to the directors' valuation (value in use) being higher than the carrying amount . The directors' valuation at 31 December 2012 is R10 682 million*

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. Joint operations are accounted for as the share of net income, assets and liabilities. Unlisted investments are measured at cost.

Annexure 2: investments in associates, joint arrangements and other investments (continued)

Restrictions

There are no significant restrictions on the ability of associates or joint ventures to transfer funds to Exxaro in the form of cash dividends, or to repay loans or advances made by Exxaro.

Risks

Refer to note 19 for details with regards to contingent assets and liabilities relating to associates and joint ventures.

Refer to note 39 for details with regard to commitments relating to associates and joint ventures.

Interest in associates and joint ventures

Set out below are the associates and joint venture of the group as at 31 December 2012, which, in the opinion of the directors, are material to the group.

The summarised financial information set out below relates to the material associates and joint ventures and represents 100% of the entity's financial performance and position.

	Associated companies			Joint venture
	Tronox Limited	**Tronox UK and SA**[1]	**SIOC**[2]	**Mafube**[3]
2012	Rm	Rm	Rm	Rm
Statements of comprehensive income				
Revenue	9 167	3 390	45 446	1 624
Operating expenses[4]	(10 260)	(3 404)	(22 277)	(1 109)
Net operating profit	(1 093)	(14)	23 169	515
Interest income	15	215	92	4
Interest expense	(451)	(244)	(457)	(103)
(Loss)/profit before taxation	(1 529)	(43)	22 804	416
Income tax	967	34	(6 779)	(128)
(Loss)/profit after taxation	(562)	(9)	16 025	288
Other comprehensive (loss)/income	(176)	(68)	811	
Total comprehensive (loss)/income	(738)	(77)	16 836	288
Dividends received from associate or joint venture	217		3 802	
Statement of financial position				
Non-current assets	31 071	15 886	27 051	2 167
Current assets[5]	16 055	4 338	9 872	632
Total assets	47 126	20 224	36 923	2 799

Annexure 2: investments in associates, joint arrangements and other investments (continued)

	Associated companies			Joint venture
	Tronox Limited	Tronox UK and SA[1]	SIOC[2]	Mafube
2012	Rm	Rm	Rm	Rm
Statement of financial position (continued)				
Equity and liabilities				
Equity attributable to parent	22 817	10 584	18 906	775
Non-controlling interest	1 977			
Non-current liabilities				
Interest-bearing borrowings	13 332	5 806	3 901	1 198
Non-current provisions	1 153	358	1 683	162
Deferred taxation	2 047	1 785	6 689	412
Other	1 510	69		
Current liabilities				
Trade and other payables	2 755	809	2 920	193
Interest-bearing borrowings	341	254	2 669	
Current tax payable	203	15	129	2
Current provisions	618	544	26	57
Other	373			
Total equity and liabilities	47 126	20 224	36 923	2 799
2011				
Statements of comprehensive income				
Revenue			48 553	1 349
Operating expenses[4]			(16 599)	(844)
Net operating profit			31 954	505
Interest income			223	8
Interest expense			(202)	(132)
Profit before taxation			31 975	381
Income tax			(9 671)	(230)
Profit after taxation			22 304	151
Other comprehensive loss			(1 970)	
Total comprehensive income			20 334	151
Dividends received from associate or joint venture			3 516	
Statement of financial position				
Non-current assets			22 686	2 245
Current assets[5]			11 982	361
Total assets			34 668	2 606

Annexure 2: investments in associates, joint arrangements and other investments (continued)

	Associated companies			Joint venture
	Tronox Limited	Tronox UK and SA[1]	SIOC[2]	Mafube
2011	Rm	Rm	Rm	Rm
Statement of financial position (continued)				
Equity and liabilities				
Total equity			20 714	487
Non-current liabilities				
Interest-bearing borrowings				174
Non-current provisions			1 156	112
Deferred taxation			4 880	285
Other				
Current liabilities				
Trade and other payables			4 473	131
Interest-bearing borrowings			3 191	1 380
Current tax payable			211	1
Current provisions			43	7
Other				29
Total equity and liabilities			34 668	2 606

[1] *Tronox UK and SA comprises Tronox Mineral Sands Proprietary Limited,Tronox KZN Sands Proprietary Limited and Tronox Sands Limited Liability Partnership.*

[2] *SIOC comprises Sishen Iron Ore Company Proprietary Limited only.*

[3] *Mafube comprises Mafube Coal Mining Proprietary Limited only.*

[4] *Included in the 2012 operating expense for Mafube is depreciation and amortisation of R151 million (2011: R141 million)*

[5] *Included in the 2012 current assets for Mafube is cash and cash equivalents of R18 million (2011: R83 million)*

Annexure 2: investments in associates, joint arrangements and other investments (continued)

Summarised financial information

Set out below is a reconciliation of the equity attributable to the owners of the parent (closing net assets), as disclosed above, to the carrying value of the investment.

	Associated companies			Joint venture
	Tronox Limited	Tronox UK and SA[1]	SIOC[2]	Mafube[3]
2012	Rm	Rm	Rm	Rm
Closing net assets	22 817	10 584	18 906	775
Foreign currency translation movements	(16)	112		
Closing net assets excluding foreign currency translation movements	22 833	10 472	18 906	775
Percentage interest in associates and joint venture	44,65	26,00	19,98	50,00
Interest in associate or joint venture	10 195	2 723	3 777	388
Goodwill	119			
Loans				494
Carrying value	10 314	2 723	3 777	882
2011				
Closing net assets			20 714	487
Percentage interest in associates and joint venture			19,98	50,00
Interest in associate and joint venture			4 138	243
Loans				687
Carrying value			4 138	930

The group's effective share of the statement of comprehensive income in respect of other associated companies and joint ventures is as follows:

	Other associated companies		Other joint ventures	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
Statements of comprehensive income				
Profit/(loss) after taxation	100	213	(66)	1
Other comprehensive income	1			
Total comprehensive income/(loss)	101	213	(66)	1

[1] Tronox UK and SA comprises Tronox Mineral Sands Proprietary Limited,Tronox KZN Sands Proprietary Limited and Tronox Sands Limited Liability Partnership

[2] SIOC comprises Sishen Iron Ore Company Proprietary Limited only

[3] Mafube comprises Mafube Coal Mining Proprietary Limited only

Annexure 3: investments in subsidiaries[1]

	Country of incorporation[2]	Nature of business[3]	Public Interest Score[4] (Unaudited)	Issued capital-unlisted ordinary shares	Interest of company			
					Investment in shares		Indebtedness	
					2012 R	2011 R	2012 Rm	2011 Rm
Direct investments								
AlloyStream Proprietary Limited	RSA	M	1	1	1	1		
AlloyStream Holdings Proprietary Limited	RSA	H	1	1	746 163	746 163	19	18
Amakhala Emoyeni RE Project 1 Proprietary Limited[5,6]	RSA	M				120		
Cennergi Proprietary Limited[6]	RSA	H				1		
Clipeus Investment Holdings Proprietary Limited	RSA	H	1	1	1	1	1	
Colonna Properties Proprietary Limited	RSA	B	1	200	2 518 966	2 518 966	1	2
Cullinan Refractories Limited	RSA	A	1	1 000	1 000	1 000		
Exxaro Australia Iron Holdings Proprietary Limited	AUS	H		2 743 680 900	2 743 680 900			
Exxaro Base Metals and Industrial Minerals Holdings Proprietary Limited	RSA	H	1	1	1	1	184	
Exxaro Base Metals Proprietary Limited	RSA	M	106	5 500 000			292	471
Exxaro Chairman's Fund	RSA	T	1					
Exxaro Coal Proprietary Limited	RSA	A	34 930	1	1 000	1 000	6 929	5 463
Exxaro Coal Botswana Holding Company Proprietary Limited	Bot	H		146 952 777	10			
Exxaro Employee Empowerment Participation Scheme Trust	RSA	T	1					
Exxaro Employee Empowerment Trust[7]	RSA	T						
Exxaro Environmental Rehabilitation Fund	RSA	T						
Exxaro Esmore Cooperatief U.A	NE	J		18 204	11 195			

Annexure 3: investments in subsidiaries[1] (continued)

	Country of incor-poration[2]	Nature of business[3]	Public Interest Score[4] (Un-audited)	Issued capital-unlisted ordinary shares	Interest of company: Investment in shares 2012 R	Investment in shares 2011 R	Indebtedness 2012 Rm	Indebtedness 2011 Rm
Exxaro FerroAlloys Proprietary Limited	RSA	M	108	1	1	1	(56)	(56)
Exxaro Foundation	RSA	T						
Exxaro Holdings Proprietary Limited	RSA	H	56	566 827	459 517 297	459 517 297	55	54
Exxaro Holdings Sands Proprietary Limited	RSA	H	1 827	40 000	1 869 951 859		(83)	
Exxaro Insurance Company Limited	RSA	I	111	50	5 000 000	5 000 000		
Exxaro Mountain Bike Academy NPC[7]	RSA	E	1					
Exxaro On-Site Proprietary Limited[8]	RSA	C				1		
Exxaro People Development Initiative NPC	RSA	E						
Exxaro Properties (Groenkloof) Proprietary Limited	RSA	B	1	1	1	1		
Exxaro TSA Sands Proprietary Limited[9]	RSA	M						4 206
Exxaro Sands Proprietary Limited[9]	RSA	A						157
Ferroland Grondtrust Proprietary Limited	RSA	D	81	2	2	2	36	26
Gravelotte Iron Ore Company Proprietary Limited	RSA	M	33	1	1	1	32	
Glen Douglas Dolomite Proprietary Limited[10]	RSA	A						
Kumba Resources Management Share Trust	RSA	T	5				(38)	(31)
Rocsi Holdings Proprietary Limited	RSA	H	574	647 044 943	653 722 945	653 722 945	566	541
Skyprops 112 Proprietary Limited	RSA	H	1	100	44 389 208	44 389 208	20	20

Annexure 3: investments in subsidiaries[1] (continued)

	Country of incorporation[3]	Nature of business[4]	Public Interest Score[4] (Unaudited)	Issued capital-unlisted ordinary shares	Interest of company			
					Investment in shares		Indebtedness	
					2012 R	2011 R	2012 Rm	2011 Rm
Indirect investments								
African Iron Proprietary Limited[11]	AUS	H		1 172 872 253				
African Iron Exploration SA (85%)[11]	RoC	P		196 000				
AKI Exploration Proprietary Limited[11]	AUS	H		8				
AKI Exploration Limited[11]	BER	H		808				
Coastal Coal Proprietary Limited	RSA	A	129	5 000			(11)	(21)
DMC Iron Congo SA (97%)[11]	RoC	A		156 800			217	
DMC Mining Proprietary Limited[11]	AUS	H		234 990 737				
Exxaro Australia Iron Investment Proprietary Limited	AUS	H		16				
Exxaro Australia Proprietary Limited	AUS	A & P		11				1
Exxaro Australia Sands Proprietary Limited[9]	AUS	C						(15)
Exxaro Base Metals (Namibia) Proprietary Limited[8]	NAM	H						208
Exxaro Base Metals China Limited	HK	H		1 354				
Exxaro Base Metals International BV	NE	P		119 209				
Exxaro Coal Botswana Proprietary Limited (75%)	Bot	P		102 785 562				
Exxaro Coal Mpumalanga Proprietary Limited	RSA	A	15 082	100 000			(6)	111
Exxaro Esmore Cooperatief U.A	NE	J		18 204				
Exxaro Finance Ireland	IRL	F		893 656 391				
Exxaro Holdings (Australia) Proprietary Limited[9]	AUS	H						
Exxaro International BV	NE	H		662 037			(7 212)	1

Annexure 3: investments in subsidiaries[1] (continued)

	Country of incorporation[2]	Nature of business[3]	Public Interest Score[4] (Unaudited)	Issued capital-unlisted ordinary shares	Interest of company: Investment in shares 2012 R	Investment in shares 2011 R	Indebtedness 2012 Rm	Indebtedness 2011 Rm
Exxaro International Coal Trading BV	NE	C		172 866				
Exxaro International Trading BV	NE	C		172 866				
Exxaro Investments (Australia) Proprietary Limited[9]	AUS	H						
Exxaro Maden Arama ve Madencilik Limited Sti.[12]	TUR	P						
Exxaro Madencilik Sanayi Ve Ticaret Anonim Sirketi (76%)[10]	TUR	P						
Exxaro Mineral Sands BV	NE	P		134 973				
Exxaro Reductants Proprietary Limited	RSA	M	666	1			(55)	4
Exxaro Sands Holdings BV[9]	NE	H						
Ferrowest Shareblock Proprietary Limited[13]	RSA	B	2	136 500 000				
Inyanda Coal Proprietary Limited	RSA	A	1	1 000				
Lephalale Solar Farm Proprietary Limited[6]	RSA	M						
Letsatsi Solar Farm Proprietary Limited[6]	RSA	M						
Oreco Leasing Limited[12]	MAU	F						
Pigment Holdings Proprietary Limited[9]	AUS	C						
Quindong Minerals Proprietary Limited[11]	AUS	G		8				
Rosh Pinah Mine Holdings Proprietary Limited[8]	NAM	H						
Rosh Pinah Zinc Corporation Proprietary Limited (50,0264%)[8]	NAM	A						15
Senbar Holdings Proprietary Limited[9]	AUS	C						
Synthetic Rutile Holdings Proprietary Limited[9]	AUS	C						

Annexure 3: investments in subsidiaries[1] (continued)

	Country of incor-poration[2]	Nature of business[3]	Public Interest Score[4] (Un-audited)	Issued capital-unlisted ordinary shares	Interest of company: Investment in shares 2012 R	Investment in shares 2011 R	Indebtedness 2012 Rm	Indebtedness 2011 Rm
The Vryheid (Natal) Railway Coal and Iron Company Limited	RSA	A	139	3 675				
Ticor Energy Proprietary Limited[9]	AUS	F						
Ticor Finance (A.C.T.) Proprietary Limited[9]	AUS	F						
Ticor Resources Proprietary Limited[9]	AUS	H						
Ticor Titanium Australia Proprietary Limited[9]	AUS	H						
Tific Proprietary Limited[9]	AUS	H						
TiO_2 Corporation NL[9]	AUS	H						
Tiqua Wind Farm Proprietary Limited[6]	RSA	M						
Tsitsikamma Community Wind Farm Proprietary Limited[6]	RSA	M						
Yalgoo Minerals Proprietary Limited[9]	AUS	A						
Total investments in subsidiaries (refer note 20)					5 779 540 551	1 165 896 709	891	11 175

1 At 100% holding except where otherwise indicated
2 RSA – Republic of South Africa, AUS – Australia, NAM – Namibia, HK – Hong Kong, IRL – Ireland, MAU – Mauritius, NE – Netherlands, BER – Bermuda, Bot – Botswana, TUR – Turkey, RoC – Republic of Congo
3 A – Mining, B – Property, C – Service, D – Land management, E – Not for profit company, F – Finance, G – Dormant, H – Holdings, I – Insurance, J – Cooperative, M – Manufacturing, P – Exploration, T – Trust
4 Public Interest scores only applicable to entities incorporated in the Republic of South Africa
5 Sold to Cennergi Proprietary Limited in 2012
6 Disposed of 50% of Cennergi Proprietary Limited (and its subsidiaries) to Tata Power in 2012 and subsequently equity-accounted as a joint venture (refer annexure 2)
7 Incorporated in 2012
8 Disposed of through sale in 2012
9 Disposed of during 2012 as part of the Concordia transaction. Exxaro now owns shareholdings in Tronox Limited (refer annexure 2)
10 Disposed of through sale in 2011
11 Acquired in 2012
12 Deregistered in 2012
13 Acquired the 5% minority stake in 2012. Exxaro now owns 100%

Annexure 3: investments in subsidiaries[1] (continued)

Terms and conditions of indebtedness to and from subsidiaries

		Rate of interest per year (payable half-yearly)[1]			
	Final repayment date	Floating 2012 %	Floating 2011 %	2012 Rm	2011 Rm
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2013		6,830		81
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2013		6,830		84
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2013		6,830		135
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2013		6,930		675
Anglo American SA Finance Limited	2013		6,830		25
Anglo American SA Finance Limited	2013		6,930		125
Anglo American SA Finance Limited	2013		6,830		45
Anglo American SA Finance Limited	2013		6,930		224
Anglo American SA Finance Limited	2013		6,830		12
Anglo American SA Finance Limited	2013		6,930		60
Internal loan with Exxaro Resources Limited with no back-to-back	2013		6,830		40
ABSA Bank Limited	2015		6,677		600
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2020	7,550		800	
FirstRand Bank Limited, acting through its Rand Merchant Bank division	2020	7,900		2 000	
Total unsecured non-current loans				2 800	2 106
Interest-bearing current loans payable/ (receivable)[2]				(1 044)	1 560
Current portion of non-current loans					621
Non-interest bearing current loans				(865)	6 888
Total current loans				(1 909)	9 069
Total indebtedness				891	11 175

[1] *There was no indebtedness to and from subsidiaries with fixed rate of interest per year*

[2] *Interest charged at average overnight money market rates*

Annexure 4: Resolutions

The following resolutions pertaining to the unissued ordinary shares under the control of the directors were passed:

Control of authorised but unissued shares

"Resolved that the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors and that they be and are hereby authorised to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as they may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act No. 71 of 2008, clause 3.2 of the memorandum of incorporation of the company and the JSE Listings Requirements. The issuing of shares granted under this authority will be at their discretion until the next annual general meeting of the company, after setting aside so many shares as may be required, to be allotted and issued by the company pursuant to the company's approved employee share incentive schemes."

General authority to issue shares for cash

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to issue the authorised but unissued shares in the capital of the company (and/or any options/convertible securities that are convertible into ordinary shares) for cash, as and when they in their discretion deem fit, subject to clause 3.2 of the memorandum of incorporation of the company, the Companies Act No. 71 of 2008, as amended, and the JSE Listings Requirements, when applicable and with the following limitation, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees;
- the number of shares issued for cash shall not in the aggregate in the current financial year exceed 10% (ten percent) of the company's issued share capital of ordinary shares (for purposes of determining the securities comprising the 10% (ten percent) number in any one year, account must be taken of the dilution effect, in the year of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities). The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year (or to be issued arising from options or convertible securities issued), provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (which has had final terms announced) may be included as though they were shares in issue at the date of application;
- this authority is valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- the maximum discount permitted at which equity securities may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities."

This ordinary resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote, at the annual general meeting.

General authority to repurchase shares

"Resolved that subject to compliance with the JSE Listings Requirements, the Companies Act No. 71 of 2008, and clause 36 of the memorandum of incorporation of the company, the directors be and are hereby authorised at their discretion to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company, provided that:

- the number of ordinary shares acquired in any one financial year shall not exceed 5% (five percent) of the ordinary shares in issue at the date on which this resolution is passed;

Annexure 4: Resolutions (continued)

- this must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 (fifteen) months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made."

The reason for and effect of this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

At present, the directors have no specific intention on the utilisation of this authority which will only be used if circumstances are appropriate. The directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

- after such repurchases the company passes the solvency and liquidity test as contained in section 4 of the Companies Act and that from the time the solvency and liquidity test is done, there will be no material changes to the financial position of the group;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the company and the group annual financial statements for the year ended 31 December 2011, will be in excess of the consolidated liabilities of the company and the group immediately following such purchase or 12 months after the date of the notice of annual general meeting, whichever is the later;
- the company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting or a period of 12 months after the date on which the board considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is the later;
- the issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of the notice of the annual general meeting of the company;
- the company and the group will have adequate working capital for ordinary business purposes for a period of 12 months after the date of this notice;
- a resolution is passed by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
- the requirements contained in schedule 25 of the JSE Listings Requirements are complied with;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement released on SENS prior to the commencement of the prohibited period;
- when the company or its subsidiaries have cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made;
- the company at any time only appoints one agent to effect any repurchase(s) on its behalf; and
- the company undertakes that it will not enter the market to repurchase its own securities until the company's sponsor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with schedule 25 of the JSE Listings Requirements.

This resolution is required to be passed by achieving at least 75% majority of the votes cast and/or excercised at the meeting.

The above authorities are valid until the next annual general meeting.

Annexure 5: Shareholder analysis

Registered shareholder spread as at 31 December 2012

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	36 341	87,37	9 021 687	2,52
1 001 – 10 000 shares	4 456	10,72	12 734 653	3,56
10 001 – 100 000 shares	643	1,55	19 627 552	5,49
100 001 – 1 000 000 shares	131	0,32	33 137 074	9,26
1 000 001 shares and above	21	0,04	283 266 819	79,17
Total	41 592[1]	100,00	357 787 785	100,00

[1] *The large increase in number of holders (2011: 13 853) is due to some nominee holdings having previously been consolidated, whereas disclosure is now based on beneficial holders*

Public and non-public shareholdings

Shareholder	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	25	0,06	231 534 911	64,7
Main Street 333 Proprietary Limited	1	0,00	186 550 873	52,14
Anglo South Africa Capital Proprietary Limited	1	0,00	34 730 282	9,71
Kumba Management Share Trust	1	0,00	159 038	0,04
Exxaro Employee Empowerment Share Trust	1	0,00	3 020 517	0,85
Konar L	1	0,00	6 168	0,00
Mohring RP	1	0,00	1 000	0,00
De Klerk WA	1	0,00	71 476	0,02[4]
Nkosi SA[2]	1	0,00	9 890 207	0,01[5]
Mntambo VZ[3]	1	0,00	5 529 881	
Sowazi NL[3]	1	0,00	3 038 387	
Zihlangu R[3]	1	0,00	2 818 552	
Subsidiary directors	14	0,03	6 958 195	1,94
Public shareholders	41,567	99,94	126 252 874	35,30
Total	41,592	100,00	357 787 785	100,00

[2] *Includes 9 837 655 indirectly through Main Street 333 Proprietary Limited and 15 190 indirectly through the Kumba Management Share Trust*
[3] *Shares held indirectly through Main Street 333 Proprietary Limited*
[4] *Includes direct and indirect holding*
[5] *Excludes 9 837 655 held indirectly through Main Street 333 Proprietary Limited*

Substantial investment management and beneficial interests above 3%

Beneficial shareholdings	Total shareholding	% of issued capital
Main Street 333 Proprietary Limited	186 550 873	52,14
Anglo American South Africa Limited	34 730 282	9,71
Government Employees Pension Fund (PIC)	26 099 964	7,29
Total	247 381 119	69,14

Annexure 5: Shareholder analysis (continued)

Beneficial shareholder categories

Category	Total shareholding	% of issued capital
Black economic empowerment	186 550 873	52,14
Pension funds	38 750 015	10,83
Unit trusts/mutual fund	39 385 094	11,01
Corporate holding	35 038 500	9,79
Private investors	17 093 603	4,78
Other managed funds	14 092 693	3,94
Insurance companies	9 356 021	2,61
Sovereign wealth	6 785 290	1,90
Employees	3 020 517	0,84
Custodians	1 412 229	0,39
American depository receipts	923 395	0,26
Exchange-traded fund	581 899	0,16
Investment trust	437 300	0,12
Local authority	407 292	0,11
Hedge fund	380 857	0,11
Stock brokers	92 901	0,03
University	89 336	0,02
Charity	47 660	0,01
Remainder	3 342 310	0,95
Total	357 787 785	100,00

DEFINITIONS

Attributable cash flow per ordinary share

Cash flow from operating activities after adjusting for participation of non-controlling interests therein divided by the weighted average number of ordinary shares in issue during the year.

Capital employed

Total equity plus net debt minus non-current financial assets.

Cash and cash equivalents

Comprise cash on hand and current accounts in bank, net of bank overdrafts, together with any highly liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.

Current ratio

Current assets divided by current liabilities.

Dividend cover

Attributable earnings per ordinary share divided by dividends per ordinary share.

Dividend yield

Dividends per ordinary share divided by the closing share price on the JSE Limited.

Earnings per ordinary share

Attributable earnings basis

Earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year.

Headline earnings basis

Headline earnings divided by the weighted average number of ordinary shares in issue during the year.

Financing cost cover

EBIT – net operating profit before interest and tax divided by net financing costs

EBITDA – net operating profit before interest, tax, depreciation, amortisation, impairment charges and net deficit/surplus on sale of investments and assets divided by net financing cost.

Headline earnings

Earnings attributable to owners of the parent adjusted for profits and losses on items of a capital nature recognising the tax and non-controlling interests impact on these adjustments.

Headline earnings yield

Headline earnings per ordinary share divided by the closing share price on the JSE Limited.

Invested capital

Total equity, interest-bearing debt, non-current provisions and net deferred tax less cash and cash equivalents.

Net assets

Total assets less current and non-current liabilities less non-controlling interests which equates to equity of owners of the parent.

Net debt to equity ratio
Interest-bearing debt less cash and cash equivalents as percentage of total equity.

Net equity per ordinary share
Equity attributable to owners of the parent divided by the number of ordinary shares in issue at the year end.

Number of years to repay interest-bearing debt
Interest-bearing debt divided by cash flow from operating activities before dividends paid.

Operating margin
Net operating profit as a percentage of revenue.

Operating profit per employee
Net operating profit divided by the average number of employees during the year.

Return on capital employed
Net operating profit plus income from non-equity accounted investments plus income from equity-accounted investments as a percentage of average capital employed.

Return on ordinary shareholders' equity
Attributable earnings
Earnings attributable to owners of the parent as a percentage of average equity attributable to owners of the parent.

Headline earnings
Headline earnings as a percentage of average equity attributable to owners of the parent.

Return on invested capital
Net operating profit plus income from non-equity accounted investments plus income from equity-accounted investments as a percentage of the average invested capital.

Return on net assets
Net operating profit plus income from non-equity accounted investments plus income from equity-accounted investments as a percentage of the average net assets.

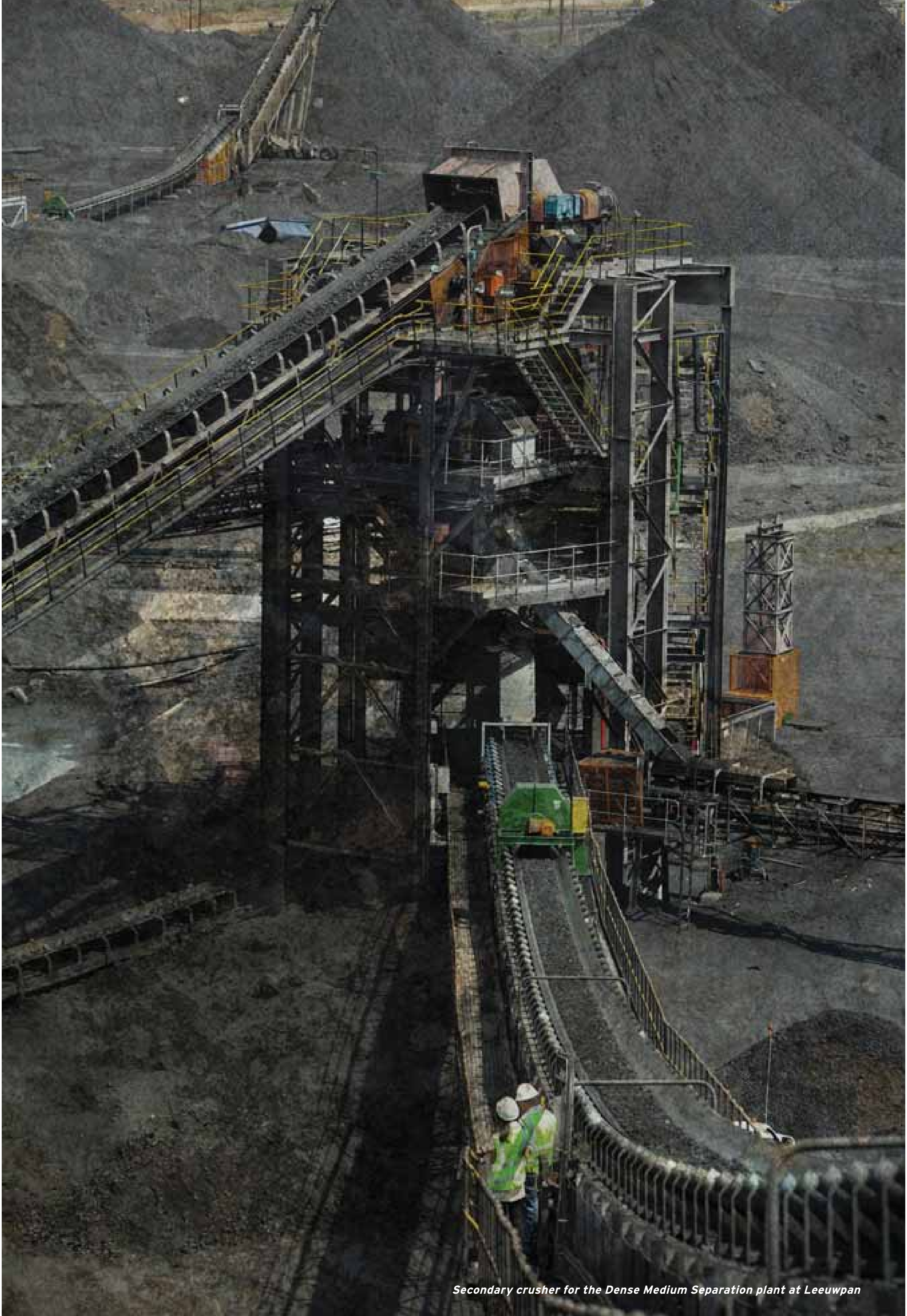
Revenue per employee
Revenue divided by the average number of employees during the year.

Total asset turnover
Revenue divided by average total assets.

Weighted average number of shares in issue
The number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period in which they have participated in the income of the group.

In the case of shares issued pursuant to a share capitalisation award in lieu of dividends, the participation of such shares is deemed to be from the date of issue.

additional information



Secondary crusher for the Dense Medium Separation plant at Leeuwpan

NOTICE OF ANNUAL GENERAL MEETING

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)

Notice is hereby given that the 12th annual general meeting of shareholders of Exxaro will be held at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa, at 10:00 on Friday, 24 May 2013 to consider, and if deemed fit, pass with or without modification, the following resolutions as set out in this notice.

The board of directors of the company has determined, in accordance with section 59 of the Companies Act No. 71 of 2008, as amended (Companies Act), that the record date for shareholders to receive the notice of annual general meeting (the posting record date) is Friday, 12 April 2013 and the record date for shareholders to be recorded as such in the shareholders' register, maintained by the transfer secretaries of the company, to be able to attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 17 May 2013. Therefore the last day to trade in the company's shares on the JSE to be recorded in the share register on the voting record date is Friday, 10 May 2013.

1 Presentation of audited annual financial statements

The annual financial statements of the company and the consolidated group, including the reports of the directors, group audit committee and independent auditors for the year ended 31 December 2012 will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act.

2 Presentation of group social and ethics committee report

A report of the members of the group social and ethics committee for the year ended 31 December 2012 will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations, 2011.

3 Ordinary resolution number 1: election of directors

To elect by separate resolutions the following directors: Messrs JJ Geldenhuys, NB Mbazima, VZ Mntambo and Dr MF Randera. Brief résumés for these directors appear on pages 183 to 184 of this report.

The board of directors has assessed the performance of the directors standing for re-election and has found them suitable for reappointment.

Mr NB Mbazima and Dr MF Randera, having been appointed since the last annual general meeting of the company, are, in accordance with the provisions of clause 6.2(2) of the company's memorandum of incorporation, obliged to retire at this annual general meeting and, being eligible, offer themselves for re-election.

Ordinary resolution number 1.1

"**RESOLVED** that Mr NB Mbazima be and is hereby re-elected as a director of the company with effect from 24 May 2013."

Ordinary resolution number 1.2

"**RESOLVED** that Dr MF Randera be and is hereby re-elected as a director of the company with effect from 24 May 2013."

Messrs JJ Geldenhuys and VZ Mntambo are obliged to retire by rotation at this annual general meeting in accordance with the provisions of clause 6.2(1) of the company's memorandum of incorporation. Having so retired and being eligible, they offer themselves for re-election.

Ordinary resolution number 1.3

"**RESOLVED** that Mr JJ Geldenhuys be and is hereby re-elected as a director of the company with effect from 24 May 2013."

Ordinary resolution number 1.4

"**RESOLVED** that Mr VZ Mntambo be and is hereby re-elected as a director of the company with effect from 24 May 2013."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

4 Ordinary resolution number 2: election of group audit committee members

To elect by separate resolutions a group audit committee comprising independent, non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009 and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

The board of directors has assessed the performance of the group audit committee members standing for re-election and has found them suitable for reappointment. Brief résumés for these directors appear on pages 183 to 184 of this report.

Ordinary resolution number 2.1

"**RESOLVED** that Mr JJ Geldenhuys be and is hereby re-elected as a member of the group audit committee with effect from 24 May 2013."

Ordinary resolution number 2.2

"**RESOLVED** that Mr RP Mohring be and is hereby re-elected as a member of the group audit committee with effect from 24 May 2013."

Ordinary resolution number 2.3

"**RESOLVED** that Mr J van Rooyen be and is hereby re-elected as a member and chairman of the group audit committee with effect from 24 May 2013."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

5 Ordinary resolution number 3: election of group social and ethics committee members

To elect by separate resolutions a group social and ethics committee, as provided in section 72(4) of the Companies Act and regulation 43 of the Companies Regulations, 2011 (Regulations), appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

The board of directors has assessed the performance of the group social and ethics committee members standing for re-election and has found them suitable for reappointment. Brief résumés for these directors appear on pages 183 to 184 of this report.

Ordinary resolution number 3.1

"**RESOLVED** that Mr JJ Geldenhuys be and is hereby re-elected as a member of the group social and ethics committee with effect from 24 May 2013."

Ordinary resolution number 3.2

"**RESOLVED** that Mr RP Mohring be and is hereby re-elected as a member of the group social and ethics committee with effect from 24 May 2013."

Ordinary resolution number 3.3

"**RESOLVED** that Dr MF Randera be and is hereby re-elected as a member of the group social and ethics committee with effect from 24 May 2013."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

6 Ordinary resolution number 4: approval of the remuneration policy

"**RESOLVED**, through a non-binding advisory vote, that the company's remuneration policy and its implementation for the year ended 31 December 2012, as set out in the remuneration report on page 110 in the integrated report, be and is hereby approved."

This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated report.

7 Ordinary resolution number 5: reappointment of independent external auditors

As set out in the group audit committee report on page 02, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"**RESOLVED** that PricewaterhouseCoopers Incorporated, with the designated audit partner being Mr TD Shango, be and is hereby reappointed as independent external auditors of the group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

8 Ordinary resolution number 6: control of authorised but unissued shares

"**RESOLVED** that the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors and that they be and are hereby authorised to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as they may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act No. 71 of 2008, as amended, clause 3.1(3) of the memorandum of incorporation of the company and the JSE Listings Requirements. The number of shares issued in terms of this authority will not in the aggregate in the current financial year exceed 5% (five percent) of the company's issued share capital of ordinary shares. The issuing of shares granted under this authority will be at their discretion until the next annual general meeting of the company, after setting aside as many shares as may be required, to be allotted and issued by the company pursuant to the company's approved employee share incentive schemes."

At present, the directors have no specific intention to use this authority, other than for issues pursuant to the company's approved employee share incentive schemes and will thus only be used if circumstances are appropriate.

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

9 Ordinary resolution number 7: general authority to issue shares for cash

"**RESOLVED** that the directors of the company be and are hereby authorised, by way of a general authority, to issue the authorised but unissued shares in the capital of the company (and/or any options/convertible securities that are convertible into ordinary shares) for cash, as and when they in their discretion deem fit, subject to clause 3.1(3) of the memorandum of incorporation of the company, the Companies Act No. 71 of 2008, as amended, and the JSE Listings Requirements, when applicable and with the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees;
- the number of shares issued for cash will not in the aggregate in the current financial year exceed 5% (five percent) of the company's issued share capital of ordinary shares (for purposes of determining securities comprising the 5% (five percent) number in any one year, account must be taken of the dilution effect, in the year of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities). The number of ordinary shares which may be issued will be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year (or to be issued arising from options or convertible securities issued), provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and underwritten) or acquisition (which has had final terms announced) may be included as though they were shares in issue at the date of application;
- this authority is valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- the maximum discount permitted at which equity securities may be issued is

10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities."

At present, the directors have no specific intention to use this authority, other than for issues pursuant to the company's approved employee share incentive schemes and will thus only be used if circumstances are appropriate.

This ordinary resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour by all shareholders present or represented by proxy and entitled to vote, at the annual general meeting.

10 Ordinary resolution number 8: authorise directors and/or group company secretary

"**RESOLVED** that any one director and/or group company secretary of the company or equivalent be and are hereby authorised to do all such things and sign all such documents deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

11 Special resolution number 1: non-executive directors' fees

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate non-executive directors for services as directors. Furthermore, in terms of King III and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

"**RESOLVED** as a special resolution in terms of the Companies Act No. 71 of 2008, as amended, that the remuneration of non-executive directors for the period 1 January 2013* until the next annual general meeting, be and is hereby approved on the basis set out as follows:

	Current R	Proposed R
Chairman of the board	900 000	1 062 000
Members of the board	234 502	250 917
Audit committee chairman	216 642	231 807
Audit committee members	114 425	122 435
Other board committees chairman	167 828	179 576
Other board committees members	80 084	85 690
Social and ethics committee chairman	83 914	89 788
Social and ethics committee member	40 042	42 845
Ad hoc meeting fees		
Board meeting	10 850	11 610
Committee meeting	8 140	8 710

* *If the proposed resolution is approved, directors will receive back pay based on the increased fee with effect from 1 January 2013*

The proposed directors' fees equate to a 7% increase. The chairman's proposed fee reflects a larger percentage increase than the directors at 18%. The higher proposed increase is based on his performance, level of involvement and participation in strategic matters, including large corporate transactions, support and guidance provided to management, his attendance of board committees as invitee (without receiving member fees), as well as benchmarking of his fees against comparable peers.

Post the proposed increase, the chairman's fee will equate to 70% of the comparable market average, whereas the directors' fee will equate to 90% of the same average.

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

12 Special resolution number 2: general authority to repurchase shares

"**RESOLVED** as a special resolution in terms of the Companies Act No. 71 of 2008, as amended, (Companies Act) that, subject to compliance with the JSE Listings Requirements, the Companies Act, and clause 3.1(12) of the memorandum of incorporation of the company, the directors be and are hereby authorised at their discretion to instruct that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company, provided that:

- the number of ordinary shares acquired in any one financial year will not exceed 5% (five percent) of the ordinary shares in issue at the date on which this resolution is passed;
- this must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this authority will lapse on the earlier of the date of the next annual general meeting of the company or 15 (fifteen) months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which a purchase is made."

The reason for and effect of this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to instruct that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

At present, the directors have no specific intention to use this authority which will only be used if circumstances are appropriate. The directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

- after such repurchases the company passes the solvency and liquidity test as contained in section 4 of the Companies Act and that from the time the solvency and liquidity test is done, there will be no material changes to the financial position of the group;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the company and the group annual financial statements for the year ended 31 December 2012, will be in excess of the consolidated liabilities of the company and the group immediately following such purchase or 12 months after the date of the notice of annual general meeting, whichever is the later;
- the company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting or a period of 12 months after the date on which the board considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is the later;

- the issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of the notice of the annual general meeting of the company;
- the company and the group will have adequate working capital for ordinary business purposes for a period of 12 months after the date of this notice;
- a resolution is passed by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
- the requirements contained in schedule 25 of the JSE Listings Requirements are complied with;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement released on SENS prior to the commencement of the prohibited period;
- when the company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made;
- the company at any time only appoints one agent to effect any repurchase(s) on its behalf; and
- the company undertakes that it will not enter the market to repurchase its own securities until the company's sponsor has provided written confirmation to the JSE in accordance with schedule 25 of the JSE Listings Requirements.

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

13 Special resolution number 3: financial assistance for subscription of securities

"**RESOLVED** as a special resolution in terms of the Companies Act No. 71 of 2008, as amended, (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any 1 (one) or more related or inter-related companies of the company for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, be and is hereby approved, provided that:

1. (i) the specific recipient/s of such financial assistance;
   (ii) the form, nature and extent of such financial assistance;
   (iii) the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the company from time to time;
2. the board has satisfied the requirements of section 44 of the Companies Act in relation to the provision of any financial assistance;
3. such financial assistance to a recipient is in the opinion of the board of directors of the company, required for a purpose, which in the opinion of the board of directors of the company, is directly or indirectly in the interest of the company; and

4. the authority granted in terms of this special resolution will remain valid for 2 (two) years or until the next annual general meeting."

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

14 Special resolution number 4: financial assistance to a related or inter-related company or companies

"**RESOLVED** as a special resolution in terms of the Companies Act No. 71 of 2008, as amended, (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies of the company, be and is hereby approved, provided that:

1. (i) the specific recipient/s of such financial assistance;
   (ii) the form, nature and extent of such financial assistance;
   (iii) the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the company from time to time;
2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;
3. such financial assistance to a recipient is in the opinion of the board of directors of the company, required for a purpose which, in the opinion of the board of directors of the company, is directly or indirectly in the interest of the company; and
4. the authority granted in terms of this special resolution will remain valid for 2 (two) years or until the next annual general meeting."

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

15 Special resolution number 5: amendments to the memorandum of incorporation

Resulting from changes to schedule 10 of the JSE Listings Requirements relating to requirements for listed companies' memorandums of incorporation, as well as other minor changes to be made, the company wishes to amend the memorandum of incorporation slightly as approved at the general meeting held on 22 May 2012.

"**RESOLVED** as a special resolution in terms of the Companies Act No. 71 of 2008, as amended, that the following amendments to the company's memorandum of incorporation be and are hereby approved:
- deletion of clause 5.5(4);
- deletion of clause 5.11(4)(b) and subsequent renumbering of remaining subsections; and
- deletion of clause 6.2(3)."

Clause 5.5(4): Deletion of section 10.6(h) from the JSE Listings Requirements has resulted in this clause no longer being required:

"(4) In addition to clause 5.5(1) to (3):

(a) the Company may deliver a notice to Shareholders inviting written nominations for Directors prior to any meeting at which an election of Directors is to occur (Nomination Notice);

(b) the minimum number of days for the Company to deliver a Nomination Notice to Shareholders is 30 days before the date on which the notice of such meeting is delivered to Shareholders in terms of clause 5.5(1) (or such lesser period as the Directors may determine in relation to any particular meeting); and

(c) the written nominations by Shareholders must be delivered to the Company at its registered address or any branch office located in the Republic not less than 15 days after the Nomination Notice is delivered (or such lesser period as the Directors may determine in relation to any particular meeting) or the nomination shall not be treated as valid."

Clause 5.11(4)(b): Deletion of section 10.11(g) from the JSE Listings Requirements has resulted in this clause no longer being required:

"(b) declaration or sanctioning of dividends."

Clause 6.2(3): Although the company fully subscribes to the principles contained in the King III Report and therefore will take the recommendation, that directors having served on the board for nine years should be subject to a particularly rigorous review by the board, into consideration, the board does not regard it necessary to entrench the requirement of forced retirement after nine years into the memorandum of incorporation.

Until November 2016 very specific requirements in respect of the board composition and nomination prevail in order to protect the company's initial founding shareholders' black empowerment credentials, as well as the company's black empowerment status. A large portion of the directors have been involved since the company's inception and it would not be in the company's best interests, especially in respect of continuity and corporate knowledge, to force this group of directors to simultaneously retire in 2015 when the restrictive directorate requirements would terminate in 2016.

"(c) Retiring Directors are eligible for re-election, provided that any Director who on previous occasion has been re-elected and as a result has held office for three consecutive periods of three years, is not eligible for re-election before the expiry of at least three years from the expiry of the last three-year period of holding office."

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

16 To transact such other business as may be transacted at an annual general meeting

Disclosure required in terms of the JSE listings requirements

The following information is provided in accordance with paragraph 11.26 of the JSE Listings Requirements and relates to special resolution number 2.

Litigation statement

Other than disclosed or accounted for in the annual financial statements, the directors of the company, whose names appear on page 210 of the integrated report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting.

Directors' responsibility statement

The directors, whose names are appear on page 210 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statements false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE Listings Requirements contain all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported in the annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of the annual report and the posting date.

Further disclosure required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the annual financial statements of which this notice forms part:

- directors and management – refer to pages 208 to 213 of the integrated report;
- major shareholders of the company – refer to pages 330 to 331 of the integrated report;
- directors' interest in the company's shares – refer pages 262 to 263 of the integrated report; and
- share capital of the company – refer page 255 of the integrated report.

Identification, voting and proxies

In terms of section 63(1) of the Companies Act, any person attending or participating in the annual general meeting must present reasonable satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documentation, driver's licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the JSE Listings Requirements will not be taken into account at the annual general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised Exxaro shareholders with own-name registrations who cannot attend the annual general meeting, but who wish to be represented. To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Wednesday, 22 May 2013.

All beneficial owners of Exxaro shares who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than those with own name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person, they must request their CSDP, broker or nominee to issue them with the appropriate letter of representation.

Exxaro does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Exxaro shareholder of the annual general meeting.

Electronic participation by shareholders

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to so participate, to the transfer secretaries, at their address above, to be received by the transfer secretaries at least seven business days prior to the annual general meeting (thus Tuesday, 15 May 2013) for the transfer secretaries to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative or proxy) with details on how to access the annual general meeting by means of electronic participation. The company reserves the right not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

By order of the board

CH Wessels
Group company secretary
Pretoria
22 April 2013

Short biographies of directors seeking re-election

Mr JJ Geldenhuys – Jurie (70)
BSc (Eng)(Elec), BSc (Eng)(Min), MBA (Stanford), professional engineer

Experience: From 1965 to 1980, Jurie held production and managerial positions on the gold, platinum and copper zinc mines of the Anglovaal Group. From 1981 until retirement, he served in technical and executive capacities involving gold, base metals, coal, ferrous metals and industrial minerals. He retired as managing director of Avgold Limited in 2000 and served the group in a consulting capacity until 2002. He has served on the boards of Anglovaal Limited, Avmin Limited, Freegold Consolidated Mines Limited, Hartebeestfontein Gold Mining Company Limited, Lorraine Gold Mines Limited, Eastern Transvaal Gold Mines Limited, Iscor Limited and Sallies Limited. He served as the Chamber of Mines' president (1993 to 1994) and on the chamber's executive council, gold producers' committee and various other chamber-related board committees. He also served on the Atomic Energy Council and National Water Advisory Council. He is currently non-executive director and chairman of Astral Foods Limited (chairing the human resources and remuneration committee and nomination committee).

Dr MF Randera – Fazel (64)
MRCS, LRCP; DRCOG

Experience: Fazel was appointed as non-executive director of Exxaro Resources Limited on 13 June 2012. He served on the board and was a council member of the World Medical Association from 1997 to 2000. He participated on the WHO, international enquiry into the tobacco industry between 1998 and 1999. He served as the chairman of the global initiative on reporting on HIV/Aids during 2004. He specialised in medicine and held positions in various hospitals and facilities in the UK and South Africa and specialised in a broad range of medical disciplines, including occupational health and HIV/Aids. He was appointed as a commissioner of the Truth and Reconciliation Commission (TRC) during 1995 to 1998. He is the founding member of the Ethics Institute of South Africa and served as the chairman from 1997 to 2000. He served on the Human Rights Commission of South Africa from 1997 to 1999. He was Chairman of the Private Healthcare Forum from 2004 to 2007. He was appointed as a member of the South African Centre for Survivors of Torture from 2006 to 2011. He was Inspector General for Intelligence Services from 1999 to 2001; and served on a number of Ministerial advisory committees eg, the Empowerment Evaluation Committee, the Health Charter committee, the Ministerial Sanitation Task Team, the Nomination Committee (Defence Force) and the National Council for Correctional Services. He was the Health Advisor at the Chamber of Mines and is the present Deputy Chairman of Nehawu Investment Holdings.

Mr NB Mbazima – Norman (54)
Fellow of the Association of Chartered Certified Accountants (FCCA), Fellow of the Zambia Institute of Chartered Accountants (FZICA)

Experience: Norman joined Kumba Iron Ore as CEO from 1 September 2012. As CEO of Thermal Coal since October 2009, he oversaw this business unit's record operating profit in 2011, combined with an improved safety performance. Under his leadership, the Zibulo mine in South Africa reached commercial operating levels ahead of schedule, and Thermal Coal has actively participated in the pursuit of cleaner coal solutions for the world's energy needs. A chartered accountant by profession, Norman began his career with accounting roles at Zambia Consolidated Copper Mines, before spending 17 years with Deloitte & Touche, also in Zambia. He has extensive experience of the Anglo American Group, having joined in 2001 and been CEO of Scaw Metals, both finance director and acting CEO of its platinum business; CFO of Anglo Coal and CFO of Konkola Copper mines.

Mr VZ Mntambo – Zwelibanzi (55)

BJuris, LLB (UNW), LLM (Yale)

Experience: Zwelibanzi is executive chairman of Xalam Performance. He was previously senior lecturer at the University of Natal, executive director of IMSSA, director-general of Gauteng Province and chairman of the Commission for Conciliation, Mediation and Arbitration. He is chairman of Metrobus Proprietary Limited and Mainstreet 333 Proprietary Limited. He is also a director of SA Tourism Proprietary Limited and a trustee of the Paleo-Anthropologial Scientific Trust.

Short biographies of audit committee and social and ethics committee members seeking re-election and not included above.

RP Mohring – Rick (66)

BSc (Eng)(Mining), MDP, professional engineer

Experience: From 1972 to 1998, Rick held production, managerial and executive positions in the gold and coal divisions of the Rand Mines and Billiton groups. From 1998 until 2000, he was CEO of NewCoal, a black empowerment initiative set up by Anglo Coal and Ingwe Coal Corporation. Eyesizwe Coal, the largest BEE coal company in South Africa, was formed in November 2000 through this process. From 2000 until 2003, Rick was deputy CEO of Eyesizwe Coal, responsible for the operational control of mines producing 25Mtpa of coal, new business development, technical services and health and safety. After 37 years in the mining industry, Rick retired from Eyesizwe Coal in December 2003 and set up a private consulting company, Mohring Mining Consulting.

J van Rooyen – Jeff (63)

BCom, BCompt (Hons), CA(SA)

Experience: Jeff is a director of various companies in the Uranus Group, non-executive director of MTN Group Limited, Pick 'n Pay Stores Limited and Pick 'n Pay Holdings Limited. He is chairman of the Financial Reporting Standards Council (FRSC), a former trustee of the International Accounting Standards (IFRS) Foundation and member of the University of Pretoria's faculty of economic and management sciences' oversight board. He was a partner in Deloitte & Touche, chairman of the Public Accountants and Auditors Board, CEO of the Financial Services Board and advisor to a former Minister of Public Enterprises. Jeff is a founder member and former president of the Association for the Advancement of Black Accountants of South Africa.

FORM OF PROXY

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)

To be completed by certificated shareholders and dematerialised shareholders with 'own-name' registration only

For completion by registered shareholders of Exxaro unable to attend the twelfth annual general meeting of shareholders of the company to be held at 10:00 on Friday, 24 May 2013, at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa or at any adjournment of that meeting.

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, participate in, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.

I/We (please print names in full) ______________________________

of (address) ______________________________

being the holder/s of ____________ shares in the company, do hereby appoint:

1 ______________________________ or, failing him/her

2 ______________________________ or, failing him/her

the chairman of the annual general meeting, as my/our proxy to attend, participate in, speak and, on a poll, vote on my/our behalf at the annual general meeting of shareholders to be held at 10:00 on Friday, 24 May 2013 at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa or at any adjournment of that meeting, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
Ordinary resolutions			
1 Resolution to re-elect directors			
1.1 Re-election of Mr NB Mbazima as a director			
1.2 Re-election of Dr MF Randera as a director			
1.3 Re-election of Mr JJ Geldenhuys as a director			
1.4 Re-election of Mr VZ Mntambo as a director			
2 Resolution to re-elect group audit committee members			
2.1 Re-election of Mr JJ Geldenhuys as a member of the group audit committee			
2.2 Re-election of Mr RP Mohring as a member of the group audit committee			
2.3 Re-election of Mr J van Rooyen as a member of the group audit committee			

	For	Against	Abstain
3 Resolution to re-elect group social and ethics committee members			
3.1 Re-election of Mr JJ Geldenhuys as a member of the group social and ethics committee			
3.2 Re-election of Mr RP Mohring as a member of the group social and ethics committee			
3.3 Re-election of Dr MF Randera as a member of the group social and ethics committee			
4 Resolution to approve, through a non-binding advisory vote, the company's remuneration policy			
5 Resolution to reappoint PricewaterhouseCoopers Incorporated as independent external auditors			
6 Resolution to place authorised but unissued shares under the control of the directors			
7 Resolution to authorise directors to issue shares for cash			
8 Resolution to authorise directors and/or group company secretary to implement the resolutions set out in the notice convening the annual general meeting			
Special resolutions			
1 Special resolution to approve non-executive directors' fees for the period 1 January 2013 to the next annual general meeting			
2 Special resolution to authorise directors to repurchase company shares			
3 Special resolution to authorise financial assistance for the subscription of securities			
4 Special resolution to authorise financial assistance to related or inter-related companies			
5 Special resolution to approve amendments to the memorandum of incorporation			

Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at this day of 2013

Signature

Assisted by me, where applicable (name and signature)

Please read the notes that follow.

NOTES TO THE FORM OF PROXY

Notes to the form of proxy

(which include, inter alia, a summary of the rights established by section 58 of the Companies Act, No. 71 of 2008, as amended (Companies Act))

1 A form of proxy is only to be completed by those ordinary shareholders who are:

1.1 holding ordinary shares in certificated form; or

1.2 recorded on subregister electronic form in 'own name'.

2 If you have already dematerialised your ordinary shares through a central securities depository participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.

3 A shareholder may insert the name of a proxy or the names of two or more persons as alternative or concurrent proxies in the space. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.

4 A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.

5 On a show of hands, a shareholder of the company present in person or by proxy will have one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, a shareholder who is present in person or represented by proxy will be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of shares held by him/her bears to the aggregate amount of the nominal value of all shares issued by the company.

6 A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the box provided. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.

7 The proxy appointment is:

- suspended at any time and to the extent that the shareholder chooses to act directly and in person in exercising any rights as a shareholder; and
- revocable unless the proxy appointment expressly states otherwise, and if the appointment is revocable, a shareholder may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - delivering a copy of the revocation instrument to the proxy, and to the transfer secretaries of the company.

8 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered.

9 If the instrument appointing a proxy or proxies has been delivered, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must be delivered to:

- the shareholder; or
- the proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.

10 The proxy appointment remains valid only until the end of the annual general meeting or any adjournment of the meeting, unless it is revoked in accordance with paragraph 7 above prior to the meeting.

11 Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, to be received not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays), thus by 10:00 on 22 May 2013.

For shareholders on the South African register
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)
www.computershare.com

Tel: +27 11 370 5000

Over-the-counter American depositary receipt (ADR) holders
Exxaro has an ADR facility with The Bank of New York (BoNY) under a deposit agreement. ADR holders may instruct BoNY how the shares represented by their ADRs should be voted.

American Depositary Receipt Facility (ADR)
Bank of New York
101 Barclay Street
New York
NY 10286
www.adrbny.com
shareowners@bankofny.com

Tel: +(00-1) 888 815 5133

12 Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any appointed proxy.

13 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

14 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

15 Notwithstanding the aforegoing, the chairman of the annual general meeting may, if deemed reasonable, waive any formalities that would otherwise be a prerequisite for a valid proxy.

16 If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders are present at the annual general meeting, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.

ADMINISTRATION

Group company secretary and registered office
CH Wessels
Exxaro Resources Limited
Roger Dyason Road
Pretoria West, 0183
(PO Box 9229, Pretoria, 0001)
South Africa
Telephone +27 12 307 5000

Company registration number: 2000/011076/06
JSE share code: EXX
ISIN code: ZAE000084992

Auditors
PricewaterhouseCoopers Incorporated
2 Eglin Road
Sunninghill, 2157

Commercial Bankers
Absa Bank Limited

Corporate Law advisers
CLS Consulting Services Proprietary Limited

United States ADR Depository
The Bank of New York
101 Barclay Street
New York NY 10286
United States of America

Sponsor
Deutsche Securities (SA) Propriety Limited
3 Exchange Square
87 Maude Street
Sandton, 2196

Registrars
Computershare Investor Services Proprietary Limited
Ground floor, 70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual general meeting	May
Reports and accounts	Published
Announcement of annual results	March
Annual report	April
Interim report for the half-year ending 30 June	August
Distribution	
Final dividend declaration	March
Payment	April
Interim dividend declaration	August
Payment	September/October