

Water management

To date, 14 (2010: ten) integrated water use licence applications have been approved, with eight expecting approval.

During the year, we defined focus areas and established task teams to reach our goal of a 5% reduction in potable water use by 2012 from a 2010 baseline. With accurate water accounting now in place, this target will be expanded into all water use in our operations, aiming to reduce use and increase re-use and recycling of process water. Intensity targets based on production to minimise losses and waste through efficient use and care is a future focus area.

Exxaro also submitted its second report to the CDP Water Disclosure. This voluntary, but detailed, participation on water-related data will provide valuable insight into the water strategies of many of the largest companies in the world.

Climate change

An independent physical climate-risk assessment of Exxaro's operations in southern Africa two years ago highlighted key risks from climate change include floods, droughts, heat, disrupted transport infrastructure and increased vulnerability of local communities and workforces.

These risks, and related opportunities, were integrated into a climate change position statement that requires an internal and external approach to achieving our goal of being a clean (carbon-neutral) company. In the short term, our goal is to improve energy efficiency and reduce carbon emissions each by 10% by the end of 2012. We are well on track.

As part of this strategy, we have established a stand-alone energy company in joint venture to feed the national grid and third-party customers. Cennergi will focus on greener power production to contribute to lowering carbon emissions and position South Africa as proactively driving sustainability. Subsequent to year end, Cennergi submitted bids for five wind and solar energy tenders put out by the state, totalling some 316MW of power.

Energy management

Exxaro's data management and reporting continues to mature. In 2011, for the first time, we report on scope 3 emissions. Total CO₂e emissions for the year were 2 484kt, a decrease of 4,3% on 2010.

For 2011, actual electricity consumed was 1 975GWh, 3,4% lower than 2010 (2 046GWh) and 15,2% lower than the reduced Eskom 2011 baseline (2 330GWh). The improved performance is a combined result of lower production in the current economic climate and work completed to get the largest Exxaro electricity baselines adjusted and accepted by Eskom. To date, Eskom has approved the Grootegeluk, Namakwa Sands smelter, Brand se Baai, Matla, KZN Sands smelter, Hillendale mine and Zincor baselines. These are subject to change in the new draft power conservation programme rules.

Mine rehabilitation and closure

Exxaro, as a world-class minerals producer, acknowledges its moral and legal obligation to ensure responsible and sound environmental management performance, from cradle to grave, for all its operations.

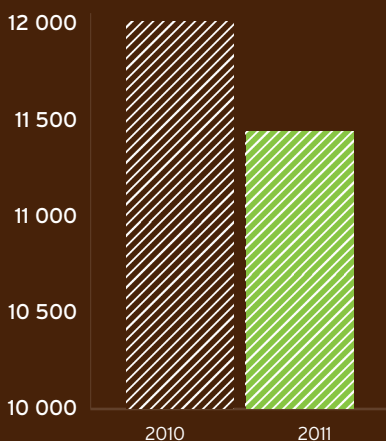
Since four of our current operations are within six years of closure, during the review period we established a forum to develop clear policy and standards on mine closure requirements. The forum will also expose operational management to experts in mine closure aspects and become a platform to exchange lessons learned between business units.

Exxaro contributed roughly R61,7 million to ongoing rehabilitation in 2011 and had R606,6 million in its trust fund at 31 December 2011 for mine-closure activities (2010: R68 million and R538,7 million respectively). In addition, the group had R525,6 million in bank guarantees in place. Updating these provisions annually highlights potential rehabilitation alternatives that could decrease the closure liabilities of mines in the long term.

Environmental performance

Detailed consumption tables are on our website. In this report, we disclose movements in key inputs year on year.

TOTAL ENERGY USE (GJ)



WATER USE (million m³)

