POWERING POSSIBILITY

Exxaro Resources Limited

Reviewed condensed group interim financial statements and unreviewed production and sales volumes information for the six-month period ended 30 June 2020

CONTENTS

HIGHLIGHTS

GROUP FINANCIAL PERFORMANCE

R14.1 billion
Revenue, up 18%

R3.9 billion
Core EBITDA, up 40%

R13.39 per share
Core headline earnings, up 11%

R4.7 billion
Cash generated by operations, up 47%

R6.43 per share
Interim cash dividend

SUSTAINABLE OPERATIONS

LTIFR of 0.07

COAL OPERATIONAL PERFORMANCE

23.9Mt
Production volumes

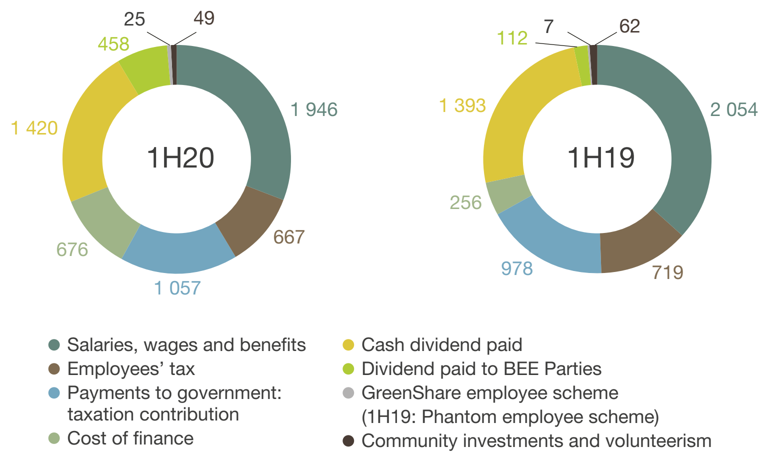
23.3Mt
Sales volumes

SIOC

R2.3 billion
Post-tax equity-accounted income

R1.7 billion
Exxaro's share of interim dividend declared

Value distribution (Rm)



COMMENTARY

for the six-month period ended 30 June 2020

Comments below are based on a comparison between the six-month periods ended 30 June 2020 and 2019 (1H20 and 1H19), respectively.

ESG PERFORMANCE

Safety

Zero Harm remains one of Exxaro's key objectives. In the reporting period, the lost-time injury frequency rate (LTIFR) was 0.07 (36% better than the set target of 0.11 and 42% better than 0.12 recorded in FY19). We are pleased to report a three-year milestone and a record of 41 consecutive months of fatality-free shifts, as at 1 August 2020. Regrettably, two (2) "High Potential Incidents" (HPIs) were reported at Grootegeluk Mine during 1H20 (1H19: nil HPIs).

Response to COVID-19

In line with our Zero Harm vision, measures implemented across our operations and corporate centre to manage the COVID-19 risks include work from home practice, social distancing, wearing of masks and constant washing of hands or sanitising. We will be providing two testing facilities for employees, one each in Limpopo and Mpumalanga, in partnership with Eskom and Seriti Resources, respectively. As at 12 August 2020, a total of 474 COVID-19 positive cases were recorded, of which 332 have fully recovered and 140 remain active cases. It is with great sadness that we have to report the passing away of two contract colleagues as a result of complications brought about by COVID-19. Our sincerest condolences go to their families, co-workers and friends.

Exxaro has donated R20 million to the Solidarity Fund at the start of the COVID-19 lockdown. Further, we have been working with both provincial and local government as well as through the Minerals Council of South Africa to provide required accessories to our host communities to maintain safety and health and prevent infections. Food parcels have also been provided to destitute families.

Climate change policy

We remain committed to the implementation of the Task Force on Climate-related Financial Disclosures' recommendations across Exxaro in line with our energy development strategy. We started with an assessment process prior to the COVID-19 lockdown and due to this delay, the publication of the recommendation report will now be in the second half of this year.

ESG scorecard performance

Exxaro has maintained its performance score of 4/5 in terms of its overall mid-year rating in the FTSE Russell ESG index. In addition, and as a result of this consistent performance, Exxaro has been accepted in the FTSE4Good index.

RESULTS OVERVIEW

The movement in the main commodity prices impacting on Exxaro's performance are summarised in the table below.

	Average US$ per tonne		%
Commodity price	**1H20**	**1H19**	**change**
API4 coal	66	74	(11)
Iron ore fines 62% Fe (CFR China)	92	92	No change

While Exxaro's operations were declared an "essential service" during the lockdown period, and hence able to operate, the environment remained challenging. However, our managed operations were able to show strength and resilience.

We delivered core EBITDA of R3 929 million (1H19: R2 813 million), which was 40% higher, due to higher commercial coal revenue supported by record coal export volumes, albeit at lower US dollar prices, but benefiting from a weaker exchange rate during the period. This is discussed in more detail under coal business performance.

Our core income from equity-accounted investments decreased by 20% to R2 353 million (1H19: R2 930 million) primarily due to the negative impact of the COVID-19 lockdown on SIOC's operations.

Core headline earnings decreased by 16% to R3 360 million (1H19: R3 988 million), while core headline earnings per share (CHEPS) increased by 11% to 1 339 cents per share (1H19: 1 201 cents per share). Core headline earnings decreased mainly due to the recognition of non-controlling interest (NCI) from 1 November 2019 for external shareholders of Eyesizwe RF. To ensure a consistent comparison on CHEPS basis, the core weighted average number of shares (WANOS) used in 1H19 was 332 million shares (when no NCI was recognised) compared to 251 million shares from 1 November 2019 (when NCI was recognised).

COMPARABILITY OF RESULTS

The key transactions shown in the table below should be considered for a better understanding of the comparability of results between the different reporting periods. EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges/reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss). This term is not defined under IFRS and may not be comparable with similarly titled measures reported by other companies.

Description	1H20 Rm	1H19 Rm	2H19 Rm
Gross headline earnings adjustments	(1 316)	(2 253)	(104)
Other adjustments			
– Insurance claim recovery from external parties[1]	(14)		(99)
– Targeted voluntary packages[2]			396
– Indemnification asset movement relating to the tax implications of the partial disposal of Tronox Holdings plc		(86)	21
– Fair-value adjustment on the ECC contingent consideration		(232)	(64)
– Fair-value adjustment on Lebonix debt		(58)	
– Recycling of our share of cash flow hedge at deemed disposal of previously held 50% in Cennergi	59		
– Other		1	(1)
Total impact on net operating income	(1 271)	(2 628)	149
Post-tax share of equity-accounted income adjustments	(2)	6	51
Eyesizwe preference dividend accrued (consolidation impact)		21	4
Tax on non-core adjustments (excluding tax on post tax equity-accounted income adjustments)	2	90	(14)
Non-controlling interest on non-core adjustments	297		(86)
Total attributable earnings impact	(974)	(2 511)	104

[1] *Relates to compensation for business interruption.*
[2] *Excluding Matla.*

GROUP FINANCIAL AND OPERATIONAL RESULTS

Group financial results

Group segment results (Rm)

	Revenue			Core EBITDA[1]		
	1H20	1H19	2H19	1H20	1H19	2H19
Coal	13 730	11 927	13 655	3 548	2 829	3 073
Energy[2]	283			238		
Ferrous	60	27	103	8	5	(2)
Other	5	7	7	135	(21)	(52)
Total	14 078	11 961	13 765	3 929	2 813	3 019

[1] *Core EBITDA is calculated after adjusting for non-core adjustments.*
[2] *Three months since acquisition of Cennergi on 1 April 2020.*

FINANCIAL AND OPERATIONAL RESULTS continued

Group financial results continued

Revenue and core EBITDA

Consolidated group revenue was up 18% mainly due to a 15% increase in coal revenue and the consolidation of energy revenue relating to Cennergi from 1 April 2020.

The higher coal revenue was mainly driven by 3% higher local volumes and 39% higher export volumes. This average, together with the weaker exchange rate, more than offset the lower export and local price impact. The average API4 index price of US$66 per tonne was 11% lower (1H19: US$74) which resulted in a slightly lower average price per tonne achieved of US$52 (1H19: US$54). The average spot exchange rate was R16.65 to the US dollar (1H19: R14.19), resulting in a 13% increase in the average ZAR export price realised of R862 per tonne (1H19: R764).

Consolidated group core EBITDA increased by 40%, mainly as a result of the higher revenue, which was partly offset by inflationary pressure on costs, additional distribution costs relating to higher export volumes, higher buy-ins and higher costs due to the ramp-up at Belfast.

Earnings

Headline earnings were down 24% to R3 315 million (1H19: R4 342 million). The decrease in headline earnings is mainly due to the accounting of non-controlling interest of R1 224 million. This equates to basic headline earnings per share (HEPS) of 1 321 cents per share (1H19: 1 730 cents per share). The WANOS for both financial periods were 251 million.

Although core headline earnings (after adjusting for non-core adjustments) decreased 16% to R3 360 million (1H19: R3 988 million), core HEPS increased by 11% to 1 339 cents per share (1H19: 1 201 cents per share). The core WANOS for 1H20 was 251 million shares compared to the core WANOS of 332 million shares for 1H19, for reasons already explained.

Core income from equity-accounted investments decreased by 20% as shown in the table below.

Core equity-accounted income (Rm)

	Core equity-accounted income/(loss)			Dividend income		
	1H20	**1H19**	**2H19**	**1H20**	**1H19**	**2H19**
Coal: Mafube	35	105	22			
Coal: RBCT	10	4	(1)			
Energy: Cennergi[1]	13	(13)	58	145	73	22
Energy: LightApp	(9)	(15)	(13)			
Ferrous: SIOC	2 257	2 727	1 696	1 412	1 369	2 682
TiO_2: Tronox SA	95	111	125			
Other: Black Mountain[2]		54	(3)			
Other: Insect Technology Group	(48)	(43)	(60)			
Other: Curapipe			(4)			
Total	2 353	2 930	1 820	1 557	1 442	2 704

[1] *Application of the equity method ceased on 31 March 2020 after which Cennergi was fully consolidated.*

[2] *Application of the equity method ceased when the investment in Black Mountain was classified as a non-current asset held-for-sale on 30 November 2019.*

FINANCIAL AND OPERATIONAL RESULTS continued

Group financial results continued

Cash flow and funding

Cash flow generated by operations of R4 732 million (1H19: R3 228 million) and dividends received from investments of R1 557 million (1H19: R1 442 million) were sufficient to cover our capital expenditure and ordinary dividends paid.

Deploying cash generated by operations (Rm)

	1H20	1H19	2H19
Cash generated by operations	4 732	3 228	2 045
Dividends received from investments	1 557	1 442	2 704
Net finance costs paid	(557)	(116)	(153)
Capital expenditure	(1 264)	(2 698)	(3 378)
Purchase consideration paid for the acquisition of additional 50% interest in Cennergi (including working capital adjustments)	(1 641)		
Tax paid	(438)	(674)	(503)
Final/interim ordinary dividend paid	(1 420)	(1 393)	(2 168)
Net surplus/(deficit) after operating activities and capital expenditure	969	(211)[1]	(1 453)[2]

[1] *1H19 shows a surplus of R338 million after applying the opening cash balance of R549 million.*
[2] *2H19 shows a surplus of R2 762 million after applying the opening cash balance of R4 215 million.*

Total capital expenditure for 1H20 decreased by R1 434 million when compared to the corresponding period last year, mainly due to delays on the GG6 expansion project, delayed sustaining capex spend mainly due to the COVID-19 lockdown and cash flow preservation and optimisation measures implemented as part of the capital excellence strategy initiatives to mitigate the impact of the lockdown.

Debt exposure

Net debt was managed at R5 819 million (excluding Cennergi project finance debt of R4 715 million) at 30 June 2020 compared to R5 810 million at 31 December 2019.

In March 2020, all the conditions precedent were met for the purchase of the additional 50% shareholding in Cennergi resulting in a cash outflow of R1 641 million (including working capital adjustments).

To manage the current COVID-19 uncertainty, Exxaro put in place a further short-term overdraft facility of R1 750 million, of which R1 000 million was repaid in July 2020 and R750 million payable on or before 29 October 2020. Exxaro further activated the last R2 billion, which is available under its R10 billion facility available with a consortium of banks.

FINANCIAL AND OPERATIONAL RESULTS continued

Coal business performance

Unreviewed coal production and sales volumes ('000 tonnes)

	Production			Sales		
	1H20	**1H19**	**2H19**	**1H20**	**1H19**	**2H19**
Thermal	22 309	20 819	22 384	22 827	20 552	22 951
Commercial – Waterberg	13 673	12 857	12 826	12 970	11 702	12 741
Commercial – Mpumalanga	5 583	5 353	6 176	888	1 968	2 007
Exports				5 921	4 265	4 822
Tied	3 053	2 609	3 382	3 048	2 617	3 381
Metallurgical	1 172	1 167	907	457	550	480
Commercial – Waterberg	1 172	1 167	907	457	550	480
Total coal (excluding buy-ins)	23 481	21 986	23 291	23 284	21 102	23 431
Thermal coal buy-ins	429	61	244			
Total coal (including buy-ins)	23 910	22 047	23 535	23 284	21 102	23 431

During the first quarter, stable demand and offtake were experienced in the domestic market. Due to the impact of COVID-19 and the subsequent lockdown, many local industrial customers reduced their offtake during the second quarter. In addition, producers made sized product available into the local markets amid very low export pricing. This resulted in an oversupply negatively impacting prices.

It is estimated that the seaborne market is currently oversupplied by around 30Mt and that it will contract by between 70Mt to 100Mt in 2020 compared to 2019. International lockdowns impacted negatively on the whole energy complex, with the prices of oil, gas and coal decreasing sharply. The API4 index price dropped to historically low levels of US$40 per tonne. Demand from some of our largest markets was negatively impacted due to COVID-19, while others such as Vietnam have been buying aggressively, assisting South African exporters when other markets were not available.

Production and sales volumes

Coal **production** volumes (excluding buy-ins) were up 1 495kt (+7%). The increase can mainly be attributed to Belfast ramping up and higher offtake from Eskom at Grootegeluk and Matla, resulting in 10% higher **sales** of 2 182kt.

Thermal coal

Commercial: Waterberg

Production at Grootegeluk increased by 816kt (+6%) due to the increased offtake from Eskom for the Medupi Power Station as well as increased production at GG4/5. This also resulted in higher **sales** volumes of 1 268kt (+11%) mainly to Eskom, partly offset by lower domestic sales due to the AMSA Saldanha plant closure and the impact of the COVID-19 lockdown.

Eskom and Exxaro are still engaging on the Force Majeure notification by Eskom. The impact thus far has been minimal, with offtake currently in line with contractual volumes.

FINANCIAL AND OPERATIONAL RESULTS continued

Production and sales volumes continued

Thermal coal continued

Commercial: Mpumalanga

The commercial Mpumalanga mines' thermal coal **production** was up 230kt (+4%) compared to 1H19, driven by higher production at Belfast of 1 122kt mainly due to ramping up of production.

This increase was partly offset by lower **production** mainly due to the COVID-19 lockdown at Leeuwpan (-400kt), ECC (-400kt) and Mafube (-92kt).

The commercial Mpumalanga mines' thermal coal **sales** were down 1 080kt (-55%), mainly due to lower domestic sales to Eskom at Leeuwpan (-647kt) and ECC (-344kt) due to the agreement with Eskom still being negotiated as well as lower domestic demand due to the COVID-19 lockdown.

Exports commercial

Export **sales** increased by 1 656kt (+39%) as a result of more coal being available from Belfast, ECC and Grootegeluk as well as higher buy-ins. This was partly offset by lower sales by Leeuwpan and Mafube.

Tied

Coal **production** increased by 444kt (+17%) and **sales** increased by 431kt (+16%), mainly due to the shortwall at Mine 2 running at full production as well as good performance at Mine 3. Production was also negatively impacted by the COVID-19 lockdown.

Metallurgical coal

Grootegeluk's metallurgical coal **production** was in line with the comparative period. **Sales** volumes were slightly lower by 93kt (-17%) mainly due to the impact of the lockdown restrictions.

Coal capex (Rm)

	1H20	1H19	2H19	% change 1H20 vs 1H19
Sustaining	597	958	1 287	(38)
– Waterberg commercial	456	753	1 000	(39)
– Mpumalanga commercial	141	205	270	(31)
– Other			17	
Expansion	592	1 584	1 989	(63)
– Waterberg commercial	341	477	721	(29)
– Mpumalanga commercial	251	1 106	1 195	(77)
– Other			73	
Total coal capex	1 189	2 541	3 276	(53)

Exxaro's capital expenditure for its coal business decreased by 53% compared to 1H19. This is mainly driven by:

– Completion of the majority of the Belfast project in 2019.
– Impact from the pandemic resulting in delays, firstly, on the GG6 project (hence a lower expenditure) and secondly, delays and optimisation in sustaining capital expenditure at the Grootegeluk mine.
– Efficiency improvements in terms of timing and optimisation in equipment replacements at Leeuwpan.

FINANCIAL AND OPERATIONAL RESULTS continued

Coal business performance continued

Revenue and core EBITDA

Coal revenue of R13 730 million was 15% higher (1H19: R11 927 million) mainly driven by higher volumes to Eskom as well as higher export volumes. This, together with the weaker exchange rate, more than offset the lower export price impact.

Coal core EBITDA of R3 548 million (1H19: R2 829 million) increased by 25%. The increase in core EBITDA is mainly driven by:
- Higher commercial revenue (R1 567 million)
- Lower provision for rehabilitation costs (R382 million)
- Higher foreign exchange gains (R248 million).

The increase was partly offset by:
- Higher selling and distribution costs (R470 million)
- Negative inventory movements and higher buy-ins (R350 million)
- Higher inflation (R211 million)
- Lower capitalisation of costs at Belfast and Grootegeluk due to the timing of construction activities (R164 million)
- Higher mining costs (R109 million), mainly due to overburden removal at Leeuwpan as well as at Belfast due to the ramp up
- Higher employee costs (R68 million).

Equity-accounted investments

Mafube, a 50% joint venture with Anglo, recorded a core equity-accounted profit of R35 million (1H19: R105 million) due to lower sales volumes and prices impacted by the COVID-19 lockdown.

Energy business

The effective date of consolidation of Cennergi into the Exxaro group is 1 April 2020, reporting core EBITDA of R238 million for the three-month period ended 30 June 2020. Cash flow generation remains positive evidenced by the R95 million dividend received in FY19 and a further dividend of R145 million received in 1H20.

The two windfarms were running at slightly lower than planned capacity due to lower than expected wind speeds, which was offset by better than contracted equipment availability. Combined electricity generation was 176GWh for the three-month period ended 30 June 2020.

Both the Cennergi windfarms received Eskom Force Majeure notices under the respective Power Purchase Agreements on 31 March 2020. The farms were curtailed eight (8) times. Eskom subsequently issued notices on 1 June 2020 indicating that energy demand in the country was increasing and they would therefore cease to apply curtailment.

Ferrous business

Equity-accounted investment

The 17% decrease in core equity-accounted income from SIOC to R2 257 million (1H19: R 2 727 million), is primarily driven by lower exports and local demand due to COVID-19 lockdown measures.

A final dividend of R1 412 million was received (1H19: R1 369 million). SIOC has declared an interim dividend to its shareholders in July 2020. Exxaro's 20.62% share of the dividend amounts to R1 706 million. The dividend will be accounted for in 2H20.

Titanium dioxide

Equity-accounted investment

Core equity-accounted income from Tronox SA decreased by R16 million to R95 million compared to 1H19.

SALE OF INVESTMENTS

Exxaro is in the final stages of concluding an agreement for the sale of its 26% shareholding in Black Mountain. On 30 November 2019 the investment was classified as a non-current asset held-for-sale and the application of the equity method ceased.

As mentioned previously, Exxaro announced its intention to divest from the ECC and Leeuwpan operations. These divestments will be executed through a formal disposal process. The proposed transaction is a category two transaction in terms of the JSE Listings Requirements and is therefore not regarded as material.

We remain committed to monetise our remaining shareholding in Tronox Holdings plc in the best possible manner, taking into account prevailing market conditions.

PERFORMANCE AGAINST NEW B-BBEE CODES

We are proud to have maintained our level 2 B-BBEE recognition status for 2020 following the assessment of our performance during the financial year ended 31 December 2019. There has been notable improvement in enterprise and supplier development (ESD) performance, but weaker performance in skills development attributed to retrospective regulatory changes in the Department of Trade and Industry (DTI) codes during 2019. Exxaro will continue to improve its BEE contribution status.

IMPLEMENTATION OF EMPLOYEE AND COMMUNITY EMPOWERMENT SCHEME

On 10 March 2020 all the transaction agreements giving effect to phase II of the Replacement BEE transaction were signed. On 27 March 2020 the sale of 5% of Exxaro's shareholding in Eyesizwe RF to the Exxaro ESOP SPV was implemented and the ESOP Trust subscribed to the shares in the ESOP SPV, establishing a structure for qualifying employees to benefit from the performance of Exxaro.

The group expense is recognised only when the dividend distribution is declared by the ESOP trust. The first dividend from Exxaro to the qualifying employees has been executed with employees paid in June 2020.

On 11 May 2020 the transfer of another 5% of Exxaro's shareholding in Eyesizwe RF to the Exxaro Community NPC was implemented establishing a structure for which communities will benefit from the performance of Exxaro. The group expense will occur when the Community NPC starts to execute its community projects.

Phase II of the Replacement BEE transaction has therefore been fully implemented.

COAL RESOURCES AND COAL RESERVES

Other than the normal life-of-mine (LOM) depletion, there were no material changes to the Coal Resources and Coal Reserves estimates as disclosed in the 2019 integrated report.

The COVID-19 lockdown had a significant impact on the execution of the 2020 exploration plans at the various operations. We have therefore used the months of April and May to update the 2020 exploration plans by prioritising exploration activities to address the most critical aspects required for short and medium-term mine planning.

New scheduling models are currently being tested with the intent of shortening development time to enable faster generation and evaluation of different mine planning scenarios.

The LOM plans at all Exxaro operations have been reviewed in 2019/20 and optimised plans which focus on the extraction of early value are being implemented at the Grootegeluk, Belfast and Mafube operations.

MINING AND PROSPECTING RIGHTS

Exxaro continued to interact with the Department of Mineral Resources and Energy (DMRE) to ensure that Exxaro's rights remain compliant and valid. However, due to COVID-19 the DMRE has been constrained in its ability to fully function and in particular, process applications. This has resulted in the delay in processing of previously submitted applications. However, we are confident that the DMRE will address the backlog once it is fully functional.

The COVID-19 challenges are still in effect and there has been limited change to the status quo. However, Exxaro is proactively liaising with the authorities to safeguard its interests.

OUTLOOK

Economic context

For 2H20, the re-starting of the global economy is anticipated to bring economic growth recovery. However, the uncertainty about the impact of the COVID-19 virus makes any assessment of the global economic outlook challenging.

The impact of the COVID-19 lockdown on South Africa's fragile public finances has been devastating, with gross government debt as a percentage of GDP likely to rise significantly together with debt service costs. These fiscal imbalances will have a knock-on effect on the economic recovery path for South Africa into 2H20.

During 1H20, the ZAR depreciated to an all-time low in March, before it retracted significantly in June. The reversion to a risk-on environment, as a result of the easing of global COVID-19 lockdown restrictions, supported the ZAR; however, the rand/dollar exchange rate is expected to remain volatile during 2H20.

Commodity markets and price

The API4 index price is expected to be supported as activity in the key seaborne market resumes and a greater supply/demand balance is achieved. However, weak demand and flat pricing is anticipated into the early part of 2H20, as the speed at which coal demand reduced as a result of the lockdown measures far outpaced any supply response. Global seaborne thermal coal trade levels for 2020 are also expected to decline compared to 2019.

Despite steady Chinese iron ore demand, a recovery in seaborne trade is anticipated to offset a modest rebound in ex-China steel output. In addition, as China's iron ore port inventories rise towards the end of 2H20, a softening iron ore market is expected.

Operational performance

It is expected that domestic coal demand and pricing will remain relatively stable in consideration of lockdown protocols and the gradual return of industrial customers to full operations. We expect Eskom offtake to meet the contractual volumes for the year.

On the international front, we expect the full impact of the pandemic on coal markets to sustain well into the first half of 2021.

In line with our digitalisation programme, we continue to roll out the integrated operations centres across all our operations to enable the visualisation of the value chain. The increased visualisation of the overall value chain, as well as data driven insights gained from our operations, will highlight inefficiencies and will enable improved in-time decision making relating to safety, productivity improvements as well as cost performance.

Regarding the Moranbah South hard coking coal project, Exxaro and Anglo Coal continue their endeavours to agree on a mutually beneficial development plan and timeline.

INTERIM DIVIDEND

In terms of our capital allocation framework and given the impact of COVID-19 on the current economic climate, we will remain prudent in returning cash to shareholders, managing debt, and selectively reinvesting for the growth of our business. We maintain our dividend policy, which is based on two components: a pass-through of the SIOC dividend received and a targeted cover ratio of 2.5 times to 3.5 times core attributable coal earnings.

Additionally, Exxaro is targeting a gearing ratio below 1.5 times net debt to EBITDA.

The board has declared a cash dividend comprising:
– 3.0 times core attributable coal earnings
– Pass through of SIOC dividend of R1 706 million.

The net debt to EBITDA at 30 June is 1.9 times, well within our targeted gearing ratio.

Notice is hereby given that a gross interim cash dividend, number 35, of 643 cents per share, for the six-month period ended 30 June 2020 was declared, and is payable to shareholders of ordinary shares. For details of the dividend, please refer to note 11 of the reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2020.

Salient dates for payment of the interim dividend are:

– Last day to trade cum dividend on the JSE	Monday, 21 September 2020
– First trading day ex dividend on the JSE	Tuesday, 22 September 2020
– Record date	Friday, 25 September 2020
– Payment date	Monday, 28 September 2020

No share certificates may be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both days inclusive. Dividends for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant or broker credited on Monday, 28 September 2020.

GENERAL

Additional information on financial and operational results for the six-month period ended 30 June 2020, and the accompanying presentation can be accessed on our website on **www.exxaro.com**.

On behalf of the board

Jeff van Rooyen	**Mxolisi Mgojo**	**Riaan Koppeschaar**
Chairman	Chief executive officer	Finance director

13 August 2020

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2020 Reviewed Rm	(Re-presented) 6 months ended 30 June 2019 Reviewed Rm	12 months ended 31 December 2019 Audited Rm
Revenue (note 7)	14 078	11 961	25 726
Operating expenses (note 8)	(10 009)	(9 584)	(21 457)
Net operating profit	4 069	2 377	4 269
Finance income (note 9)	136	164	318
Finance costs (note 9)	(457)	(155)	(355)
Share of income of equity-accounted investments (note 10)	2 355	2 868	4 641
Profit before tax	6 103	5 254	8 873
Income tax expense	(581)	(958)	(968)
Profit for the period from continuing operations	5 522	4 296	7 905
Profit for the period from discontinued operations (note 6)	36	2 148	2 164
Profit for the period	5 558	6 444	10 069
Other comprehensive income/(loss), net of tax	226	(737)	(710)
Items that will not be reclassified to profit or loss:	99	64	71
– Remeasurement of retirement employee obligations			19
– Changes in fair value of equity investments at fair value through other comprehensive income	43	63	50
– Share of other comprehensive income of equity-accounted investments	56	1	2
Items that may subsequently be reclassified to profit or loss:	49	41	58
– Unrealised exchange differences on translation of foreign operations	136	(1)	(7)
– Fair value losses on cash flow hedges	(265)		
– Share of other comprehensive income of equity-accounted investments	178	42	65
Items that have subsequently been reclassified to profit or loss:	78	(842)	(839)
– Recycling of exchange differences on translation of foreign operations		(10)	(7)
– Recycling of cash flow hedging gains	19		
– Share of recycling of other comprehensive income of equity-accounted investments	59	(832)	(832)
Total comprehensive income for the period	5 784	5 707	9 359
Profit/(loss) attributable to:			
Owners of the parent	4 334	6 499	9 809
– Continuing operations	4 298	4 351	7 649
– Discontinued operations	36	2 148	2 160
Non-controlling interests[1]	1 224	(55)	260
– Continuing operations	1 216	(55)	256
– Discontinued operations	8		4
Profit for the period	5 558	6 444	10 069
Total comprehensive income/(loss) attributable to:			
Owners of the parent	4 523	5 762	9 108
– Continuing operations	4 487	4 445	7 778
– Discontinued operations	36	1 317	1 330
Non-controlling interests[1]	1 261	(55)	251
– Continuing operations	1 253	(55)	247
– Discontinued operations	8		4
Total comprehensive income for the period	5 784	5 707	9 359
Attributable earnings per share (cents)			
Aggregate[1]			
– Basic	1 727	2 589	3 908
– Diluted	1 727	1 969	3 908
Continuing operations			
– Basic	1 713	1 733	3 047
– Diluted	1 713	1 318	3 047
Discontinued operations			
– Basic	14	856	861
– Diluted	14	651	861
[1] *The number of months in the period for which the BEE Parties have shared in the consolidated Eyesizwe results is:*	*6*	*nil*	*2*

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
ASSETS			
Non-current assets	65 012	56 629	57 106
Property, plant and equipment	39 766	31 260	33 562
Right-of-use assets	504	491	462
Intangible assets (note 13)	3 032	15	16
Inventories	138		101
Equity-accounted investments (note 14)	17 438	18 485	16 630
Financial assets (note 22)	2 812	2 594	2 674
Deferred tax	753	136	467
Other assets (note 15)	569	3 648	3 194
Current assets	11 633	9 018	9 121
Inventories	1 889	1 864	1 809
Financial assets (note 22)	272	346	272
Trade and other receivables	2 572	2 046	3 241
Cash and cash equivalents	5 436	4 219	2 695
Other assets (note 15)	1 464	543	1 104
Non-current assets held-for-sale (note 16)	2 613	1 741	2 613
Total assets	79 258	67 388	68 840
EQUITY AND LIABILITIES			
Capital and other components of equity			
Share capital	1 021	1 021	1 021
Other components of equity	2 702	6 508	2 723
Retained earnings	34 004	38 011	31 032
Equity attributable to owners of the parent	37 727	45 540	34 776
Non-controlling interests	8 914	(642)	8 111
Total equity	46 641	44 898	42 887
Non-current liabilities	22 812	16 797	19 364
Interest-bearing borrowings (note 17)	10 327	4 424	6 991
Lease liabilities (note 18)	515	470	461
Other payables	65	81	121
Provisions	2 676	4 592	4 305
Retirement employee obligations	179	200	181
Financial liabilities (note 22)	603	113	
Deferred tax	8 331	6 894	7 138
Other liabilities (note 21)	116	23	167
Current liabilities	9 193	4 320	5 179
Interest-bearing borrowings (note 17)	3 331	50	50
Lease liabilities (note 18)	39	29	27
Trade and other payables	2 875	2 874	2 603
Provisions (note 19)	141	43	99
Financial liabilities (note 22)	235	595	498
Overdraft (note 17)	1 758	4	976
Other liabilities (note 21)	814	725	926
Non-current liabilities held-for-sale (note 16)	612	1 373	1 410
Total liabilities	32 617	22 490	25 953
Total equity and liabilities	79 258	67 388	68 840

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

		Other components of equity	
	Share capital Rm	Foreign currency translation Rm	Financial instruments revaluation Rm
At 31 December 2018 (Audited)	1 021	2 691	(32)
Adjustment on initial application of IFRS 16 *Leases*, net of tax			
Adjusted balance at 1 January 2019	1 021	2 691	(32)
Total comprehensive (loss)/income		(784)	(26)
– Profit/(loss) for the period			
– Other comprehensive (loss)/income for the period		(784)	(26)
Transactions with owners of the company			
– Dividends paid			
– Share-based payments movement			
Changes in ownership interest			
– Loss of control of subsidiary			
– Partial disposal of associate classified as non-current asset held-for-sale			
Other			
At 30 June 2019 (Reviewed)	1 021	1 907	(58)
Total comprehensive (loss)/income		(1)	23
– Profit for the period			
– Other comprehensive (income)/loss for the period		(1)	23
Transactions with owners of the company			
– Dividends paid			
– Share-based payments movement			
– Reclassifications within equity			
Changes in ownership interest			
– Recognition of NCI			
– Loss of control of subsidiary			
Other			
At 31 December 2019 (Audited)	1 021	1 906	(35)
Total comprehensive income/(loss)		282	(188)
– Profit for the period			
– Other comprehensive (loss)/income for the period		282	(188)
Transactions with owners of the company			
– Dividends paid (note 11)			
– Share-based payments movement			
Changes in ownership interest			
– Deemed disposal of joint venture[1]			
At 30 June 2020 (Reviewed)	1 021	2 188	(223)

[1] *Relates to a reclassification within equity arising from the Cennergi business combination which requires the pre-existing interest in the equity-accounted investment to be derecognised as a deemed disposal.*

Equity-settled Rm	Retirement employee obligations Rm	Financial asset FVOCI revaluation Rm	Other Rm	Retained earnings Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
5 534	(113)	(53)	1	32 797	41 846	(701)	41 145
				(12)	(12)		(12)
5 534	(113)	(53)	1	32 785	41 834	(701)	41 133
5	1	63	4	6 499	5 762	(55)	5 707
				6 499	6 499	(55)	6 444
5	1	63	4		(737)		(737)
(662)				(1 393)	(2 055)		(2 055)
				(1 393)	(1 393)		(1 393)
(662)					(662)		(662)
(178)	57			121		114	114
						114	114
(178)	57			121			
				(1)	(1)		(1)
4 699	(55)	10	5	38 011	45 540	(642)	44 898
5	16	(6)	(1)	3 310	3 346	306	3 652
				3 310	3 310	315	3 625
5	16	(6)	(1)		36	(9)	27
(3 821)				(1 811)	(5 632)		(5 632)
				(4 419)	(4 419)		(4 419)
(1 213)					(1 213)		(1 213)
(2 608)				2 608			
				(8 479)	(8 479)	8 447	(32)
				(8 479)	(8 479)	8 479	
						(32)	(32)
				1	1		1
883	(39)	4	4	31 032	34 776	8 111	42 887
63	(2)	34		4 334	4 523	1 261	5 784
				4 334	4 334	1 224	5 558
63	(2)	34			189	37	226
(152)				(1 420)	(1 572)	(458)	(2 030)
				(1 420)	(1 420)	(458)	(1 878)
(152)					(152)		(152)
(58)				58			
(58)				58			
736	(41)	38	4	34 004	37 727	8 914	46 641

Foreign currency translation
Arises from the translation of the financial statements of foreign operations within the group.

Financial instruments revaluation
Comprises the share of equity-accounted investments' hedging reserves and Exxaro's cash flow hedge reserve. Refer to note 22.2.

Equity-settled
Represents the fair value, net of tax, of services received from employees and settled by equity instruments granted.

Retirement employee obligations
Comprises remeasurements, net of tax, on the retirement employee obligations.

Financial asset FVOCI revaluation
Comprises the fair value adjustments, net of tax, on the financial assets classified as FVOCI.

CONDENSED GROUP STATEMENT OF CASH FLOWS

	6 months ended 30 June 2020 Reviewed Rm	(Re-presented)[1] 6 months ended 30 June 2019 Reviewed Rm	(Re-presented)[1] 12 months ended 31 December 2019 Audited Rm
Cash flows from operating activities	3 542	2 094	3 483
Cash generated by operations	4 732	3 228	5 273
Settlement of contingent consideration	(195)	(344)	(344)
Interest paid	(677)	(256)	(558)
Interest received	120	140	289
Tax paid	(438)	(674)	(1 177)
Cash flows from investing activities	(1 181)	3 692	2 974
Property, plant and equipment acquired (note 12)	(1 264)	(2 698)	(6 076)
Intangible assets acquired		(2)	(5)
Proceeds from disposal of property, plant and equipment	4	42	83
Decrease in other financial assets at amortised cost	41	43	82
Increase in enterprise and supplier development loans	(22)	(51)	(121)
Decrease in enterprise and supplier development loans	28	11	39
Deferred consideration paid for acquisition of associates	(214)	(152)	(306)
Decrease in loan to joint venture	14	200	250
Increase in loan to associate		(22)	(40)
Decrease in lease receivables	7	7	15
Proceeds from disposal of operation			76
Acquisition of subsidiary (note 4)	(1 304)		
Acquisition of associates		(14)	(14)
Dividend income received from equity-accounted investments	1 557	1 442	4 146
Proceeds from disposal of associates classified as non-current assets held-for-sale		4 486	4 486
Increase in environmental rehabilitation funds	(65)	(78)	(148)
Dividend income received from financial assets and non-current assets held-for-sale	37	478	507
Cash flows from financing activities	(441)	(2 121)	(5 286)
Interest-bearing borrowings raised (note 17)	1 750	1 500	4 250
Interest-bearing borrowings repaid (note 17)	(38)	(1 435)	(1 622)
Lease liabilities paid	(15)	(20)	(33)
Dividends paid to owners of the company	(1 420)	(1 393)	(5 812)
– Final dividend (relating to prior year)	(1 420)	(1 393)	(1 393)
– Special dividend			(2 251)
– Interim dividend (relating to current year)			(2 168)
Shares acquired in the market to settle share-based payments	(260)	(661)	(678)
Dividends paid to BEE Parties	(458)	(112)	(1 391)
Net increase in cash and cash equivalents	1 920	3 665	1 171
Cash and cash equivalents at beginning of the period	1 719	549	549
Translation difference on movement in cash and cash equivalents	39	1	(1)
Cash and cash equivalents at end of the period	3 678	4 215	1 719
Cash and cash equivalents	5 436	4 219	2 695
Overdraft	(1 758)	(4)	(976)

[1] Dividends paid have been re-presented as a financing activity (previously presented as an operating activity). This re-presentation was done to align with the dividend policy that was revised during 2018. The dividend policy comprises two components: firstly, a pass-through of the SIOC dividend received and secondly, a dividend based on a targeted cover ratio of 2.5 times to 3.5 times core attributable coal earnings.

RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interests Rm	Net Rm
6 months ended 30 June 2020 (Reviewed)				
Profit attributable to owners of the parent				4 334
Adjusted for:	(1 319)	3	297	(1 019)
– IAS 16 Gain on transfer of operation	(14)		3	(11)
– IAS 16 Net gains on disposal of property, plant and equipment	(9)	(3)	3	(9)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(18)	5	3	(10)
– IAS 28 Gain on deemed disposal of joint venture	(1 321)		298	(1 023)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	(3)	1		(2)
– IAS 36 Impairment of non-current assets	46		(10)	36
Headline earnings				3 315
Continuing operations				3 279
Discontinued operations				36
6 months ended 30 June 2019 (Reviewed) (Re-presented)				
Profit attributable to owners of the parent				6 499
Adjusted for:	(2 244)	87		(2 157)
– IFRS 10 Loss on loss of control of subsidiary	67			67
– IAS 16 Net gains on disposal of property, plant and equipment	(15)	4		(11)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(1)			(1)
– IAS 21 Net gain on translation differences recycled to profit or loss on partial disposal of associate	(832)			(832)
– IAS 21 Net gain on translation differences recycled to profit or loss on dilution of associates	(1)			(1)
– IAS 21 Net gain on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(10)			(10)
– IAS 28 Losses on dilution of investments in associates	43			43
– IAS 28 Net gains on disposal of associates	(1 504)	86		(1 418)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	9	(3)		6
Headline earnings				4 342
Continuing operations				4 174
Discontinued operations				168
12 months ended 31 December 2019 (Audited)				
Profit attributable to owners of the parent				9 809
Adjusted for:	(2 286)	62	14	(2 210)
– IFRS 10 Loss on loss of control of subsidiary	35			35
– IAS 16 Gain on disposal of operation	(76)		17	(59)
– IAS 16 Net gains on disposal of property, plant and equipment		(3)	(3)	(6)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(49)	14	8	(27)
– IAS 21 Net gains on translation differences recycled to profit or loss on partial disposal of associate	(832)			(832)
– IAS 21 Net gains on translation differences recycled to profit or loss on dilution of associates	(1)			(1)
– IAS 21 Net gain on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(10)			(10)
– IAS 21 Net loss on translation differences recycled to profit or loss on deregistration of foreign entity	3		(1)	2
– IAS 28 Losses on dilution of investments in associates	42			42
– IAS 28 Net gains on disposal of associates	(1 504)	65		(1 439)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	71	(14)	(12)	45
– IAS 36 Net impairment of non-current assets	35		5	40
Headline earnings				7 599
Continuing operations				7 437
Discontinued operations				162

RECONCILIATION OF GROUP HEADLINE EARNINGS continued

	6 months ended 30 June 2020 Reviewed cents	(Re-presented) 6 months ended 30 June 2019 Reviewed cents	12 months ended 31 December 2019 Audited cents
Headline earnings per share			
Aggregate			
– Basic	1 321	1 730	3 027
– Diluted	1 321	1 316	3 027
Continuing operations			
– Basic	1 307	1 663	2 962
– Diluted	1 307	1 265	2 962
Discontinued operations			
– Basic	14	67	65
– Diluted	14	51	65

Refer note 11 for details regarding the number of shares.

NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

1. CORPORATE BACKGROUND

Exxaro, a public company incorporated in South Africa, is a diversified resources group with interests in the coal (controlled and non-controlled), energy (controlled and non-controlled), TiO_2 (non-controlled) and ferrous (controlled and non-controlled) markets. These reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2020 (interim financial statements) comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The interim financial statements have been prepared in accordance with IFRS (as issued by the IASB), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The interim financial statements have been prepared under the supervision of Mr PA Koppeschaar CA(SA), SAICA registration number: 00038621.

The interim financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 31 December 2019, which have been prepared in accordance with IFRS. The interim financial statements have been prepared on the historical cost basis, except for financial instruments, share-based payments and biological assets, which are measured at fair value.

The interim financial statements were authorised for issue by the board of directors on 11 August 2020.

2.2 Judgements and estimates

Management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements and the key source of estimation uncertainty were similar to those applied to the group annual financial statements as at and for the year ended 31 December 2019. In addition, certain new judgements, estimates and assumptions relating to the business combination have been applied as detailed in note 4.

2.3 Re-presentation of comparative information

The condensed group statement of comprehensive income (and related notes) for the six-month period ended 30 June 2019 has been re-presented as a result of the investment in Black Mountain being classified as a discontinued operation as described further in note 6.

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS

The accounting policies applied are consistent with those of the previous financial year, except for the estimation of income tax (refer note 3.1 below) and the adoption of new and amended standards as set out below. In addition, the group has adopted hedge accounting as described further in note 22.2.1 following the Cennergi business combination.

3.1 Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. As such, the effective tax rate used in the interim financial statements may differ from management's estimate of the effective tax rate for the group annual financial statements. The estimated weighted average effective annual tax rate used for the six-month period ended 30 June 2020 is 9.5%, compared to 14.0% for the six-month period ended 30 June 2019.

The main reconciling items between the standard tax rate of 28% and the effective tax rate result from the:
– Share of income or loss of equity-accounted investments and dividend income (-10.79%)
– Fair value adjustment relating to the acquisition of Cennergi (-6%).
– BEE phase II implementation (ESOP and Exxaro Community NPV (-4.5%).

3. ACCOUNTING POLICIES continued

3.2 Carbon tax

The Carbon Tax Bill has been implemented with an effective date of 1 June 2019. Exxaro is currently in the process of registration in order to make its first payment on 31 October 2020, relating to the period 1 June 2019 to 31 December 2019. The total amount payable on 31 October 2020 for the tax year was calculated to be R4 million. An accrual of R2 million for the six-month period ended 30 June 2020 was made for carbon tax.

3.3 Impact of new, amended or revised standards issued but not yet effective

New accounting standards, amendments to accounting standards and interpretations issued, that are relevant to the group, but not yet effective on 30 June 2020 have not been adopted. The group continuously evaluates the impact of these standards and amendments.

3.4 Impact of COVID-19 on financial reporting

The COVID-19 outbreak has developed rapidly in 2020, not only in the world, but South Africa specifically has seen a significant number of infections being reported. Measures to prevent transmission of the virus include limiting the movement of people, restricting flights and other travel, temporarily closing businesses and schools and cancelling of public events. This had an immediate impact on the economy of South Africa. Measures taken to contain the virus have affected economic activity, which in turn have implications on the financial reporting.

The following key areas of financial reporting that required specific attention for the six-month period ended 30 June 2020 are detailed below:

Revenue recognition

Changes to terms of customer contracts and business practices during COVID-19 were evaluated and found not to influence the recognition of revenue.

Inventory

Inventory has been evaluated and written down to the lower of cost and net realisable value. An amount of R105 million on the write-drawn of inventory to net realisable value has been recognised for the six-month period ended 30 June 2020.

Impairment of non-financial assets

An updated forecast was used in all impairment testing models which incorporated changes for COVID-19. As at 30 June 2020, no impairment charges were required.

Allowances for expected credit losses (ECLs)

Exxaro adjusted the weighted average credit rating of the small medium enterprises (SME) class of debtors to reflect the expected deterioration of SME debtors due to the negative impact of COVID-19. Known debtor specific factors were also considered on the impact of future cash flows from debtors. Where additional risk was identified, credit ratings were reviewed and, where applicable, adjusted to reflect the increased risk.

Taxation

Exxaro will benefit from the following tax relief measures announced:
- A skills development levy holiday was granted to all businesses
- Carbon tax payments were deferred until 31 October 2020
- The implementation of limitation on utilisation of losses has been postponed to 2021.

Going concern assessment

An updated forecast was used to do the going concern assessment together with detailed sensitivity analysis as part of stress testing the going concern assumptions. Exxaro also prudently increased its borrowing facilities. The additional facility is available from 1 July 2020.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI

4.1 Overview of Cennergi

Exxaro and Tata Power, through its wholly owned subsidiary Khopoli, formed a 50:50 JV to create Cennergi in March 2012. Up to the acquisition date, Exxaro has recognised its existing 50% interest in the joint venture as an equity-accounted investment.

Cennergi is a company established and registered in South Africa operating in the renewable energy sector. Its business is the investigation of feasibility, development, ownership, operation, maintenance, acquisition and management of renewable energy projects in certain permitted territories.

Currently, Cennergi owns two windfarms which were originally bid as part of Window 2 of the Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), namely:
- Amakhala Emoyeni windfarm situated near Cookhouse in the Eastern Cape with an installed capacity of 134 megawatts
- Tsitsikamma Community windfarm located close to Tsitsikamma in the Eastern Cape with an installed capacity of 95 megawatts.

Each of the wind farms has been set up in separate project companies (SPVs) of which Cennergi holds the controlling interest as illustrated in the diagram below:

[1] *BEE minority shareholders are Watt Energy Proprietary Limited (holding 16%) and Mainstreet 1066 Proprietary Limited (RF) (holding 9%).*

[2] *BEE minority shareholders are Amakhala Emoyeni Bedford Wind Farm Community Trust (holding 2.5%) and Amakhala Emoyeni Cookhouse Wind Farm Community Trust (holding 2.5%).*

Cennergi forms part of the energy reportable operating segment.

4.2 Overview of the transaction

Tata Power decided to dispose of its 50% shareholding in Cennergi creating an opportunity for Exxaro to act on its ambitions of growing its presence in the energy sector, by acquiring the 50% shareholding owned by Khopoli. The acquisition will further contribute towards aligning the long-term environmental, sustainability, growth strategy and expansion of Exxaro into renewable energies and align the strategic intent of Exxaro of forming a second core business next to coal.

Therefore, with effect from 1 April 2020, Exxaro acquired Khopoli's 50% share of the issued share capital of Cennergi, resulting in Exxaro obtaining sole control over Cennergi. The transaction is thus recorded as a business combination achieved in stages (step-up acquisition) in terms of IFRS 3 *Business Combinations*.

Given the existing relationship with Cennergi, the related cost associated with the acquisition of the remaining 50% shareholding was minimal, with an amount of R2.4 million being expensed through operating expenses.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction continued

The fair value of the 100% controlling interest acquired and its attribution to the net identifiable assets acquired and resultant goodwill is summarised below:

	Note	Rm
Fair value of new 50% interest acquired (the purchase consideration)	4.2.1	1 739
Fair value of 50% interest held under joint control	4.2.2	1 502
Fair value of the 100% controlling interest acquired		3 241
Attributed to:		
Goodwill	4.2.3	374
Fair value of net identifiable assets acquired	4.2.4	2 867
The transaction resulted in the following net cash out flow from investing activities:		
– Cash paid	4.2.1	(1 641)
– Cash and cash equivalents acquired	4.2.4	337
Net cash outflow relating to the acquisition of Cennergi		(1 304)

The initial accounting for the acquisition has only been provisionally determined and is pending final determination of whether an obligation exists towards the Cennergi BEE minorities. This is not expected to have a material effect on the initial accounting currently presented.

4.2.1 Purchase consideration for newly acquired 50% interest

The purchase consideration for the additional 50% share acquired in Cennergi has been settled in cash, except for a portion that is deferred until such time that the underlying consideration is determinable and becomes due and payable. The purchase consideration represents the consideration transferred at its acquisition-date fair value. This is summarised into its components as follows:

	Note	Rm
Purchase consideration settled in cash		1 641
Contingent consideration	4.2.1.1	98
Fair value of purchase consideration		1 739

4.2.1.1 Contingent consideration

As part of the purchase consideration, Exxaro is required to pay Khopoli 50% of the value that Cennergi company would recover from its proven claims in the liquidation account of one of the BEE minority shareholders[1]. The amount becomes payable within the month that Cennergi company receives proceeds from the liquidation.

Cennergi company's proven claims relate to amounts advanced to the BEE minority shareholder including interest accrued thereon at fixed rates of interest. The claims are fully secured against the shares and loan claims in the SPV. It is therefore considered that the full liquidation claims will be recovered from the liquidation account, and depending on the value that the shares can be sold for, potentially an excess distribution of profit made on the sale of the shares. It is expected that the liquidation account will be settled and closed before the end of 2020.

An estimate of the possible range of outcomes of the settlement can be determined as follows:

	Rm
Expected minimum[1]: Representing 50% of the amount collected by the liquidator from the SPV loan claims	41
Maximum[1]**:** Representing 50% of the loan claims limiting the interest accrual under the in duplum principle	116

[1] *Assumes a reduction in recovery arising from the liquidation account at 3% of the proceeds for the liquidator costs.*

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction continued

4.2.2 Fair value of pre-existing 50% interest

The pre-existing 50% interest in Cennergi forms part of the 100% controlling interest that Exxaro holds as at the acquisition date and is therefore fair valued immediately preceding the acquisition date. The gain resulting from remeasuring the pre-existing interest was recognised in profit or loss and is ultimately treated as a deemed disposal of the pre-existing interest.

The deemed disposal and fair value recognition is summarised as follows:

	Note	Rm
Fair value of 50% interest held under joint control		1 502
Carrying value of equity-accounted investment		(181)
Gain recognised in operating expenses[1]	8	1 321
Loss on recycling of share of cash flow hedge reserve through profit or loss	8	(59)
Net impact in profit or loss		1 262

[1] *Headline earnings adjustment.*

4.2.3 Goodwill

Goodwill represents the residual value between the fair value of the 100% controlling interest acquired and the net identifiable assets recognised. The value of goodwill is attributed to the value of other items that at acquisition date are not separately identifiable to achieve recognition as intangible assets.

The goodwill recognised is attributed mainly to:
- The further operating capability of the assets and market demand for renewable energy post the existing power purchase agreements. The wind farms' lifespan is longer than the current power purchase agreements in place. Given the expected growth in demand for energy in South Africa, coupled with limited supply of energy, and in particular the worldwide drive toward energy supply to be from renewable sources, it is considered that there is a market with value post the existing power purchase agreements' contracts. The returns are also anticipated to be higher and by that point all debt financing would be paid off
- The existing assembled workforce of Cennergi
- A premium payable arising from the limited supply of, and high demand for, investment opportunities into renewable energy projects within the South African landscape.

The goodwill is not deductible for tax purposes.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction continued

4.2.4 Identifiable assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed of Cennergi as at the acquisition date are summarised as follows:

	Non-current Rm	Current Rm	Total Rm
Property, plant and equipment	5 952		5 952
Right-of-use assets	51		51
Intangible assets	2 685		2 685
Deferred tax assets	66		66
Deferred tax liabilities	(983)		(983)
Provisions	(39)		(39)
Financial liabilities: Derrivatives designated as hedging instruments	(272)		(272)
Net debt	(4 847)	115	(4 732)
– Cash and cash equivalents		337	337
– Interest-bearing borrowings	(4 799)	(215)	(5 014)
– Lease liabilities	(48)	(7)	(55)
Trade and other receivables[1]		187	187
Trade and other payables		(25)	(25)
Financial assets at amortised cost: Interest-bearing loans receivable		1	1
Current tax payable		(12)	(12)
Other assets		4	4
Other liabilities		(16)	(16)
Net identifiable assets acquired and liabilities assumed	2 613	254	2 867

[1] *The fair values of acquired receivables represent the gross contractual amount. The full contractual cash flows are expected to be collected.*

4.3 Performance contribution to Exxaro's results

	Revenue Rm	Profit[1] Rm
Cennergi's results included in Exxaro's results from 1 April 2020 – 30 June 2020	283	20
Cennergi's results contributions to Exxaro's results if included from 1 January 2020 – 30 June 2020[1]	550	11

[1] *The profit represents Cennergi's profit before adjustments for hedge accounting adopted at an Exxaro group level. The assimilated scenario cannot be determined accurately from an Exxaro perspective, as Exxaro has adopted hedge accounting only from 1 April 2020.*

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.4 Key judgements, assumptions and estimates applied to the business combination transaction:

4.4.1 Fair values of material assets acquired

The following material assets were fair valued applying the following valuation techniques and key assumptions:

Plant and equipment:	**Primary operating assets: Wind turbines with substation connections to the grid**
Valuation technique:	Cost approach applying a depreciated replacement cost method (DRC), which determines the replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.
Key assumptions:	Asset lives: 26.3 to 26.4 years Depreciation method: Straight line Condition rating[1]: Very good (94% to 96%) [1] *Asset condition: Asset is like new, fully operable, well maintained, and performs consistently at or above current standards. Little wear shown and no further action required.*
Intangible assets:	**Existing Power Purchase Agreement Contracts with Eskom**
Valuation technique:	Income approach applying a multi-period excess earnings method (MEEM) which determines the present value of the after-tax cash flow attributed to the intangible asset. The technique is based on the earnings power or cash-generating abilities of the entity or asset being valued. The income approach focuses on estimating a forecast cash flow stream that is reflective of the most likely future operations of the entity or asset. Such forecast cash flows are then discounted to present value based on the appropriate risk adjusted discount rate or capitalisation rate that is reflective of both the risk and long-term growth prospects of the entity or asset.
Key assumptions:	Discount rate: 11.1% Remaining life of contracts: 16.3 to 16.4 years

4.4.2 Classification of share-based payment transaction

The arrangements in place with the BEE minority shareholders of the SPVs and Amakhala SPV represent share-based payment arrangements under IFRS 2 *Share-based Payment*. Management view the transactions as equity-settled as there is no obligation to settle in cash.

4.4.3 Non-controlling interests: Minority arrangements

Management view the arrangements with the BEE minority shareholders of the SPVs as in substance share options and are therefore not yet recognised as non-controlling interests.

5. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segments. The chief operating decision maker is the group executive committee. Segments reported are based on the group's different commodities and operations.

The segments, as described below, offer different goods and services and are managed separately based on commodity, location and support function grouping. The group executive committee reviews internal management reports on these operating segments at least quarterly.

Coal

The coal reportable operating segment is split between commercial (Waterberg and Mpumalanga), tied and other operations. Commercial Mpumalanga operations include a 50% (30 June 2019: 50%; 31 December 2019: 50%) investment in Mafube (a joint venture with Anglo). The 10.36% (30 June 2019: 10.36%; 31 December 2019: 10.36%) effective equity interest in RBCT is included in the other coal operations. The 49% (30 June 2019: 49%; 31 December 2019: 49%) equity interest in Tumelo is included in the commercial Mpumalanga operations since 1 January 2019. The coal operations produce thermal coal, metallurgical coal and SSCC.

The export revenue and related export cost items have been allocated between the coal operating segments based on the origin of the initial coal production.

Energy

The energy segment comprises Cennergi as a 100% controlled interest from 1 April 2020 (refer note 4). Before the business combination an equity-interest of 50% (30 June 2019: 50%; 31 December 2019: 50%) was included as a joint venture in this segment. The energy segment also includes an equity interest of 28.59% (30 June 2019: 28.73%; 31 December 2019: 28.59%) in LightApp, as well as an equity interest in GAM of 22% (30 June 2019: 22%; 31 December 2019: 22%).

5. SEGMENTAL INFORMATION continued

Ferrous

The ferrous segment mainly comprises the 20.62% (30 June 2019: 20.62%; 31 December 2019: 20.62%) equity interest in SIOC (located in the Northern Cape province), reported within the other ferrous operating segment, as well as the FerroAlloys operation (referred to as Alloys). The Alloys operation manufactures ferrosilicon.

TiO_2

The TiO_2 segment comprises a 10.26% (30 June 2019: 10.20%; 31 December 2019: 10.38%) equity interest in Tronox Holdings plc, which was classified as a non-current asset held-for-sale on 30 September 2017 (refer note 16), and a 26% (30 June 2019: 26%; 31 December 2019: 26%) equity interest in Tronox SA (both of the South African-based operations).

Other

The other reportable segment comprises an equity interest in Curapipe of 15% (30 June 2019: 15%; 31 December 2019: 15%), an equity interest in Insect Technology of 25.86% (30 June 2019: 25.87%; 31 December 2019: 25.86%), the Ferroland agricultural operation as well as the corporate office which renders services to operations and other customers. The 26% (30 June 2019: 26%; 31 December 2019: 26%) equity interest in Black Mountain (located in the Northern Cape province) was classified as a non-current asset held-for-sale and a discontinued operation on 30 November 2019 (refer note 16).

5. SEGMENTAL INFORMATION continued

The following table presents a summary of the group's segmental information:

	Coal			
	Commercial			
6 months ended 30 June 2020 (Reviewed)	**Waterberg Rm**	**Mpumalanga Rm**	**Tied Rm**	**Other Rm**
External revenue (note 7)	7 615	4 076	2 005	34
Segmental net operating profit/(loss)	3 501	(240)	80	(738)
– *Continuing operations*	3 501	(240)	80	(738)
– *Discontinued operations*				
External finance income (note 9)	23	2	3	10
External finance costs (note 9)	(27)	(90)		(23)
Income tax (expense)/benefit	(1 059)		(31)	255
– *Continuing operations*	(1 059)		(31)	255
– *Discontinued operations*				
Depreciation and amortisation (note 8)	(685)	(260)	(11)	(12)
Gain on deemed disposal of joint venture				
Gain on transfer of operation				14
Share of income/(loss) of equity-accounted investments (note 10)		35		10
Cash generated by/(utilised in) operations	4 283	105	168	144
Capital spend (note 12)	(796)	(392)	(1)	
At 30 June 2020 (Reviewed)				
Segmental assets and liabilities				
Deferred tax[1]		(117)	(137)	485
Equity-accounted investments		1 372		2 078
Loans to equity-accounted investments		113		
External assets	28 872	9 714	1 065	2 489
Assets	28 872	11 082	928	5 052
Non-current assets held-for-sale (note 17)				
Total assets per statement of financial position	28 872	11 082	928	5 052
External liabilities	1 917	2 396	872	1 225
Deferred tax[1]	6 690	675		54
Current tax payables[1]		8	(8)	26
Liabilities	8 607	3 079	864	1 305
Non-current liabilities held-for-sale (note 17)		612		
Total liabilities per statement of financial position	8 607	3 691	864	1 305

[1] *Offset per legal entity and tax authority.*

5. SEGMENTAL INFORMATION continued

6 months ended 30 June 2020 (Reviewed)	Ferrous			Other			
	Alloys Rm	Other ferrous Rm	TiO_2 Rm	Energy Rm	Base metals Rm	Other Rm	Total Rm
External revenue (note 7)	60			283		5	14 078
Segmental net operating profit/(loss)	6			1 402		58	4 069
– *Continuing operations*	6			1 402		58	4 069
– *Discontinued operations*							
External finance income (note 9)				5		93	136
External finance costs (note 9)				(143)		(174)	(457)
Income tax (expense)/benefit				17		237	(581)
– *Continuing operations*				17		237	(581)
– *Discontinued operations*							
Depreciation and amortisation (note 8)	(3)			(97)		(63)	(1 131)
Gain on deemed disposal of joint venture				1 321			1 321
Gain on transfer of operation							14
Share of income/(loss) of equity-accounted investments (note 10)		2 259	95	4		(48)	2 355
Cash generated by/(utilised in) operations	5			189		(162)	4 732
Capital spend (note 12)						(75)	(1 264)
At 30 June 2020 (Reviewed)							
Segmental assets and liabilities							
Deferred tax[1]	14			155		353	753
Equity-accounted investments		10 770	2 494	126		598	17 438
Loans to equity-accounted investments							113
External assets	281	25		9 373		6 522	58 341
Assets	295	10 795	2 494	9 654		7 473	76 645
Non-current assets held-for-sale (note 17)			1 741		872		2 613
Total assets per statement of financial position	295	10 795	4 235	9 654	872	7 473	79 258
External liabilities	32	6		5 550		11 622	23 620
Deferred tax[1]				964		(52)	8 331
Current tax payables[1]						28	54
Liabilities	32	6		6 514		11 598	32 005
Non-current liabilities held-for-sale (note 17)							612
Total liabilities per statement of financial position	32	6		6 514		11 598	32 617

[1] *Offset per legal entity and tax authority.*

5. SEGMENTAL INFORMATION continued

The following table presents a summary of the group's segmental information:

	Coal			
	Commercial			
6 months ended 30 June 2019 (Reviewed)	**Waterberg Rm**	**Mpumalanga Rm**	**Tied Rm**	**Other Rm**
External revenue (note 7)	6 726	3 293	1 769	139
Segmental net operating profit/(loss)	2 910	(491)	67	(572)
– *Continuing operations*	2 910	(491)	67	(572)
– *Discontinued operations*				
External finance income (note 9)	32	10		35
External finance costs (note 9)	(26)	(80)	(1)	(20)
Income tax (expense)/benefit	(873)	86	(29)	202
– *Continuing operations*	(873)	86	(29)	202
– *Discontinued operations*				
Depreciation and amortisation (note 8)	(676)	(176)	(11)	(1)
Loss on loss of control of subsidiary		(67)		
Share of income/(loss) of equity-accounted investments (note 10)		105		4
– *Continuing operations*		105		4
– *Discontinued operations*				
Cash generated by/(utilised in) operations	2 961	(258)	159	425
Capital spend (note 12)	(1 230)	(1 311)		
At 30 June 2019 (Reviewed)				
Segmental assets and liabilities				
Deferred tax[1]		(5)	(78)	177
Equity-accounted investments		1 330		2 070
Loans to equity-accounted investments		199		
External assets	27 285	9 036	1 141	3 625
Assets	27 285	10 560	1 063	5 872
Non-current assets held-for-sale (note 17)				
Total assets per statement of financial position	27 285	10 560	1 063	5 872
External liabilities	1 958	2 484	929	2 759
Deferred tax[1]	6 204	689		36
Current tax payables[1]	(15)	71	3	34
Liabilities	8 147	3 244	932	2 829
Non-current liabilities held-for-sale (note 17)		1 373		
Total liabilities per statement of financial position	8 147	4 617	932	2 829

[1] *Offset per legal entity and tax authority.*

5. SEGMENTAL INFORMATION continued

6 months ended 30 June 2019 (Reviewed)	Ferrous Alloys Rm	Ferrous Other ferrous Rm	TiO_2 Rm	Energy Rm	Other Base metals Rm	Other Other Rm	Total Rm
External revenue (note 7)	27					7	11 961
Segmental net operating profit/(loss)	3		2 421			190	4 528
– *Continuing operations*	3		270			190	2 377
– *Discontinued operations*			2 151				2 151
External finance income (note 9)						87	164
External finance costs (note 9)						(28)	(155)
Income tax (expense)/benefit			(87)			(344)	(1 045)
– *Continuing operations*						(344)	(958)
– *Discontinued operations*			(87)				(87)
Depreciation and amortisation (note 8)	(3)					(46)	(913)
Loss on loss of control of subsidiary							(67)
Share of income/(loss) of equity-accounted investments (note 10)		2 717	112	(27)	56	(43)	2 924
– *Continuing operations*		2 717	112	(27)		(43)	2 868
– *Discontinued operations*					56		56
Cash generated by/(utilised in) operations	43					(102)	3 228
Capital spend (note 12)						(157)	(2 698)
At 30 June 2020 (Reviewed)							
Segmental assets and liabilities							
Deferred tax[1]	8	1				33	136
Equity-accounted investments		10 833	2 297	403	876	676	18 485
Loans to equity-accounted investments							199
External assets	239	25	94			5 382	46 827
Assets	247	10 859	2 391	403	876	6 091	65 647
Non-current assets held-for-sale (note 17)			1 741				1 741
Total assets per statement of financial position	247	10 859	4 132	403	876	6 091	67 388
External liabilities	28	5				5 900	14 063
Deferred tax[1]						(35)	6 894
Current tax payables[1]						67	160
Liabilities	28	5				5 932	21 117
Non-current liabilities held-for-sal (note 17)							1 373
Total liabilities per statement of financial position	28	5				5 932	22 490

[1] *Offset per legal entity and tax authority.*

5. SEGMENTAL INFORMATION continued

The following table presents a summary of the group's segmental information:

	Coal			
	Commercial			
12 months ended 31 December 2019 (Audited)	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm
External revenue (note 7)	14 012	7 240	4 038	292
Segmental net operating profit/(loss)	5 752	(318)	136	(1 623)
– *Continuing operations*	5 752	(318)	136	(1 623)
– *Discontinued operations*				
External finance income (note 9)	57	21		30
External finance costs (note 9)	(54)	(165)		(27)
Income tax (expense)/benefit	(1 627)	120	(47)	627
– *Continuing operations*	(1 627)	120	(47)	627
– *Discontinued operations*				
Depreciation and amortisation (note 8)	(1 383)	(382)	(23)	(3)
Loss on loss of control of subsidiary		(35)		
Gain on disposal of operation		76		
Share of income/(loss) of equity-accounted investments (note 10)		127		1
– *Continuing operations*		127		1
– *Discontinued operations*				
Cash generated by/(utilised in) operations	6 062	(253)	201	(1 042)
Capital spend (note 10)	(2 951)	(2 776)		(90)
At 31 December 2019 (Audited)				
Segmental assets and liabilities				
Deferred tax[1]			(107)	340
Equity-accounted investments		1 335		2 067
Loans to associates		133		
External assets	28 832	10 499	1 210	3 951
Assets	28 832	11 967	1 103	6 358
Non-current assets held-for-sale (note 17)				
Total assets per statement of financial position	28 832	11 967	1 103	6 358
External liabilities	1 951	2 336	938	2 684
Deferred tax[1]	6 411	715		68
Liabilities	8 362	3 051	938	2 752
Non-current liabilities held-for-sale (note 17)		1 410		
Total liabilities per statement of financial position	8 362	4 461	938	2 752

[1] *Offset per legal entity and tax authority.*

NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

5. SEGMENTAL INFORMATION continued

12 months ended 31 December 2019 (Audited)	Ferrous				Other		
	Alloys Rm	Other ferrous Rm	TiO_2 Rm	Energy Rm	Base metals Rm	Other Rm	Total Rm
External revenue (note 7)	130					14	25 726
Segmental net operating profit/(loss)	(3)	(1)	2 400	(58)		114	6 399
– *Continuing operations*	(3)	(1)	270	(58)		114	4 269
– *Discontinued operations*			2 130				2 130
External finance income (note 9)						210	318
External finance costs (note 9)	(1)					(108)	(355)
Income tax (expense)/benefit	3		(65)			(44)	(1 033)
– *Continuing operations*	3					(44)	(968)
– *Discontinued operations*			(65)				(65)
Depreciation and amortisation (note 8)	(5)					(116)	(1 912)
Loss on loss of control of subsidiary							(35)
Gain on disposal of operation							76
Share of income/(loss) of equity-accounted investments (note 10)		4 413	234	18	52	(152)	4 693
– *Continuing operations*		4 413	234	18		(152)	4 641
– *Discontinued operations*					52		52
Cash generated by/(utilised in) operations	1					304	5 273
Capital spend (note 12)						(259)	(6 076)
At 31 December 2019 (Audited)							
Segmental assets and liabilities							
Deferred tax[1]	11					223	467
Equity-accounted investments (note 14)		9 835	2 472	350		571	16 630
Loans to associates							133
External assets	279	25	65			4 136	48 997
Assets	290	9 860	2 537	350		4 930	66 227
Non-current assets held-for-sale (note 17)			1 741		872		2 613
Total assets per statement of financial position	290	9 860	4 278	350	872	4 930	68 840
External liabilities	30	6				9 460	17 405
Deferred tax[1]						(56)	7 138
Liabilities	30	6				9 404	24 543
Non-current liabilities held-for-sale (note 17)							1 410
Total liabilities per statement of financial position	30	6				9 404	25 953

[1] *Offset per legal entity and tax authority.*

6. DISCONTINUED OPERATIONS

The discontinued operations are:

- **Tronox Holdings plc**: representing a major geographical area of operations as well as the majority of the TiO_2 reportable segment.
- **Black Mountain**: representing the base metals operating segment which management view as a separate major operation.

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

	6 months ended 30 June 2020 Reviewed Rm	(Re-presented) 6 months ended 30 June 2019 Reviewed Rm	12 months ended 31 December 2019 Audited Rm
Financial performance			
Losses on financial instruments revaluations recycled to profit or loss		(1)	(1)
Net gains on translation differences recycled to profit or loss on partial disposal of investment in foreign associate		832	832
Indemnification asset movement		86	65
Operating profit		917	896
Gain on partial disposal of associate		1 234	1 234
Net operating profit		2 151	2 130
Dividend income received from non-current assets held-for-sale	36	28	47
Share of income of equity-accounted investment[1]		56	52
Profit before tax	36	2 235	2 229
Income tax expense		(87)	(65)
Profit for the period from discontinued operations	36	2 148	2 164
Other comprehensive(loss)/income, net of tax		(831)	(830)
Items that have subsequently been reclassified to profit or loss:		(831)	(831)
– Recycling of share of other comprehensive income of equity-accounted investments		(831)	(831)
Items that will not be reclassified to profit or loss:			1
– Share of recycling of other comprehensive income of equity-accounted investments			1
Total comprehensive income for the period	36	1 317	1 334
Cash flow information			
Cash flow attributable to investing activities			
– Dividend income received from non-current assets held-for-sale	36	18	47
– Proceeds from partial disposal of associate classified as non-current assets held-for-sale		2 889	2 889
Cash flow attributable to discontinued operations	36	2 907	2 936

[1] *Relates to Black Mountain.*

7. REVENUE

Revenue is derived from contracts with customers. Revenue has been disaggregated based on timing of revenue recognition, major type of goods and services, major geographic area and major customer industries.

	Coal				Ferrous	Energy	Other	
	Commercial							
6 months ended 30 June 2020 (Reviewed)	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Alloys Rm	Rm	Other Rm	Total Rm
Segmental revenue reconciliation								
Segmental revenue based on origin of coal production	7 615	4 076	2 005	34	60	283	5	14 078
Export sales allocated to selling entity	(1 091)	(3 757)		4 848				
Total revenue from contracts with customers	6 524	319	2 005	4 882	60	283	5	14 078
By timing and major type of goods and services								
Sale of goods at a point in time	6 524	319	1 732	4 800	56	283	5	13 719
Coal	6 524	319	1 732	4 800				13 375
Ferrosilicon					56			56
Renewable energy						283		283
Biological goods							5	5
Rendering of services over time			273	82	4			359
Stock yard management services			73					73
Project engineering services			200					200
Other mine management services				34				34
Transportation services				48	1			49
Other services					3			3
Total revenue from contracts with customers	6 524	319	2 005	4 882	60	283	5	14 078
By major geographic area of customer[1]								
Domestic	6 524	319	2 005	34	60	283	4	9 229
Export				4 848			1	4 849
Europe				1 910			1	1 911
Asia				2 249				2 249
Other				689				689
Total revenue from contracts with customers	6 524	319	2 005	4 882	60	283	5	14 078
By major customer industries								
Public utilities	5 721		2 005	263		283		8 272
Merchants	92	184		4 192	2			4 470
Steel	375	17		77				469
Mining	83			127	45			255
Manufacturing	126				11			137
Food and beverage	61							61
Chemicals		116						116
Cement	50							50
Other	16	2		222	4		4	248
Total revenue from contracts with customers	6 524	319	2 005	4 881	62	283	4	14 078

[1] *Determined based on the customer supplied by Exxaro.*

7. REVENUE continued

6 months ended 30 June 2019 (Reviewed)	Coal: Commercial: Waterberg Rm	Coal: Commercial: Mpumalanga Rm	Coal: Tied Rm	Coal: Other Rm	Ferrous: Alloys Rm	Other: Other Rm	Total Rm
Segmental revenue reconciliation							
Segmental revenue based on origin of coal production	6 726	3 293	1 769	139	27	7	11 961
Export sales allocated to selling entity	(811)	(2 471)		3 282			
Total revenue from contracts with customers	5 915	822	1 769	3 421	27	7	11 961
By timing and major type of goods and services							
Sale of goods at a point in time	5 915	822	1 531	3 254	23	6	11 551
Coal	5 915	822	1 531	3 254			11 522
Ferrosilicon					23		23
Biological goods						6	6
Rendering of services over time			238	167	4	1	410
Stock yard management services			62				62
Project engineering services			176				176
Other mine management services				138			138
Transportation services				29	1		30
Other services					3	1	4
Total revenue from contracts with customers	5 915	822	1 769	3 421	27	7	11 961
By major geographic area of customer[1]							
Domestic	5 915	822	1 769	139	27	7	8 679
Export				3 282			3 282
Europe				1 848			1 848
Asia				1 371			1 371
Other				63			63
Total revenue from contracts with customers	5 915	822	1 769	3 421	27	7	11 961
By major customer industries							
Public utilities	4 832	420	1 769	186			7 207
Merchants	96	181		2 814			3 091
Steel	632	46		16			694
Mining	26	88		195	15		324
Manufacturing	139				9		148
Cement	81						81
Food and beverage	90						90
Chemicals		61					61
Other	19	26		210	3	7	265
Total revenue from contracts with customers	5 915	822	1 769	3 421	27	7	11 961

[1] *Determined based on the customer supplied by Exxaro.*

7. REVENUE continued

	Coal				Ferrous	Other	
	Commercial						
12 months ended 31 December 2019 (Audited)	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Alloys Rm	Other Rm	Total Rm
Segmental revenue reconciliation							
Segmental revenue based on origin of coal production	14 012	7 240	4 038	292	130	14	25 726
Export sales allocated to selling entity	(1 494)	(5 468)		6 962			
Total revenue from contracts with customers	12 518	1 772	4 038	7 254	130	14	25 726
By timing and major type of goods and services							
Sale of goods at a point in time	12 518	1 721	3 414	6 870	122	12	24 657
Coal	12 518	1 721	3 414	6 870			24 523
Ferrosilicon					122		122
Biological goods						12	12
Rendering of services over time		51	624	384	8	2	1 069
Stock yard management services			130				130
Project engineering services			494				494
Other mine management services				292			292
Transportation services		51		92	2		145
Other services					6	2	8
Total revenue from contracts with customers	12 518	1 772	4 038	7 254	130	14	25 726
By major geographic area of customer[1]							
Domestic	12 518	1 772	4 038	292	130	13	18 763
Export				6 962		1	6 963
Europe				3 617		1	3 618
Asia				3 159			3 159
Other				186			186
Total revenue from contracts with customers	12 518	1 772	4 038	7 254	130	14	25 726
By major customer industries							
Public utilities	10 211	1 009	4 038	467			15 725
Merchants	179	326		6 475			6 980
Steel	1 378	68		43			1 489
Mining	81	133		266	103		583
Manufacturing	279				24		303
Cement	148						148
Food and beverage	200					1	201
Chemicals		167					167
Other	42	69		3	3	13	130
Total revenue from contracts with customers	12 518	1 772	4 038	7 254	130	14	25 726

[1] *Determined based on the customer supplied by Exxaro.*

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

	6 months ended 30 June 2020 Reviewed Rm	6 months ended 30 June 2019 Reviewed Rm	12 months ended 31 December 2019 Audited Rm
The following (expense)/income items are included, among others, in operating expenses:			
Raw materials and consumables	(1 844)	(1 893)	(3 760)
Staff costs[1]	(2 523)	(2 266)	(5 248)
Royalties	(348)	(274)	(459)
Contract mining	(1 175)	(1 090)	(2 308)
Repairs and maintenance	(1 208)	(1 072)	(2 251)
Railage and transport	(1 528)	(1 037)	(2 353)
Movement in rehabilitation provisions	(251)	(473)	(127)
Depreciation and amortisation	(1 131)	(913)	(1 912)
– Depreciation of property, plant and equipment	(1 053)	(886)	(1 849)
– Depreciation of right-of-use assets	(35)	(25)	(59)
– Amortisation of intangible assets	(43)	(2)	(4)
Gain on deemed disposal of joint venture[2]	1 321		
Losses on cash flow hedge reserve recycled to profit or loss on deemed disposal of JV[2]	(59)		
Fair value adjustments on contingent consideration[3]		232	296
Hedge ineffectiveness on interest rate swaps (note 22.2)	(11)		
Legal and professional fees	(286)	(402)	(742)
Net gains on disposal of property, plant and equipment	9	14	
Loss on loss of control of subsidiary		(67)	(35)
Gain on transfer of operation[4]	14		76
Loss on dilution of investment in associates		(43)	(42)
Gain on disposal of associate		270	270
Expected credit losses[5]	77	(104)	(165)
Net impairment charges of non-current assets[6]	(46)		(35)
Write down of inventory to net realisable value	(105)	(10)	(12)
Insurance recoveries for	32	1	148
– Business interruption	14		99
– Property, plant and equipment	18	1	49

[1] *December 2019 includes an amount of R459 million relating to TVPs.*
[2] *Relates to the step-up acquisition of Cennergi (refer note 4).*
[3] *Relates to the ECC acquisition.*
[4] *2020: Relates to the transfer of the Arnot operation to Arnot Opco Proprietary Limited. 2019: Relates to the disposal of the Paardeplaats mining right which formed part of the NBC operation.*
[5] *Relates mainly to the reversal of ECLs as payments were received on long outstanding debts. The ECLs recognised in 2019 were mainly for non-performing other receivables and the loan to Tumelo.*
[6] *2020: Relates to the the impairment charge of the equity-accounted investment in Curapipe. 2019: Relates to the impairment charge of the equity-accounted investment in GAM (R58 million) and an impairment reversal on the reductants plant (R23 million).*

9. NET FINANCING (COSTS)/INCOME

	6 months ended 30 June 2020 Reviewed Rm	6 months ended 30 June 2019 Reviewed Rm	12 months ended 31 December 2019 Audited Rm
Finance income	136	164	318
Interest income	131	132	292
Finance lease interest income	4	5	9
Commitment fee income	1	3	6
Interest income from loan to joint venture		24	11
Finance costs	(457)	(155)	(355)
Interest expense	(490)	(233)	(506)
Fair value loss on interest rate swaps designated as cash flow hedges: transfer from OCI	(26)		
Unwinding of discount rate on rehabilitation costs	(160)	(206)	(414)
Recovery of unwinding of discount rate on rehabilitation costs	19	80	167
Interest expense on lease liabilities	(26)	(10)	(36)
Amortisation of transaction costs	(4)	(7)	(14)
Borrowing costs capitalised[1]	230	221	448
Total net financing (costs)/income	(321)	9	(37)
[1] *Borrowing costs capitalisation rate (%)*	*8.88*	*10.21*	*9.98*

10. SHARE OF INCOME/(LOSS) OF EQUITY-ACCOUNTED INVESTMENTS

	6 months ended 30 June 2020 Reviewed Rm	(Re-presented) 6 months ended 30 June 2019 Reviewed Rm	12 months ended 31 December 2019 Audited Rm
Unlisted investments			
Associates	2 307	2 775	4 468
SIOC	2 259	2 717	4 413
Tronox SA	95	112	234
RBCT	10	4	1
Insect Technology	(48)	(43)	(148)
LightApp	(9)	(15)	(28)
Curapipe			(4)
Joint ventures	48	93	173
Mafube	35	105	127
Cennergi[1]	13	(12)	46
Share of income of equity-accounted investments	2 355	2 868	4 641

[1] *Equity income up to 31 March 2020.*

11. DIVIDEND DISTRIBUTION

The final dividend relating to the 2019 financial year of 566 cents per share (R1 420 million to owners and R458 million to NCI) was paid in April 2020.

An interim cash dividend, number 35, for 2020 of 643 cents per share, was approved by the board of directors on 11 August 2020. The dividend is payable on 28 September 2020 to shareholders who will be on the register on 25 September 2020. This interim dividend, amounting to approximately R2 306 million (R1 613 million to owners of the parent and R693 million to NCI), has not been recognised as a liability in these interim financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2020.

The interim dividend declared will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 20% amounts to 514.40000 cents per share. The number of ordinary shares in issue at the date of this declaration is 358 706 754. Exxaro company's tax reference number is 9218/098/14/4.

	6 months ended 30 June 2020 Reviewed	6 months ended 30 June 2019 Reviewed	12 months ended 31 December 2019 Audited
Dividend per share paid (cents)	566	555	2 316
Final dividend (relating to prior year)	566	555	555
Special dividend			897
Interim dividend (relating to current year)			864
Issued share capital (number of shares)	358 706 754	358 706 754	358 706 754
Ordinary shares (million)			
– Weighted average number of shares	251	251	251
– Diluted weighted average number of shares	251	330	251

12. CAPITAL SPEND AND CAPITAL COMMITMENTS

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Capital spend			
To maintain operations	672	1 115	2 502
To expand operations	592	1 583	3 574
Total capital spend	1 264	2 698	6 076
Capital commitments			
Contracted	2 589	2 328	2 225
Contracted for the group (owner controlled)	2 313	2 089	1 985
Share of capital commitments of equity-accounted investments	276	239	240
Authorised, but not contracted	1 839	1 662	3 119

13. INTANGIBLE ASSETS

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Goodwill[1]			
Net carrying amount			
Acquisition of subsidiary	374		
At end of the period	374		
Contracts with customers[1]			
Gross carrying amount			
Acquisition of subsidiary	2 685		
At end of the period	2 685		
Accumulated amortisation			
Charges for the period	(41)		
At end of the period	(41)		
Patents and licences			
Gross carrying amount			
At beginning of the period	43	38	38
Additions		2	5
At end of the period	43	40	43
Accumulated amortisation			
At beginning of the period	(27)	(23)	(23)
Charges for the period	(2)	(2)	(4)
At end of the period	(29)	(25)	(27)
Net carrying amount at end of the period	3 032	15	16

[1] *Refer to note 4 for the goodwill and intangible assets recognised as a result of the Cennergi business combination.*

14. EQUITY-ACCOUNTED INVESTMENTS

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Associates	16 066	16 934	15 056
SIOC	10 770	10 833	9 835
Tronox SA	2 494	2 297	2 472
RBCT	2 078	2 070	2 067
Black Mountain[1]		876	
Curapipe[2]		44	37
Insect Technology	598	632	534
LightApp	126	124	111
GAM[3]		58	
Joint ventures	1 372	1 551	1 574
Mafube	1 372	1 330	1 335
Cennergi[4]		221	239
Total carrying value of equity-accounted investments	17 438	18 485	16 630

[1] *The investment in Black Mountain was classified as a non-current asset held-for-sale on 30 November 2019 (refer note 16).*
[2] *The investment in Curapipe was impaired to a carrying value of US$1 (R17.23) on 30 June 2020.*
[3] *The investment in GAM is fully impaired.*
[4] *The additional 50% shareholding in Cennergi was acquired on 1 April 2020 from which date the subsidiary has been consolidated (refer note 4 for details of the business combination).*

15. OTHER ASSETS

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Non-current			
Reimbursements[1]	431	2 059	1 648
Indemnification asset: Total S.A.[2]		1 373	1 410
Indemnification asset: Tronox Holdings plc		86	
Biological assets	24	29	24
Lease receivables	57	64	61
Other	57	37	51
Total non-current other assets	569	3 648	3 194
Current			
Indemnification asset: Total S.A.[2]	612		
Indemnification asset: Tronox Holdings plc			65
VAT	511	366	501
Royalties	75	46	114
Prepayments	42	39	120
Current tax receivables	196	26	265
Lease receivables	6	5	6
Other	22	61	33
Total current other assets	1 464	543	1 104
Total other assets	2 033	4 191	4 298

[1] *Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matla operation at the end of LOM (2019: Included Matla and Arnot operation).*

[2] *Upon the acquisition of ECC in 2015, Total S.A. indemnified Exxaro from any obligations relating to the EMJV. The indemnification will lapse in August 2020.*

16. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE

Tronox Holdings plc

In September 2017, the directors of Exxaro formally decided to dispose of the investment in Tronox Limited. As part of this decision, Tronox Limited was required to publish an automatic shelf registration statement of securities of well-known seasoned issuers which allowed for the conversion of Exxaro's Class B Tronox Limited ordinary shares to Class A Tronox Limited ordinary shares. From this point, it was concluded that the Tronox Limited investment should be classified as a non-current asset held-for-sale as all the requirements in terms of IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations* (IFRS 5) were met. As of 30 September 2017, the Tronox Limited investment, totalling 42.66% of Tronox Limited's total outstanding voting shares, was classified as a non-current asset held-for-sale and the application of the equity method ceased.

Subsequently, Exxaro sold 22 425 000 Class A Tronox Limited ordinary shares during October 2017. During May 2019, Tronox Holdings plc repurchased 14 000 0000 Tronox Holdings plc ordinary shares from Exxaro after Tronox Limited had redomiciled to the UK. On 30 June 2019, management concluded that the remaining investment in Tronox Holdings plc continues to meet the criteria to be classified as a non-current asset held-for-sale in terms of IFRS 5. Exxaro continues to assess market conditions for further possible sell downs of the remaining 14 729 280 Tronox Holdings plc ordinary shares.

The Tronox Holdings plc investment is presented within the total assets of the TiO_2 reportable operating segment and is presented as a discontinued operation (refer note 6).

16. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE continued

Black Mountain

During the second half of 2019, the Exxaro board of directors approved a decision to divest from its 26% interest in Black Mountain. A non-binding offer from an interested party was received. The final terms of the transaction agreements are currently being settled. On 30 November 2019 the investment was classified as a non-current asset held-for-sale as all the criteria in terms of IFRS 5 were met and the application of the equity-method ceased.

The Black Mountain investment is presented within the total assets of the other base metals reportable operating segment and is presented as a discontinued operation (refer note 6).

EMJV

As part of the ECC acquisition in 2015, Exxaro acquired non-current liabilities held-for-sale relating to the EMJV. The sale of ECC's EMJV interest to Scinta became unconditional in 2013 and transferred the contractual liabilities. Section 43 consent is required in terms of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) for the transfer of the legal environmental liabilities and rehabilitation obligations to Scinta. The legal environmental liabilities remained classified as non-current liabilities held-for-sale for the Exxaro group as at 31 December 2019 as the required approvals were still pending. During January 2020 the required section 43 approval was obtained, transferring the legal liabilities to the EMJV and its liabilities and infrastructure to Scinta. Active engagement is continuing between the parties to finalise the transaction. The EMJV does not meet the criteria to be classified as a discontinued operation since it does not represent a separate major line of business, nor does it represent a major geographical area of operation.

The major classes of assets and liabilities classified as non-current assets and liabilities held-for-sale are as follows:

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Assets			
Investments in associates	2 613	1 741	2 613
– Tronox Holdings plc	1 741	1 741	1 741
– Black Mountain	872		872
Non-current assets held-for-sale	2 613	1 741	2 613
Liabilities			
Non-current provisions[1]	(595)	(1 356)	(1 393)
Retirement employee obligations[1]	(17)	(17)	(17)
Non-current liabilities held-for-sale	(612)	(1 373)	(1 410)
Net non-current assets held-for-sale	2 001	368	1 203

[1] *Relates to EMVJ.*

17. INTEREST-BEARING BORROWINGS

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Non-current[1]	10 327	4 424	6 991
Loan facility[2]	9 327	3 237	5 991
Bonds	1 000	1 000	1 000
Preference share liability		187	
Current[1]	3 331	50	50
Loan facility[2, 3]	3 329	47	46
Bonds	2	4	4
Preference share liability		(1)	
Total interest-bearing borrowings	13 658	4 474	7 041
Summary of interest-bearing borrowings by period of redemption:			
– Less than six months	3 325	55	54
– Six to 12 months	6	(5)	(4)
– Between one and two years	6 469	(9)	2 744
– Between two and three years	1 284	3 246	3 605
– Between three and four years	1 154	544	(1)
– Between four and five years	95	643	643
– Over five years	1 325		
Total interest-bearing borrowings	13 658	4 474	7 041
[1] *Reduced by the amortisation of transaction costs:*			
– Non-current	*(4)*	*(14)*	*(9)*
– Current	*(9)*	*(11)*	*(9)*
[2] *Increased as a result of loan facilities assumed from the Cennergi business combination (balances at 30 June 2020: Non-current R1 581 million; Current R3 271 million).*			
[3] *An amount of R3 177 million has been classified as current, relating to repayments ordinarily due past 12 months, as a result of a technical non-compliance of the agreements. This is in the process of being rectified.*			
Overdraft			
Bank overdraft	1 758	4	976

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

There were no defaults or breaches in terms of interest-bearing borrowings during the reporting periods, except for the technical non-compliance as noted in footnote 3 above.

17. INTEREST-BEARING BORROWINGS continued

Below is a summary of the salient terms and conditions of the facilities:

	Capital amount outstanding 30 Jun 2020 Rm	Undrawn/ Unissued 30 Jun 2020 Rm	Term of loan: Start	Term of loan: End	Term of loan: Term in months	Repayment terms: Capital	Repayment terms: Interest	Interest terms: Basis	Interest terms: Margin %	Interest terms: Trs costs %
Unsecured										
Bonds: DMTN Programme	1 000	4 000				By final maturity date	Quarterly	3-month JIBAR		
R357 million senior note	357		13 Jun 2019	13 Jun 2022	36				+1.65	n/a
R643 million senior note	643		13 Jun 2019	13 Jun 2024	60				+1.89	n/a
Loans:	7 750	nil								
Bullet term loan	3 250	nil	29 Jul 2016	29 Jul 2021	60	On final maturity date	Quarterly	3-month JIBAR	+3.25	0.17
Amortised loan[1]	1 750	nil	29 Jul 2016	29 Jul 2023	84	Bi-annual starting 29 Jan 2022	Quarterly	3-month JIBAR	+3.60	n/a
Revolving facility[2]	2 750	nil	29 Jul 2016	29 Jul 2021	60	On final maturity date	Monthly	1-month JIBAR	+3.25	n/a
Secured										
Tsitsikamma SPV loan facilities[3]	1 935	124	1 Apr 2020[5]	31 Dec 2030	129	Bi-annual[6]	Bi-annual	3-month JIBAR[7]	+2.69%[9]	n/a
Amakhala SPV loan facilities[4]	2 916	273								
Floating rate facilities:	2 766	273	1 Apr 2020[5]	30 Jun 2031	135	Bi-annual[6]	Bi-annual	3-month JIBAR[8]	all in margin[9]	
– Senior A and C	2 036								+3 .64	n/a
– Senior IFC	555								+3.71	n/a
– Subordinate A and C	115								+6.74	n/a
– Subordinate IFC	60								+6.81	n/a
Fixed rate facilities:	150		1 Apr 2020[5]	30 Jun 2031	135	Bi-annual[6]	Bi-annual	< Jun 2021: 8.00 < Maturity: 9.46	all in margin[9]	
– Senior B	143								+3.91	n/a
– Subordinate B	7								+6.81	n/a

[1] 2020: Draw down on the amortised loan on 1 April 2020 (2019: The facility of R1 750 million was available but not drawn).
[2] 2019: Draw down on the revolving facility on 14 October 2019 (R2 billion) and 31 December 2019 (R750 million).
[3] Security held over the assets and share capital of Tsitsikamma SPV.
[4] Security held over the assets and share capital of Amakhala SPV.
[5] Debt assumed from Cennergi business combination.
[6] Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount.
[7] The 3-month JIBAR rate is swapped to a fixed rate of 9.55% up to 30 June 2030 up to the nominal value of the swap.
[8] The 3-month JIBAR rate is swapped to a fixed rate up to the nominal value of the swap as follows:
– IFC facilities: 8.42% up to 30 June 2031
– A and C facilities: 8.00% up to 30 June 2021; and 9.46% up to June 2026.
[9] All in margin includes fixed liquidity costs and banking cost which resets quarterly for floating rate facilities.

18. LEASE LIABILITIES

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Non-current	515	470	461
Current	39	29	27
Total lease liabilities	554	499	488
Summary of lease liabilities by period of redemption:			
– Less than six months	17	14	15
– Six to 12 months	22	15	12
– Between one and two years	39	27	28
– Between two and three years	48	32	34
– Between three and four years	39	29	34
– Between four and five years	48	38	43
– Over five years	341	344	322
Total lease liabilities	554	499	488
Analysis of movement in lease liabilities			
At beginning of the period	488	2	2
Recognised on initial application of IFRS 16 *Leases*		66	66
Balance at 1 January	488	68	68
New leases	24	455	458
Lease terminations		(8)	(12)
Acquisition of subsidiary	55		
Lease remeasurement adjustments	1	4	7
Exchange difference on translation	1		
Capital repayments	(15)	(20)	(33)
– Lease payments	(41)	(30)	(69)
– Interest charges	26	10	36
At end of the period	554	499	488

The lease liabilities relate to the right-of-use assets. Interest is based on incremental borrowing rates ranging between 7.85% and 10.43%.

19. PROVISIONS

	Environmental rehabilitation				
	Restoration Rm	Decommis-sioning Rm	Residual impact Rm	Other site closure costs Rm	Total Rm
At 30 June 2020					
At beginning of the period	2 432	544	1 345	83	4 404
Charge to operating expenses (note 8)	(138)	(34)	(88)	9	(251)
– Additional provision	73		23	9	105
– Unused amounts reversed	(211)	(34)	(111)		(356)
Unwinding of discount rate on rehabilitation costs (note 9)	84	23	53		160
Provisions capitalised to property, plant and equipment		(83)			(83)
Utilised during the year	(7)		(1)		(8)
Acquisition of subsidiary	6	29	4		39
Transfer of operation	(642)	(97)	(705)		(1 444)
Total provisions at end of the period	1 735	382	608	92	2 817
– Current provision	101		18	22	141
– Non-current provision	1 634	382	590	70	2 676
At 30 June 2019					
At beginning of the period	2 516	451	975	80	4 022
Charge to operating expenses (note 8)	113	71	290	(1)	473
– Additional provision	189	72	347		608
– Unused amounts reversed	(76)	(1)	(57)	(1)	(135)
Unwinding of discount rate on rehabilitation costs (note 9)	113	22	64	6	205
Provisions capitalised to property, plant and equipment		20			20
Utilised during the year	(38)			(2)	(40)
Reclassification to non-current liabilities held-for-sale	(1)	(1)	(34)		(36)
Loss of control of subsidiary	(6)	(2)	(1)		(9)
Total provisions at end of the period	2 697	561	1 294	83	4 635
– Current provision	22			21	43
– Non-current provision	2 675	561	1 294	62	4 592

19. PROVISIONS continued

	Environmental rehabilitation				
	Restoration Rm	Decommis-sioning Rm	Residual impact Rm	Other site closure costs Rm	Total Rm
At 31 December 2019					
At beginning of the year	2 516	451	975	80	4 022
Charge to operating expenses (note 8)	(244)	52	301	18	127
– Additional provision	374	56	403	19	852
– Unused amounts reversed	(618)	(4)	(102)	(1)	(725)
Unwinding of discount rate on rehabilitation costs (note 9)	228	47	139		414
Provisions capitalised to property, plant and equipment		(4)			(4)
Utilised during the year	(58)			(15)	(73)
Reclassification to non-current liabilities held-for-sale	(4)		(69)		(73)
Loss of control of subsidiary	(6)	(2)	(1)		(9)
Total provisions at end of the period	2 432	544	1 345	83	4 404
– Current provision	66		11	22	99
– Non-current provision	2 366	544	1 334	61	4 305

20. NET DEBT

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Net debt is presented by the following items on the statement of financial position:			
Non-current interest-bearing debt	(10 842)	(4 894)	(7 452)
Interest-bearing borrowings	(10 327)	(4 424)	(6 991)
Lease liabilities	(515)	(470)	(461)
Current interest-bearing debt	(3 370)	(79)	(77)
Interest-bearing borrowings	(3 331)	(50)	(50)
Lease liabilities	(39)	(29)	(27)
Net cash and cash equivalents	3 678	4 215	1 719
Cash and cash equivalents	5 436	4 219	2 695
Overdraft	(1 758)	(4)	(976)
Total net debt	(10 534)	(758)	(5 810)

20. NET DEBT continued

Analysis of movement in net (debt)/cash:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities arising from financing activities: Non-current interest-bearing debt Rm	Liabilities arising from financing activities: Current interest-bearing debt Rm	Total Rm
Net cash at 31 December 2018	549	(3 843)	(573)	(3 867)
Cash flows	3 665	(585)	540	3 620
Operating activities[1]	2 094			2 094
Investing activities	3 692			3 692
Financing activities[1]	(2 121)	(585)	540	(2 166)
– Interest-bearing borrowings raised	1 500	(1 000)	(500)	
– Interest-bearing borrowings repaid	(1 435)	415	1 020	
– Lease liabilities paid	(20)		20	
– Dividends paid to owners of the parent[1]:	(1 393)			(1 393)
Final dividend (relating to prior year)	(1 393)			(1 393)
– Shares acquired in the market to settle share-based payments	(661)			(661)
– Dividends paid to BEE Parties	(112)			(112)
Non-cash movements	1	(466)	(46)	(511)
Amortisation of transaction costs			(7)	(7)
Preference dividend accrued		11		11
Interest accrued			1	1
Lease remeasurements		(4)		(4)
New leases		(521)		(521)
Lease liabilities cancelled			8	8
Transfers between non-current and current liabilities		48	(48)	
Translation difference on movement in cash and cash equivalents	1			1
Net debt at 30 June 2019	4 215	(4 894)	(79)	(758)

[1] *Dividends paid to owners of parent have been re-presented as a financing activity (previously presented as an operating activity).*

20. NET DEBT continued

Analysis of movement in net (debt)/cash continued:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities arising from financing activities: Non-current interest-bearing debt Rm	Liabilities arising from financing activities: Current interest-bearing debt Rm	Total Rm
Net debt at 30 June 2019	4 215	(4 894)	(79)	(758)
Cash flows	(2 494)	(2 563)	13	(5 044)
Operating activities[1]	1 389			1 389
Investing activities	(718)			(718)
Financing activities[1]	(3 165)	(2 563)	13	(5 715)
– Interest-bearing borrowings raised	2 750	(2 750)		
– Interest-bearing borrowings repaid	(187)	187		
– Lease liabilities paid	(13)		13	
– Dividends paid to owners of the parent[1]	(4 419)			(4 419)
Special dividend	(2 251)			(2 251)
Interim dividend (current year)	(2 168)			(2 168)
– Shares acquired in the market to settle share-based payments	(17)			(17)
– Dividends paid to BEE Parties	(1 279)			(1 279)
Non-cash movements	(2)	5	(11)	(8)
Amortisation of transaction costs			(7)	(7)
Preference dividend accrued		2		2
Interest accrued			1	1
Lease remeasurements		(3)		(3)
New leases		(3)		(3)
Lease liabilities cancelled			4	4
Transfers between non-current and current liabilities		9	(9)	
Translation difference on movement in cash and cash equivalents	(2)			(2)
Net debt at 31 December 2019	1 719	(7 452)	(77)	(5 810)

[1] *Dividends paid to owners of the parent have been re-presented as a financing activity (previously presented as an operating activity).*

20. NET DEBT continued

Analysis of movement in net (debt)/cash continued:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities arising from financing activities: Non-current interest-bearing debt Rm	Liabilities arising from financing activities: Current interest-bearing debt Rm	Total Rm
Net debt at 31 December 2019	1 719	(7 452)	(77)	(5 810)
Cash flows	1 920	(1 750)	53	223
Operating activities	3 542			3 542
Investing activities[2]	(1 181)			(1 181)
Financing activities	(441)	(1 750)	53	(2 138)
– Interest-bearing borrowings raised	1 750	(1 750)		
– Interest-bearing borrowings repaid	(38)		38	
– Lease liabilities paid	(15)		15	
– Dividends paid to owners of the company	(1 420)			(1 420)
Final dividend (relating to prior year)	(1 420)			(1 420)
– Shares acquired in the market to settle share-based payments	(260)			(260)
– Dividends paid to BEE parties	(458)			(458)
Non-cash movements	39	(1 640)	(3 346)	(4 947)
Amortisation of transaction costs			(4)	(4)
Interest accrued			114	114
Lease remeasurements		(3)		(3)
New leases		(24)		(24)
Leases assumed from business combination (note 4)		(48)	(7)	(55)
Acquisition of subsidiary (note 4)		(4 799)	(215)	(5 014)
Transfers between non-current and current liabilities		3 234	(3 234)	
Translation difference on movement in cash and cash equivalents	39			39
Net debt at 30 June 2020	3 678	(10 842)	(3 370)	(10 534)

[2] *Includes R337 million cash acquired from the Cennergi business combination (refer note 4).*

21. OTHER LIABILITIES

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Non-current			
Termination benefits[1]	92		144
Income received in advance	24	23	23
Total non-current other liabilities	116	23	167
Current			
Termination benefits[1]	181		305
Leave pay	217	190	203
Bonuses	231	182	241
VAT	34	10	21
Royalties	3	2	9
Current tax payables	54	160	50
Other current liabilities	94	181	97
Total current other liabilities	814	725	926
Total other liabilities	930	748	1 093

[1] *During 2019, Exxaro announced the implementation of TVPs. Under this policy, employees that qualified would receive a severance package in exchange for termination of employment.*

22. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Non-current			
Financial assets			
Financial assets at FVOCI	279	248	235
Equity: unlisted – Chifeng	279	248	235
Financial assets at FVPL	1 793	1 929	2 039
Debt: unlisted – environmental rehabilitation funds	1 793	1 929	2 039
Financial assets at amortised cost	740	417	400
ESD loans[1]	117	112	124
Other financial assets at amortised cost	623	305	276
– Environmental rehabilitation funds	377		
– Deferred pricing receivable[2]	250	309	279
– Impairment allowances	(4)	(4)	(3)
Financial liabilities			
Financial liabilities at amortised cost	(10 392)	(4 618)	(7 112)
Interest-bearing borrowings	(10 327)	(4 424)	(6 991)
Other payables	(65)	(81)	(121)
Deferred consideration payable		(113)	
Derivative financial liabilities designated as hedging instruments	(603)		
Hedging derivatives – interest rate swaps[3]	(603)		

[1] *Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.*
[2] *Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.*
[3] *Refer note 22.2.*

22. FINANCIAL INSTRUMENTS continued

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Current			
Financial assets			
Financial assets at amortised cost	8 280	6 588	6 208
Loans to associates and joint ventures	113	199	133
Associates	113	132	133
– Tumelo[1]	168	164	182
– Impairment allowances	(55)	(32)	(49)
Joint ventures		67	
– Mafube		67	
ESD loans[1]	83	52	82
– Gross	84	53	83
– Impairment allowances	(1)	(1)	(1)
	76	72	57
– Loan to FM trust	1		
– Deferred pricing receivable[2]	57	54	57
– Deferred consideration receivable[3]	19	17	1
– Employee receivables	6	5	5
– Impairment allowances	(6)	(4)	(6)
Trade and other receivables	2 572	2 046	3 241
Trade receivables	2 302	1 832	2 928
– Gross	2 400	1 921	3 023
– Impairment allowances	(98)	(89)	(95)
Other receivables	270	214	313
– Gross	334	328	464
– Impairment allowances	(64)	(114)	(151)
Cash and cash equivalents	5 436	4 219	2 695
Financial assets at FVPL		23	
Derivative financial assets		18	
Debt: unlisted – ESD funds		5	

[1] *Loan granted to Tumelo. The loan is interest free, unsecured and repayable on demand, unless otherwise agreed by the parties.*
[2] *Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.*
[3] *Relates to the deferred consideration receivable which arose on the disposal of mineral properties.*

22. FINANCIAL INSTRUMENTS continued

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Current			
Financial liabilities			
Financial liabilities at amortised cost	(8 101)	(3 275)	(3 936)
Interest-bearing borrowings	(3 331)	(50)	(50)
Deferred consideration payable[1]	(137)	(347)	(307)
Trade and other payables	(2 875)	(2 874)	(2 603)
– Trade payables	(1 445)	(1 590)	(1 164)
– Other payables	(1 430)	(1 284)	(1 439)
Overdraft	(1 758)	(4)	(976)
Financial liabilities at fair value through profit or loss	(98)	(248)	(191)
Contingent consideration[2]	(98)	(248)	(191)

[1] *Relates to deferred consideration payable in relation to the acquisition of the investment in Insect Technology.*
[2] *2020: Contingent consideration relating to the Cennergi acquisition (refer note 4). 2019: Relates to the ECC contingent consideration which was fully settled in January 2020.*

The group has granted the following loan commitments:

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Total loan commitment	1 113	1 209	1 206
Mafube[1]	250	500	500
Insect Technology[2]	863	709	706
Undrawn loan commitment	1 113	1 159	1 206
Mafube	250	450	500
Insect Technology	863	709	706

[1] *Revolving credit facility available for five years, ending 2023.*
[2] *A US$50 million term loan facility available from 2020 to 2025.*

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

At 30 June 2020 (Reviewed)	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	279		279
Equity – unlisted: Chifeng	279		279
Financial assets at FVPL	1 793	1 793	
Non-current debt – unlisted: environmental rehabilitation funds	1 793	1 793	
Financial liabilities at FVPL	(98)		(98)
Current contingent consideration	(98)		(98)
Derivative financial liabilities designated as hedging instruments	(603)	(603)	
Non-current derivatives – Interest rate swaps used for hedging	(603)	(603)	
Net financial assets held at fair value	1 371	1 190	181

At 30 June 2019 (Reviewed)	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	248		248
Equity – unlisted: Chifeng	248		248
Financial assets at FVPL	1 934	1 934	
Non-current debt – unlisted: environmental rehabilitation funds	1 929	1 929	
Current debt – unlisted: ESD funds	5	5	
Derivative financial liabilities	18	18	
Financial liabilities at FVPL	(248)		(248)
Current contingent consideration	(248)		(248)
Net financial assets held at fair value	1 952	1 952	

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

At 31 December 2019 (Audited)	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	235		235
Equity – unlisted: Chifeng	235		235
Financial assets at FVPL	2 039	2 039	
Non-current debt – unlisted: environmental rehabilitation funds	2 039	2 039	
Financial liabilities at FVPL	(191)		(191)
Current contingent consideration	(191)		(191)
Net financial assets held at fair value	2 083	2 039	44

Reconciliation of financial assets and financial liabilities within Level 3 of the hierarchy:

	Contingent consideration Rm	Chifeng Rm	Total Rm
At 31 December 2018 (Audited)	(849)	185	(664)
Movement during the period			
Gains recognised in other comprehensive income (pre-tax effect)[1]		63	63
Gains recognised in profit or loss	232		232
Settlements	344		344
Exchange gains recognised in profit or loss	25		25
At 30 June 2019 (Reviewed)	(248)	248	
Movement during the period			
Losses recognised in other comprehensive income (pre-tax effect)[1]		(13)	(13)
Losses recognised in profit or loss	63		63
Exchange losses recognised in profit or loss	(7)		(7)
At 31 December 2019 (Audited)	(191)	235	44
Movement during the period			
Gains recognised in other comprehensive income (pre-tax effect)[1]		44	44
Acquisition of subsidiary[2]	(98)		(98)
Settlements[3]	195		195
Exchange losses recognised in profit or loss[3]	(4)		(4)
At 30 June 2020 (Reviewed)	(98)	279	181

[1] *Tax on Chifeng amounts to nil (30 June 2019: nil; 31 December 2019: nil).*
[2] *Relates to the acquisition of additional 50% shareholding in Cennergi (refer note 4).*
[3] *Relates to the ECC contingent consideration which was fully settled in January 2020.*

Transfers

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 of the fair value hierarchy during the periods ended 30 June 2020, 30 June 2019 and 31 December 2019.

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

Valuation process applied

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

Current derivative financial instruments

Level 2 fair values for simple over-the-counter derivative financial instruments are based on market quotes. These quotes are assessed for reasonability by discounting estimated future cash flows using the market rate for similar instruments at measurement date.

Environmental rehabilitation funds and ESD funds

Level 2 fair values for debt instruments held in the environmental rehabilitation funds and ESD funds are based on quotes provided by the financial institutions at which the funds are invested at measurement date. These financial institutions invest in instruments which are listed.

22.2 Hedge accounting: Derivative interest rate swaps hedging interest rate cash flow risk on certain borrowings

22.2.1 Accounting policy: derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group has designated its interest rate swap derivatives covering a portion of the interest rate cash flows on certain of the Cennergi debt as cash flow hedges.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses) included in operating expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the underlying hedged item affects profit or loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, or when the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

22. FINANCIAL INSTRUMENTS continued

22.2 Hedge accounting: Derivative interest rate swaps hedging interest rate cash flow risk on certain borrowings continued

22.2.1 Accounting policy: derivatives and hedging activities continued

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses) in operating expenses.

22.2.2 Financial risk management: market risk – interest rate risk management

As part of the Cennergi business combination the group has assumed Cennergi's borrowings as financial liabilities as well as its interest rate swaps. The contractual terms of these borrowings required interest rate swaps (hedging instruments) to be entered into to swap out the variable rate of the underlying loans (hedged items) for a fixed interest rate. This was required given the long-term nature of the loans to fix the future expected returns. The group amended its risk management strategy taking cognisance of the assumed Cennergi borrowings and interest-rate swaps as follows:

The group is exposed to interest rate risk as it borrows and deposits funds at floating interest rates on the money markets and extended bank borrowings. The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The risk is managed by undertaking controlled management of the interest structures of the investments and borrowings, maintaining an appropriate mix between fixed and floating interest rate facilities in line with the interest rate expectations. The group also uses the following type of instruments to manage the interest risk exposure:

– Interest rate swaps and interest rate forwards.

When the contractual terms of the borrowings and covenants thereof require the use of hedging instruments to mitigate the risk of fluctuations of the underlying interest risk cash flow exposure and affect on the profit or loss of specific projects being financed, the group looks to apply hedge accounting where an effective hedge relationship is expected and to the extent that such exposure poses a real risk to the achievement of the loan covenance.

Project lending hedging activity

Project: Wind farms project financing

The group is exposed to the risk of variability in future interest payments on variable rate ZAR-denominated funding of the wind farms, attributable to fluctuations in 3-month JIBAR. The designated hedged item is the group of forecast variable interest rate cash flows arising from ZAR-denominated exposure (linked to 3-month JIBAR), up to the notional amount of each interest rate swap, over the term of the hedging relationship. The notional amounts per interest rate swap match up to the designated exposure being hedged.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

22. FINANCIAL INSTRUMENTS continued

22.2 Hedge accounting: Derivative interest rate swaps hedging interest rate cash flow risk on certain borrowings continued

22.2.2 Financial risk management: market risk – interest rate risk management continued

Hedge effectiveness:

The group has assumed certain interest rate swaps from its business combination with Cennergi that have similar critical terms as the hedged item, such as reference rates, reset dates, payment dates, maturities and notional amounts. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness for interest rate swaps is assessed frequently. It may occur due to:
– The debit value adjustment (DVA) on the interest rate swaps which is not matched by the loan
– Differences in critical terms between the interest rate swaps and loans.

The recognised ineffectiveness in 2020 amounted to R11 million and is mainly as a result of the DVA. Credit valuation adjustments are not considered due to the terms of the underlying loans, which allow for set-off.

The swap contracts require settlement of net interest receivable or payable every six months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

22.2.3 Effects of hedge accounting on the financial position and performance

Hedging instruments:	**6 months ended 30 June 2020 Reviewed Rm**
Hedging instruments at 30 June 2020:	
Interest rate swap liabilities:	
– Carrying amount	603
– Nominal amount	4 190
Carrying amount at 30 June 2020:	
– Hedged items: floating rate secured borrowings	4 701
Change in value used for calculating hedge ineffectiveness	(368)
Change in fair value of outstanding hedging instruments since 1 April 2020	(379)
– Change in the value of the hedging instrument recognised in OCI	(368)
– Hedge ineffectiveness recognised in operating expenses	(11)
Amount reclassified from hedging reserve to profit or loss included in finance costs	26

The interest rate swaps settle on a bi-annual basis. The group settles the difference between the fixed and floating interest rate (3-month JIBAR) on a net basis. The 3-month JIBAR is swapped out to a fixed rate as follows:

- Tsitsikamma SPV floating rate facility: 9.55% up to 30 June 2030
- Amakhala SPV floating rate facilities:
  - IFC facilities: 8.42% up to 30 June 2031
  - A and C banking facilities: 8.00% up to 30 June 2021; and 9.46% up to 30 June 2026.

22. FINANCIAL INSTRUMENTS continued

22.2 Hedge accounting: Derivative interest rate swaps hedging interest rate cash flow risk on certain borrowings continued

22.2.3 *Effects of hedge accounting on the financial position and performance continued*

Hedging reserves

The hedging reserve relates to the fair value movements on cash flow hedges of interest rate swaps. The reserve is included within the financial instruments revaluation reserve on the statement of changes in equity, which includes the group's share of movements in its equity-accounted investees' hedging reserves.

Financial instruments revaluation reserve composition:	**6 months ended 30 June 2020 Reviewed Rm**	**6 months ended 30 June 2019 Reviewed Rm**	**12 months ended 31 December 2019 Audited Rm**
Balance of share of movements of equity-accounted investees	19	58	23
Cash flow hedge reserve – interest rate swaps	246		
– Gross	342		
– Deferred tax on swap	(96)		
NCI share of hedging reserve	(42)		12
Financial instruments revaluation reserve	223	58	35

Cash flow hedge reserve – interest rate swaps	**Gross Rm**	**Tax Rm**	**Net Rm**
Change in fair value of interest rate swaps recognised in OCI	368	(103)	265
Reclassified from OCI to profit or loss in finance costs	(26)	7	(19)
Closing balance at 30 June 2020	342	(96)	246

23. CONTINGENT LIABILITIES

	At 30 June 2020 Reviewed Rm	**At 30 June 2019 Reviewed Rm**	**At 31 December 2019 Audited Rm**
Pending litigation and other claims[1]		1 024	1 103
Operational guarantees[2]	4 532	3 424	4 506
– Financial guarantees ceded to the DMRE	4 239	2 968	3 994
– Other financial guarantees	293	456	512
Total contingent liabilities	4 532	4 448	5 609

[1] *Deltatex Holdings Limited leave to appeal to the Constitutional Court was dismissed with costs.*
[2] *Includes guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.*

The timing and occurrence of any possible outflows of the contingent liabilities above are uncertain.

23. CONTINGENT LIABILITIES continued

Share of equity-accounted investments' contingent liabilities

	At 30 June 2020 Reviewed Rm	At 30 June 2019 Reviewed Rm	At 31 December 2019 Audited Rm
Share of contingent liabilities of equity-accounted investments[1]	1 161	957	1 060

[1] *Mainly operational guarantees issued by financial institutions relating to environmental rehabilitation and closure costs.*

24. RELATED PARTY TRANSACTIONS

The group entered into various sale and purchase transactions with associates and joint ventures during the ordinary course of business. These transactions were subject to terms that are no less, nor more favourable than those arranged with independent third parties.

25. GOING CONCERN

Based on the latest results for the six-month period ended 30 June 2020, the latest board-approved budget for 2020, as well as the available banking facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

26. EVENTS AFTER THE REPORTING PERIOD

Details of the interim dividend are provided in note 11.

The directors are not aware of any significant matter or circumstance arising after the reporting period up to the date of this report, not otherwise dealt with in this report.

27. EXTERNAL AUDITOR'S REVIEW CONCLUSION

These reviewed interim financial statements for the six-month period ended 30 June 2020, as set out on pages 12 to 61, have been reviewed by the company's external auditors, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report on the interim financial statements is available for inspection at Exxaro's registered office, together with the financial statements identified in the external auditor's report.

28. KEY MEASURES[1]

	At 30 June 2020	At 30 June 2019	At 31 December 2019
Closing share price (rand per share)	130.44	171.99	131.14
Market capitalisation (Rbn)	46.79	61.69	47.04
Average rand/US$ exchange rate (for the period ended)	16.65	14.19	14.44
Closing rand/US$ spot exchange rate	17.23	14.17	14.13

[1] *Non-IFRS numbers.*

CORPORATE INFORMATION

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Non-executive:	L Mbatha, VZ Mntambo
Independent non-executive:	J van Rooyen (chairman), GJ Fraser-Moleketi (lead independent director), MJ Moffett, EJ Myburgh, LI Mophatlane, PCCH Snyders, V Nkonyeni

PREPARED UNDER THE SUPERVISION OF:

PA Koppeschaar CA(SA)
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EXXARO RESOURCES LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992
ADR code: EXXAY
("Exxaro" or "the company" or "the group")

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

Webcast link: https://www.corpcam.com/Exxaro13082020

Conference call details: https://www.diamondpass.net/6825982

ANNEXURE: ACRONYMS

1H19	Six-month period ended 30 June 2019
1H20	Six-month period ended 30 June 2020
2H20	Six-month period ended 31 December 2020
Amakhala SPV	Amakhala Emoyeni RE Project 1 (RF) Proprietary Limited
AMSA	ArcelorMittal SA Limited
Anglo	Anglo South Africa Capital Proprietary Limited
Anglo Coal	Anglo Coal (Grosvenor) Proprietary Limited
API4	All publications index 4 (FOB Richards Bay 6 000/kcal/kg)
Bedford Trust	Amakhala Emoyeni Bedford Wind Farm Community Trust
Cookhouse Trust	Amakhala Emoyeni Cookhouse Wind Farm Community Trust
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BEE Parties	External shareholders of Eyesizwe
Black Mountain	Black Mountain Proprietary Limited
Cennergi	Cennergi Proprietary Limited
CFR	Cost and freight
CHEPS	Core headline earnings per share
Chifeng	Chifeng Kumba Hongye Corporation Limited
Companies Act	Companies Act No 71 of 2008, as amended
Curapipe	Curapipe Systems Limited
DMRE	Department of Mineral Resources and Energy
DMTN	Domestic Medium-Term Note
DTI	The Department of Trade and Industry and Competition
EBITDA	Net operating profit before interest, tax, depreciation, amortisation, impairment charges/reversals and net loss or gain on the disposal of assets and investments (including translation differences recycled to profit or loss)
ECC	Exxaro Coal Central Proprietary Limited
ECL(s)	Expected credit loss(es)
EMJV	Ermelo joint venture
ESD	Enterprise and supplier development
ESG	Environment, social and governance
ESOP SPV	Exxaro ESOP SPV (RF) Proprietary Limited
Exxaro	Exxaro Resources Limited
Exxaro Community NPC	Exxaro Matla Setshabeng Development NPC
Eyesizwe	Eyesizwe (RF) Proprietary Limited, special purpose private company which has a 30% shareholding in Exxaro
Ferroland	Ferroland Grondtrust Proprietary Limited
FVOCI	Fair value through other comprehensive income
FY19	12-month period ended 31 December 2019
GAM	Global Asset Management Limited
GDP	Gross domestic product
Gwh	Gigawatt hour
HDSA	The meaning given to it, or any equivalent or replacement term, in the broad-based socio-economic empowerment charter for the South African Mining Industry, developed under section 100 of the MPRDA, as amended or replaced from time to time
HEPS	Headline earnings per share

HPIs	High Potential Incidents
IAS	International Accounting Standard(s)
IASB	International Accounting Standards Board
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standard(s)
Insect Technology	Insect Technology Group Holdings UK Limited
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited
JV	Joint venture
Khopoli	Khopoli Investments Limited
kt	Kilotonnes
Lebonix	Lebonix Proprietary Limited
LightApp	LightApp Technologies Limited
Listings Requirements	JSE Listings Requirements
LOM	Life of mine
LTIFR	Lost-time injury frequency rate
Mafube	Mafube Coal Proprietary Limited
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002
Mt	Million tonnes
NBC	North Block Complex
NCI	Non-controlling interests
OCI	Other comprehensive income
Prime Rate	South African prime bank rate
PwC	PricewaterhouseCoopers Incorporated
RBCT	Richards Bay Coal Terminal Proprietary Limited
Rbn	Rand billion
Replacement BEE Transaction	BEE transaction implemented in 2017 which resulted in Exxaro being held 30% by HDSAs
Rm	Rand million
SAICA	South African Institute of Chartered Accountants
SIOC	Sishen Iron Ore Company Proprietary Limited
SSCC	Semi-soft coking coal
Tata Power	Tata Power Company Limited
TiO_2	Titanium dioxide
Tronox	Exxaro's investment in Tronox entities
Tronox SA	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
Tumelo	Tumelo Coal Mines Proprietary Limited
TVP(s)	Targeted voluntary severance package(s)
UK	United Kingdom
US$	United States dollar
VAT	Value added tax
WANOS	Weighted average number of shares

PRESENTATION

POWERING POSSIBILITY

Exxaro Resources Limited

Reviewed condensed group interim financial statements and unreviewed production and sales volumes information

for the six-month period ended 30 June 2020


INTERIM FINANCIAL RESULTS
PRESENTATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
exxaro
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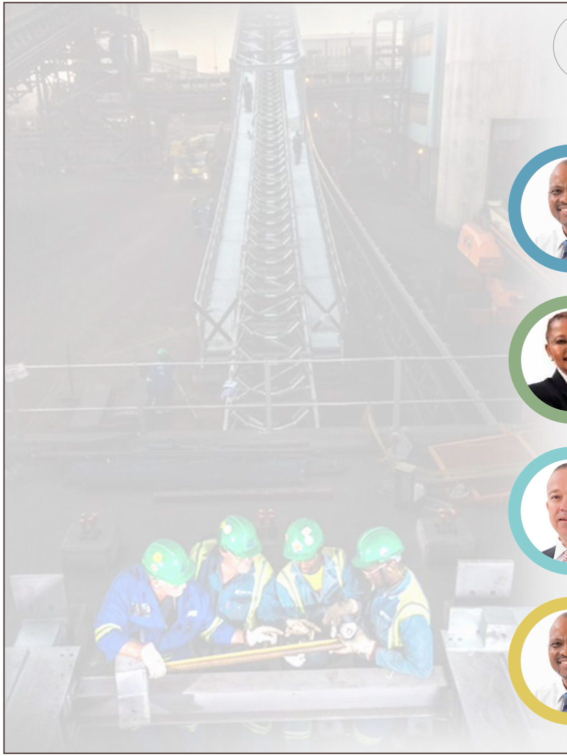
Notes:

Disclaimer

The operational and financial information on which any outlook or forecast statements are based has not been reviewed nor reported on by the group's external auditor. 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 operational and financial information. Exxaro undertakes no obligation to update or reverse any forward-looking statements, whether as a result of new information or future developments.

Where relevant, comments exclude transactions which make the results not comparable. These exclusions are the responsibility of the group's board of directors and have been presented to illustrate the impact of these transactions on the core operations' performance and hence may not fairly present the group's financial position, changes in equity, results of operations or cash flows. These exclusions have not been reviewed nor reported on by the group's external auditor.

Notes:



Presentation outline

1
Results Overview
Mxolisi Mgojo | Chief Executive Officer

2
Operational Performance
Nombasa Tsengwa | Executive Head Coal Operations

3
Financial Results
Riaan Koppeschaar | Finance Director

4
Outlook
Mxolisi Mgojo | Chief Executive Officer

Notes:


Results Overview
Mxolisi Mgojo | Chief Executive Officer
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Notes:

Performance highlights | **resilient performance**

ESG*

FTSE4Good

41 months fatality free

0.07 Group LTIFR**
(against target of 0.11)

FINANCIAL#

Core EBITDA
R3.9bn ↑ **30%**

Core HEPS
R13.39 ↑ **16%**

OPERATIONAL

Record coal export volumes
5.9Mt ↑ **23%**

100% consolidation of renewable energy business, **Cennergi**

DIVIDEND

R6.43

- 3 x core coal earnings
- 100% SIOC pass through

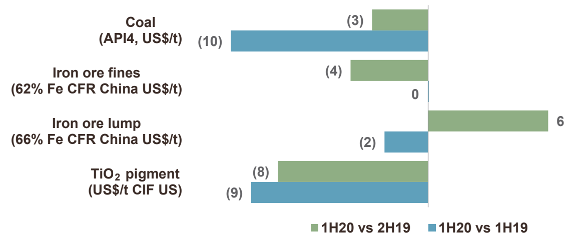
** Environment, Social and Governance   ** Lost time injury frequency rate per 200 000 man hours worked for 1H20   # Measured against 2H19*

Notes:

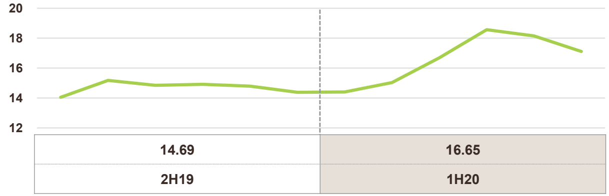
Macro environment | **strong performance, despite a disrupted global economy**

- **COVID-19 response measures impact on global economic activity**
- **Weakened commodity basket price levels impacted by:**
  - ✓ **Collapsing demand and price for brent crude oil impact on operational costs**
  - ✓ **Weakness in global seaborne and domestic thermal coal markets**
  - ✓ **Iron ore supply disruptions will impact on price levels**
  - ✓ **Weakened consumer base for TiO_2 end markets**
- **Geopolitical tension between US and China prolonging uncertainty**

% change in market price



Average R/US$ spot rate



Notes:

COVID-19 | **adapting to a new normal**

Immediate crisis management		**Strategic and long term**
Care and safety	**Business continuity**	**Long term resilience**
• **Employee** safety, resilience and productivity • **Partnering** with government for resilient **communities** • **Support** provided for **SMMEs***	• Capital **optimisation** and cost management • MCSA** **collaboration** for industry safety and prevention measures • Co-operation with **DMRE**#	• Greater **policy certainty** • Agree on **key national projects** and policy interventions • Private/public **partnerships** • Unlock SMMEs – improve **ease of doing business**

** Small, medium and micro enterprises   ** Mineral Council South Africa   # Department of Mineral Resources and Energy*

Notes:

Operational Performance

Nombasa Tsengwa | Executive Head Coal Operations

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Notes:

Safety and health | **improving all the time**

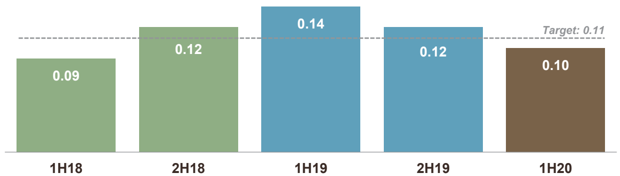
Safety and health

- **LTIFR* improvement of 17%**
- **41 months fatality free on 1 August 2020**
- **Aim for zero harm**

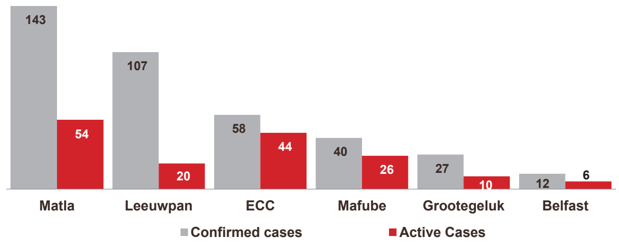
COVID-19 impact on operations

- **Level 5 – BUs at varying capacities**
- **10 day shut at Belfast, ECC & Leeuwpan over the Easter period**
- **Surprise DMRE visit to Matla confirmed compliance to regulations**
- **Level 3 – Matla at 80%, all others at full capacity**
- **387 confirmed COVID-19 cases as at 1 August 2020**

LTIFR - Coal



Coal COVID-19 vital statistics

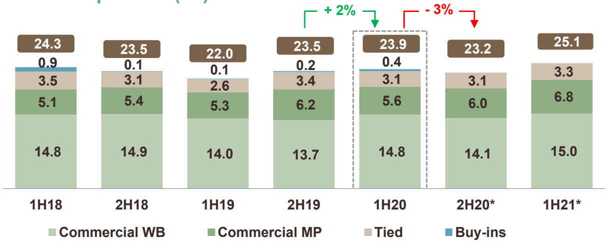


* *Lost time injury frequency rate per 200 000 man hours worked for the 12-month period ending 30 June 2020*

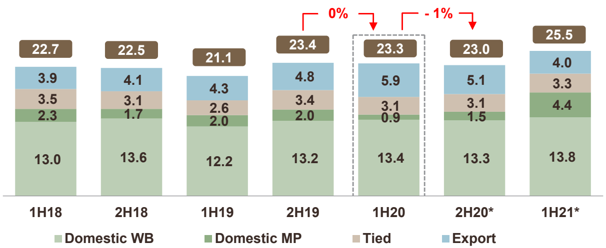
Notes:

Volumes | solid performance despite tough operating conditions

Total coal product (Mt)



Total coal sales (Mt)



Tonnage movement (Mt)

1H20 vs 2H19:		Product	Sales	
			Domestic	Export
Waterberg (WB)	• **Grootegeluk (GG)** (Increased offtake from Medupi and lower domestic offtake)	1.1	0.2	0.3
Mpumalanga (MP)	• **Belfast** (Ramping up to full production)	0.4		0.6
	• **ECC** (COVID-19 lockdown and new Eskom contract not finalised)	(0.6)	(0.6)	(0.1)
	• **Leeuwpan** (COVID-19 lockdown and new Eskom contract not finalised)	(0.4)	(0.5)	0.1
	• **Matla** (COVID-19 lockdown)	(0.3)	(0.3)	
Buy-ins	Export supply commitments 1Q20 fulfilled	0.2		0.2
Total		**0.4**	**(1.2)**	**1.1**

** Based on latest internal forecast (actual figures could vary by ± 5%)*

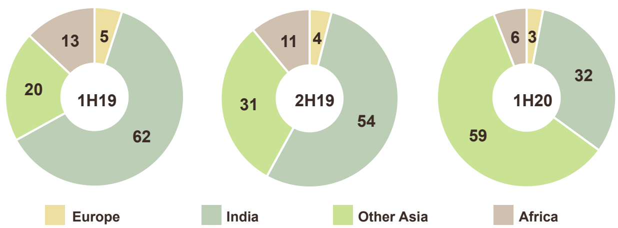
Additional information on slides 32 to 36

Notes:

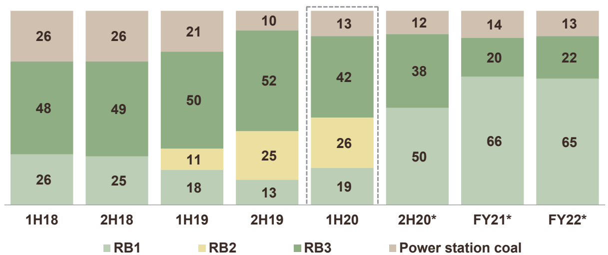
Exports | record sales volumes despite market challenges

- Exported 5.9Mt during 1H20, 23% more than 2H19
- Indian market imports from SA down by 20%
- Increased sales from SA to Pakistan and a sevenfold increase to Vietnam
- Higher % RB1 in sales mix contributing positively to average realised price
- Seaborne thermal coal market in oversupply globally. Market volumes in FY20 expected to be 70Mt down due to COVID-19 impact

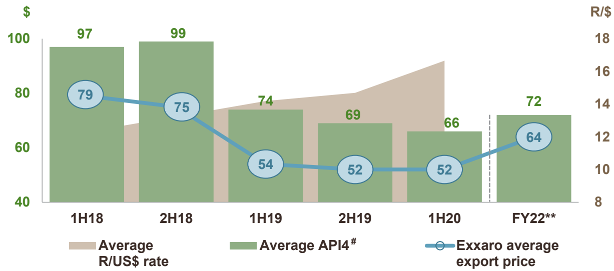
Exxaro export sales destinations (%)



Export product mix (%)



Average realised prices



* Based on latest internal production forecast ** Based on latest internal forecast # Source: Argus/McCloskey Price Index

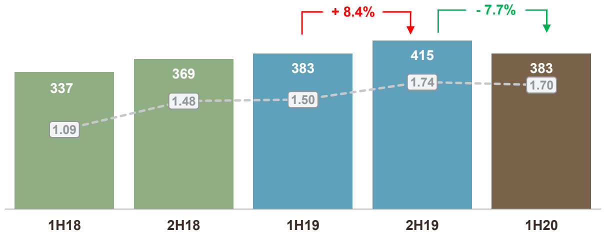
Additional information on slide 35

Notes:

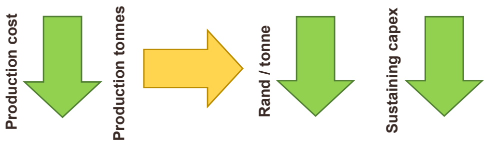
OE | relentless focus on costs and cash preservation

- Cost per tonne 7.7% down despite high stripping ratios
- Life of Mine rehabilitation adjusted down due to discount rate change
- Increase in distribution cost linked to higher export volumes
- Normal inflationary increases of 2% (below mining inflation)
- Ongoing sustainable cash preservation and cost saving initiatives implemented to also mitigate COVID-19 impact

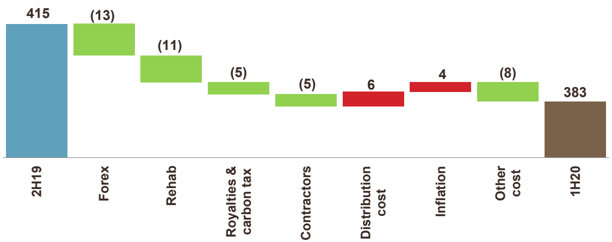
Cost per tonne – Excluding Matla (R/t) vs Strip ratio*



Cash preservation savings initiatives



Cost per tonne - Excluding Matla (R/t)

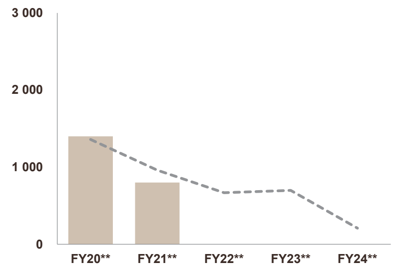


* *Tonne of overburden moved for each tonne of ROM*

Notes:

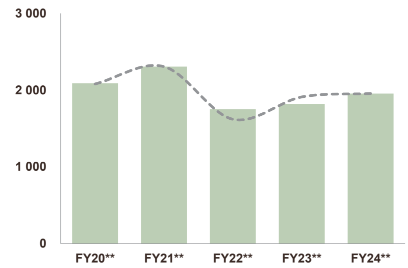
Coal | **disciplined capital expenditure**

Expansion* capital profile (Rm)



	1H20	2H20**	FY20**	FY21**	FY22**	FY23**	FY24**	
Waterberg	**341**	502	843	801				
Mpumalanga	**251**	306	557					
Other								
Total	**592**	808	1 400	801*	*	*	*	**2 201**
								↓ 44%
Previous guidance	**543**	816	1 359	961	669	699	209	**3 897**

Sustaining capital profile (Rm)



	1H20	2H20**	FY20**	FY21**	FY22**	FY23**	FY24**	
Waterberg	**456**	1 022	1 478	1 764	1 236	1 484	1 637	
Mpumalanga	**141**	447	588	522	494	317	298	
Other		22	22	20	20	20	20	
Total	**597**	1 491	2 088	2 306	1 750	1 821	1 955	**9 920**
								→ 0%
Previous guidance	**725**	1 355	2 080	2 306	1 620	1 911	1 955	**9 872**

* *Excludes Thabametsi* ** *Based on latest internal forecast (actual figures could vary by ± 5%), Moranbah South not included*

Additional information on slide 31

Notes:


Financial Results
Riaan Koppeschaar | Finance Director
exxaro
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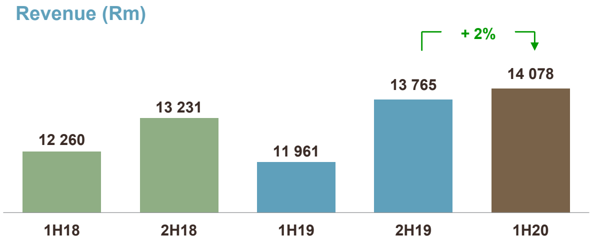
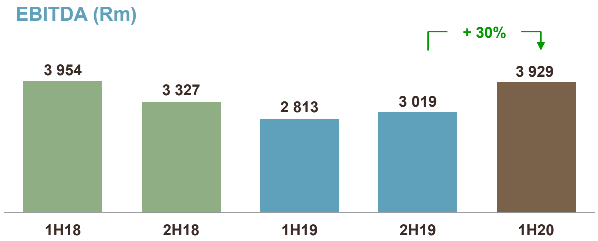
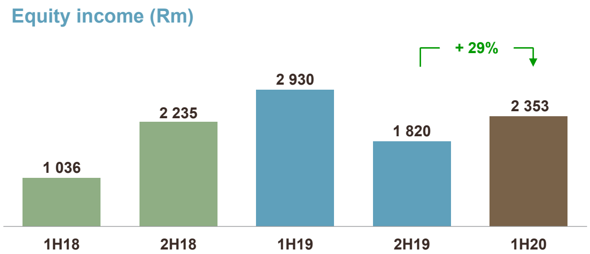
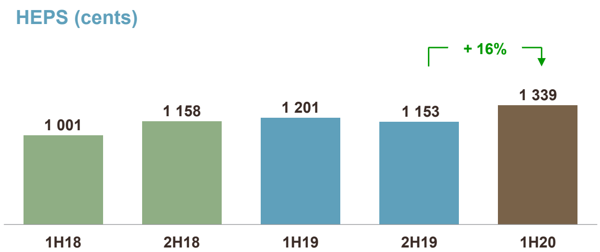
Notes:

Group core performance | **resilience delivering results**









Detail on calculation of core results on slides 38 to 41

Notes:

Financial overview | **non-core adjustments**

R million	1H19	2H19	**1H20**
Non-core adjustments to net operating profit			
- Gain on deemed disposal of Cennergi JV			**1 321**
- Other headline earnings adjustments			**(5)**
• Headline earnings adjustments	2 253	104	**1 316**
• Other non-core adjustments	375	(253)	**(45)**
- Insurance claims received as compensation for business interruption		99	**14**
- Targeted voluntary packages*		(396)	
- Indemnity from tax consequence on disposal of Tronox Holdings plc shares	86	(21)	
- ECC contingent consideration adjustment	232	64	
- Recycling of our share of cash flow hedge at deemed disposal of Cennergi JV			**(59)**
- Fair value adjustment of debt	58		
- Other	(1)	1	
Total non-core adjustment impact on net operating profit	2 628	(149)	**1 271**
Post-tax equity-accounted income	(6)	(51)	**2**
Net financing cost – Replacement BEE Transaction	(21)	(4)	
Tax on items with impact on net operating profit	(90)	14	**(2)**
Non-controlling interest on items with impact on net operating profit		86	**(297)**
Total non-core adjustment impact on attributable earnings	2 511	(104)	**974**

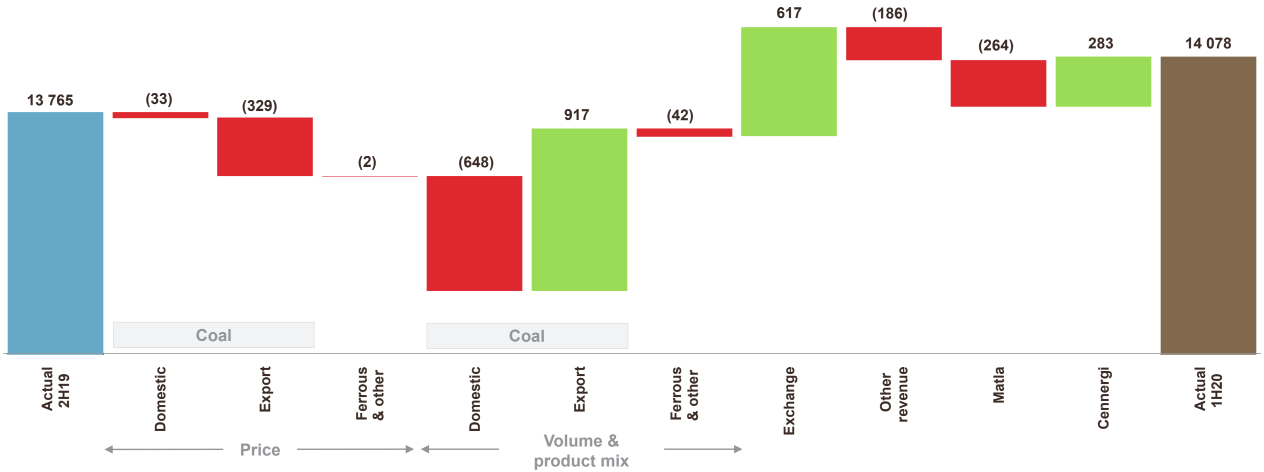
* *Excluding Matla*

Detail on calculation of non-core adjustments on slide 39 to 40

Notes:

Group revenue | **exports exceed expectations**

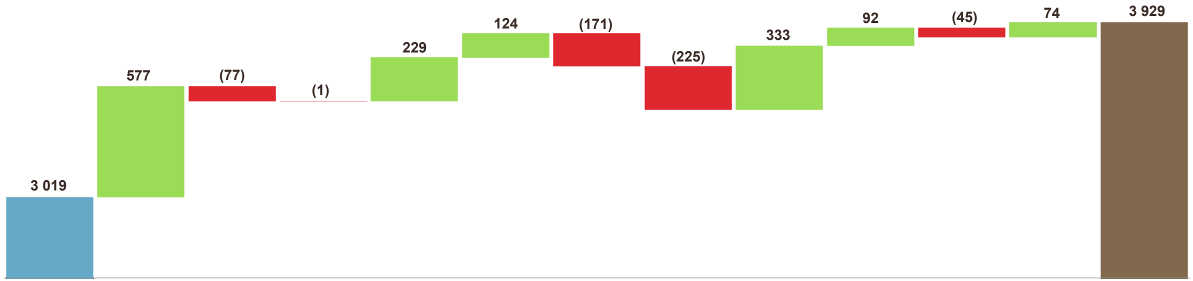
R million



Notes:

Group core EBITDA | **cautious spending increase profitability**

R million



	Actual 2H19	Commercial revenue	Inflation	Employee cost	Rehabilitation	Operational cost	Selling & Distribution	Stock movement & buy-ins	Forex	Royalties & Carbon tax	Cennergi cost	General *	Actual 1H20
Coal	**3 073**	339	(82)	(51)	230	74	(171)	(215)	279	92		(20)	**3 548**
Energy		283									(45)		**238**
Ferrous	**(2)**	(43)	(1)	7	(1)	53		(12)				7	**8**
Other	**(52)**	(2)	6	43		(3)		2	54			87	**135**
TOTAL	**3 019**	**577**	**(77)**	**(1)**	**229**	**124**	**(171)**	**(225)**	**333**	**92**	**(45)**	**74**	**3 929**

* *Total EBITDA variance for Matla included in General = R8 million*

Notes:

Core operations | **performance despite challenging environment**

R million	1H19	2H19	**1H20**
Coal			
Revenue	11 927	13 655	**13 730**
Commercial Waterberg	6 726	7 286	**7 615**
Commercial Mpumalanga	3 293	3 947	**4 076**
Tied Mpumalanga	1 769	2 269	**2 005**
Other	139	153	**34**
EBITDA	2 829	3 073	**3 548**
Commercial Waterberg	3 574	3 572	**4 158**
Commercial Mpumalanga	(251)	322	**35**
Tied Mpumalanga	79	80	**72**
Other	(573)	(901)	**(717)**
EBITDA margin (%)	24	23	**26**
Energy			
Revenue			**283**
EBITDA			**238**
EBITDA margin (%)			**84**

Notes:

Cennergi | first consolidated results from renewable energy

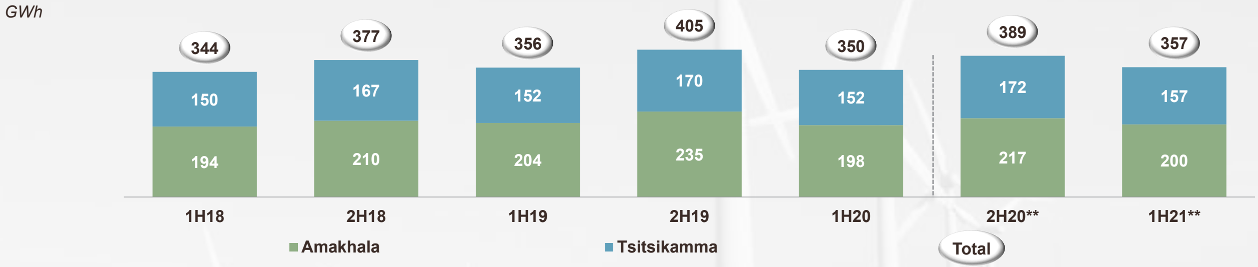
R million	1H20
Revenue	283
Operating expenses	(143)
Net operating profit	**140**
Net financing cost	(137)
Tax	17
Attributable earnings	**20**
EBITDA	**238**
Net debt	**4 715**
Energy generation	**176 GWh***

* *Gigawatt hours*

Notes:

Cennergi | consistent performance expected to continue

	Amakhala	Tsitsikamma
• Capacity factor*	36%	40%
• Equipment availability	98%	98%
• Average electricity generation per annum	417 GWh	325 GWh



R million

	1H18	2H18	1H19	2H19	1H20
EBITDA#	417	458	451	523	462

* *Ratio of actual electricity output over a given period of time to the maximum possible output over that period of time* ** *Based on latest internal forecast*

\# *100% EBITDA although only 50% equity accounted income was included in Exxaro results up to 1Q20 where after fully consolidated from 2Q20*

Notes:

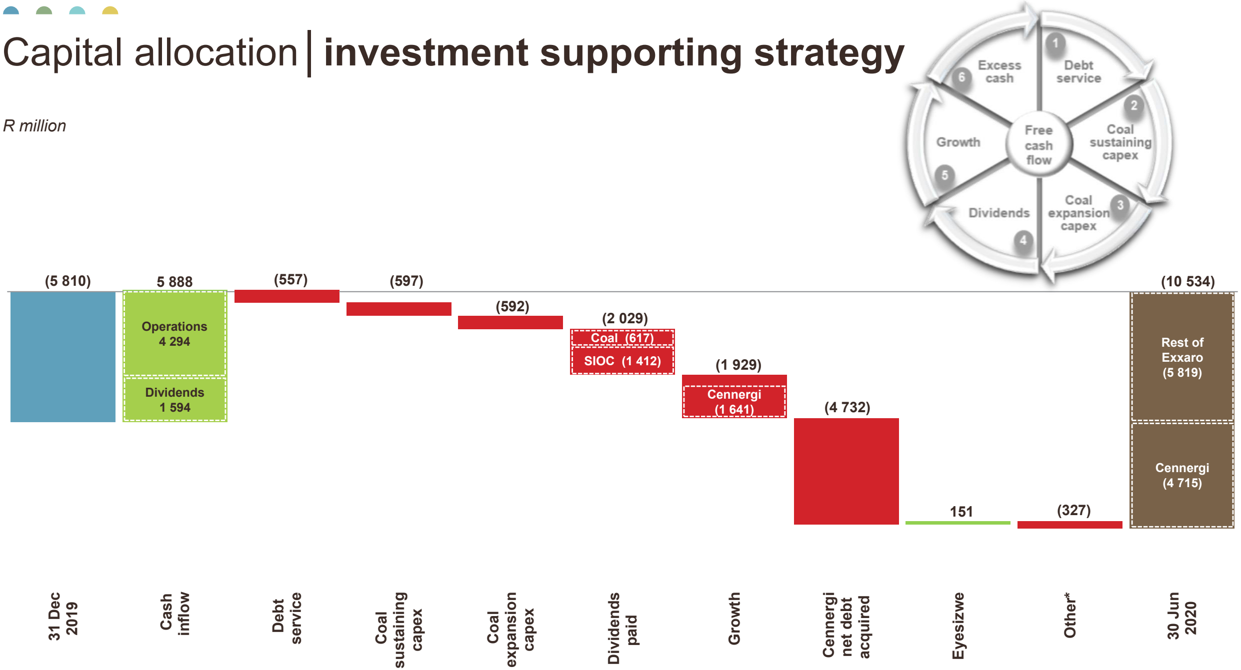
Group core earnings | **benefiting from diversified portfolio**

R million		1H19	% change	2H19	**% change**	**1H20**
Net operating profit		1 900	6	2 020	**39**	**2 798**
Income from investments		28	(32)	19	**95**	**37**
Net financing income/(cost)		30		(42)		**(320)**
Post-tax equity-accounted income		2 930	(38)	1 820	**29**	**2 353**
Coal:	RBCT	4	(125)	(1)		**10**
	Mafube	105	(79)	22	**59**	**35**
Ferrous:	SIOC	2 727	(38)	1 696	**33**	**2 257**
TiO_2:	Tronox SA & UK operations	111	13	125	**(24)**	**95**
Energy:	Cennergi	(13)		58	**(78)**	**13**
	LightApp	(15)	13	(13)	**31**	**(9)**
Other		11		(67)	**28**	**(48)**
Tax		(955)	100	(2)		**(580)**
Non-controlling interest		55		(401)	**(131)**	**(928)**
Attributable earnings		3 988	(14)	3 414	**(2)**	**3 360**
Attributable earnings per share* (cents)		1 201	(4)	1 153	**16**	**1 339**

* *Based on a core number of shares of 332 million from January to October 2019 and 251 million for November and December 2019 (1H20 = 251 million)*

Notes:

Capital allocation | **investment supporting strategy**



* *Mainly shares acquired to settle vested share-based payment schemes (-R260 million), ECC contingent consideration paid (-R195 million) and movement in interest accrued (+R115 million)*

Detail net debt movement graph on slide 44

Notes:

Dividend | strong results lead to shareholder reward

	Interim 1H20	Total FY19	Final 2H19	Interim 1H19	Special 1H19
Dividend cover* - Coal (times)	**3.0**	3.0	2.8	3.3	
SIOC dividend declared (Rm)	**1 706**	4 092	1 412	2 680	
Dividend declared per share (cents)	**643**	1 430	566	864	897
Dividend declared (Rm)	**2 306**	5 129	2 030	3 099	3 218
Eyesizwe	**692**	1 539	609	930	965
Other	**1 614**	3 590	1 421	2 169	2 253

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* *Cover calculated on core attributable earnings*

Notes:

Outlook

Mxolisi Mgojo | Chief Executive Officer

POWERING POSSIBILITY

Notes:

Outlook | **structural shifts in transition to low carbon world**

2H20 business outlook

- **Global economic recovery uncertain** on the path of the COVID-19 pandemic
- Mixed commodity basket **price** levels
- **Eskom offtake** should meet contractual volumes for the year
- **Impact of pandemic** on **coal** markets will sustain into the first half of 2021
- **Conclude the sale** of Leeuwpan and ECC

Strategy and capital allocation

- Continue with our **portfolio optimisation**
- Responsible **value maximisation** of our remaining **coal asset portfolio**
- Structural shifts to a **low carbon** world
- Deliberate and responsible in management of **risks and opportunities** in the **transition**
- Prioritise acceptable **value distribution** with long term **investments**

Notes:

Thank you

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SAFETY ALWAYS ALL THE WAY

EVERY DAY COUNTS

Khetha Ukuphepha

Notes:

Additional information

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Notes:

SHEC performance | **sustaining our future**

Integrated environmental management

- **Total disturbed land rehabilitated remained at 21% despite increased Belfast activities**
- **Water intensity increased by 1.6% due to increased abstraction from Grootegeluk mine in 1H20**
- **Carbon intensity improved by 4.9% due to improved fuel efficiency.**
- **3 out of 8 mine residue facilities still going through upgrades**

Notes:

Coal | major projects

Pipeline:

GG6 Expansion	• Capex: **R5.3bn** • Product: 1.7 – 2.7Mtpa of semi soft coking coal • In construction • 1st production: 2H20 • Full production FY21
Matla Life of Mine Project	• Capex: **R3.4bn** • Access to reserve at Mine 1 • Construction start: 2H20 • 1st production FY23
Belfast	• Capex: **R3.8bn** • Product: 2.7Mtpa of thermal coal • **Project Close in progress** • 1st production: 1H19 • **Project Close 2H20**
GG Rapid Load Out Station	• Capex: R1.3bn • Load capacity: 12Mtpa • **Hot Commissioning and project close in progress** • **Project Close 2H20**
Leeuwpan Lifex	• Capex: R0.6bn • Product: 2.7Mtpa of thermal coal • 1st production: 2H18 • **Relocation action plan completion expected 2H20**
Dorstfontein West 4 Seam	• Capex: R0.3bn • Product: 0.8Mtpa of thermal coal • 1st production: 2H19 • **Project Close 2H20**

Timeline:

2H20	• **GG6 Expansion:** Construction continues with first production expected • **Matla Life of Mine Project:** Construction commences • **Leeuwpan Lifex:** Relocation Action Plan concludes • **Dorstfontein West 4 Seam:** Project Completion • **Belfast:** Project Completion
FY21	• **GG6 Expansion:** Construction Completion • **Matla Life of Mine Project:** Construction continues
FY22	• **Matla Life of Mine Project:** Construction continues
FY23	• **Matla Life of Mine Project:** Construction continues
FY24	• **Matla Life of Mine Project:** Project Complete

Notes:

Coal | capital expenditure

R million	1H19	2H19	**1H20**	2H20*	FY21*	FY22*	FY23*	FY24*
Sustaining	958	1 287	**597**	1 491	2 306	1 750	1 821	1 955
GG rapid load out station	175	175	**54**	72				
GG trucks, shovels and stacker reclaimers	107	163	**77**	543	616	329	443	559
GG discard and backfill	183	198	**109**	96	242	479	327	310
GG other	288	464	**216**	311	906	428	714	768
Leeuwpan Lifex reserve	1	47	**19**	78				
Leeuwpan other	44	104	**46**	136	224	164	130	151
ECC	160	119	**76**	180	298	330	151	106
Belfast				53			36	41
Other		17		22	20	20	20	20
Expansion	1 584	1 988	**592**	808	801			
GG6 Expansion phase 2	475	720	**319**	477	801			
GG other			**22**	25				
Thabametsi phase 1	2	1						
Belfast	961	1 110	**200**	298				
ECC	146	84	**51**	8				
Other		73						
Total coal capital expenditure	2 542	3 275	**1 189**	2 299	3 107	1 750	1 821	1 955
Waterberg	1 230	1 721	**797**	1 524	2 565	1 236	1 484	1 637
Mpumalanga	1 312	1 464	**392**	753	522	494	317	298
Other		90		22	20	20	20	20
Previous guidance			**1 268**	2 171	3 267	2 289	2 610	2 164

* *Based on latest internal forecast (actual figures could vary by ± 5%)*

Notes:

Coal | product volumes

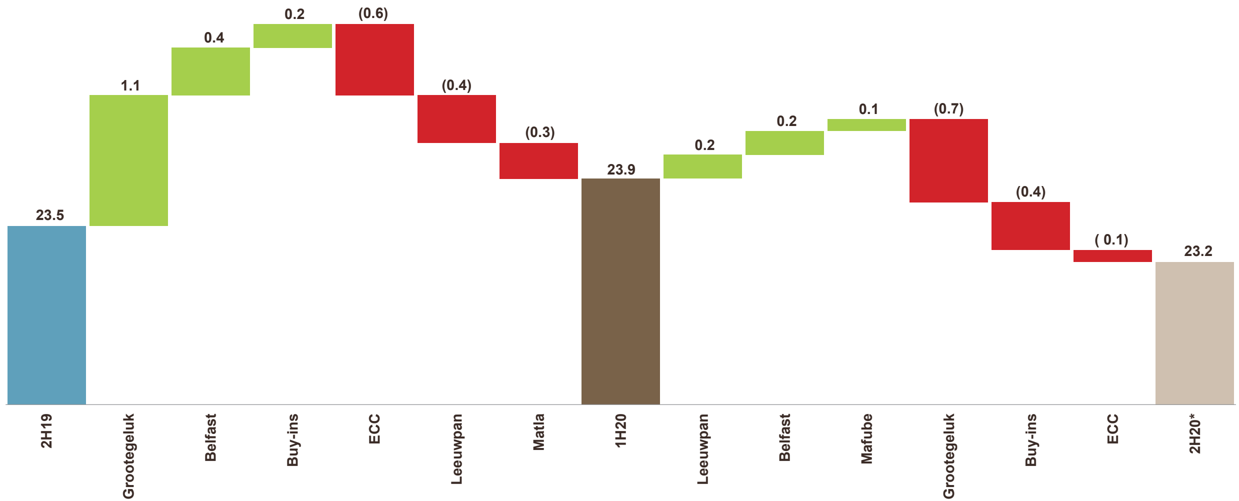
'000 tonnes	1H19	2H19	**1H20**	2H20*	1H21*
Thermal Production	20 819	22 384	**22 309**	22 135	23 084
GG	12 857	12 826	**13 673**	13 007	13 004
Matla	2 609	3 382	**3 053**	3 104	3 290
Leeuwpan	2 186	2 210	**1 786**	1 986	2 556
ECC	2 002	2 233	**1 602**	1 509	1 877
Belfast	164	865	**1 286**	1 516	1 478
Mafube (buy-ins from Mafube JV)	1 001	868	**909**	1 013	879
Buy-ins**	61	244	**429**		
Total thermal product (including buy-ins)	20 880	22 628	**22 738**	22 135	23 084
Total metallurgical production - GG	1 167	907	**1 172**	1 048	2 051
Total product	22 047	23 535	**23 910**	23 183	25 135

** Based on latest internal forecast (actual figures could vary by ± 5%)* *** Tumelo buy-ins included for FY19*

Notes:

Coal | **product volume increases**

Million tonnes



* *Based on latest internal forecast (actual figures could vary by ± 5%)*

Notes:

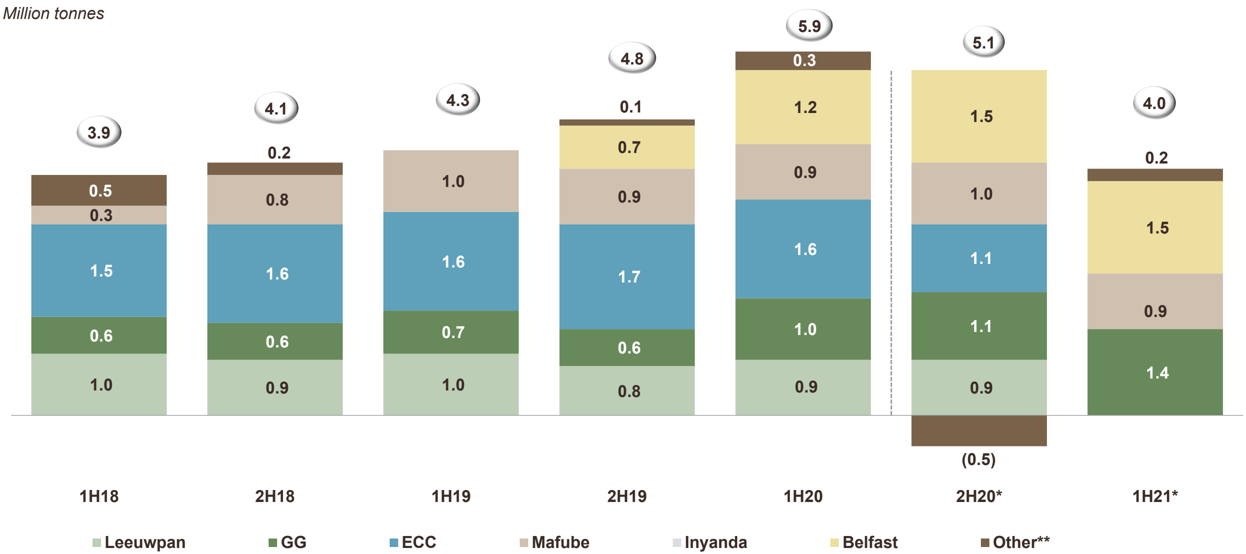
Coal | sales volumes

'000 tonnes	1H19	2H19	**1H20**	2H20*	1H21*
Sales to Eskom	14 676	16 720	**15 602**	15 997	19 688
GG	11 068	12 089	**12 554**	12 265	12 599
Matla	2 617	3 381	**3 048**	3 092	3 277
Leeuwpan	647	696		360	1 962
ECC	344	554		280	1 850
Other domestic thermal coal sales	1 611	1 409	**1 304**	1 351	1 133
Exports	4 265	4 822	**5 921**	5 087	3 956
Total thermal coal sales	20 552	22 951	**22 827**	22 435	24 777`
Total domestic metallurgical coal sales	550	480	**457**	545	700
Total sales	21 102	23 431	**23 284**	22 980	25 477

* *Based on latest internal forecast (actual figures could vary by ± 5%)*

Notes:

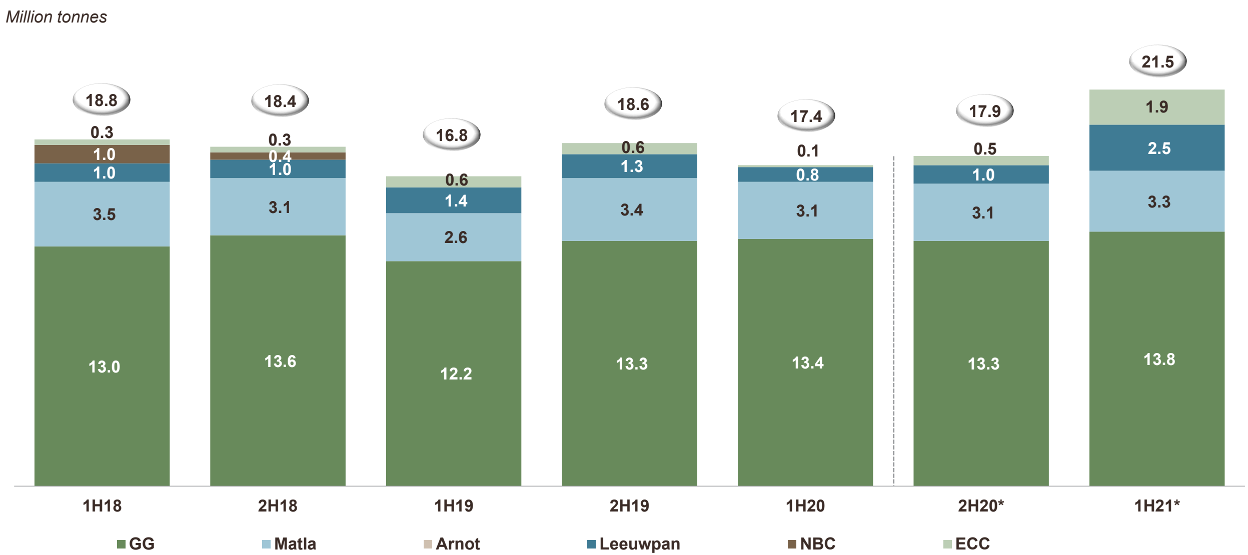
Coal | export sales market volumes per mine



* Based on latest internal forecast ** Buy-ins and inventory

Notes:

Coal | domestic market volumes per mine



* Based on latest internal forecast

Notes:

Coal | sensitivities 1H20*

Measure	Sensitivity	Impact on NOP** (Rm)	
Environmental rehabilitation discount rate	1%	(258)	235
Royalty cost	1%	(137)	137
Export price per tonne	US$1	(99)	99
Domestic sales volumes	1%	(52)	52
Exchange rate	10 cents	(26)	26
Labour	1%	(18)	18
Railage	1%	(15)	15
Export sales volumes	1%	(13)	13
Fuel	1%	(5)	5
Electricity	1%	(3)	3

* *Six-month impact* ** *Net operating profit*

Notes:

Financial overview | **group IFRS**

R million	1H19	% change	2H19	**% change**	**1H20**
Revenue	11 961	15	13 765	**2**	**14 078**
Operating expenses	(7 433)	(60)	(11 894)	**16**	**(10 009)**
Net operating profit	4 528	(59)	1 871	**117**	**4 069**
Net operating profit margin (%)	38	(24)	14	**15**	**29**
Post-tax equity-accounted income	2 924	(40)	1 769	**33**	**2 355**
Attributable earnings: owners of parent	6 499	(49)	3 310	**31**	**4 334**
Headline earnings*	4 342	(25)	3 257	**2**	**3 315**
EBITDA	3 188	(13)	2 766	**40**	**3 884**
Cash generated from operations	3 228	(37)	2 045	**131**	**4 732**
Capital expenditure	2 698	25	3 378	**(63)**	**1 264**
Net debt	758		5 810	**81**	**10 534**
Attributable earnings per share (cents)**	2 589	(49)	1 319	**31**	**1 727**
Headline earnings per share (cents)**	1 730	(25)	1 297	**2**	**1 321**

** Non-IFRS number   ** Based on weighted average number of shares of 251 million*

Notes:

Financial overview | **non-core adjustments**

R million	1H19	2H19	**1H20**
Coal	(51)	(111)	**(848)**
Disposal/transfer of operations and sale of mineral properties		76	**14**
BEE Phase II implementation			**(903)**
Loss of control of Tumelo	(67)	32	
Impairment reversal on PPE*		23	
Insurance claims received	1	147	**32**
Gain on termination of a lease	1		
Targeted voluntary packages**		(393)	
Gain on disposal of non-core assets	14	4	**9**
Ferrous		(3)	**(11)**
BEE Phase II implementation			**(11)**
Targeted voluntary packages		(3)	
TiO_2	2 421	(21)	
Disposal of Tronox investments	2 335		
Indemnity from tax consequence on disposal of Tronox Holdings plc shares	86	(21)	
Energy			**1 262**
Profit on deemed disposal of Cennergi JV			**1 321**
Recycling of our share of cash flow hedge of Cennergi JV at deemed disposal			**(59)**

** Property, plant and equipment ** Excluding Matla*

Notes:

Financial overview | **non-core adjustments** (continued)

R million	1H19	2H19	**1H20**
Other	258	(14)	**868**
ECC contingent consideration adjustment	232	64	
BEE Phase II implementation			**914**
(Loss)/gain on dilution of equity-accounted investments	(43)	1	
Fair value adjustment of debt	58		
Impairment of investment in associate		(58)	**(46)**
Gain/(loss) on disposal of non-core assets and other	11	(21)	
Non-core adjustment impact on net operating profit	2 628	(149)	**1 271**
Post-tax equity-accounted income	(6)	(51)	**2**
Net financing cost – Replacement BEE Transaction	(21)	(4)	
Tax on items with impact on net operating profit	(90)	14	**(2)**
Non-controlling interest on items with impact on net operating profit		86	**(297)**
Total non-core adjustment impact on attributable earnings	2 511	(104)	**974**

Notes:

Financial overview | **group core***

R million	1H19	% change	2H19	**% change**	**1H20**
Revenue	11 961	15	13 765	**2**	**14 078**
Operating expenses	(10 061)	(16)	(11 745)	**4**	**(11 280)**
Add back: Depreciation	913	9	999	**13**	**1 131**
EBITDA	2 813	10	3 019	**30**	**3 929**
EBITDA margin (%)	24	(2)	22	**6**	**28**
Post-tax equity-accounted income	2 930	(38)	1 820	**29**	**2 353**
Headline earnings*	3 988	(13)	3 414	**(2)**	**3 360**
Headline earnings per share (cents)**	1 201	(2)	1 153	**16**	**1 339**
Average R/US$ rate					
Realised	14.44	5	15.14	**8**	**16.39**
Spot	14.19	4	14.69	**13**	**16.65**
Average API4 export price (US$/tonne)	74	(7)	69	**(4)**	**66**
Average coal export price realised					
US$/tonne	54	(4)	52		**52**
R/tonne	764	3	787	**10**	**862**

** Non-IFRS number ** Based on a core number of shares of 332 million from January to October 2019 and 251 million for November and December 2019 (1H20 = 251 million)*

Notes:

Capital | funding structure – Exxaro excl. Cennergi

R million

	Facilities available		
	Drawn	*Undrawn/ committed*	*Undrawn/ unissued*
Term loan and revolving facility*	7 750	2 000	
DMTN** programme	1 000		4 000
Interest bearing borrowings	**8 750**		
Interest accrued	70		
Lease liabilities	499		
Capitalised transaction costs	(13)		
Total interest-bearing debt	**9 306**		
Current	92		
Non-current	9 214		
Net cash and cash equivalents	(3 486)		
Net debt	**5 820**		

Maturity profile of debt

Repayment year	**9 306**
Less than 6 months	79
6 – 12 months	13
1 – 2 years	6 472
2 – 3 years	1 278
3 – 4 years	1 119
4 – 5 years	47
> 5 years	298

* *Excludes additional R2 billion accordion option* ** *Domestic Medium-Term Note*

Notes:

Capital | funding structure - Cennergi

R million	Facilities available		
	Drawn	*Undrawn/ committed*	*Undrawn/ unissued*
Loan facilities	4 851	397	
Interest bearing borrowings	**4 851**		
Lease liabilities	55		
Total interest-bearing debt	**4 906**		
Net cash and cash equivalents	(192)		
Net debt	**4 714**		

Maturity profile of debt*

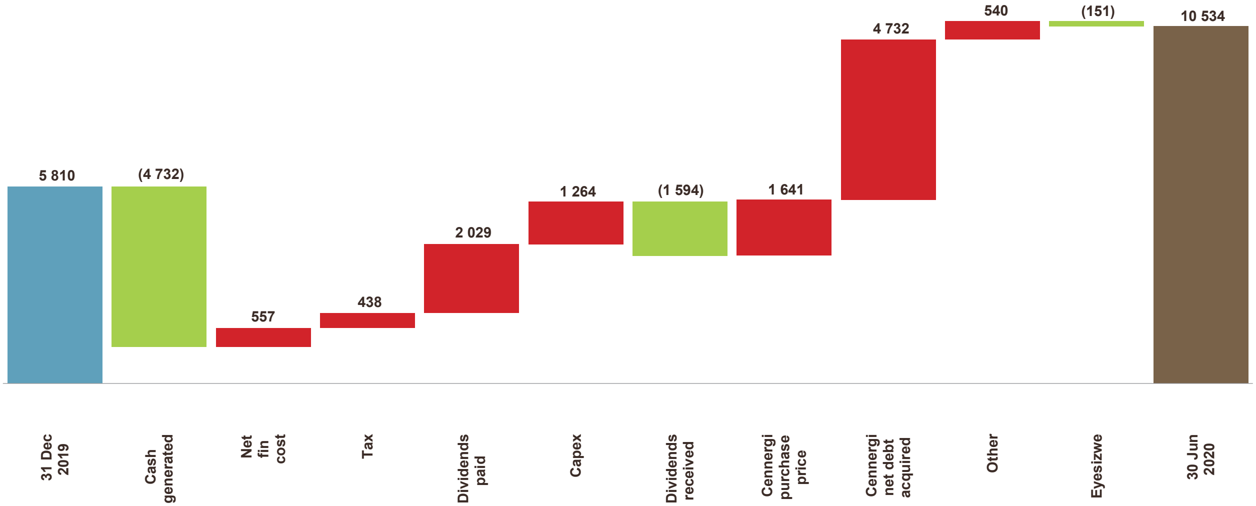
Repayment year	**4 906**
Less than 6 months	55
6 – 12 months	45
1 – 2 years	124
2 – 3 years	178
3 – 4 years	241
4 – 5 years	311
> 5 years	3 952

* *As agreed with providers of loans*

Notes:

Group 1H20 | **net debt**

R million



Notes:

Cennergi | fair value adjustments

R million	Carrying value	PPA adjustments	Net identifiable assets
Property, plant and equipment	5 147	805	5 952
Intangible assets		2 685	2 685
Deferred tax asset/(liability)	106	(1 023)	(917)
Interest rate swop liabilities	(304)	32	(272)
Deferred costs	61	(61)	
Right-of-use assets	51		51
Provisions	(39)		(39)
Other net liabilities	(23)		(23)
Trade and other receivables	187		187
Trade and other payables	(25)		(25)
Net debt:	(4 732)		(4 732)
• Interest-bearing borrowings	(5 014)		(5 014)
• Lease liabilities	(55)		(55)
• Cash and cash equivalents	337		337
Net identifiable asset acquired			**2 867**
Goodwill recognised			374
Fair value of 100% controlling interest acquired and recognised			**3 241**

Notes:

Performance | key indicators

	Target	1H19	2H19	1H20
Internal key performance indicators				
EBITDA interest cover (times)	>4	47	160	**12**
Return on capital employed (%) (12 months)	>20	29	28	**23**
Net debt: equity (%)	<40	2	13	**28**
Net debt: EBITDA (excluding Cennergi) (12 months)	<1.5	0.1	1.0	**0.9**
Bank covenants*				
Net debt: equity (%)	<80	5	17	**14**
EBITDA interest cover (times)	>4	19	19	**14**
Net debt: EBITDA (times)	<3	0.3	0.7	**0.6**

* *Including dividends received from associates and contingent liabilities, except DMR guarantees and excluding Cennergi consolidated results*

Notes:

Notes:

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