







POWERING POSSIBILITY

SALIENT FEATURES

Group

- > Revenue R10,7 billion, up 10%
- > Net operating profit R2,9 billion, up 35%
- > Net debt: equity of 12%
- > Interim dividend of 300 cents per share, up 210 cents per share
- > HEPS* of 882 cents, up 185%
- > AEPS** of 852 cents, up 135%
- > Cash generated by operations at R3,7 billion, up 68%

SIOC

- > R1,2 billion post-tax equity-accounted income
- > R1,4 billion, Exxaro's share of dividend declared for 1H17

Tronox

- > R295 million post-tax equity-accounted losses
- > Dividend of R59 million received in 1H17



- Headline earnings per share.
- ** Attributable earnings per share.

Please refer to the inside back cover for an explanation of the acronyms used throughout this book.

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CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

| | 6 months ended 30 June 2017 Reviewed Rm | 6 months ended 30 June 2016 Reviewed Rm | 12 months ended 31 December 2016 Audited Rm |
|--|--|--|--|
| Revenue | 10 736 | 9 762 | 20 897 |
| Operating expenses | (7 826) | (7 760) | (16 413) |
| Operating profit (note 6) Gain on disposal of joint venture | 2 910 | 2 002 203 | 4 484 203 |
| Impairment charges of non-current assets | | | (100) |
| Net operating profit | 2 910 | 2 205 | 4 587 |
| Finance income (note 7) Finance costs (note 7) | 71 (522) | 83 (417) | 229 (857) |
| Share of income/(loss) of equity-accounted investments (note 8) | 1 125 | (417) | 2 373 |
| Profit before tax | 3 584 | 1 862 | 6 332 |
| Income tax expense | (861) | (490) | (1 179) |
| Profit for the period from continuing operations (Loss)/profit for the period from discontinued operations (note 5) | 2 723 | 1 372 (121) | 5 153 538 |
| Profit for the period | 2 723 | 1 251 | 5 691 |
| Other comprehensive (loss)/income, net of tax | (181) | (91) | (549) |
| Items that will not be reclassified to profit or loss: | (4) | 31 | (57) |
| Remeasurements of post-employment benefit obligation Share of comprehensive income/(loss) of equity-accounted | (29) | | |
| investments | 25 | 31 | (57) |
| Items that may be subsequently reclassified to profit or loss: | (177) | (122) | (492) |
| Unrealised (losses)/gains on translation of foreign operations Revaluation of financial assets available-for-sale | (39) 5 | 25 (2) | (45) (5) |
| Share of comprehensive loss of equity-accounted investments | (143) | (145) | (442) |
| Total comprehensive income for the period | 2 542 | 1 160 | 5 142 |
| Profit/(loss) attributable to: | | | |
| Owners of the parent | 2 692 | 1 285 | 5 679 |
| Continuing operationsDiscontinued operations | 2 692 | 1 406 (121) | 5 141 538 |
| Non-controlling interests | 31 | (34) | 12 |
| - Continuing operations | 31 | (34) | 12 |
| Profit for the period | 2 723 | 1 251 | 5 691 |
| Total comprehensive income/(loss) attributable to: Owners of the parent | 2 511 | 1 194 | 5 130 |
| Continuing operations Discontinued operations | 2 511 | 1 226 (32) | 4 666 464 |
| Non-controlling interests | 31 | (34) | 12 |
| - Continuing operations | 31 | (34) | 12 |
| Total comprehensive income for the period | 2 542 | 1 160 | 5 142 |
| · | Conto | Conto | Conto |
| Attributable earnings/(loss) per share | Cents | Cents | Cents |
| Aggregate | | | |
| - Basic | 852 | 362 | 1 600 |
| - Diluted | 852 | 360 | 1 591 |
| Continuing operations - Basic | 852 | 396 | 1 448 |
| - Diluted | 852 | 394 | 1 440 |
| Discontinued operations | | | |
| - Basic | | (34) | 152 |
| - Diluted | | (34) | 151 |

² REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS AND UNREVIEWED PRODUCTION AND SALES VOLUMES INFORMATION for the six-month period ended 30 June 2017

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

| | At 30 June 2017 | 2016 | At 31 December 2016 |
|---|--------------------|----------------|------------------------|
| | Reviewed Rm | Reviewed Rm | Audited Rm |
| ASSETS | | | |
| Non-current assets | 51 556 | 46 126 | 49 959 |
| Property, plant and equipment | 22 568 | 21 073 | 21 972 |
| Biological assets | 47 | 52 | 45 |
| Intangible assets | 23 | 43 | 31 |
| Investments in associates (note 11) | 22 333 | 19 687 | 21 518 |
| Investments in joint ventures (note 12) | 1 329 | 1 195 | 1 258 |
| Financial assets (note 13) | 4 827 | 3 638 | 4 720 |
| Deferred tax | 429 | 438 | 415 |
| Current assets | 5 919 | 6 492 | 9 842 |
| Inventories | 1 287 | 1 213 | 1 036 |
| Financial assets (note 13) | 1 201 | 452 | 480 |
| Trade and other receivables | 2 440 | 2 281 | 3 050 |
| Current tax receivable | 119 | 185 | 81 |
| | 2 073 | 2 361 | 5 195 |
| Cash and cash equivalents | 175 | 142 | |
| Non-current assets held-for-sale (note 14) | | | 130 |
| Total assets | 57 650 | 52 760 | 59 931 |
| EQUITY AND LIABILITIES | | | |
| Capital and other components of equity | 4 000 | 0.400 | 0.500 |
| Share capital | 1 660 | 2 460 | 2 509 |
| Other components of equity | 5 007 | 6 901 | 2 085 |
| Retained earnings | 30 476 | 26 651 | 31 281 |
| Equity attributable to owners of the parent | 37 143 | 36 012 | 35 875 |
| Non-controlling interests | (757) | (834) | (788) |
| Total equity | 36 386 | 35 178 | 35 087 |
| Non-current liabilities | 15 909 | 11 940 | 16 282 |
| Interest-bearing borrowings (note 15) | 5 498 | 3 039 | 6 002 |
| Provisions | 4 149 | 3 297 | 4 162 |
| Post-retirement employee obligations | 222 | 228 | 239 |
| Financial liabilities (note 17) | 253 | 73 | 479 |
| Deferred tax | 5 787 | 5 303 | 5 400 |
| Current liabilities | 4 221 | 4 298 | 7 461 |
| Trade and other payables | 2 753 | 2 515 | 3 010 |
| Shareholder loans | 18 | 21 | 18 |
| Interest-bearing borrowings (note 15) | 11 | 1 584 | 503 |
| Current tax payable | 146 | 35 | 210 |
| Financial liabilities (note 17) | 236 | | 3 599 |
| Provisions | 140 | 127 | 109 |
| Overdraft (note 15) | 917 | 16 | 12 |
| Non-current liabilities held-for-sale (note 14) | 1 134 | 1 344 | 1 101 |
| Total liabilities | 21 264 | 17 582 | 24 844 |
| Total equity and liabilities | 57 650 | 52 760 | 59 931 |

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

| Other | com | ponents | of | equity |
|-------|-----|---------|----|--------|
|-------|-----|---------|----|--------|

| | Share capital Rm | Foreign currency translation Rm | Financial instruments revaluation Rm | Equity- settled Rm | |
|---|------------------------|--|---|--------------------------|--|
| At 31 December 2015 (Audited) Profit/(loss) for the period | 2 445 | 4 922 | 241 | 2 008 | |
| Other comprehensive income/(loss) Share of other comprehensive (loss)/income | | 25 | | | |
| of equity-accounted investments | | (80) | (192) | 127 | |
| Issue of share capital Share-based payments movement | 15 | | | 81 | |
| Dividends paid | | | | 01 | |
| At 30 June 2016 (Reviewed) | 2 460 | 4 867 | 49 | 2 216 | |
| Profit for the period Other comprehensive loss | | (70) | | | |
| Share of associates' reclassification of equity | | (/ | | (557) | |
| Share of other comprehensive (loss)/income of equity-accounted investments | | (386) | (26) | 115 | |
| Issue of share capital Share-based payments movement | 49 | | | 124 | |
| Dividends paid | | | | 124 | |
| Share repurchase Disposal of foreign subsidiaries | | (401) | | | |
| At 31 December 2016 (Audited) | 2 509 | 4 010 | 23 | 1 898 | |
| Profit for the period | 2 000 | | 20 | 1 000 | |
| Other comprehensive (loss)/income Share of other comprehensive (loss)/income | | (39) | | | |
| of equity-accounted investments | | (174) | (58) | 89 | |
| Issue of share capital ¹ Share-based payments movement ² | 463 | | | (422) | |
| Dividends paid | | | | (422) | |
| Share repurchase ³ Reclassification within equity ⁴ | (1 312) | | | | |
| At 30 June 2017 (Reviewed) | 1 660 | 3 797 | (35) | 1 565 | |
| | | | | | |

¹ Vesting of Mpower 2012 treasury shares to good leavers and beneficiaries upon final vesting of the share-based payment scheme on 31 May 2017.

Dividend distribution

| Final dividend paid per share (cents) in respect of the 2016 financial year | 410 |
|---|-----|
| Dividend paid per share (cents) in respect of the 2016 interim period | 90 |
| Dividend payable per share (cents) in respect of the 2017 interim period | 300 |

Foreign currency translation

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

Financial instruments revaluation

Comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Equity-settled

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

Retirement benefit obligation

Comprises remeasurements, net of tax, on the post-retirement obligation.

Available-for-sale revaluation

Comprises fair value adjustments, net of tax, on the available-for-sale financial assets.

4 REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS AND UNREVIEWED PRODUCTION AND SALES VOLUMES INFORMATION for the six-month period ended 30 June 2017

² Includes the final vesting of Mpower 2012 shares.

³ Exxaro repurchased 43 943 744 ordinary shares from Main Street 333 for a purchase consideration of R3 524 million.

⁴ Relates to a foreign entity which is required to reallocate distributable reserves to a non-distributable reserve.

| (205) (55) 25 670 35 026 (800) 34 226 (2) 1 285 1 285 (34) 1 251 23 23 31 (114) (114) (114) 15 15 15 15 81 81 81 81 (304) (304) (304) (304) (174) (57) 26 651 36 012 (834) 35 178 (3) 26 651 36 012 (834) 35 178 (88) 30 385 49 49 49 49 40 124 125 125 | Retirement benefit obligation Rm | Available- for-sale revaluation Rm | Other Rm | Retained earnings Rm | Attributable to owners of the parent Rm | Non- controlling interests Rm | Total equity Rm |
|--|---|---|-------------|----------------------------|---|--|--|
| (304) (304) (304) (304) (174) (57) 26 651 36 012 (834) 35 178 (3) 4 394 4 394 46 4 440 (3) 557 (73) (73) (88) (385) (385) 49 49 49 49 49 124 124 (321) (321) (321) (321) (321) (3524) (3524) (401) (401) (401) (262) (60) (3 524) 31 281 35 875 (788) 35 087 (29) 5 (63) (63) (63) 25 (118) (118) (118) 463 463 463 (422) (422) (422) (1 284) (1 284) (1 284) (1 284) 3 524 (2 212) (1 284) (1 284) (1 284) | (205) | ` ' | | | 1 285 | | 1 251 |
| (88) (385) (385) (385) (385) (385) (49 49 49 124 124 124 124 (321) (321) (321) (321) (321) (321) (321) (321) (301) (401) | 31 | | | (304) | 15 81 | | 15 81 |
| (321) (401) | (174) | , , | | 4 394 | 4 394 | | 4 440 |
| (29) 5 2 692 2 692 31 2 723 (63) 25 (118) (118) (118) 463 463 (422) (422) (1 284) (1 284) (1 284) 3 524 (2 212) 1 (1) | (88) | | (3 524) | (321) | 49 124 (321) (3 524) | | 49 124 (321) (3 524) |
| 1 <u>(1)</u> | (29) | , , | , , | 2 692 | 2 692 (63) (118) 463 (422) | ٠, | 2 723 (63) (118) 463 (422) |
| | (266) | (55) | 1 | (1) | 37 143 | (757) | 36 386 |

CONDENSED GROUP STATEMENT OF CASH FLOWS

| | 6 months ended 30 June 2017 Reviewed Rm | 6 months ended 30 June 2016 Reviewed Rm | 12 months ended 31 December 2016 Audited Rm |
|---|--|--|--|
| Cash flows from operating activities | 1 528 | 1 380 | 3 918 |
| Cash generated by operations | 3 660 | 2 183 | 5 549 |
| Interest paid | (328) | (252) | (595) |
| Interest received | 55 | 45 | 136 |
| Tax paid | (575) | (292) | (547) |
| Dividends paid | (1 284) | (304) | (625) |
| Cash flows from investing activities | (907) | (607) | (2 198) |
| Property, plant and equipment acquired to maintain operations (note 10) | (1 105) | (993) | (2 413) |
| Property, plant and equipment acquired to expand operations (note 10) | (209) | (179) | (367) |
| Proceeds from disposal of property, plant and equipment | 2 | 3 | 35 |
| Settlement of contingent consideration (note 18.2) | (74) | (0.1) | (100) |
| Increase in investments in other non-current assets | (64) | (34) | (160) |
| Decrease in loans to related parties | 400 | | |
| Interest received on loans to related parties | 84 | | |
| Proceeds from disposal of operation | | | 47 |
| Proceeds from disposal of joint venture | | 200 | 200 |
| Increase in investment in joint venture | | (54) | (55) |
| Increase in investment in associate | | (233) | (233) |
| Income from investments in associates and joint ventures | 59 | 683 | 748 |
| Cash flows from financing activities | (4 620) | (443) | 1 483 |
| Interest-bearing borrowings raised | | 1 066 | 7 565 |
| Interest-bearing borrowings repaid | (999) | (1 509) | (6 066) |
| Shares acquired in the market to settle share-based payments | (97) | | (16) |
| Repurchase of share capital | (3 524) | | |
| Net (decrease)/increase in cash and cash equivalents | (3 999) | 330 | 3 203 |
| Cash and cash equivalents at beginning of the period | 5 183 | 2 055 | 2 055 |
| Translation difference on movement in cash and cash equivalents | (24) | (40) | (75) |
| Cash and cash equivalents at end of the period | 1 160 | 2 345 | 5 183 |
| - Cash and cash equivalents | 2 073 | 2 361 | 5 195 |
| - Cash and cash equivalents classified as held-for-sale | 4 (917) | (16) | (12) |
| Ovorditalt | (017) | (10) | (12) |

RECONCILIATION OF GROUP HEADLINE EARNINGS

| | Gross Rm | Tax Rm | Net Rm |
|---|----------------------|-------------------|----------------------|
| 6 months ended 30 June 2017 (Reviewed) | | | |
| Profit for the period attributable to owners of the parent Adjusted for: | 103 | (8) | 2 692 95 |
| IAS 16 Net losses on disposal of property, plant and equipment IAS 28 Loss on dilution of investment in associate | 22 75 | (6) | 16 75 |
| IAS 28 Share of equity-accounted investments' separate identifiable remeasurements | 6 | (2) | 4 |
| Headline earnings | | | 2 787 |
| 6 months ended 30 June 2016 (Reviewed) | | | |
| Profit for the period attributable to owners of the parent Adjusted for: | (184) | (5) | 1 285 (189) |
| IAS 16 Net losses on disposal of property, plant and equipment IAS 28 Gain on disposal of joint venture IAS 28 Loss on dilution of investment in associate | 13 (203) 29 | (1) | 12 (203) 29 |
| IAS 28 Excess of fair value over cost of investment in associate IAS 28 Share of equity-accounted investments' | (35) | | (35) |
| separate identifiable remeasurements | 12 | (4) | 8 |
| Headline earnings/(loss) | | | 1 096 |
| Continuing operations Discontinued operations | | | 1 218 (122) |
| 12 months ended 31 December 2016 (Audited) Profit for the year attributable to owners of the parent Adjusted for: | (1 001) | (57) | 5 679 (1 058) |
| IFRS 10 Gain on disposal of subsidiaries IAS 16 Net losses on disposal of property, plant and equipment IAS 16 Gain on disposal of an operation | (670) 35 (100) | (13) | (670) 22 (100) |
| IAS 28 Excess of fair value over cost of investment in associate IAS 28 Loss on dilution of investment in associate IAS 28 Share of equity-accounted investments' | (256) 36 | | (256) 36 |
| - IAS 28 Grain on disposal of joint venture - IAS 36 Impairment of property, plant and equipment | 57 (203) 100 | (17) (27) | 40 (203) 73 |
| Headline earnings/(loss) | | | 4 621 |
| - Continuing operations - Discontinued operations | | | 4 763 (142) |
| | 6 months ended | 6 months ended | 12 months ended |

| | 6 months ended 30 June 2017 Reviewed Cents | 6 months ended 30 June 2016 Reviewed Cents | 12 months ended 31 December 2016 Audited Cents |
|------------------------------------|---|---|---|
| Headline earnings/(loss) per share | | | |
| Aggregate | | | |
| - Basic | 882 | 309 | 1 302 |
| - Diluted | 882 | 307 | 1 294 |
| Continuing operations | | | |
| - Basic | 882 | 343 | 1 342 |
| - Diluted | 882 | 341 | 1 334 |
| Discontinued operations | | | |
| - Basic | | (34) | (40) |
| - Diluted | | (34) | (40) |

Refer to note 9 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), TiO₂ and Alkali chemicals (non-controlled), ferrous (controlled and non-controlled) and energy (non-controlled) markets. These reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2017 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 reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2017 have been prepared in accordance with IFRS, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2017 have been prepared under the supervision of PA Koppeschaar CA(SA), SAICA registration number: 00038621.

The reviewed condensed group interim financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 31 December 2016, which have been prepared in accordance with IFRS as issued by the IASB. The reviewed condensed group interim financial statements have been prepared on the historical cost basis, excluding financial instruments and biological assets, which are at fair value.

The reviewed condensed group interim financial statements of Exxaro and its subsidiaries as at and for the six-month period ended 30 June 2017 were authorised for issue by the board of directors on 15 August 2017.

2.2 Judgements and estimates

In preparing these reviewed condensed group interim financial statements, management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies 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 2016.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the reviewed condensed group interim financial statements are consistent with those followed in the preparation of the group annual financial statements as at and for the year ended 31 December 2016. A number of new or amended standards became effective for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Additional disclosures required under the amended IAS 7 Statement of Cash Flows have not been provided by the group as it is not required for condensed group interim financial statements. The group will disclose the additional information in the group annual financial statements for the year ended 31 December 2017.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit or loss.

New accounting standards and amendments issued to accounting standards and interpretations which are relevant to the group, but not yet effective on 30 June 2017, have not been adopted. The group continuously evaluates the impact of these standards and amendments. In summary the following are the current expectations in relation to IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

3. ACCOUNTING POLICIES (continued)

IFRS 9

The group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

The actual impact of adopting IFRS 9 on the group's financial statements in 2018 is not known and cannot be reliably estimated because it is dependent on the financial instruments that the group holds and economic conditions at that time as well as accounting elections and judgements which the group will make in the future. The new standard will require the group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete.

However, the group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its position at 30 June 2017.

Based on its preliminary assessment, the group does not believe that the new classification requirements, if they had been applied at 30 June 2017, would have had a material impact on its accounting for trade receivables, loans and investments in equity securities that are managed on a fair value basis. At 30 June 2017, the group had equity investments classified as available-for-sale with a fair value of R177 million. If these investments continue to be held for the same purpose at initial application of IFRS 9, then the group may elect to classify them as at fair value through other comprehensive income or fair value through profit or loss. The group has not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognised in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognised in profit or loss as they arise, increasing volatility in the group's profits.

The group has embarked on the process of determining the impact that the new impairment model, on the basis of expected credit losses, will have on the impairment provisions. As part of this process the group will finalise the impairment methodologies that it will apply under IFRS 9.

Disclosure requirements and changes in presentation are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The group is in the process of identifying changes to systems and controls which will be necessary to capture the required data.

IFRS 15

The standard is effective for annual periods beginning on or after 1 January 2018. Exxaro assessed significant contracts with customers in line with the IFRS 15 five-step model. While the group is still considering the impact, no material impact is expected on the measurement and timing of revenue recognition.

The group must still take a decision on the transition method to be applied as well as the practical expedients to be used, if elected.

IFRS 16

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted provided that IFRS 15 is adopted at or before the date of initial application of IFRS 16. The group made progress on the initial assessment of the potential impact of this standard on the group's financial statements but has not yet reached a conclusion if this standard will be early adopted with the implementation of IFRS 15. This initial assessment included the identification of material lease transactions within the group. The group must still make a decision on the transition method to be applied as well as the practical expedients to be used, if elected.

4. SEGMENTAL INFORMATION

Operating segments are reported on 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 has been identified as the group executive committee. Segments reported are based on the group's different products and operations.

The corporate transactions during 2016 necessitated a change in the segmental reporting structures and the manner in which operating results are reported to the chief operating decision-maker. Changes to segmental reporting which resulted in the re-presentation of comparative periods' segmental information, included:

- the iron ore operating segment is now included within the other operating segment which forms part of the other reportable segment:
- an energy segment was added as an additional reportable segment.

The re-presentation resulted in five reportable operating segments compared to the four reportable operating seaments in prior periods.

Total operating segment revenue, which excludes VAT, represents the gross value of goods invoiced. services rendered and includes operating revenues directly and reasonably allocatable to the segments. Segment net operating profit or loss equals segment revenue less segment expenses. impairment charges, plus impairment reversals. Segment operating expenses, assets and liabilities represent direct or reasonably allocatable operating expenses, assets and liabilities.

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

Coal

The coal operations are mainly situated in the Waterberg and Mpumalanga regions and are split between coal commercial operations and coal tied operations. Coal commercial operations include a 50% (30 June 2016: 50%; 31 December 2016: 50%) investment in Mafube (a joint venture with Anglo), as well as a 10,82% (30 June 2016: 10,82%; 31 December 2016: 10,82%) effective equity interest in RBCT. The coal operations produce thermal coal, metallurgical coal and SSCC.

The ferrous segment comprises a 20.62% (30 June 2016: 19.98%; 31 December 2016: 20.62%) equity interest in SIOC (located in the Northern Cape province) reported within the other ferrous operating segment as well as the FerroAllovs operations (referred to as Allovs).

TiO and Alkali chemicals

Exxaro holds a 42,97% (30 June 2016: 43,71%; 31 December 2016: 43,66%) equity interest in Tronox Limited and a 26% (30 June 2016: 26%; 31 December 2016: 26%) equity interest in Tronox SA (both South African-based operations), as well as a 26% (30 June 2016: 26%; 31 December 2016: 26%) member's interest in Tronox UK.

Eneray

The energy segment comprises a 50% (30 June 2016: 50%; 31 December 2016: 50%) investment in Cennergi (a South African joint venture with Tata Power Company Limited) which operates two windfarms.

This reportable segment comprises the 26% (30 June 2016: 26%; 31 December 2016: 26%) equity interest in Black Mountain (located in the Northern Cape province), an effective investment of 11,7% (30 June 2016: 11,7%; 31 December 2016: 11,7%) in Chifeng (located in the PRC), the Mayoko iron ore project (and related subsidiaries) which was classified as a discontinued operation in 2016 and sold on 23 September 2016, as well as the corporate office which renders services to operations and other customers.

4. SEGMENTAL INFORMATION (continued)

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

| | | | | | TiO ₂ and Alkali | | | | |
|---|--------------------------|--------------------------|--------------|------------------------|--------------------------------|----------------------|----------------------|-------------|---------|
| | (| Coal | Fe | rrous | chemicals | hemicals Energy Othe | | ner | Total |
| | Tied operations Rm | Commercial operations Rm | Alloys Rm | Other ferrous Rm | Rm | | Base metals Rm | Other Rm | Rm |
| For the 6 months ended 30 June 2017 (Reviewed) | | | | | | | | | |
| External revenue | 1 591 | 9 079 | 56 | | | | | 10 | 10 736 |
| Segment net operating profit/ (loss) | 149 | 2 865 | | | | | | (104) | 2 910 |
| External finance income (note 7) | | 21 | | | | | | 50 | 71 |
| External finance costs (note 7) | (83) | (121) | | | | | | (318) | (522) |
| Income tax (expense)/benefit | (26) | (777) | 8 | | | | | (66) | (861) |
| Depreciation and amortisation (note 6) | (6) | (623) | | | | | | (46) | (675) |
| Cash generated by/(utilised in) operations | 120 | 3 523 | 24 | | | | | (7) | 3 660 |
| Share of income/(loss) of equity-accounted investments (note 8) | | 104 | | 1 228 | (295) | (11) | 99 | | 1 125 |
| Capital expenditure (note 10) | | (1 305) | (2) | | | | | (7) | (1 314) |
| At 30 June 2017 (Reviewed) | | | | | | | | | |
| Segment assets and liabilities | | | | | | | | | |
| Deferred tax | 67 | 17 | 28 | | | | | 317 | 429 |
| Investments in associates (note 11) | | 2 203 | | 8 771 | 10 740 | | 619 | | 22 333 |
| Investments in joint ventures (note 12) | | 961 | | | | 368 | | | 1 329 |
| External assets ¹ | 2 907 | 27 911 | 163 | 25 | | 126 | 177 | 2 075 | 33 384 |
| Assets | 2 974 | 31 092 | 191 | 8 796 | 10 740 | 494 | 796 | 2 392 | 57 475 |
| Non-current assets held-for-sale (note 14) | | 46 | | | | | | 129 | 175 |
| Total assets as per statement of financial position | 2 974 | 31 138 | 191 | 8 796 | 10 740 | 494 | 796 | 2 521 | 57 650 |
| External liabilities | 2 650 | 4 464 | 23 | 4 | | | | 7 056 | 14 197 |
| Deferred tax ² | 4 | 5 842 | | | | | | (59) | 5 787 |
| Current tax payable ² | (4) | 150 | | | | | | | 146 |
| Liabilities | 2 650 | 10 456 | 23 | 4 | | | | 6 997 | 20 130 |
| Non-current liabilities held-for-sale (note 14) | | 1 134 | | | | | | | 1 134 |
| Total liabilities as per statement of financial position | 2 650 | 11 590 | 23 | 4 | | | | 6 997 | 21 264 |

¹ Excluding deferred tax, investments in associates and joint ventures and non-current assets held-for-sale.

² Offset per legal entity and tax authority.

SEGMENTAL INFORMATION (continued)

| | (| Coal | Fe | rrous | TiO ₂ and Alkali chemicals | Energy | Other | | Total |
|--|--------------------------|--------------------------|--------------|------------------------|---|--------|----------------------|-------------|-----------------|
| | Tied operations Rm | Commercial operations Rm | Alloys Rm | Other ferrous Rm | Rm | Rm | Base metals Rm | Other Rm | Rm |
| For the 6 months ended 30 June 2016 (Reviewed) (Re-presented) | | | | | | | | | |
| External revenue (continuing operations) | 1 659 | 8 059 | 13 | | | | | 31 | 9 762 |
| Segment net operating profit/ (loss) | 122 | 2 110 | (7) | | | | | (66) | 2 159 |
| Net operating profit/(loss) from continuing operations | 122 | 2 110 | (7) | | | | | (20) | 2 205 |
| Net operating loss from discontinued operations | | | | | | | | (46) | (46) |
| External finance income (note 7) | 1 | 14 | 1 | | | | | 67 | 83 |
| External finance costs (note 7) | (52) | (121) | | | | | | (244) | (417) |
| Income tax (expense)/benefit | (19) | (421) | 2 | | | | | (127) | (565) |
| Depreciation and amortisation (note 6) | (6) | (511) | (4) | | | | | (43) | (564) |
| Cash generated by/(utilised in) operations | 167 | 2 422 | (34) | (9) | | | | (363) | 2 183 |
| Share of income/(loss) of equity-accounted investments (note 8) | | 109 | | 736 | (930) | 37 | 39 | | (9) |
| Capital expenditure (note 10) | | (1 158) | (10) | | | | | (4) | (1 172) |
| At 30 June 2016 (Reviewed) (Re-presented) | | | | | | | | | |
| Segment assets and liabilities | | | | | | | | | |
| Deferred tax | 37 | 31 | 124 | 109 | | | | 137 | 438 |
| Investments in associates (note 11) | | 2 242 | | 5 874 | 11 111 | | 460 | | 19 687 |
| Investments in joint ventures (note 12) | | 683 | | | | 512 | | | 1 195 |
| External assets ¹ | 1 953 | 26 109 | 225 | 28 | | | 199 | 2 784 | 31 298 |
| Assets | 1 990 | 29 065 | 349 | 6 011 | 11 111 | 512 | 659 | 2 921 | 52 618 |
| Non-current assets held-for-sale (note 14) | | | | | | | | 142 | 142 |
| Total assets as per statement | | | | | | | | | |
| of financial position | 1 990 | 29 065 | 349 | 6 011 | 11 111 | 512 | 659 | 3 063 | 52 760 |
| External liabilities | 1 735 | 5 833 | 33 | 47 | | | | 3 252 | 10 900 |
| Deferred tax ² | (28) | 5 392 35 | 3 | | | | | (64) | 5 303 35 |
| Current tax payable ² Liabilities | 1 707 | | 36 | 47 | | | <u> </u> | 0.100 | |
| Non-current liabilities held-for-sale (note 14) | 1 707 | 11 260 | 30 | 4/ | | | | 3 188 | 16 238 1 344 |
| Total liabilities as per statement of financial position | 1 707 | 12 332 | 36 | 47 | | | | 3 460 | 17 582 |

¹ Excluding deferred tax, investments in associates and joint ventures and non-current assets held-for-sale.

² Offset per legal entity and tax authority.

4. SEGMENTAL INFORMATION (continued)

| | (| Coal | Fe | rrous | TiO ₂ and Alkali chemicals | Energy | Oti | her | Total |
|---|--------------------------|--------------------------|--------------|------------------------|---|------------|----------------------|---------------------|------------------------|
| | Tied operations Rm | Commercial operations Rm | Alloys Rm | Other ferrous Rm | Rm | Rm | Base metals Rm | Other Rm | Rm |
| For the 12 months ended 31 December 2016 (Audited) (Re-presented) | | | | | | | | | |
| External revenue (continuing operations) | 3 483 | 17 190 | 170 | | | | | 54 | 20 897 |
| Segment net operating profit/ (loss) | 226 | 4 940 | (75) | 28 | | | | 81 | 5 200 |
| Net operating profit/(loss) from continuing operations Net operating profit from | 226 | 4 940 | (75) | 28 | | | | (532) | 4 587 |
| discontinued operations External finance income (note 7) External finance costs (note 7) | 2 (105) 13 | 61 (245) | 1 21 | 2 | | | | 613 165 (507) | 613 229 (857) |
| Income tax benefit/(expense) Depreciation and amortisation (note 6) Impairment charges – non-current | (12) | (1 110) | (7) | 2 | | | | (180) (107) | (1 254) (1 198) |
| assets (excluding financial assets and goodwill) Gain on disposal of operation | | 100 | (100) | | | | | | (100) 100 |
| Cash generated by/(utilised in) operations Share of income/(loss) of | 260 | 5 426 | (53) | (22) | | | | (62) | 5 549 |
| equity-accounted investments (note 8) | | 238 (2 747) | (14) | 2 416 | (384) | 3 | 100 | (19) | 2 373 (2 780) |
| Capital expenditure (note 10) At 31 December 2016 (Audited) (Re-presented) | | (2 141) | (14) | | | | | (19) | (2 /00) |
| Segment assets and liabilities Deferred tax | | 49 | 22 | 1 | | | | 343 | 415 |
| Investments in associates (note 11) Investments in joint ventures | | 2 217 | | 7 549 | 11 232 | | 520 | 0.10 | 21 518 |
| (note 12) External assets ¹ | 2 952 | 839 27 481 | 201 | 25 | | 419 126 | 178 | 5 647 | 1 258 36 610 |
| Assets Non-current assets held-for-sale (note 14) | 2 952 | 30 586 1 | 223 | 7 575 | 11 232 | 545 | 698 | 5 990 129 | 59 801 130 |
| Total assets as per statement of financial position | 2 952 | 30 587 | 223 | 7 575 | 11 232 | 545 | 698 | 6 119 | 59 931 |
| External liabilities Deferred tax ² Current tax payable ² | 2 631 (54) (14) | 4 939 5 515 224 | 39 | 4 | | | | 10 520 (61) | 18 133 5 400 210 |
| Liabilities Non-current liabilities held-for-sale (note 14) | 2 563 | 10 678 | 39 | 4 | | | | 10 459 | 23 743 |
| Total liabilities as per statement of financial position | 2 563 | 11 779 | 39 | 4 | | | | 10 459 | 24 844 |

¹ Excluding deferred tax, investments in associates and joint ventures and non-current assets held-for-sale.

² Offset per legal entity and tax authority.

5. DISCONTINUED OPERATIONS

During 2016 Exxaro entered into a sale of shares agreement for the sale of the Mayoko iron ore project and related subsidiaries for a purchase consideration of US\$2 million which became effective on 23 September 2016. The disposal group represented a major geographical area of operation and was disclosed as part of the iron ore operating segment which has now been re-presented to form part of the other operating segment within the other reportable segment. Financial information relating to discontinued operations for the period to the date of disposal is set out below:

| | | 6 months ended 30 June 2017 Reviewed Rm | 6 months ended 30 June 2016 Reviewed Rm | 12 months ended 31 December 2016 Audited Rm |
|------------|--|--|--|--|
| | The financial performance and cash flow information | | | |
| | Operating expenses | | (46) | (57) |
| | Operating loss | | (46) | (57) |
| | Gain on disposal of subsidiaries | | | 670 |
| | Net operating (loss)/profit | | (46) | 613 |
| | Income tax expense | | (75) | (75) |
| | (Loss)/profit for the period from discontinued operations | | (121) | 538 |
| | Cash flow attributable to operating activities | | (16) | (29) |
| | Cash flow attributable to investing activities | | 1 | 9 |
| | Cash flow attributable to discontinued operations | | (15) | (20) |
| 5 . | SIGNIFICANT ITEMS INCLUDED IN OPERATING PROFIT | | | |
| | Raw materials and consumables | (1 412) | (1 124) | (2 443) |
| | Staff costs | (2 011) | (2 084) | (4 365) |
| | Royalties | (70) | (53) | (82) |
| | Gain on disposal of operation ¹ | | | 100 |
| | Depreciation and amortisation | (675) | (564) | (1 198) |
| | Fair value adjustments on contingent consideration ² | (37) | 38 | (445) |
| | Net realised foreign currency exchange losses | (78) | (74) | (116) |
| | Fair value adjustments on financial assets designated at fair value through profit or loss | 43 | 35 | 48 |
| | Provisions income/(expense) | 192 | (70) | (896) |
| | Net losses on disposal or scrapping of property, plant and equipment | (22) | (13) | (44) |
| | Loss on dilution of investment in associate | (75) | (29) | (36) |
| | ¹ Sale of the Invanda operation in 2016. | . , | | |

¹ Sale of the Inyanda operation in 2016.

² Relating to the ECC acquisition.

| | 6 months ended 30 June 2017 Reviewed Rm | 6 months ended 30 June 2016 Reviewed Rm | 12 months ended 31 December 2016 Audited Rm |
|--|--|--|--|
| NET FINANCING COSTS | | | |
| Total finance income | 71 | 83 | 229 |
| - Interest income | 66 | 78 | 218 |
| - Finance lease interest income | 5 | 5 | 11 |
| Total finance costs | (522) | (417) | (857) |
| - Interest expense | (325) | (245) | (496) |
| - Unwinding of discount rate on rehabilitation | | | |
| cost | (202) | (173) | (347) |
| - Finance lease interest expense | (2) | (2) | (5) |
| Amortisation of transaction costs | (3) | (4) | (25) |
| Borrowing costs capitalised¹ | 10 | 7 | 16 |
| Total net financing costs | (451) | (334) | (628) |
| ¹ Borrowing costs capitalisation rate: | 9,05% | 9,02% | 9,55% |
| SHARE OF INCOME/(LOSS) OF EQUITY-ACCOUNTED INVESTMENTS | | | |
| Associates | 1 018 | (130) | 2 132 |
| Listed investments | (363) | (947) | (391) |
| - Tronox Limited | (363) | (947) | (391) |
| Unlisted investments | 1 381 | 817 | 2 523 |
| - SIOC1 | 1 228 | 736 | 2 416 |
| - Tronox SA | 9 | (41) | (111) |
| – Tronox UK | 59 | 58 | 118 |
| - RBCT ² | (14) | 25 | |
| - Black Mountain | 99 | 39 | 100 |
| Joint ventures | 107 | 121 | 241 |
| - Mafube | 118 | 84 | 238 |
| - Cennergi | (11) | 37 | 3 |
| Share of income/(loss) of equity- accounted investments | 1 125 | (9) | 2 373 |

¹ December 2016 includes R221 million excess of fair value over the cost of the investment which arose on the increase of 0,64% in the shareholding of SIOC.

²⁰¹⁶ includes R35 million excess of fair value over the cost of the investment which arose on the increase in the RBCT shareholding.

9. DIVIDEND DISTRIBUTION

Total dividends paid in 2016 amounted to R625 million, made up of a final dividend of R304 million which related to the year ended 31 December 2015, paid in April 2016, as well as an interim dividend of R321 million, paid in September 2016. A final dividend relating to the 2016 year of 410 cents per share (amounting to R1 284 million) was paid to shareholders in April 2017.

An interim cash dividend, number 29, for 2017 of 300 cents per share (2016: 90 cents per share) was approved by the board of directors on 15 August 2017. The dividend is payable on 18 September 2017 to shareholders who will be on the register at 15 September 2017. This interim dividend, amounting to approximately R943 million (2016: R321 million), has not been recognised as a liability in these reviewed condensed group interim financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2017.

The 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 240 cents per share. The dividend withholding tax amounts to 60,00000 cents per share (30 June 2016: 13,50000 cents per share; 31 December 2016: 82,00000 cents per share). The number of ordinary shares in issue at the date of this declaration is 314 171 761 (2016: 358 115 505). Exxaro company's tax reference number is 9218/098/14/4.

| | At 30 June 2017 Reviewed | At 30 June 2016 Reviewed | At 31 December 2016 Audited |
|---|--------------------------------|--------------------------------|-----------------------------------|
| Issued share capital (number)1 | 314 171 761 | 358 115 505 | 358 115 505 |
| Ordinary shares (million) | | | |
| - Weighted average number of shares | 316 | 355 | 355 |
| - Diluted weighted average number of shares | 316 | 357 | 357 |
| 1 43 943 744 shares were repurchased and cancelled or | n 20 January 2017. | | |

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|-----|--|--------------------------------------|--------------------------------------|---|
| 10. | CAPITAL EXPENDITURE | | | |
| | Incurred | 1 314 | 1 172 | 2 780 |
| | To maintain operations | 1 105 | 993 | 2 413 |
| | To expand operations | 209 | 179 | 367 |
| | Contracted | 3 881 | 1 506 | 2 333 |
| | Contracted for the group (owner-controlled)Share of capital commitments of equity- | 2 581 | 1 203 | 1 382 |
| | accounted investments | 1 300 | 303 | 951 |
| | Authorised, but not contracted | 1 148 | 760 | 3 500 |
| 11. | INVESTMENTS IN ASSOCIATES | | | |
| | Listed investments | 7 383 | 7 818 | 7 946 |
| | - Tronox Limited ¹ | 7 383 | 7 818 | 7 946 |
| | Unlisted investments | 14 950 | 11 869 | 13 572 |
| | - SIOC - Tronox SA - Tronox UK | 8 771 1 740 1 617 | 5 874 1 795 1 498 | 7 549 1 728 1 558 |
| | - RBCT | 2 203 | 2 242 | 2 217 |
| | - Black Mountain | 619 | 460 | 520 |
| | Total carrying value of investments in associates | 22 333 | 19 687 | 21 518 |
| | Tair value based on a listed price (Level 1 within the IFRS 13 Fair Value Measurement fair value hierarchy) (Rm): Tair Value Measurement fair value | 10 060 | 3 349 | 7 186 |
| | Listed share price (US\$ per share): | 15,12 | 4,41 | 10,31 |
| | 0 to | | 2010.01 | 45.4 1.0047 |

Subsequent to 30 June 2017, the Tronox Limited share price improved to US\$19,91 per share on 15 August 2017, an increase of 32%. An impairment charge was not recognised for 2016 as the recoverable amount (value in use) of the Tronox Umited investment was determined to be in excess of the carrying value.

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|-----|---|--------------------------------------|--------------------------------------|---|
| 12. | INVESTMENTS IN JOINT VENTURES | | | |
| | Unlisted investments | 1 329 | 1 195 | 1 258 |
| | - Mafube | 961 | 683 | 839 |
| | - Cennergi ¹ | 368 | 512 | 419 |
| | Total carrying value of investments in joint ventures | 1 329 | 1 195 | 1 258 |
| | ¹ Included in financial assets is a loan to Cennergi (refer note 13): | 126 | | 126 |
| 13. | FINANCIAL ASSETS | | | |
| | Non-current financial assets | | | |
| | Environmental rehabilitation funds | 1 510 | 1 370 | 1 401 |
| | Loan to joint venture ¹ | 126 | | 126 |
| | Non-current receivables | 1 744 | 848 | 1 768 |
| | Indemnification asset ² | 1 130 | 1 072 | 1 100 |
| | Investments | 192 | 209 | 193 |
| | - Available-for-sale | 177 | 199 | 178 |
| | - Fair value through profit or loss | 15 | 10 | 15 |
| | Lease receivables | 125 | 139 | 132 |
| | Total non-current financial assets | 4 827 | 3 638 | 4 720 |
| | Current financial assets | | | |
| | Loan to BEE shareholder ³ | | 452 | 480 |
| | Total current financial assets | | 452 | 480 |
| | Total financial assets | 4 827 | 4 090 | 5 200 |

¹ The loan granted to Cennergi in 2016 is interest free, unsecured and repayable on termination date in 2026, unless otherwise agreed by the parties.

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

Moranbah coal project

Exxaro holds a 50% interest in the Moranbah coal project joint operation with Anglo American Metallurgical Coal Proprietary Limited reported within the coal commercial operating segment which forms part of the coal reportable segment. The project is based in Queensland, Australia.

As part of Exxaro's strategic decision to focus on its current pipeline of South African coal projects and due to the size of the project, the group's executive committee approved a divestment plan for this asset. The sale will be managed through a controlled market tender process, envisaged to be concluded towards the end of 2017.

The Moranbah coal project 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.

 $^{^{2}\,\}mbox{The indemnification}$ asset arose on the ECC business combination transaction.

³ During January 2017 Main Street 333 settled its interest-bearing loan with Exxaro.

14. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE (continued)

FM.IV

Exxaro concluded the purchase of ECC in 2015, and as part of this acquisition Exxaro acquired non-current liabilities held-for-sale relating to the EMJV. The sale of the EMJV is conditional on section 11 approval required in terms of the MPRDA for transfer of the new-order mining right to the new owners. Scinta Energy Proprietary Limited, as well as section 43(2) approval for the transfer of environmental liabilities and responsibilities. The EMJV remains a non-current liability held-for-sale for the Exxaro group on 30 June 2017 as the required approvals are still pending.

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.

Corporate centre building

The land and buildings situated at corporate centre were classified as a non-current asset held-for-sale on 31 December 2015. The sale was subject to the fulfilment of suspensive conditions which were not met and the sales agreement subsequently lapsed.

A new agreement was entered into with a property consortium in June 2016. These agreements have been amended and finalised during May 2017. All conditions precedent to this sale agreement have not yet been met. The land and buildings situated at corporate centre remains classified as a non-current asset held-for-sale on 30 June 2017.

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

| | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|---|--------------------------------------|--------------------------------------|---|
| Assets | | | |
| Property, plant and equipment | 166 | 128 | 129 |
| Deferred tax | 1 | | 1 |
| Trade and other receivables | 4 | 14 | |
| - Other receivables | 4 | 6 | |
| - Non-financial instrument receivables | | 8 | |
| Cash and cash equivalents | 4 | | |
| Non-current assets held-for-sale | 175 | 142 | 130 |
| Liabilities | | | |
| Non-current provisions | (1 113) | (1 069) | (1 083) |
| Post-retirement employee obligations | (18) | (18) | (18) |
| Deferred tax | | (1) | |
| Trade and other payables | (3) | (163) | |
| - Trade payables | (3) | (41) | |
| - Other payables | | (122) | |
| Current tax payable | | (73) | |
| Current provisions | | (20) | |
| Non-current liabilities held-for-sale | (1 134) | (1 344) | (1 101) |
| Net non-current liabilities held-for-sale | (959) | (1 202) | (971) |

15. INTEREST-BEARING BORROWINGS

Loane

Refinanced loan facility

Exxaro refinanced the previous senior loan facility by entering into a new facility agreement during July 2016.

The refinanced loan facility comprises a:

- R3 250 million bullet term loan facility with a term of five years (term loans)
- R2 000 million amortised term loan facility with a term of seven years (term loans)
- R2 750 million revolving credit facility with a term of five years (revolving facility).

Interest is based on JIBAR plus a margin of 3.25% for the bullet term loan facility (R3 250 million). JIBAR plus a margin of 3.60% for the amortised term loan facility (R2 000 million) and JIBAR plus a margin of 3.25% for the revolving credit facility (R2 750 million). The effective interest rate for the transaction costs on the term loans is 0.24%. Interest is paid on a quarterly basis for the term loans. and on a monthly basis for the revolving credit facility.

The undrawn portion relating to the term loan facilities amounts to R1 750 million. The undrawn portion of the revolving credit facility amounts to R1 250 million.

Bond issue

In terms of Exxaro's R5 000 million DMTN programme, a senior unsecured floating rate note (bond) of R1 000 million was raised during May 2014. The bond comprises a:

- R480 million senior unsecured floating rate note, repaid on 19 May 2017
- R520 million senior unsecured floating rate note due 19 May 2019.

Interest on the R480 million bond was based on JIBAR plus a margin of 1,70% while interest on the R520 million bond is based on JIBAR plus a margin of 1.95%. The effective interest rate for the transaction costs was 0.13% for the R480 million bond and 0.08% for the R520 million bond. Interest is paid on a quarterly basis for both bonds.

Finance leases

Included in the interest-bearing borrowings are obligations relating to finance leases for mining equipment.

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|----|---|--------------------------------------|--------------------------------------|---|
| j. | INTEREST-BEARING BORROWINGS (continued) | | | |
| | Summary of loans and finance leases by period of redemption ¹ | | | |
| | Less than six months | 6 | 549 | 496 |
| | Six to 12 months | 5 | 1 035 | 7 |
| | Between one and two years | 521 | 1 012 | 5 |
| | Between two and three years | (9) | 1 529 | 514 |
| | Between three and four years | (9) | 498 | (9) |
| | Between four and five years | 4 809 | | 5 244 |
| | Over five years | 186 | | 248 |
| | Total interest-bearing borrowings | 5 509 | 4 623 | 6 505 |
| | - Current ² | 11 | 1 584 | 503 |
| | - Non-current ³ | 5 498 | 3 039 | 6 002 |
| | In July 2016 the R8 000 million loan facility, as disclosed on 30 June 2016, was refinanced which resulted in a new redemption profile. | | | |
| | ² The current portion represents | 11 | 1 584 | 503 |
| | Capital repayments of loansInterest capitalised | | 1 480 85 | 480 |
| | Capital repayments of finance leases Reduced by the amortised transaction costs | 21 (10) | 27 (8) | 32 (9) |
| | ³ The non-current portion includes the following amounts in respect of transaction costs that will be amortised using the effective interest rate method, over the term of the facilities. | 30 | 12 | 35 |
| | Minimum finance lease payments: | | | |
| | - Not later than one year | 21 | 31 | 35 |
| | – Later than one year but not later than five years | 11 | 33 | 18 |
| | Total | 32 | 64 | 53 |
| | Less: future finance charges | (2) | (7) | (4) |
| | Present value of finance lease liabilities | 30 | 57 | 49 |
| | - Current | 21 | 27 | 32 |
| | - Non-current | 9 | 30 | 17 |
| | Overdraft | | | |
| | Bank overdraft | 917 | 16 | 12 |
| | | | | |

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.

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|-----|---|--------------------------------------|--------------------------------------|---|
| 16. | NET DEBT ¹ | | | |
| | Net debt is presented by the following items on the statement of financial position (excluding assets and liabilities classified as held-for-sale): | (4 353) | (2 278) | (1 322) |
| | - Cash and cash equivalents | 2 073 | 2 361 | 5 195 |
| | Non-current interest-bearing borrowings | (5 498) | (3 039) | (6 002) |
| | Current interest bearing borrowings | (11) | (1 584) | (503) |
| | - Overdraft | (917) | (16) | (12) |
| | Calculation of movement in net debt: | (017) | (10) | (12) |
| | Cash inflow from operating and investing activities: | 621 | 773 | 1 720 |
| | Add: - Shares acquired in market to settle share-based payments | (97) | | (16) |
| | - Movement in external shareholder loans | | | (3) |
| | Movement for interest capitalised/interest accrued | | 5 | 89 |
| | - Amortisation of transaction costs | (3) | (4) | (25) |
| | Translation differences of movements in cash and cash equivalents | (24) | (40) | (75) |
| | - Shares repurchased | (3 524) | , , | , , |
| | Movement in cash and cash equivalents held-for-sale | (4) | | |
| | (Increase)/decrease in net debt | (3 031) | 734 | 1 690 |
| | ¹ Non-IFRS measure. | , , | | |
| 17. | FINANCIAL LIABILITIES | | | |
| | Non-current financial liabilities | | | |
| | Finance lease | 61 | 72 | 66 |
| | Contingent consideration ¹ | 191 | | 408 |
| | Other | 1 | 1 | 5 |
| | Total non-current financial liabilities | 253 | 73 | 479 |
| | Current financial liabilities | | | |
| | Contingent consideration ¹ | 236 | | 75 |
| | Share repurchase ² | | | 3 524 |
| | Total current financial liabilities | 236 | | 3 599 |
| | Total financial liabilities | 489 | 73 | 4 078 |
| | ¹ Relating to the ECC acquisition. | | | |

Relating to the ECC acquisition.

² During January 2017 Exxaro repurchased 43 943 744 ordinary shares from Main Street 333 for a purchase consideration of R3 524 million.

18. FINANCIAL INSTRUMENTS

18.1 Carrying amounts and fair values

Due to the short-term nature of the current financial assets and current financial liabilities, the carrying amount is assumed to be the same as the fair value. For the non-current financial assets and non-current financial liabilities, the fair value is also equivalent to the carrying amounts.

18.2 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 within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 unobservable inputs for the asset and liability.

| Financial assets designated at fair value through profit or loss 1 263 – Environmental rehabilitation funds 1 248 – KIO 15 | 1 1 1 263 1 248 15 |
|--|--------------------------------|
| fair value through profit or loss - Current derivative financial assets Financial assets designated at fair value through profit or loss - Environmental rehabilitation funds - KIO 1 1 1 1 1 1 1 1 1 1 1 1 1 | 1 1 263 1 248 |
| Financial assets designated at fair value through profit or loss 1 263 – Environmental rehabilitation funds 1 248 – KIO 15 | 1 263 1 248 |
| value through profit or loss 1 263 - Environmental rehabilitation funds 1 248 - KIO 15 | 1 248 |
| - KIO 15 | |
| | 15 |
| Available-for-sale financial assets 177 | |
| | 177 |
| - Chifeng 177 | 177 |
| Financial liabilities designated at fair value through profit or loss (427) | (427) |
| - Non-current contingent consideration (191) | (191) |
| - Current contingent consideration (236) | (236) |
| Net financial assets/(liabilities) held at fair value 1 263 1 (250) | 1 014 |
| At 30 June 2016 (Reviewed) | |
| Financial assets held-for-trading at fair value through profit or loss 9 | 9 |
| - Current derivative financial assets 9 | 9 |
| Financial assets designated at fair value through profit or loss 1 160 | 1 160 |
| - Environmental rehabilitation funds 1 150 | 1 150 |
| - KIO 10 | 10 |
| Available-for-sale financial assets 199 | 199 |
| - Chifeng 199 | 199 |
| Financial liabilities held-for-trading at fair value through profit or loss (1) | (1) |
| - Current derivative financial liabilities (1) | (1) |
| Net financial assets held at fair value 1 160 8 199 | 1 367 |

FINANCIAL INSTRUMENTS (continued) 18.

18.2 Fair value hierarchy (continued)

| | Level 1 Rm | Level 2 Rm | Level 3 Rm | Total Rm |
|---|---------------|---------------|---------------|-------------|
| At 31 December 2016 (Audited) | | | | |
| Financial assets designated at fair value through profit or loss | 1 183 | | | 1 183 |
| - Environmental rehabilitation funds | 1 168 | | | 1 168 |
| New Age Exploration Limited | 1 | | | 1 |
| - KIO | 14 | | | 14 |
| Available-for-sale financial assets | | | 178 | 178 |
| - Chifeng | | | 178 | 178 |
| Financial liabilities held-for-trading at fair value through profit or loss | | (25) | | (25) |
| - Current derivative financial liabilities | | (25) | | (25) |
| Financial liabilities designated at fair value through profit or loss | | | (483) | (483) |
| - Non-current contingent consideration | | | (408) | (408) |
| - Current contingent consideration | | | (75) | (75) |
| Net financial assets/(liabilities) held at fair value | 1 183 | (25) | (305) | 853 |

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

| | Contingent consideration Rm | Chifeng Rm | Total Rm |
|---|-----------------------------|---------------|-------------|
| At 31 December 2015 (Audited) | (39) | 210 | 171 |
| Movement during the period | | | |
| Losses recognised for the period in other comprehensive income (pre-tax effect) | Э | (1) | (1) |
| Gains recognised for the period in profit or loss | 38 | | 38 |
| Exchange losses for the period recognised in other comprehensive income | | (10) | (10) |
| Exchange gains for the period recognised in profit or loss | s 1 | | 1 |
| At 30 June 2016 (Reviewed) | | 199 | 199 |
| Movement during the period | | | |
| Losses recognised for the period in other comprehensive income (pre-tax effect) | Э | (4) | (4) |
| Losses recognised for the period in profit or loss | (483) | | (483) |
| Exchange losses for the period recognised in other comprehensive income | | (17) | (17) |
| At 31 December 2016 (Audited) | (483) | 178 | (305) |
| Movement during the period | | | |
| Gains recognised for the period in other comprehensive income (pre-tax effect) | | 5 | 5 |
| Losses recognised for the period in profit or loss | (37) | | (37) |
| Settlements | 74 | | 74 |
| Exchange losses for the period recognised in other comprehensive income | | (6) | (6) |
| Exchange gains for the period recognised in profit or loss | s 19 | | 19 |
| At 30 June 2017 (Reviewed) | (427) | 177 | (250) |

18. FINANCIAL INSTRUMENTS (continued)

18.2 Fair value hierarchy (continued)

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 nor between Level 2 and Level 3 of the fair value hierarchy during the periods ended 30 June 2017, 30 June 2016 and 31 December 2016, as shown in the reconciliation above.

Valuation process applied by the group

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.

18.3 Valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as significant inputs used in the valuation models

Chifeng

Chifeng is classified within Level 3 of the fair value hierarchy as there is no quoted market price or observable price available for this investment. This unlisted investment is valued as the present value of the estimated future cash flows, using a discounted cash flow model. The valuation technique is consistent to that used in previous reporting periods.

The significant observable and unobservable inputs used in the fair value measurement of the investment in Chifeng are rand/RMB exchange rate, RMB/US\$ exchange rate, zinc LME price, production volumes, operational costs and the discount rate.

| | | Sensitivity of inputs and fair value measurement ¹ | Sensitivity analysis of a 10% increase in the inputs is demonstrated below ² Rm |
|--|--|--|--|
| At 30 June 2017 (Reviewed) | | | |
| Observable inputs | | | |
| Rand/RMB exchange rate | R1,92/RMB1 | Strengthening of the rand to the RMB | 18 |
| RMB/US\$ exchange rate | RMB6,52 to RMB7,42/US\$1 | Strengthening of the RMB to the US\$ | 96 |
| Zinc LME price (US\$ per tonne in real terms) | US\$2 100 to Increase in price of zinc concentrate | | 96 |
| Unobservable inputs | | | |
| Production volumes (tonnes) | 85 000 tonnes | Increase in production volumes | 29 |
| Operational costs (US\$ million per annum in real terms) | US\$59,14 to US\$71,31 | Decrease in operations costs | (70) |
| Discount rate (%) | 11,23% | Decrease in the discount rate | (12) |
| | | | |

¹ Change in observable or unobservable input which will result in an increase in the fair value measurement.

²A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis that all other variables remain constant.

18. FINANCIAL INSTRUMENTS (continued)

18.3 Valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as significant inputs used in the valuation models (continued) Chifeng (continued)

| | Inputs | Sensitivity of inputs and fair value measurement | Sensitivity analysis of a 10% increase in the inputs is demonstrated below ² Rm |
|--|-----------------------------|--|--|
| At 30 June 2016 (Reviewed) | | | |
| Observable inputs | | | |
| Rand/RMB exchange rate | R2,23/RMB1 | Strengthening of the rand to the RMB | 20 |
| RMB/US\$ exchange rate | RMB6,28 to RMB6,99/US\$1 | Strengthening of the RMB to the US\$ | 196 |
| Zinc LME price (US\$ per tonne in real terms) | US\$1 740 to US\$2 100 | Increase in price of zinc concentrate | 196 |
| Unobservable inputs | | | |
| | 05.000.1 | Increase in production | 0.5 |
| Production volumes (tonnes) | 85 000 tonnes | volumes | 25 |
| Operational costs (US\$ million per annum in real terms) | US\$60,39 to US\$74,76 | Decrease in operations costs | (171) |
| Discount rate (%) | 10,17% | Decrease in the discount rate | (14) |
| At 31 December 2016 (Audited) | | | |
| Observable inputs | | | |
| Rand/RMB exchange rate | R1,96/RMB1 | Strengthening of the rand to the RMB | 18 |
| RMB/US\$ exchange rate | RMB6,52 to RMB7,13/US\$1 | Strengthening of the RMB to the US\$ | 158 |
| Zinc LME price (US\$ per tonne in real terms) | US\$2 026 to US\$2 113 | Increase in price of zinc concentrate | 158 |
| Unobservable inputs | | | |
| Production volumes (tonnes) | 85 000 tonnes | Increase in production volumes | 33 |
| Operational costs (US\$ million per annum in real terms) | US\$58,97 to US\$74,38 | Decrease in operations costs | (129) |
| Discount rate (%) | 11,23% | Decrease in the discount rate | (15) |

¹ Change in observable or unobservable input which will result in an increase in the fair value measurement. ²A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis

Inter-relationships

Any inter-relationships between unobservable inputs are not considered to have a significant impact within the range of reasonably possible alternative assumptions for all reporting periods.

Sensitivity

that all other variables remain constant.

18. FINANCIAL INSTRUMENTS (continued)

18.3 Valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as significant inputs used in the valuation models (continued)

Contingent consideration

The potential undiscounted amount of all deferred future payments that the group could be required to make under the ECC acquisition is between nil and US\$120 million. The amount of future payments is dependent on the API4 coal price.

At 30 June 2017, there was an increase of US\$2,9 million (R37 million) (30 June 2016: decrease of US\$2,55 million (R38 million), 31 December 2016: increase of US\$35,45 million (R483 million)) recognised in profit or loss for the contingent consideration arrangement.

| | API4 coal price ra | API4 coal price range (US\$/tonne) | | |
|----------------|--------------------|------------------------------------|--------------|--|
| Reference year | Minimum | Maximum | US\$ million | |
| 2015 | 60 | 80 | 10 | |
| 2016 | 60 | 80 | 25 | |
| 2017 | 60 | 80 | 25 | |
| 2018 | 60 | 90 | 25 | |
| 2019 | 60 | 90 | 35 | |

The amount to be paid in each of the five years is determined as follows (refer table above):

- If the average API4 price in the reference year is below the minimum API4 price of the agreed range, then no payment will be made
- If the average API4 price falls within the range, then the amount to be paid is determined based on a formula contained in the agreement
- If the average API4 price is above the maximum API4 price of the range, then Exxaro is liable for the full amount due for that reference year.

An additional payment to Total S.A. amounting to R74 million was required for the 2016 reference year as the API4 price was within the agreed range. No additional payment to Total S.A. was required for the 2015 reference year as the API4 price was below the range.

The contingent consideration is classified within Level 3 of the fair value hierarchy as there is no quoted market price or observable price available for this financial instrument. This financial instrument is valued as the present value of the estimated future cash flows, using a discounted cash flow model.

The significant observable and unobservable inputs used in the fair value measurement of this financial instrument are rand/US\$ exchange rate. API4 export price and the discount rate.

| | Inputs | Sensitivity of inputs and fair value measurement ¹ | Sensitivity analysis of a 10% increase in the inputs is demonstrated below ² Rm |
|-------------------------------------|---------------------------|--|--|
| At 30 June 2017 (Reviewed) | | | |
| Observable inputs | | | |
| Rand/US\$ exchange rate | R13,01/US\$1 | Strengthening of the rand to the US\$ | 43 |
| API4 export price (price per tonne) | US\$68,52 to US\$75,00 | Increase in API4 export price per tonne | 241 |
| Unobservable inputs | | | |
| Discount rate (%) | 3,44% | Decrease in the discount rate | (23) |

¹ Change in observable or unobservable input which will result in an increase in the fair value measurement.

² A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis that all other variables remain constant.

18. FINANCIAL INSTRUMENTS (continued)

18.3 Valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as significant inputs used in the valuation models (continued)

Contingent consideration (continued)

| | Inputs | Sensitivity of inputs and fair value measurement ¹ | Sensitivity analysis of a 10% increase in the inputs is demonstrated below ² Rm |
|-------------------------------------|---------------------------|--|--|
| At 30 June 2016 (Reviewed) | • | | |
| Observable inputs | | | |
| Rand/US\$ exchange rate | R14,85/US\$1 | Strengthening of the rand to the US\$ | |
| API4 export price (price per tonne) | US\$50,00 to US\$51,62 | Increase in API4 export price per tonne | |
| Unobservable inputs | | | |
| Discount rate (%) | 3,44% | Decrease in the discount rate | |
| At 31 December 2016 (Audited) | | | |
| Observable inputs | | | |
| Rand/US\$ exchange rate | R13,63/US\$1 | Strengthening of the rand to the US\$ | 48 |
| ADI/ | US\$57,19 to | Increase in API4 export price | |
| API4 export price (price per tonne) | US\$75,00 | per tonne | 248 |
| Unobservable inputs | | | |
| Discount rate (%) | 3,44% | Decrease in the discount rate | (21) |

¹ Change in observable or unobservable input which will result in an increase in the fair value measurement. ²A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis that all other variables remain constant, A 10% increase or decrease in the respective inputs had no impact on the fair value as at 30 June 2016.

Inter-relationships

Any inter-relationships between unobservable inputs are not considered to have a significant impact within the range of reasonably possible alternative assumptions for all reporting periods.

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|-----|--|--------------------------------------|--------------------------------------|---|
| 19. | CONTINGENT LIABILITIES | | | |
| | Total contingent liabilities | 5 686 | 8 037 | 6 907 |
| | Operational guarantees¹ | 3 549 | 4 197 | 4 331 |
| | - Pending litigation and other claims ² | 948 | 1 129 | 1 136 |
| | Share of contingent liabilities of equity- accounted investments³ | 1 189 | 2 711 | 1 440 |

¹ Operational guarantees include 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.

SARS

On 18 January 2016, Exxaro received a letter of intent from SARS following an international income tax audit for the 2009 to 2013 years of assessment. According to the letter, SARS proposed that certain international Exxaro companies would be subject to South African Income Tax under Section 9D of the Income Tax Act. Assessments to the amount of R442 million were issued on 30 March 2016 and Exxaro formally objected against these assessments. SARS partially allowed Exxaro's objection but R234 million remained due. Exxaro appealed against the portion not allowed and an alternative dispute resolution hearing with SARS is scheduled for 22 August 2017.

These assessments have been considered in consultation with external tax and legal advisers and senior counsel. Exxaro believes this matter has been treated appropriately by disclosing a continuent liability.

Financial provision for prospecting, exploration, mining and production operations
On 20 November 2015 the FPR were promulgated by the Minister of Environmental Affairs for
South Africa as replacement of financial provisioning and rehabilitation legislation contained in the
MPRDA and the NEMA. The FPR will change the requirements for making financial provision for
the management, rehabilitation and remediation of environmental impacts arising from mining
operations. The FPR are currently valid and in force after interaction between the DEA,
stakeholders and industry on 26 October 2016. The submission of the first financial provision
reporting to the DMR according to the FPR has been extended to February 2019.

Following promulgation of the FPR, the DEA met with various stakeholders who sought clarification on a number of issues. A final stakeholder meeting was held on 10 February 2017 after which an amended version of the regulations would have been gazetted for public comment. This amended version was expected in March 2017 but has not yet been issued at reporting date.

Although the FPR are currently valid and in force, Exxaro is not yet able to determine a reliable estimate of the impact that the new regulations will have on Exxaro's environmental rehabilitation liability until the clarification awaited from the DEA is issued. Therefore the environmental rehabilitation liability, operational guarantees and the rehabilitation trust fund have been accounted for in accordance with the requirements of the MPRDA and the NEMA.

² Pending litigation and other claims consist of legal cases as well as tax disputes with Exxaro as defendant. The outcome of these claims is uncertain and the amount of possible legal obligations that may be incurred can only be estimated at date of reporting.

³ Mainly operational guarantees issued by financial institutions relating to environmental rehabilitation and closure cost.

| | | At 30 June 2017 Reviewed Rm | At 30 June 2016 Reviewed Rm | At 31 December 2016 Audited Rm |
|-----|---|--------------------------------------|--------------------------------------|---|
| 20. | CONTINGENT ASSETS | | | |
| | Total contingent assets | 150 | 145 | 150 |
| | Share of contingent assets of equity- accounted investments¹ | 150 | 145 | 150 |

¹ Bank guarantee issued in favour of SIOC relating to environmental rehabilitation and closure cost.

21. 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.

Exxaro's majority BEE shareholder, Main Street 333, settled its loan with Exxaro and accrued interest thereon in January 2017.

22. GOING CONCERN

Based on the latest results for the six-month period ended 30 June 2017, the latest board approved budget for 2017, as well as the available bank facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

23. JSF LISTINGS REQUIREMENTS

The reviewed condensed group interim financial statements have been prepared in accordance with the Listings Requirements of the JSE.

24. **EVENTS AFTER THE REPORTING PERIOD**

Details of the interim dividend are provided in note 9.

Exxaro is still exploring alternatives for the monetisation of its shareholding in Tronox through an efficient staged sales approach.

On 2 August 2017, Tronox Limited announced the signing of a definitive agreement with Genesis Energy L.P. for the sale of its Alkali chemicals business for US\$1,325 billion in cash. When the sale is concluded. Tronox is expected to realise a loss of approximately US\$200 million during 2H17. Based on the shareholding and exchange rate as at 30 June 2017. Exxaro's share of the expected loss is approximately R1,118 billion.

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

25. **REVIEW CONCLUSION**

These reviewed condensed group interim financial statements for the six-month period ended 30 June 2017, on pages 2 to 30, 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 condensed group interim financial statements is available for inspection at the company's registered office together, with the financial statements identified in the auditor's report.

26. CORPORATE GOVERNANCE

Detailed disclosure of the company's application of the principles contained in the King Report on Governance for South Africa 2009 (King III) were made in the 2016 integrated report and is, in accordance with the JSE Listings Requirements, available on the company's website. The company has completed a gap analysis against the principles, detailed practices and general philosophies contained in the King Report on Corporate Governance for South Africa 2016 (King IV) and more detailed information on the status and action plans will be published in the 2017 integrated report or earlier on the company's website. As previously communicated, Mrs Carina Wessels, group company secretary and legal since June 2011 will be leaving the company's employment at the end of September 2017. Please contact the corporate secretariat and legal office for any additional information in this regard.

27. MINERAL RESOURCES AND MINERAL RESERVES

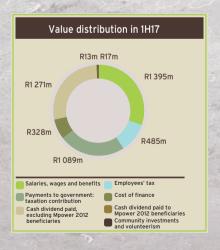
Other than the normal life of mine depletion, there have been no material changes to the mineral resources and mineral reserves as disclosed in the 2016 integrated report.

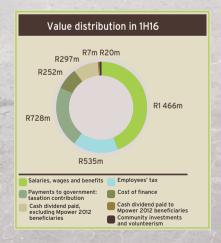
28. KEY MEASURES1

| | At 30 June 2017 | At 30 June 2016 | At 31 December 2016 |
|--|--------------------|--------------------|------------------------|
| Closing share price (rand/share) | 93,00 | 67,46 | 89,50 |
| Market capitalisation (Rbn) | 29,22 | 24,16 | 32,05 |
| Average rand/US\$ exchange rate (for the period ended) | 13,20 | 15,39 | 14,69 |
| Closing rand/US\$ spot exchange rate | 13,01 | 14,85 | 13,63 |
| ¹ Non-IFRS numbers. | | | |

EXXARO 1H17 PERFORMANCE AT A GLANCE

| | Sustainable operations | > LTIFR of 0,16 |
|---|--|--|
| | Strong profit margins and resilient balance sheet | Net operating profit margin of 27%, up 5% Income from equity-accounted investments increased by R1,1 billion from 1H16 R3,0 billion coal net operating profit, up 35% Exports volume at 3,4Mt, down 17% |
| | Returning cash to shareholders | > Interim dividend of 300 cps at a 1H17 core attributable earnings cover of 3 times |
| N. C. | Mpower 2012 | > Vesting of employee share scheme in May 2017 |





Comments below are based on a comparison between the six-month periods ended 30 June 2017 and 2016 (1H17 and 1H16), respectively.

SAFETY

During the first half of 2017 Exxaro recorded an LTIFR of 0,16 (1H16: 0,08) against a target of 0.11.

Regrettably, an employee at Matla Mine 2 in Mpumalanga, Mr Sibongiseni Sihle Majozi, was fatally injured on 1 March 2017 following an underground accident. Exxaro continues to strive for a consistent, fatality-free environment and continuously improves all aspects of safety for all employees. Exxaro remains committed to the Zero Harm Vision. Efforts to reduce incidents through the safety improvement plans are under way.

2. ROBUST FINANCIAL PERFORMANCE

Exxaro delivered a strong performance for 1H17, achieving a net operating profit of R2 910 million, up 35% from R2 159 million recorded in 1H16. This was mainly driven by increased revenue coupled with only a 1% increase in operating expenses. The income from equity-accounted investments increased to R1 125 million (1H16: R9 million equity-accounted loss), primarily due to R492 million improvement from SIOC as a result of a recovery in iron ore export selling prices, as well as a decrease of R635 million in losses recorded from our investments in Tronox.

3. COMPARABILITY OF RESULTS

The corporate transactions during 2016 necessitated a change in the segmental reporting structures and the manner in which operating results are reported. Changes to segmental reporting, which resulted in the re-presentation of comparative periods' segmental information. Refer note 4 to the reviewed condensed group interim financial statements.

The key transactions shown in table 1 below should be taken into account to gain a better understanding of the comparability of the results for the two periods.

Table 1: Key transactions impacting on comparability

| Reporting segment | Description | 1H17 Rm | 1H16 Re- presented Rm | 2H16 Re- presented Rm |
|-------------------|--|------------|--------------------------------|--------------------------------|
| Coal | Termination and voluntary severance packages | | | (10) |
| | Gain on disposal of Inyanda operation¹ | | | 100 |
| | Gain on disposal of SDCT¹ | | 203 | |
| | Loss on disposal of property, plant and equipment¹ | (22) | (15) | (30) |
| Ferrous | Impairment of property, plant and equipment (FerroAlloys)¹ | | | (100) |
| Other | Termination and voluntary severance packages and other | | (26) | (62) |
| | Gain on disposal of property, plant and equipment¹ | | 1 | 9 |
| | Gain on disposal of the Mayoko iron ore project¹ and related receivable written off | (27) | | 670 |
| | Loss on dilution of shareholding in Tronox Limited¹ | (75) | (29) | (7) |
| | Fair value adjustment on contingent consideration relating to the acquisition of ECC | (37) | 38 | (483) |
| Group | Total net operating profit impact | (161) | 172 | 87 |

| Reporting | | 1H17 | 1H16 Re- presented | 2H16 Re- presented |
|--------------------------------|--|-------|--------------------------|--------------------------|
| segment | Description | Rm | Rm | Rm |
| Coal | Tax on disposal of property, plant and equipment¹ | 6 | 1 | 12 |
| | Excess of fair value over cost of investment in RBCT¹ | | 35 | |
| | Post-tax share of Mafube impairment of property, plant and equipment¹ | | | (16) |
| | Post-tax share of Mafube gain on disposal of property, plant and equipment¹ | | | 1 |
| Ferrous | Tax on impairment of property, plant and equipment¹ | | | 27 |
| | Excess of fair value over cost of investment in SIOC¹ | | | 221 |
| | Post-tax share of SIOC loss on disposal of property, plant and equipment¹ | (4) | (9) | (19) |
| | Post-tax share of SIOC impairment of property, plant and equipment¹ | | | (1) |
| TiO ₂ and Alkali | Post-tax share of Tronox restructuring costs | | (9) | |
| chemicals | Post-tax share of Tronox gain on disposal of property, plant and equipment¹ | | | 4 |
| Group | Total attributable earnings impact | (159) | 190 | 316 |
| 1 Evaluded from | m hoodling cornings | | | |

¹ Excluded from headline earnings.

4. COMMODITY PRICE PERFORMANCE AND GROUP SEGMENT RESULTS

The movement in the main commodity prices impacting on Exxaro's performance are summarised in table 2 below:

Table 2: Change in commodity prices

| | Average US | Change | |
|--|------------|--------|----|
| Commodity price | 1H17 | 1H16 | % |
| API4 coal | 79 | 53 | 49 |
| Iron ore fines 62% Fe (cost and freight (CFR) China) | 74 | 52 | 42 |
| ${\rm TiO_2}$ pigment (cost, insurance and freight (CIF), US) ¹ | 2 376 | 2 201 | 8 |

¹ Includes forecast for June 2017.

Table 3: Group segment results (Rm)

| | Revenue | | | Net operating profit/(loss) | | |
|--------------------------------|----------|----------|--------|-----------------------------|-------------|-------------|
| | 1H17 | 1H16 | 2H16 | 1H17 | 1H16 Re- | 2H16 Re- |
| | Reviewed | Reviewed | | Reviewed | presented | presented |
| Coal | 10 670 | 9 718 | 10 955 | 3 014 | 2 232 | 2 934 |
| - Tied ¹ | 1 591 | 1 659 | 1 824 | 149 | 122 | 104 |
| Commercial | 9 079 | 8 059 | 9 131 | 2 865 | 2 110 | 2 830 |
| Ferrous | 56 | 13 | 157 | | (7) | (40) |
| - Alloys | 56 | 13 | 157 | | (7) | (68) |
| - Other | | | | | | 28 |
| Other | 10 | 31 | 23 | (104) | (66) | 147 |
| Total | 10 736 | 9 762 | 11 135 | 2 910 | 2 159 | 3 041 |

¹ Mines managed on behalf of and supplying their entire production to Eskom in terms of contractual agreements.

5. FINANCIAL AND OPERATIONAL RESULTS

5.1. Group financial results

5.1.1. Revenue and net operating profit

Group revenue increased by 10% to R10 736 million (1H16: R9 762 million), while group net operating profit increased by 35% to R2 910 million (1H16: R2 159 million), mainly due to a higher contribution from the coal operations driven by improved coal sales prices as well as higher Eskom commercial volumes at Grootegeluk (GG) based on demand from the Medupi Power Station. The average price per tonne achieved on exports was US\$65 (1H16: US\$42). This was offset by a stronger average spot exchange rate of R13,20 to the US dollar recorded for the period ended 30 June 2017 (1H16: R15,39) and lower export and domestic volumes.

Group operating expenses of R7 826 million for 1H17 remained almost flat compared to 1H16 as a result of the ongoing Exxaro improvement project (EIP) to reduce costs and improve efficiencies

However, the 1H17 group's net operating profit was negatively impacted by:

- R37 million loss on the fair value adjustment (1H16: R38 million gain) relating to the contingent consideration which arose on the acquisition of ECC
- R75 million loss (1H16: R29 million loss) on dilution of our shareholding in Tronox Limited
- R27 million write-off of the receivables associated with the Mayoko iron ore project.

5.1.2. Earnings

Earnings, which include Exxaro's equity-accounted investments in associates and joint ventures, were R2 692 million (1H16: R1 285 million) or 852 cents per share (1H16: 362 cents per share).

Headline earnings were 154% higher at R2 787 million (1H16: R1 096 million) or 882 cents per share (1H16: 309 cents per share).

Table 4: Equity-accounted investments (Rm)

| | Equity-accounted income/(loss) | | | Dividends received | | |
|-------------------|--------------------------------|------------------|-------|--------------------|------------------|------|
| | 1H17 Reviewed | 1H16 Reviewed | 2H16 | 1H17 Reviewed | 1H16 Reviewed | 2H16 |
| SIOC1 | 1 228 | 736 | 1 680 | | | |
| Tronox | (295) | (930) | 546 | 59 | 233 | 65 |
| Mafube | 118 | 84 | 154 | | 450 | |
| Black Mountain | 99 | 39 | 61 | | | |
| Cennergi | (11) | 37 | (34) | | | |
| RBCT ² | (14) | 25 | (25) | | | |
| Total | 1 125 | (9) | 2 382 | 59 | 683 | 65 |

 $^{^{\}rm I}$ 2H16 includes R221 million excess of fair value over the cost of the investment which arose on the 0,64% increase in Exxaro's shareholding in SIOC.

5.1.3. Cash flow and funding

Cash flow generated by operations increased by R1 477 million to R3 660 million (1H16: R2 183 million) and was sufficient to cover capital expenditure of R1 314 million, dividends paid of R1 284 million, net financing charges of R273 million and tax of R575 million.

In January 2017, Exxaro repurchased 43 943 744 ordinary shares from Main Street 333 for a consideration of R3 524 million. Main Street 333 used a portion of the proceeds to settle a loan and accrued interest of R484 million with Exxaro, which was advanced to Main Street 333 in July 2015.

² 1H16 includes R35 million excess of fair value over the cost of the investment which arose on the increase in Exxaro's shareholding in RBCT.

Total capital expenditure for 1H17 increased by 12% or R142 million when compared to the corresponding period last year, consisting of a R112 million increase in expenditure on sustaining and environmental capital (stay-in-business capital) and R30 million on new capacity (expansion capital).

Dividends of R59 million were received from our investment in Tronox Limited (1H16: R233 million). SIOC has declared a dividend to its shareholders in July 2017. Exxaro's share amounting to R1 390 million. The dividend will be accounted for in 2H17.

5.1.4. Debt exposure

Net debt at 30 June 2017 was R4 349 million compared to R2 278 million at 30 June 2016. This equates to a net debt to equity ratio of 12% (1H16: 6.5%), well below Exxaro's internal

In January 2017, the specific repurchase by Exxaro of Exxaro ordinary shares to the value of R3 524 million from Main Street 333, was effected using cash generated from Exxaro's own operations. The repurchase consideration was funded with available contributed tax capital and the remaining portion from reserves.

Exxaro's balance sheet structure remains strong despite the increase in the net debt.

5.2. Coal business performance

Table 5: Coal production and sales volumes ('000 tonnes) (Unreviewed)

| | Production | | | Sales | | |
|--|------------|--------|--------|--------|--------|--------|
| | 1H17 | 1H16 | 2H16 | 1H17 | 1H16 | 2H16 |
| Thermal | 20 823 | 20 431 | 20 380 | 20 911 | 21 161 | 21 328 |
| - Tied | 3 542 | 3 966 | 3 934 | 3 542 | 3 961 | 3 932 |
| Commercial: domestic | 17 281 | 16 465 | 16 446 | 13 973 | 13 116 | 13 622 |
| - Commercial: export | | | | 3 396 | 4 084 | 3 774 |
| Metallurgical | 1 069 | 970 | 1 015 | 566 | 738 | 560 |
| Commercial: domestic | 1 069 | 970 | 1 015 | 566 | 738 | 560 |
| Total coal | 21 892 | 21 401 | 21 395 | 21 477 | 21 899 | 21 888 |
| Semi-coke | 46 | 1 | 53 | 47 | 12 | 53 |
| Total coal (excluding buy-ins) | 21 938 | 21 402 | 21 448 | 21 524 | 21 911 | 21 941 |
| Thermal coal buy-ins | 105 | 577 | 29 | | | |
| Total coal (including buy-ins) | 22 043 | 21 979 | 21 477 | 21 524 | 21 911 | 21 941 |

Domestic trading conditions were favourable in 1H17 as producers experienced strong demand for higher quality product. The metals and reductants markets also recovered well. amidst increasing international commodity prices, specifically ferrochrome.

Despite an oversupplied coal export market, Exxaro experienced consistent demand. Export volumes in 1H17 dropped by 17% to 3,4Mt compared to 1H16 mainly due to congestion at RBCT, which experienced adverse weather conditions.

The average API4 price for 1H17 was US\$79, up from the US\$53 for the corresponding period in 2016.

5.2.1. Production and sales volumes

Overall coal production volumes (excluding buy-ins and semi-coke) increased by 2% or 491kt compared to 1H16. This increase can be attributed mainly to the higher production volumes at GG in line with Addendum 9 to the Medupi Coal Supply Agreement. Sales were 2% lower (422kt) as a result of lower exports.

5.2.1.1. Metallurgical coal

GG's metallurgical coal production was 99kt (10%) higher mainly due to the ramp-up of GG plant 10 (GG10) in 1H17. Sales decreased by 172kt (23%), mainly due to reduced offtake by ArcelorMittal as certain coke batteries are not yet operational.

5.2.1.2. Thermal coal

Tied mines

Power station coal production from the tied mines was 424kt (11%) lower compared to 1H16, due to the shortwall stop at Matla Mine 3 from December 2016 to May 2017 and unfavourable geological conditions.

Commercial mines

The commercial mines' power station coal production increased by 932kt (8%) compared to 1H16 mainly due to:

- Increased production at the GG plants (GG7 and GG8) of 1 068kt (11%)
- Increased production at Leeuwpan of 76kt (6%) as a result of higher production in the crush and screen plant.

This increase was offset by:

 Lower production at NBC's Blesbok pit of 212kt (15%) due to lower coal exposure, longer hauling distances and high rainfall.

Domestic power station coal sales for the commercial mines were 176kt (2%) higher mainly as a result of:

- An increase of 909kt (10%) in line with Addendum 9 to the Medupi Coal Supply Agreement. This increase was partly offset by:
- Lower sales at Leeuwpan of 416kt (100%) where the Eskom supply was terminated at the end of March 2016 and is now sold in the local and export markets
- Lower NBC sales of 317kt (21%) due to lower production. The extension of the NBC Eskom Coal Supply Agreement was completed mid-June 2017.

Steam coal production decreased by 116kt (3%) mainly as a result of:

- Lower production at ECC 165kt (8%) at Dorstfontein East due to community unrest and excessive rainfall and Forzando South due to lower yields and geological conditions
- Lower production at Leeuwpan of 44kt as a result of lower production through the Dense Medium Separation (DMS) plant.

The lower production was partly offset by:

- Higher production at NBC's Eerstelingsfontein pit of 54kt (68%) due to good coal and equipment availability
- Slightly higher buy-ins from Mafube JV of 20kt (2%) due to the inclusion of product previously sold to Eskom and briquettes
- Higher production at GG of 19kt (2%) as a result of production through the new GG10 beneficiation plant.

Domestic steam sales increased by 682kt (37%) mainly as a result of:

- Higher sales at Leeuwpan of 627kt (83%) due to higher demand and stock availability arising from Eskom product placed in the local market after the termination of the contract
- Higher sales at ECC of 158kt (84%)
- Higher sales at NBC of 61kt (94%).

The increase in sales was partly offset by:

- Lower sales at GG of 152kt (18%) due to lower stock available from the GG4 and GG5
- Lower steam coal export sales of 421kt (13%) mainly due to congestion experienced at RBCT as a result of adverse weather conditions.

The semi-coke production increased by 45kt mainly due to the plant shutdown in 1H16 as a result of depressed market conditions in the ferrochrome industry. Sales were 35kt higher due to higher demand and more stable market conditions.

5.2.2. Revenue and net operating profit

Coal revenue of R10 670 million was 10% higher than 1H16 (R9 718 million). Higher revenue from the commercial mines was attributable to the higher selling prices as well as an increase in Eskom volumes. This was partially offset by exports and domestic sales.

Increased net operating profit of R3 014 million compared to R2 232 million in 1H16, mainly

- Higher sales prices (+R1 543 million)
- Scope changes of environmental provisions (+R171 million)
- Volume variances (+R162 million)
- Capitalisation of project related costs (+R102 million).

Partly offset by:

- Exchange rate variance due to stronger local currency against the US dollar (-R293 million)
- Inflation (-R277 million)
- Disposal of SDCT shareholding in 1H16 (-R203 million)
- Higher depreciation (-R112 million)
- Mafube coal buy-ins from Mafube JV (-R111 million).

Titanium dioxide and Alkali chemicals 5.3.

Fauity-accounted investment

Equity-accounted losses from the Tronox investments decreased from R930 million in 1H16 to R295 million for 1H17, mainly due to increased pigment selling volumes and prices, as well as a more favourable product mix.

As previously communicated to the market, Exxaro is exploring alternatives for the monetisation of its shareholding in Tronox Limited through an efficient and staged sales process. This process is likely to commence in 2H17.

5.4. **Energy business**

Equity-accounted investment

Cennergi, a 50% joint venture with Tata Power, recorded an equity-accounted loss of R11 million for 1H17 (1H16: profit of R37 million). The variance of R48 million is mainly due to the cessation of the capitalisation of interest in 2H16 and the inclusion of deemed revenue of R32 million in 1H16, which was reversed in 2H16 as a result of delays with the grid connection. The two windfarm projects were brought into commercial operation during the 3Q16.

6. PERFORMANCE AGAINST NEW BBBEE CODES AND MINING CHARTER

Exxaro has been audited against the amended codes. The primary focus area to raise the BBBEE level is Enterprise and Supplier Development (ESD). Exxaro has constituted an ESD forum to specifically lift the company's performance in this area. We anticipate significant positive socio-economic impacts from the impending ESD initiatives.

Exxaro, through the Chamber of Mines, participated with the mining industry to provide inputs to the DMR to revise the mining charter elements and targets. Exxaro supports the strategic intention of transforming the mining industry. The Mining Charter III was gazetted on 15 June 2017 and subsequently suspended by the DMR Minister pending an urgent court interdict submitted by the Chamber of Mines.

Exxaro is analysing the impact of the Mining Charter III on the organisation and will continue to engage through the Chamber of Mines and through other appropriate channels with the DMR to address its concerns and submit new transformation targets and content proposals for the Mining Charter III.

7. BROAD BASED BLACK ECONOMIC EMPOWERMENT

On 17 January 2017, Exxaro concluded the repurchase of shares transaction pursuant to the unwinding of the existing BEE transaction (refer paragraph 5.1.4). On 25 June 2017 Exxaro, Main Street 333 and the Industrial Development Corporation (IDC) agreed on the formation of a special purpose vehicle, incorporated for the purpose of holding ordinary shares in Exxaro pursuant to the replacement BEE transaction, entered into the following agreements:

- A framework agreement setting out the framework within which the Main Street 333 unwind and the consequential implementation of the replacement BEE transaction will take place
- A relationship agreement detailing the terms and restrictions of the replacement BEE transaction over the transaction term.

The implementation of the replacement BEE transaction remains subject to various conditions precedent, which include the finalisation and agreement of the remaining suite of agreements required to implement the replacement BEE transaction and the Main Street 333 unwind.

It is expected that Exxaro will seek shareholder approval in 2H17 for the replacement BEE transaction.

8. MPOWER 2012

Exxaro implemented Mpower 2012, an employee share ownership plan, in July 2012 which held a shareholding of 0,8% in Exxaro. The shares held by Mpower 2012 vested on 31 May 2017 and were sold, upon the instructions of the participants, during June 2017 and paid to employees in July 2017. The distribution to participants varied depending on their years of service. Employees that participated for the full term received a pre-tax benefit of R43 384, consisting of R8 399 of dividends over the five-year period and R34 985 of proceeds when the shares were sold.

9. MINERAL RESOURCES AND MINERAL RESERVES

Other than the normal life of mine depletion, there have been no material changes to the mineral resources and reserves as disclosed in the 2016 integrated report.

10. MINING AND PROSPECTING RIGHTS

The Waterberg area remains an exciting mining prospect for Exxaro as the Thabametsi project has now started early works, and the Thabametsi Coal IPP, operated by Marubeni Middle-East & Africa Power Limited, has embarked on its licensing processes with financial close envisaged in 2Q18. Exxaro also holds a 100% ownership in the Waterberg North and South prospecting rights areas. The project areas consist of four prospecting rights for which applications for renewals were submitted and the first two were granted last year and executed in March 2017. For the last two rights, granting is still pending. Exxaro has a reasonable expectation that the remaining renewals will be granted in 2017.

The Leeuwpan mining right consolidation (to include Leeuwpan extension) and mining right registration were finalised in March 2017. The mining right registrations of Matla, Arnot, Forzando South and Glisa (at the NBC operation) are pending. Exxaro has a reasonable expectation that registrations will be concluded during 2017.

11. OUTL OOK

Exxaro expects that 2H17 domestic thermal volumes will remain at current levels. Volumes in the metals markets will reduce based on expected lower off take from ArcelorMittal. This is expected to persist until 2018.

Export markets are still reliant on demand from India for lower quality coal. However, Exxaro is actively diversifying its markets for lower quality coal in order not to be overly dependent on the Indian market. Pricing is expected to remain relatively flat. Growth is expected from the South-East Asian markets for RB1 and RB3 material.

Exxaro has a positive outlook for the coal business in 2H17 based on:

- Stable trading conditions in domestic markets
- Stable international coal prices
- Our operational excellence process delivering further results
- Technology and innovation improvements.

The rand exchange rate against the US dollar is expected to remain volatile during 2H17 due to the combination of significant event risks and volatility in the US dollar.

The performance of the investment portfolio (SIOC and Tronox) is expected to be positively influenced by the current favourable market conditions, anticipated to continue into 2H17.

12. INTERIM DIVIDEND

Exxaro's dividend policy is based on a cover ratio of between 2.5 and 3.5 times core attributable earnings.

Notice is hereby given that a gross interim cash dividend, number 29 of 300 cents (1H16: 90 cents) per share, for the six-month period ended 30 June 2017 was declared, payable to shareholders of ordinary shares. For details of the dividend, please refer note 9 of the reviewed condensed group interim financial statements.

Salient dates for payment of the interim dividend are:

- Last day to trade cum dividend on the JSE
- First trading day ex dividend on the JSE
- Record date
- Payment date

Tuesday, 12 September 2017

Wednesday, 13 September 2017 Friday, 15 September 2017

Monday, 18 September 2017

No share certificates may be dematerialised or re-materialised between Wednesday. 13 September 2017 and Friday, 15 September 2017, 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, 18 September 2017.

13. **GENERAL**

Additional information on financial and operational results for the six-month period ended 30 June 2017, and the accompanying presentation can be accessed on our website on www.exxaro.com.

On behalf of the board

Len Konar Mxolisi Mgojo Riaan Koppeschaar Chairman Chief executive officer Finance director

17 August 2017

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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.

ANNEXURE: ACRONYMS

ACRONYMS

| Anglo | Anglo South Africa Capital Proprietary Limited |
|-----------------|---|
| API4 | All publications index 4 (for Richards Bay 6 000kcal/kg) |
| ArcelorMittal | ArcelorMittal South Africa Limited |
| BBBEE | Broad-based black economic empowerment |
| BEE | Black Economic Empowerment |
| Black Mountain | Black Mountain Proprietary Limited |
| BUs | Business units |
| Cennergi | Cennergi Proprietary Limited |
| CFR | Cost and freight |
| CIF | Cost, insurance and freight |
| Chifeng | Chifeng Kumba Hongye Corporation Limited |
| Cps | cents per share |
| DEA | Department of Environmental Affairs |
| DMR | Department of Mineral Resources |
| DMTN | Domestic Medium Term Note |
| EBITDA | Earnings before interest, tax, depreciation, impairment charges and net loss/gain on disposal of investments and assets |
| ECC | Exxaro Coal Central Proprietary Limited |
| EIP | Exxaro improvement project |
| EMJV | Ermelo joint venture |
| FPR | Financial Provisioning Regulations |
| GDP | Gross domestic product |
| GG | Grootegeluk |
| HEPS | Headline earnings per share |
| IAS | International Accounting Standard |
| IASB | International Accounting Standards Board |
| IFRS | International Financial Reporting Standard |
| IOT | Internet of things |
| IPP | Independent power producer |
| JIBAR | Johannesburg Interbank Average Rate |
| JSE | JSE Limited |
| kcal | kilocalorie |
| KIO | Kumba Iron Ore Limited |
| kt | kilo tonnes |
| LME | London Metal Exchange |
| LoM | Life of Mine |
| LP | Leeuwpan |
| LTIFR | Lost-time injury frequency rate |
| M&A | Mergers and acquisitions |
| Mafube | Mafube Coal Proprietary Limited |
| Main Street 333 | Main Street 333 Proprietary Limited |
| | |

| Mpower 2012 | Exxaro Employee Empowerment Trust | | | |
|------------------|---|--|--|--|
| MPRDA | Mineral and Petroleum Resources Development Act, 2002 | | | |
| Mt | Million tonnes | | | |
| Mtpa | Million tonnes per annum | | | |
| NBC | North Block Complex | | | |
| NCC | New Clydesdale Colliery | | | |
| NEMA | National Environmental Management Act, 1998 | | | |
| NOP | Net operating profit | | | |
| OE | Operational excellence | | | |
| OHIFR | Occupational health injury frequency rate – YTD | | | |
| Rbn | Rand billion | | | |
| RB1 | Richards Bay export product 1 | | | |
| RB3 | Richards Bay export product 3 | | | |
| RBCT | Richards Bay Coal Terminal Proprietary Limited | | | |
| PPI | Producer Price Index | | | |
| PRC | People's Republic of China | | | |
| Rm | Rand million | | | |
| RMB | Chinese Renminbi | | | |
| RSA | Republic of South Africa | | | |
| SAICA | South African Institute of Chartered Accountants | | | |
| SARS | South African Revenue Service | | | |
| SDCT | South Dunes Coal Terminal SOC Limited | | | |
| SIOC | Sishen Iron Ore Company Proprietary Limited | | | |
| SLP | Social and labour plan | | | |
| SOC | State-owned company | | | |
| SSCC | Semi-soft coking coal | | | |
| Tata Power | Tata Power Company Limited | | | |
| TFR | Transnet Freight Rail | | | |
| TiO ₂ | Titanium dioxide | | | |
| Tronox | Exxaro's investment in Tronox entities | | | |
| Tronox SA | Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited | | | |
| Tronox UK | Tronox Sands Limited Liability Partnership in the United Kingdom | | | |
| US\$ | United States dollar | | | |
| VAT | Value added tax | | | |
| VSP | Voluntary serverance packages | | | |
| WACC | Weighted average cost of capital | | | |
| | | | | |

DISCLAIMER

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