POWERING POSSIBILITY

Exxaro Resources Limited

Summarised group annual financial statements for the year ended 31 December 2020 and notice of the annual general meeting

POWERING A CLEAN WORLD

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SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

ANNUAL GENERAL MEETING NOTICE AND PROXY

This publication only includes statutory information. All other reports are available on the website at www.exxaro.com.

The following reports, which should be read with this report, as well as the audited group and company annual financial statements for the year ended 31 December 2020, will be available on our website on 23 April 2021

- Integrated report
- Supplementary report
- Mineral Resources and Mineral Reserves statement

CONTACT

Ongoing feedback from stakeholders helps us contextualise certain issues needed for more informed understanding by readers. We welcome your suggestions, which should be directed to:

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HIGHLIGHTS

GROUP FINANCIAL PERFORMANCE

R28.9 billion
Revenue, up 12%

R7.2 billion
EBITDA, up 22%

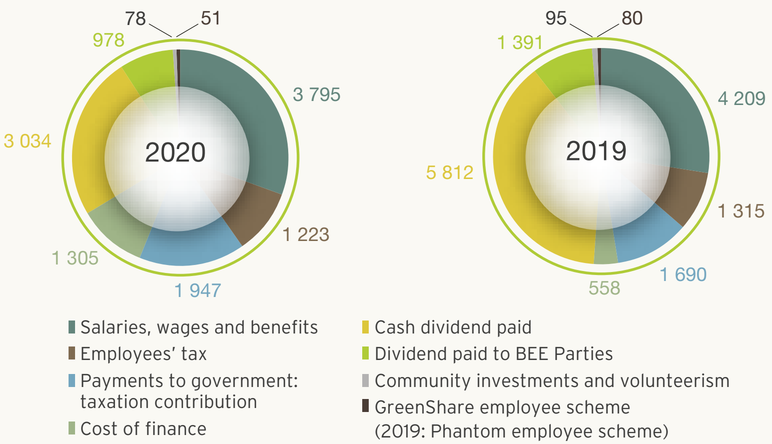
R6.4 billion
Equity-accounted income, up 37%

R7.8 billion
Cash generated by operations, up 47%

R12.43 per share
Final dividend

R5.43 per share
Special dividend

Value distribution (Rm)



SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2020 Rm	(Re-presented)[1] 2019 Rm
Revenue (note 7)	28 924	25 726
Operating expenses (note 8)	(22 749)	(21 422)
Operating profit	6 175	4 304
Impairment charges (note 9)	(1 882)	(35)
Net operating profit	4 293	4 269
Finance income (note 10)	215	318
Finance costs (note 10)	(1 047)	(355)
Income from financial assets	4	
Share of income of equity-accounted investments (note 11)	6 411	4 693
Profit before tax	9 876	8 925
Income tax expense	(719)	(968)
Profit for the year from continuing operations	9 157	7 957
Profit for the year from discontinued operations (note 6)	69	2 112
Profit for the year	9 226	10 069
Other comprehensive loss, net of tax	(251)	(710)
Items that will not be reclassified to profit or loss:	10	71
– Remeasurement of retirement employee obligations	21	19
– Changes in fair value of equity investments at fair value through other comprehensive income	(13)	50
– Share of other comprehensive income of equity-accounted investments	2	2
Items that may subsequently be reclassified to profit or loss:	(281)	58
– Unrealised exchange differences on translation of foreign operations	55	(7)
– Fair value losses recognised on cash flow hedges	(385)	
– Share of other comprehensive income of equity-accounted investments	49	65
Items that have subsequently been reclassified to profit or loss:	20	(839)
– Recycling of exchange differences on translation of foreign operations	(103)	(7)
– Recycling of cash flow hedging gains	77	
– Recycling of share of other comprehensive income of equity-accounted investments	46	(832)
Total comprehensive income for the year	8 975	9 359
Profit attributable to:		
Owners of the parent	7 283	9 809
– Continuing operations	7 229	7 699
– Discontinued operations	54	2 110
Non-controlling interests	1 943	260
– Continuing operations	1 928	258
– Discontinued operations	15	2
Profit for the year	9 226	10 069
Total comprehensive income attributable to:		
Owners of the parent	7 103	9 108
– Continuing operations	7 049	7 829
– Discontinued operations	54	1 279
Non-controlling interests	1 872	251
– Continuing operations	1 857	249
– Discontinued operations	15	2
Total comprehensive income for the year	8 975	9 359
Attributable earnings per share (cents)		
Aggregate[2]		
– Basic	2 902	3 908
– Diluted	2 902	3 908
Continuing operations		
– Basic	2 880	3 067
– Diluted	2 880	3 067
Discontinued operations		
– Basic	22	841
– Diluted	22	841
[1] *Refer note 2.2.*		
[2] *The number of months in the year for which the BEE Parties have shared in the consolidated Eyesizwe (RF) Proprietary Limited (Eyesizwe) results is:*	*12*	*2*

AUDITED GROUP STATEMENT OF FINANCIAL POSITION

At 31 December

	2020 Rm	(Re-presented)[1] 2019 Rm
ASSETS		
Non-current assets	65 824	57 978
Property, plant and equipment	38 395	33 562
Intangible assets[2] (note 14)	3 095	16
Right-of-use assets	453	462
Inventories	128	101
Equity-accounted investments (note 15)	20 006	17 502
Financial assets (note 23)	2 141	2 674
Deferred tax	1 076	467
Other assets[2] (note 16)	530	3 194
Current assets	9 033	9 121
Inventories	1 821	1 809
Financial assets (note 23)	169	272
Trade and other receivables	2 827	3 241
Cash and cash equivalents	3 196	2 695
Other assets[2] (note 16)	1 020	1 104
Non-current assets held-for-sale (note 17)	3 749	1 741
Total assets	78 606	68 840
EQUITY AND LIABILITIES		
Capital and other components of equity		
Share capital	1 021	1 021
Other components of equity	2 495	2 723
Retained earnings	35 265	31 032
Equity attributable to owners of the parent	38 781	34 776
Non-controlling interests	9 340	8 111
Total equity	48 121	42 887

[1] *Refer note 2.2.*
[2] *2019 has, in addition, been re-presented as a result of the following reclassifications:*
- *Intangible assets have been disaggregated from other assets due to it becoming material for 2020 in light of the business combination*
- *Lease receivables have been aggregated as part of other assets so as to remove immaterial items from the face of the statement of financial position to provide a better presentation of assets for the users.*

AUDITED GROUP STATEMENT OF FINANCIAL POSITION continued

At 31 December

	2020 Rm	(Re-presented)[1] 2019 Rm
Non-current liabilities	19 103	19 364
Interest-bearing borrowings (note 18)	7 448	6 991
Lease liabilities (note 19)	493	461
Other payables (note 23)	24	121
Provisions (note 20)	1 946	4 305
Retirement employee obligations	147	181
Financial liabilities (note 23)	782	
Deferred tax	8 236	7 138
Other liabilities (note 22)	27	167
Current liabilities	10 244	5 179
Interest-bearing borrowings (note 18)	6 163	50
Lease liabilities (note 19)	29	27
Trade and other payables (note 23)	2 940	2 603
Provisions (note 20)	185	99
Financial liabilities (note 23)	49	498
Overdraft (note 18)	17	976
Other liabilities (note 22)	861	926
Non-current liabilities held-for-sale (note 17)	1 138	1 410
Total liabilities	30 485	25 953
Total equity and liabilities	78 606	68 840

[1] *Refer note 2.2.*

AUDITED GROUP STATEMENT OF CHANGES IN EQUITY

		Other components of equity		
	Share capital Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	Equity-settled Rm
At 31 December 2018	1 021	2 691	(32)	5 534
Adjustment on initial application of IFRS 16 *Leases*, net of tax				
Adjusted balance at 1 January 2019	1 021	2 691	(32)	5 534
Total comprehensive (loss)/income		(785)	(3)	10
– Profit for the year				
– Other comprehensive (loss)/income for the year		(785)	(3)	10
Transactions with owners				(4 483)
– Dividends paid (note 12)				
– Share-based payments movement				(1 875)
– Reclassifications within equity				(2 608)
Changes in ownership interest				(178)
– Recognition of non-controlling interests				
– Loss of control of subsidiary				
– Partial disposal of associate classified as non-current asset held-for-sale				(178)
At 31 December 2019	1 021	1 906	(35)	883
Total comprehensive (loss)/income		(37)	(220)	68
– Profit for the year				
– Other comprehensive (loss)/income for the year		(37)	(220)	68
Transactions with owners				10
– Dividends paid (note 12)				
– Distributions to non-controlling interests option holders				
– Share-based payments movement				10
Changes in ownership interest				(58)
– Deemed disposal of joint venture[1]				(58)
– Acquisition of subsidiaries[2]				
– Recognition of non-controlling interests[3]				
At 31 December 2020	1 021	1 869	(255)	903

[1] *Relates to a reclassification within equity arising from the Cennergi Proprietary Limited (Cennergi) business combination which requires the pre-existing interest in the equity-accounted investment to be derecognised as a deemed disposal.*
[2] *Relates to the recognition of the non-controlling interest (NCI) option holders within the Cennergi group arising from the Cennergi business combination at acquisition (refer note 4.2.5).*
[3] *Relates to the recognition of an NCI's share of Tsitsikamma Community Wind Farm Proprietary Limited's (Tsitsikamma SPV) net asset value, amounting to R189 million, upon the exercise of its in-substance share option, amounting to R115 million (cash received).*

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

Financial instruments revaluation
Comprises the share of equity-accounted investments' hedging reserves and Exxaro's cash flow hedge reserve. Refer note 23.2.

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

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

Financial asset FVOCI revaluation
Comprises the fair value adjustments, net of tax, on the financial assets classified at fair value through other comprehensive income (FVOCI).

Retirement employee obligations Rm	Financial asset FVOCI revaluation Rm	Other Rm	Retained earnings Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
(113)	(53)	1	32 797	41 846	(701)	41 145
			(12)	(12)		(12)
(113)	(53)	1	32 785	41 834	(701)	41 133
17	57	3	9 809	9 108	251	9 359
			9 809	9 809	260	10 069
17	57	3		(701)	(9)	(710)
			(3 204)	(7 687)		(7 687)
			(5 812)	(5 812)		(5 812)
				(1 875)		(1 875)
			2 608			
57			(8 358)	(8 479)	8 561	82
			(8 479)	(8 479)	8 479	
					82	82
57			121			
(39)	4	4	31 032	34 776	8 111	42 887
18	(9)		7 283	7 103	1 872	8 975
			7 283	7 283	1 943	9 226
18	(9)			(180)	(71)	(251)
			(3 034)	(3 024)	(979)	(4 003)
			(3 034)	(3 034)	(978)	(4 012)
					(1)	(1)
				10		10
			(16)	(74)	336	262
			58			
					147	147
			(74)	(74)	189	115
(21)	(5)	4	35 265	38 781	9 340	48 121

AUDITED GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December

	2020 Rm	(Re-presented)[1] 2019 Rm
Cash flows from operating activities	5 493	3 483
Cash generated by operations	7 770	5 273
Settlement of contingent consideration	(198)	(344)
Interest paid	(1 305)	(558)
Interest received	192	289
Tax paid	(966)	(1 177)
Cash flows from investing activities	(1 556)	2 974
Property, plant and equipment acquired (note 13)	(3 175)	(6 076)
Intangible assets acquired	(2)	(5)
Proceeds from disposal of property, plant and equipment	34	83
Decrease in other financial assets at amortised cost	79	82
Increase in enterprise and supplier development loans	(41)	(121)
Decrease in enterprise and supplier development loans	61	39
Deferred consideration paid for acquisition of associates	(349)	(306)
Decrease in loan to joint venture		250
Increase in loan to associate		(40)
Decrease in loan to associate	13	
Decrease in lease receivables	15	15
Cash transferred on transfer of operation	(14)	
Proceeds from disposal of operation		76
Acquisition of subsidiaries (note 4)	(1 402)	
Acquisition of associates		(14)
Dividend income received from equity-accounted investments	3 263	4 146
Proceeds from disposal of associates classified as non-current assets held-for-sale		4 486
Increase in environmental rehabilitation funds	(111)	(148)
Dividend income received from financial assets and non-current assets held-for-sale	73	507
Cash flows from financing activities	(2 469)	(5 286)
Interest-bearing borrowings raised (note 21)	1 750	4 250
Interest-bearing borrowings repaid (note 21)	(88)	(1 622)
Lease liabilities paid (note 19)	(32)	(33)
Non-controlling interest option exercised	115	
Distributions to non-controlling interest option holders	(1)	
Loan from non-controlling interest	69	
Dividends paid (note 12)	(3 034)	(5 812)
Shares acquired in the market to settle share-based payments	(270)	(678)
Dividends paid to BEE Parties	(978)	(1 391)
Net increase in cash and cash equivalents	1 468	1 171
Cash and cash equivalents at beginning of the year	1 719	549
Translation difference on movement in cash and cash equivalents		(1)
Cash and cash equivalents at end of the year	3 187	1 719
Cash and cash equivalents	3 196	2 695
Cash and cash equivalents classified as non-current assets held-for-sale	8	
Overdraft	(17)	(976)

[1] *Dividends paid have been re-presented as a financing activity (previously presented as an operating activity). This re-presentation was done to align the presentation of cash flows with the dividend policy.*

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interest Rm	Net Rm
For the year ended 31 December 2020				
Profit attributable to owners of the parent				7 283
Adjusted for:	560	(258)	(168)	134
– IFRS 11 Gain on disposal of joint operation	(17)		4	(13)
– IAS 16 Gain on transfer of operation	(4)		1	(3)
– IAS 16 Net losses on disposal of property, plant and equipment	92	(29)	(14)	49
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(18)	5	3	(10)
– IAS 21 Net gains on translation differences recycled to profit or loss on deregistration and liquidation of foreign entities	(103)		23	(80)
– IAS 21 Net gains on translation differences recycled to profit or loss on disposal of associate	(13)		3	(10)
– IAS 28 Losses on dilution of investments in associates	20		(5)	15
– IAS 28 Net gain on deemed disposal of joint venture	(1 321)		298	(1 023)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	42	2	(10)	34
– IAS 36 Net impairment charges of non-current assets	1 882	(236)	(471)	1 175
Headline earnings				7 417
Continuing operations				7 348
Discontinued operations				69
For the year ended 31 December 2019 (Re-presented)[1]				
Profit attributable to owners of the parent				9 809
Adjusted for:	(2 286)	62	14	(2 210)
– IFRS 10 Loss on loss of control of subsidiary	35			35
– IAS 16 Gain on disposal of operation	(76)		17	(59)
– IAS 16 Net gains on disposal of property, plant and equipment		(3)	(3)	(6)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(49)	14	8	(27)
– IAS 21 Net gains on translation differences recycled to profit or loss on partial disposal of associate	(832)			(832)
– IAS 21 Net gains on translation differences recycled to profit or loss on dilution of associates	(1)			(1)
– IAS 21 Net gains on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(10)			(10)
– IAS 21 Net loss on translation differences recycled to profit or loss on deregistration of foreign entity	3		(1)	2
– IAS 28 Losses on dilution of investments in associates	42			42
– IAS 28 Net gains on disposal of associates	(1 504)	65		(1 439)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	71	(14)	(12)	45
– IAS 36 Net impairment charges of non-current assets	35		5	40
Headline earnings				7 599
Continuing operations				7 488
Discontinued operations				111

	2020 Cents	(Re-presented)[1] 2019 Cents
Headline earnings per share		
Aggregate		
– Basic	2 955	3 027
– Diluted	2 955	3 027
Continuing operations		
– Basic	2 928	2 983
– Diluted	2 928	2 983
Discontinued operations		
– Basic	27	44
– Diluted	27	44

[1] *Refer note 2.2.*

Refer note 12 for details regarding the number of shares.

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

1. CORPORATE BACKGROUND

Exxaro, a public company incorporated in South Africa, is a diversified resources group with interests in the coal (controlled and non-controlled), energy (controlled and non-controlled), Titanium dioxide (TiO_2) (non-controlled) and ferrous (controlled and non-controlled) markets. These summarised group annual financial statements as at and for the year ended 31 December 2020 (summarised group annual financial statements) comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The summarised group annual financial statements have been derived from the audited group and company annual financial statements 2020 of Exxaro, which are available on Exxaro's website at www.exxaro.com. These summarised group annual financial statements do not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the group, which is provided by the detailed audited group and company annual financial statements 2020. These summarised group annual financial statements do not include all the disclosure required for a complete set of group and company annual financial statements prepared in accordance with IFRS. Selected summarised notes have been included in this report for a better understanding of the relevant transactions during the year.

These summarised group annual financial statements have been prepared under the supervision of the finance director, PA Koppeschaar, in accordance with the JSE Listings Requirements (Listings Requirements) for abridged reports and the requirements of the Companies Act No 71 of 2008 of South Africa, as amended (Companies Act) applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) (as issued by the International Accounting Standards Board (IASB)) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides (as issued by the Accounting Practices Committee) and Financial Pronouncements (as issued by the Financial Reporting Standards Council) and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These summarised group annual financial statements have been prepared on the historical cost basis, excluding financial instruments, share-based payments and biological assets, which are at fair value, and conform, in this regard, to IFRS.

The preparation and presentation of the summarised group annual financial statements included in this report is the responsibility of Exxaro's directors. The directors take full responsibility that the financial information has been correctly extracted from the underlying audited group and company annual financial statements 2020.

The summarised group annual financial statements do not include the directors' report, which forms part of the group and company annual financial statements 2020.

2.2 Re-presentation of comparative information

The audited group statement of comprehensive income (and related notes) for the year ended 31 December 2019 and the audited group statement of financial position (and related notes) at 31 December 2019 have been re-presented as a result of the investment in Black Mountain Proprietary Limited (Black Mountain) no longer meeting the criteria to be classified as a non-current asset held-for-sale and a discontinued operation due to the suspension of the sales process in December 2020.

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

2. BASIS OF PREPARATION continued

2.2 Re-presentation of comparative information continued

The impact of the re-presentation of 2019 was as follows:

	Previously presented	Re-presented	Impact
Audited group statement of comprehensive income			
Share of income of equity-accounted investments (Rm)	4 641	4 693	52
Profit for the year from discontinued operations (Rm)	2 164	2 112	(52)
Attributable earnings per share			
Continuing operations			
– Basic (cents)	3 047	3 067	20
– Diluted (cents)	3 047	3 067	20
Discontinued operations			
– Basic (cents)	861	841	(20)
– Diluted (cents)	861	841	(20)
Audited group statement of financial position			
Equity-accounted investments (Rm)	16 630	17 502	872
Non-current assets held-for-sale (Rm)	2 613	1 741	(872)

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS

The accounting policies applied in the preparation of the summarised group annual financial statements are consistent with those of the group annual financial statements as at and for the year ended 31 December 2019. 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 nor make retrospective adjustments as a result of adopting these standards. In addition the group has adopted hedge accounting as described further in note 23.2.1 following on the Cennergi business combination.

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

New accounting standards, amendments to accounting standards and interpretations issued which are relevant to the group, but not yet effective on 31 December 2020, have not been early adopted. The group continuously evaluates the impact of these standards and amendments and does not anticipate that there will be a material impact.

3.2 Carbon tax

Following on the enactment of the Carbon Tax Act No 15 of 2019, as amended, Exxaro has licensed each of its emissions generating facilities with SARS, of which two subsidiaries only received their licenses in February 2021. The group has accrued R5.4 million (2019: R3.4 million) for Carbon tax which is payable on 29 July 2021.

3.3 Impact of COVID-19 on financial reporting

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

The following key areas of financial reporting required specific attention for the year ended 31 December 2020:

Revenue recognition

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

Inventory

Inventory has been evaluated and written down to the lower of cost and net realisable value. An amount of R9 million on the write-down of inventory from cost to net realisable value has been recognised for 2020.

Impairment of non-financial assets

Impairment testing was based on the latest budgets which incorporated changes in parameters and economic outlooks revised for the effects of COVID-19. As at 31 December 2020, the investment in Insect Technology Group Holdings UK Limited (Insect Technology) was fully impaired.

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS continued

3.3 Impact of COVID-19 on financial reporting continued

Allowances for expected credit losses (ECLs)

When assessing the amount to be recognised for ECLs, management considered the impact that COVID-19 had on the risk of default as well as the expected loss rates. The trade and other receivables are categorised into the following categories corporate, public sector as well as small to medium enterprises. Where additional risk was identified the credit ratings of each counterparty were reviewed and adjusted accordingly with a corresponding adjustment to the probality of default (PD) and loss given default (LGD) rates. Although these adjustments resulted in higher ECL multipliers the ECL amount recognised for 2020 was not significant as the trade and other receivables outstanding balance was 14% lower than 2019 and certain of the long outstanding other receivable debtors settled their debt during the year.

Taxation

Exxaro benefited from the following tax relief measures announced:
- A skills development levy holiday was granted to all businesses
- Carbon tax payments were deferred until 31 October 2020
- The implementation by SARS limiting the utilisation of tax losses and interest expense deductions has been postponed to 2022.

Going concern assessment

The going concern assessment was based on the latest budgets that incorporated changes in parameters and economic outlooks revised for the effects of COVID-19. Additional sensitivity analysis was performed as part of stress testing the going concern assumption. Exxaro also prudently increased its available borrowing facilities. The additional facility was available from 1 July 2020.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI

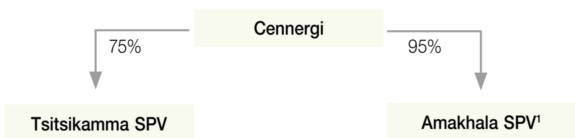
4.1 Overview of Cennergi

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

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

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

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



[1] *Amakhala Emoyeni RE Project 1 (RF) Proprietary Limited*

Cennergi forms part of the energy reportable segment.

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

4.2 Overview of the transaction

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

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

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

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

	Note	Rm
Fair value of new 50% interest acquired (the purchase consideration)	4.2.1	1 739
Fair value of 50% interest held under joint control	4.2.2	1 502
Fair value of the 100% controlling interest acquired		3 241
Attributed to:		
Goodwill	4.2.3	521
Fair value of net identifiable assets acquired	4.2.4	2 867
Non-controlling interests	4.2.5	(147)
The transaction resulted in the following net cash outflow from investing activities:		
– Cash paid	4.2.1	(1 739)
– Cash and cash equivalents acquired	4.2.4	337
Net cash outflow from acquisition of subsidiaries		(1 402)

The accounting for the acquisition of Cennergi in terms of IFRS 3 was provisionally reported on for the six-month period ended 30 June 2020. Subsequently, the following changes to the purchase price allocation were made:
- Recognition of non-controlling interests of R147 million for the existing in-substance share options held by Cennergi's BEE minorities
- Resultant increase in goodwill of R147 million to R521 million (previously reported: R374 million).

The reviewed condensed group interim financial statements as at and for the six-month period ending 30 June 2021 will be re-presented for these changes.

At 31 December 2020 the accounting for the acquisition of Cennergi has been concluded.

4.2.1 Purchase consideration for newly acquired 50% interest

The purchase consideration for the additional 50% interest acquired in Cennergi has been fully settled in cash. The purchase consideration represents the consideration transferred at its acquisition-date fair value. This is summarised into its components as follows:

	Rm
Purchase consideration settled in cash	1 641
Contingent consideration subsequently settled in cash[1]	98
Fair value of purchase consideration	1 739

[1] As part of the purchase consideration, Exxaro was required to pay Khopoli 50% of the value that Cennergi company would recover from its proven claims in the liquidation account of one of the BEE minority shareholders. The liquidation account has been settled in December 2020 and the final consideration has been paid.

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

4.2 Overview of the transaction continued

4.2.2 Fair value of pre-existing 50% interest

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

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

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

[1] *Headline earnings adjustment.*

4.2.3 Goodwill

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

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

The goodwill is not deductible for tax purposes.

An impairment assessment was performed on 31 December 2020 for the goodwill acquired. The assessment resulted in no impairment charge for the year.

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

4.2 Overview of the transaction continued

4.2.4 Identifiable assets acquired and liabilities assumed

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

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

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

4.2.5 Non-controlling interests

The arrangements in place with the minority shareholders of Tsitsikamma SPV and Amakhala SPV represent a fully vested share-based payment arrangements under IFRS 2 *Share-based Payment* (IFRS 2). The arrangements are viewed as in-substance share options with the minorities, as the minorities are not exposed to downside risk nor benefit, until such time that the underlying shareholder financing of the arrangements has been settled.

For the purposes of the acquisition Cennergi, as the acquiree, has outstanding share-based payment transactions that Exxaro, as the acquirer, did not replace, cancel or exchange as part of the acquisition. The share-based payment transactions have vested and therefore the share-based payment transactions of Cennergi are accounted for as part of the non-controlling interests in the Cennergi group acquisition and are measured at their market-based measure in terms of IFRS 2.

4.3 Performance contribution to Exxaro's results

	Revenue Rm	Profit Rm
Cennergi's 100% results included in Exxaro's results from 1 April 2020 to 31 December 2020	890	(14)
Cennergi's results contribution to Exxaro's results, if included from 1 January 2020 to 31 December 2020[1]	1 156	12

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

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

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

4.4.1 Fair values of material assets acquired

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

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

4.4.2 Non-controlling interests

Management view the share-based payment transactions with the BEE minority shareholders of the SPVs as in-substance share options that are equity-settled in terms of IFRS 2. These options were not yet exercised at the acquisition date.

Non-controlling interest:	**In-substance share options**	
Valuation technique:	A Monte-Carlo simulation technique has been applied, discounting the distribution streams using a risk-free rate of return.	
Key assumptions:	Risk-free curve – ZAR swap zero curve semi-annual:	Year 1 to 5: 5.31% to 6.20% Year 6 to 16: 7.03% to 10.28%
	Lock in discount percentage:	33% for community BEE parties 25% for other BEE party
	Standard deviation tolerance:	7% for Amakhala SPV 10% for Tsitsikamma SPV

5. SEGMENTAL INFORMATION

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

During the second half of 2020, the chief operating decision maker, in line with reporting trends and better disclosure, revised the allocation of corporate costs to the segments since emphasis is placed on controllable costs. Indirect corporate costs are no longer allocated between the different segments but now reported on a gross level in the other reportable segment. The comparative segmental information has been represented to reflect this change.

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

Coal

The coal reportable segment is split between commercial (Waterberg and Mpumalanga), tied and other operations. Commercial Mpumalanga operations include a 50% (2019: 50%) investment in Mafube Coal Proprietary Limited (Mafube) (a joint venture with Anglo South Africa Capital Proprietary Limited) and a 49% (2019: 49%) equity interest in Tumelo Coal Mines Proprietary Limited (Tumelo). The 10.26% (2019: 10.36%) effective equity interest in Richards Bay Coal Terminal Proprietary Limited (RBCT) is included in the other coal operations. The coal operations produce thermal coal, metallurgical coal and semi-soft caking coal.

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

Energy

On 1 April 2020, Exxaro obtained 100% control over Cennergi (2019: 50% joint control) (refer note 4 for detail of the business combination). The energy reportable segment also includes a 28.59% (2019: 28.59%) equity interest in LightApp Technologies Limited (LightApp), as well as a 22% (2019: 22%) equity interest in Global Asset Management Limited (GAM).

Ferrous

The ferrous reportable segment mainly comprises of the 20.62% (2019: 20.62%) equity interest in Sishen Iron Ore Company Proprietary Limited (SIOC) (located in the Northern Cape province) reported within the other ferrous reportable segment, as well as the FerroAlloys operation (referred to as Alloys). The Alloys operation manufactures ferrosilicon.

TiO_2

The TiO_2 reportable segment comprises a 10.26% (2019: 10.38%) equity interest in Tronox Holdings plc, which was classified as a non-current asset held-for-sale on 30 September 2017 (refer note 17), and a 26% (2019: 26%) equity interest in Tronox SA (both South African-based operations).

Other

The other reportable segment is split between the base metals and other reportable segments. The 26% (2019: 26%) equity interest in Black Mountain (located in the Northern Cape province) is included in the base metals reportable segment. The other reportable segment comprises a 25.85% (2019: 25.86%) equity interest in Insect Technology, the Ferroland Grandtrust Proprietary Limited (Ferroland) agricultural operation and the corporate office which renders services to operations and other customers. The 15% (2019: 15%) equity interest in Curapipe Systems Limited (Curapipe) was disposed of on 9 November 2020.

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

5. SEGMENTAL INFORMATION continued

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

	Coal				
	Commercial				
For the year ended 31 December 2020	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Energy Rm
External revenue	15 449	8 037	4 355	34	889
Segmental net operating profit/(loss)	6 668	(2 419)	145	(114)	1 619
– *Continuing operations*	6 668	(2 419)	145	(114)	1 619
– *Discontinued operations*					
External finance income (note 10)	33	3		8	12
External finance costs (note 10)	(48)	(171)		(52)	(402)
Income tax (expense)/benefit	(2 020)	530	(46)	782	1
– *Continuing operations*	(2 020)	530	(46)	782	1
– *Discontinued operations*					
Depreciation and amortisation (note 8)	(1 373)	(611)	(19)	(2)	(291)
Impairment charges (note 9)		(1 378)			
Gain on deemed disposal of JV (note 4)					1 321
Gains on disposal of joint operation and transfer of operation (note 8)		17		4	
Share of income/(loss) of equity-accounted investments (note 11)		67		5	(5)
– *Continuing operations*		67		5	(5)
– *Discontinued operations*					
Cash generated by/(utilised in) operations	8 223	(879)	241	(1 717)	693
Capital spend (note 13)	(2 326)	(717)	(1)	(16)	(1)
At 31 December 2020					
Segmental assets and liabilities					
Deferred tax[1]		112	(158)	589	146
Equity-accounted investments (note 15)		1 412		2 053	98
External assets	30 155	6 160	1 138	2 468	8 825
Assets	30 155	7 684	980	5 110	9 069
Non-current assets held-for-sale (note 17)		2 008			
Total assets	30 155	9 692	980	5 110	9 069
External liabilities	2 129	1 288	926	1 308	5 715
Deferred tax[1]	6 934	229		189	937
Liabilities	9 063	1 517	926	1 497	6 652
Non-current liabilities held-for-sale (note 17)		1 138			
Total liabilities	9 063	2 655	926	1 497	6 652

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2020	Ferrous: Alloys Rm	Ferrous: Other ferrous Rm	TiO_2 Rm	Other: Base metals Rm	Other: Other Rm	Total Rm
External revenue	147				13	28 924
Segmental net operating profit/(loss)	4			93	(1 703)	4 293
– *Continuing operations*	4			93	(1 703)	4 293
– *Discontinued operations*						
External finance income (note 10)					159	215
External finance costs (note 10)	(1)				(373)	(1 047)
Income tax (expense)/benefit	7				27	(719)
– *Continuing operations*	7				27	(719)
– *Discontinued operations*						
Depreciation and amortisation (note 8)	(6)				(134)	(2 436)
Impairment charges (note 9)					(504)	(1 882)
Gain on deemed disposal of JV (note 4)						1 321
Gains on disposal of joint operation and transfer of operation (note 8)						21
Share of income/(loss) of equity-accounted investments (note 11)		6 125	207	122	(110)	6 411
– *Continuing operations*		6 125	207	122	(110)	6 411
– *Discontinued operations*						
Cash generated by/(utilised in) operations	(38)	(4)			1 251	7 770
Capital spend (note 13)	(2)				(112)	(3 175)
At 31 December 2020						
Segmental assets and liabilities						
Deferred tax[1]	17	1			369	1 076
Equity-accounted investments (note 15)		12 820	2 628	995		20 006
External assets	309	26			4 694	53 775
Assets	326	12 847	2 628	995	5 063	74 857
Non-current assets held-for-sale (note 17)			1 741			3 749
Total assets	326	12 847	4 369	995	5 063	78 606
External liabilities	29	3			9 713	21 111
Deferred tax[1]					(53)	8 236
Liabilities	29	3			9 660	29 347
Non-current liabilities held-for-sale (note 17)						1 138
Total liabilities	29	3			9 660	30 485

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2019 (Re-presented)[1]	Coal				
	Commercial				
	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Energy Rm
External revenue	14 012	7 240	4 038	292	
Segmental net operating profit/(loss)[2]	5 752	(318)	136	(558)	(58)
– *Continuing operations*	5 752	(318)	136	(558)	(58)
– *Discontinued operations*					
External finance income (note 10)	57	21		30	
External finance costs (note 10)	(54)	(165)		(27)	
Income tax (expense)/benefit	(1 627)	120	(47)	627	
– *Continuing operations*	(1 627)	120	(47)	627	
– *Discontinued operations*					
Depreciation and amortisation (note 8)	(1 383)	(382)	(23)	(3)	
Impairment reversals/(charges) (note 9)	23				
Loss on loss of control of subsidiary		(35)			
Gain on disposal of operation		76			
Share of income/(loss) of equity-accounted investments (note 11)		127		1	18
– *Continuing operations*		127		1	18
– *Discontinued operations*					
Cash generated by/(utilised in) operations	6 062	(253)	201	(1 042)	
Capital spend (note 13)	(2 951)	(2 776)		(90)	
At 31 December 2019 (Re-presented)[1]					
Segmental assets and liabilities					
Deferred tax[3]			(107)	340	
Equity-accounted investments (note 15)		1 335		2 067	350
Loans to associates		133			
External assets	28 832	10 499	1 210	3 951	
Assets	28 832	11 967	1 103	6 358	350
Non-current assets held-for-sale (note 17)					
Total assets	28 832	11 967	1 103	6 358	350
External liabilities	1 951	2 336	938	2 684	
Deferred tax[3]	6 411	715		68	
Liabilities	8 362	3 051	938	2 752	
Non-current liabilities held-for-sale (note 17)		1 410			
Total liabilities	8 362	4 461	938	2 752	

[1] *Refer note 2.2.*

[2] *Segmental net operating profit or loss has been re-presented to reflect the change in the allocation of corporate costs.*

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2019 (Re-presented)[1]	Ferrous Alloys Rm	Ferrous Other ferrous Rm	TiO_2 Rm	Other Base metals Rm	Other Other Rm	Total Rm
External revenue	130				14	25 726
Segmental net operating profit/(loss)[2]	6	(1)	2 400		(960)	6 399
– *Continuing operations*	6	(1)	270		(960)	4 269
– *Discontinued operations*			2 130			2 130
External finance income (note 10)					210	318
External finance costs (note 10)	(1)				(108)	(355)
Income tax (expense)/benefit	3		(65)		(44)	(1 033)
– *Continuing operations*	3				(44)	(968)
– *Discontinued operations*			(65)			(65)
Depreciation and amortisation (note 8)	(5)				(116)	(1 912)
Impairment reversals/(charges) (note 9)					(58)	(35)
Loss on loss of control of subsidiary						(35)
Gain on disposal of operation						76
Share of income/(loss) of equity-accounted investments (note 11)		4 413	234	52	(152)	4 693
– *Continuing operations*		4 413	234	52	(152)	4 693
– *Discontinued operations*						
Cash generated by/(utilised in) operations	1				304	5 273
Capital spend (note 13)					(259)	(6 076)
At 31 December 2019 (Re-presented)[1]						
Segmental assets and liabilities						
Deferred tax[3]	11				223	467
Equity-accounted investments (note 15)		9 835	2 472	872	571	17 502
Loans to associates						133
External assets	279	25	65		4 136	48 997
Assets	290	9 860	2 537	872	4 930	67 099
Non-current assets held-for-sale (note 17)			1 741			1 741
Total assets	290	9 860	4 278	872	4 930	68 840
External liabilities	30	6			9 460	17 405
Deferred tax[3]					(56)	7 138
Liabilities	30	6			9 404	24 543
Non-current liabilities held-for-sale (note 17)						1 410
Total liabilities	30	6			9 404	25 953

[1] *Refer note 2.2.*
[2] *Segmental net operating profit or loss has been re-presented to reflect the change in the allocation of corporate costs.*
[3] *Offset per legal entity and tax authority.*

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

6. DISCONTINUED OPERATIONS

The discontinued operation relates to Tronox Holdings plc, which represents a major geographical area of operation as well as the majority of the TiO_2 reportable segment.

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

	For the year ended 31 December	
	2020 Rm	(Re-presented)[1] 2019 Rm
Financial performance		
Losses on financial instruments revaluations recycled to profit or loss		(1)
Net gains on translation differences recycled to profit or loss on partial disposal of investment in foreign associate		832
Indemnification asset movement		65
Operating profit		896
Gain on partial disposal of associate		1 234
Net operating profit		2 130
Dividend income received from non-current assets held-for-sale	69	47
Profit before tax	69	2 177
Income tax expense		(65)
Profit for the year from discontinued operations	69	2 112
Other comprehensive loss, net of tax		
Items that have subsequently been reclassified to profit or loss:		(831)
– Recycling of share of other comprehensive income of equity-accounted investments		(831)
Total comprehensive income for the year	69	1 281
Cash flow information		
Cash flow attributable to investing activities		
– Dividend income received from non-current assets held-for-sale	69	47
– Proceeds from partial disposal of associate classified as non-current assets held-for-sale		2 889
Cash flow attributable to discontinued operations	69	2 936

[1] *Refer note 2.2.*

7. REVENUE

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

	Coal					Ferrous	Other	
	Commercial							
For the year ended 31 December 2020	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Energy Rm	Alloys Rm	Other Rm	Total Rm
Segmental revenue reconciliation								
Segmental revenue[1]	15 449	8 037	4 355	34	889	147	13	28 924
Export sales allocated to selling entity	(2 002)	(7 357)		9 359				
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By timing and major type of goods and services								
Sale of goods at a point in time	13 447	680	3 744	9 293	889	139	12	28 204
Coal	13 447	680	3 744	9 293				27 164
Ferrosilicon						139		139
Renewable energy					889			889
Biological goods							12	12
Rendering of services over time			611	100		8	1	720
Stock yard management services			154					154
Project engineering services			457					457
Other mine management services				34				34
Transportation services				66		2		68
Other services						6	1	7
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By major geographic area of customer[2]								
Domestic	13 447	680	4 355	34	889	147	8	19 560
Export				9 359			5	9 364
Europe				3 904			3	3 907
Asia				4 539			2	4 541
Other				916				916
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By major customer industries								
Public utilities	11 508		4 355	260	889			17 012
Merchants	174	345		8 525		2		9 046
Steel	1 014	79		77				1 170
Mining	56	103		126		119		404
Manufacturing	275					26		301
Food and beverage	250						8	258
Chemicals		145						145
Cement	132							132
Other	38	8		405			5	456
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924

[1] *Coal segmental revenue is based on the origin of coal production.*
[2] *Determined based on the customer supplied by Exxaro.*

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS continued

7. REVENUE continued

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

[1] *Coal segmental revenue is based on the origin of coal production.*
[2] *Determined based on the customer supplied by Exxaro.*

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

	For the year ended 31 December 2020 Rm	2019 Rm
The following (expense)/income items are included, among others, in operating expenses:		
Raw materials and consumables	(3 744)	(3 760)
Staff costs[1]	(5 103)	(5 248)
Royalties	(575)	(459)
Contract mining	(2 409)	(2 308)
Repairs and maintenance	(2 421)	(2 251)
Railage and transport	(3 101)	(2 353)
Movement in provisions (note 20)	1 100	(127)
Movement in indemnification asset	(798)	139
Depreciation and amortisation	(2 436)	(1 912)
– Depreciation of property, plant and equipment	(2 237)	(1 849)
– Depreciation of right-of-use assets	(71)	(59)
– Amortisation of intangible assets	(128)	(4)
Gain on deemed disposal of JV[2]	1 321	
Losses on share of cash flow hedge reserve recycled to profit or loss on deemed disposal of JV[2]	(59)	
Fair value adjustments on contingent consideration[3]	(3)	296
Hedge ineffectiveness on cash flow hedges (note 23.2)	(57)	
Legal and professional fees	(653)	(742)
Net losses on disposal of property, plant and equipment	(92)	
Gain on disposal of joint operation[4]	17	
Gain on transfer of operation[5]	4	
Gain on disposal of operation		76
Loss on loss of control of subsidiary		(35)
Loss on dilution of investment in associates	(20)	(42)
Gain on disposal of associate		270
ECLs[6]	144	(165)
Write down of inventory to net realisable value	(9)	(11)
Insurance recoveries for	32	148
– Business interruption	14	99
– Property, plant and equipment	18	49

[1] *2019 includes an amount of R459 million relating to Targeted Voluntary Severance Packages (TVPs).*
[2] *Relates to the step-up acquisition of Cennergi (refer note 4).*
[3] *2020: relates to the Cennergi acquisition; 2019: relates to the Exxaro Coal Central Proprietary Limited (ECC) acquisition.*
[4] *Relates to Ermelo Joint Venture (EMJV).*
[5] *Relates to Arnot.*
[6] *2020: relates mainly to the reversal of ECLs as payments were received on non-performing other receivables. 2019: relates mainly to non-performing other receivables and the loan to Tumelo.*

9. IMPAIRMENT CHARGES

	For the year ended 31 December	
	2020 Rm	2019 Rm
ECC operation		
Impairment charges	(1 378)	
– Property, plant and equipment	(1 359)	
– Right-of-use assets	(19)	
Investments in associates		
Impairment charges	(504)	(58)
– Insect Technology	(458)	
– Curapipe	(46)	
– GAM		(58)
Reductants operation		
Impairment reversal		23
– Property, plant and equipment		23
Net impairment charges	(1 882)	(35)
Tax effect[1]	236	
Net effect on attributable earnings	(1 646)	(35)

[1] *Tax effect relates to the ECC operation.*

ECC operation

On 31 December 2020, the ECC operation, met all the criteria in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5) to be classified as a non-current asset held-for-sale (refer note 17). An impairment assessment in terms of IAS 36 *Impairment of Assets* (IAS 36) was required to be performed. The recoverable amount was determined to be its fair value less costs of disposal (which represents the discounted value of the offer price negotiated with the proposed buyer to the sales transaction).

Insect Technology

During 2020, Exxaro's investment in Insect Technology was no longer considered to be a strategic fit for Exxaro. Consequently Exxaro will not participate in any further fund raising.

Insect Technology was unable to raise funding for pre-commissioning, research and development as well as operational expenses. The delays in the fund raising had an impact on working capital requirements and the company found itself in severe financial distress. Due to the uncertainty of whether Insect Technology will continue as a going concern, a decision was taken to impair the investment.

On 31 December 2020, the equity interest in Insect Technology was impaired to nil.

Curapipe

The investment in Curapipe was identified not to be a strategic fit for Exxaro and as a result, Exxaro embarked on a divestment process during 2020 for the total equity interest in Curapipe. On 30 June 2020, the investment in Curapipe was impaired to US$1. Subsequently, the investment was sold on 9 November 2020.

10. NET FINANCING COSTS

	For the year ended 31 December 2020 Rm	2019 Rm
Finance income	215	318
Interest income	209	292
Reimbursement of interest income on environmental rehabilitation funds	(5)	
Finance lease interest income	8	9
Commitment fee income	3	6
Interest income from loan to joint venture		11
Finance costs	(1 047)	(355)
Interest expense	(984)	(506)
Net fair value loss on interest rate swaps designated as cash flow hedges: transfer from other comprehensive income	(107)	
– Realised fair value loss	(153)	
– Unrealised fair value gain	46	
Unwinding of discount rate on rehabilitation costs	(305)	(414)
Recovery of unwinding of discount rate on rehabilitation costs	38	167
Interest expense on lease liabilities	(54)	(36)
Amortisation of transaction costs	(9)	(14)
Borrowing costs capitalised[1]	374	448
Total net financing costs	(832)	(37)
[1] *Borrowing costs capitalisation rate:*	*7.79%*	*9.98%*

11. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

	For the year ended 31 December 2020 Rm	(Re-presented)[1] 2019 Rm
Associates	6 331	4 520
SIOC	6 125	4 413
Tronox SA	207	234
RBCT	5	1
Black Mountain[1]	122	52
Curapipe[2]	(1)	(4)
Insect Technology	(109)	(148)
LightApp	(18)	(28)
Joint ventures	80	173
Mafube	67	127
Cennergi[3]	13	46
Share of income of equity-accounted investments	6 411	4 693

[1] *The investment in Black Mountain was previously presented as a discontinued operation. Refer note 2.2.*
[2] *The investment in Curapipe was sold on 9 November 2020.*
[3] *Equity-accounted income up to 31 March 2020.*

12. DIVIDEND DISTRIBUTIONS

A final cash dividend, number 36, for 2020 of 1 243 cents per share, was approved by the board of directors on 16 March 2021. The dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This final dividend, amounting to approximately R3 119 million (to external shareholders), has not been recognised as a liability in these summarised group annual financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2021.

The final 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 994.4000 cents per share.

Taking into account the proceeds of R5 763 million received from the disposal of Exxaro's shareholding in Tronox Holdings plc, the board of directors has approved to pay a special dividend of 543 cents per share. The special dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This special dividend, amounting to approximately R1 363 million (to external shareholders), has not been recognised as a liability in these summarised group annual financial statements. It will be recognised in shareholder's equity in the year ending 31 December 2021.

The special 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 434.40000 cents per share.

The number of ordinary shares in issue at the date of this declaration is 358 706 754. Exxaro company's tax reference number is 9218/098/14/4.

	For the year ended 31 December	
	2020 Rm	2019 Rm
Dividends paid	(3 034)	(5 812)
Final dividend (relating to prior year)	(1 420)	(1 393)
Special dividend		(2 251)
Interim dividend (relating to current year)	(1 614)	(2 168)
	cents	cents
Dividend paid per share	1 209	2 316
Final dividend (relating to prior year)	566	555
Special dividend		897
Interim dividend (relating to current year)	643	864

	At 31 December	
	2020 Rm	2019 Rm
Issued share capital (number of shares)	358 706 754	358 706 754
Ordinary shares (millions)		
– Weighted average number of shares	251	251
– Diluted weighted average number of shares	251	251

13. CAPITAL SPEND AND CAPITAL COMMITMENTS

	At 31 December	
	2020 Rm	2019 Rm
Capital spend		
To maintain operations	2 225	2 502
To expand operations	950	3 574
Total capital spend	3 175	6 076
Capital commitments		
Contracted	2 339	2 225
– Contracted for the group (owner-controlled)	1 990	1 985
– Share of capital commitments of equity-accounted investments	349	240
Authorised, but not contracted	1 484	3 119

14. INTANGIBLE ASSETS

	At 31 December	
	2020 Rm	2019 Rm
Goodwill		
Net carrying amount		
Acquisition of subsidiaries (note 4)	521	
At end of the year	521	
Customer contracts		
Gross carrying amount		
Acquisition of subsidiaries (note 4)	2 685	
At end of the year	2 685	
Accumulated amortisation		
Charges for the year	(123)	
At end of the year	(123)	
Patents and licences		
Gross carrying amount		
At beginning of the year	43	38
Additions	2	5
Reclassification to non-current assets held-for-sale	(7)	
Exchange differences	1	
At end of the year	39	43
Accumulated amortisation		
At beginning of the year	(27)	(23)
Charges for the year	(5)	(4)
Reclassification to non-current assets held-for-sale	5	
At end of the year	(27)	(27)
Net carrying amount at end of the year	3 095	16

15. EQUITY-ACCOUNTED INVESTMENTS

	At 31 December 2020 Rm	(Re-presented)[1] 2019 Rm
Associates	18 594	15 928
SIOC	12 820	9 835
Tronox SA	2 628	2 472
RBCT	2 053	2 067
Black Mountain	995	872
Curapipe[2]		37
Insect Technology[3]		534
LightApp	98	111
Joint ventures	1 412	1 574
Mafube	1 412	1 335
Cennergi[4]		239
Total carrying value of equity-accounted investments	20 006	17 502

[1] *Refer note 2.2.*
[2] *The investment in Curapipe was sold on 9 November 2020 for US$1 under a deferred compensation offer comprising a cash component of US$1 and a contingent consideration receivable component. The contingent consideration receivable is dependent on the occurrence of certain transactions. At 31 December 2020, the occurrence of these transactions was considered not to be probable resulting in contingent consideration receivable of nil.*
[3] *On 31 December 2020, the investment in Insect Technology was impaired to nil. Refer note 9.*
[4] *The additional 50% interest in Cennergi was acquired on 1 April 2020 from which date the subsidiaries have been consolidated (refer note 4 for details of the business combination).*

16. OTHER ASSETS

	At 31 December 2020 Rm	2019 Rm
Non-current		
Reimbursements[1]	373	1 648
Indemnification asset: Total S.A.[2]		1 410
Biological assets	28	24
Lease receivables	53	61
Deferred costs	2	
Other	74	51
Total non-current other assets	530	3 194
Current		
Indemnification asset: Tronox Holdings plc		65
VAT	504	501
Royalties	127	114
Prepayments	144	120
Current tax receivables	198	265
Lease receivables	6	6
Other	41	33
Total current other assets	1 020	1 104
Total other assets	1 550	4 298

[1] *Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matla operation at the end of LoM (2019: included Matla and Arnot operations).*
[2] *Upon the acquisition of ECC in 2015, Total S.A. indemnified Exxaro from any obligations relating to EMJV. The indemnification lapsed in August 2020.*

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

ECC operation

The ECC operation was identified as non-core to the future objectives of Exxaro. As a result, Exxaro embarked on a divestment process of the total equity interest in ECC. On 31 December 2020, the ECC operation met all the criteria to be classified as a non-current asset held-for-sale in terms of IFRS 5.

The ECC operation is reported as part of the coal Mpumalanga reportable segment and 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.

Tronox Holdings plc

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

Subsequently, Exxaro sold 22 425 000 Class A Tronox Limited ordinary shares during October 2017. During May 2019, Tronox Holdings plc repurchased 14 000 0000 Tronox Holdings plc ordinary shares from Exxaro after Tronox Limited had redomiciled to the UK. On 31 December 2020, management concluded that the remaining investment in Tronox Holdings plc continues to meet the criteria to be classified as a non-current asset held-for-sale in terms of IFRS 5. Subsequent to year-end, the remaining 14 729 280 shares were sold (refer note 27).

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

EMJV

As part of the ECC acquisition in 2015, Exxaro acquired non-current liabilities held-for-sale relating to the EMJV. The transaction was conditional on a section 43 consent required in terms of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) for transfer of the legal environmental liabilities and rehabilitation obligations to Scinta Energy Proprietary Limited. On 31 December 2020, all conditions precedent to the transaction were met and the transaction became effective.

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

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

	At 31 December	
	2020 Rm	(Re-presented)[1] 2019 Rm
Assets		
Property, plant and equipment	841	
Right-of-use assets	1	
Intangible assets	2	
Investments in associates	1 741	1 741
– Tronox Holdings plc	1 741	1 741
Non-current financial assets	655	
– Environmental rehabilitation funds	655	
Inventories	149	
Current financial assets	139	
– Loans to associate: Tumelo	139	
Trade and other receivables	39	
– Trade receivables	29	
– Other receivables	10	
Other current assets	153	
Current tax receivable	21	
Cash and cash equivalents	8	
Non-current assets held-for-sale	3 749	1 741
Liabilities		
Non-current lease liabilities	(13)	
Other non-current payables	(7)	
Non-current provisions	(724)	(1 393)
Retirement employee obligations	(1)	(17)
Deferred tax liabilities	(21)	
Trade and other payables	(289)	
– Trade payables	(76)	
– Other payables	(213)	
Current lease liabilities	(8)	
Current provisions	(2)	
Current tax payable	(1)	
Other current liabilities	(72)	
Non-current liabilities held-for-sale	(1 138)	(1 410)
Net non-current assets held-for-sale	2 611	331

[1] *Refer note 2.2.*

18. INTEREST-BEARING BORROWINGS

	At 31 December 2020 Rm	2019 Rm
Non-current[1]	7 448	6 991
Loan facility[2]	1 748	5 991
Project financing[3]	4 700	
Bonds	1 000	1 000
Current[1]	6 163	50
Loan facility[2]	6 050	46
Project financing[3]	110	
Bonds	3	4
Total interest-bearing borrowings	13 611	7 041
Summary of interest-bearing borrowings by period of redemption:		
Less than six months	107	54
Six to 12 months	6 056	(4)
Between one and two years	1 379	2 744
Between two and three years	1 082	3 605
Between three and four years	915	(1)
Between four and five years	349	643
Over five years	3 723	
Total interest-bearing borrowings	13 611	7 041
[1] Reduced by the amortisation of transaction costs of:		
– Non-current	*(2)*	*(9)*
– Current	*(6)*	*(9)*
[2] Exxaro is in the process of refinancing its loan facility as the current facility is expected to mature in July 2021.		
[3] Interest-bearing borrowings relating to the Cennergi group.		
Overdraft		
Bank overdraft	17	976

The bank overdraft is repayable on demand. Interest is based on current South African money market rates.

There were no defaults or breaches in terms of interest-bearing borrowings during the reporting periods, except for a technical non-compliance in relation to the project financing agreements which was rectified before the end of the year as agreed with the financial institutions.

18. INTEREST-BEARING BORROWINGS continued

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

		Loan facility		
	Year	Bullet term loan	Amortised term loan	Revolving[1] facility
Aggregate nominal amount (Rm)	2020	3 250	1 750	4 750
	2019	3 250	1 750	2 750
Issue date or draw down date		29 July 2016	29 July 2016	29 July 2016
Maturity date		29 July 2021	29 July 2023	29 July 2021
Capital payments		The total outstanding amount is payable on final maturity date	Four consecutive semi-annual instalments commencing on the date occurring 18 months prior to the final maturity date	The total outstanding amount is payable on final maturity date
Duration (months)		60	84	60
Secured or unsecured		Unsecured	Unsecured	Unsecured
Undrawn portion (Rm)	2020	nil	nil	2 000
	2019	nil	1 750	nil
Interest				
Interest payment basis		Floating rate	Floating rate	Floating rate
Interest payment period		Three months	Three months	Monthly
Interest rate		3-month JIBAR plus a margin of 325 basis points (3.25%)	3-month JIBAR plus a margin of 360 basis points (3.60%)	1-month JIBAR plus a margin of 325 basis points (3.25%)
Effective interest rates for the transaction costs	2020	0.17%	N/A	N/A
	2019	0.17%	N/A	N/A

[1] *An additional R2 billion accordion facility was made available from 1 July 2020.*

18. INTEREST-BEARING BORROWINGS continued

		Project financing[1]		
	Year	Tsitsikamma SPV loan facility	Amakhala SPV loan facilities: floating rate[2]	Amakhala SPV loan facilities: fixed rate[3]
Remaining nominal amount outstanding (Rm)	2020	1 918	2 734	158
Debt assumed date		1 April 2020	1 April 2020	1 April 2020
Maturity date		31 December 2030	30 June 2031	30 June 2031
Capital payments		Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount	Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount	Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount
Duration (months)		129	135	135
Secured or unsecured[4]		Secured	Secured	Secured
Undrawn portion (Rm)	2020	122	273	
Interest[5]				
Interest payment basis		Floating rate	Floating rate	Fixed rate
Interest payment period		Bi-annual	Bi-annual	Bi-annual
Interest rate		3-month JIBAR plus a margin of 264 basis points (2.64%)	3-month JIBAR plus an all in margin ranging from 359 basis points to 681 basis points (3.59% to 6.81%)	An all in margin ranging from 371 basis points to 681 basis points (3.71% to 6.81%) plus: (1) 8.00% until June 2021 (2) 9.46% from July 2021 to maturity
Effective interest rates for the transaction costs	2020	N/A	N/A	N/A

[1] *Debt assumed from Cennergi business combination as of 1 April 2020. Refer note 4.*

[2] *Comprising the following loan facilities at the specified all in margin:*

– Senior A and C	*+3.59*
– Senior IFC	*+3.71*
– Subordinate A and C	*+6.69*
– Subordinate IFC	*+6.81*

These margins are subject to variation.

[3] *Comprising the following loan facilities at the specified all in margin:*

– Senior B	*+3.71*
– Subordinate B	*+6.81*

[4] *Security held over the assets and share capital of Tsitsikamma SPV and Amakhala SPV respectively.*

[5] *Interest payments are hedged from a floating rate to a fixed rate. Refer note 23.2.2.*

18. INTEREST-BEARING BORROWINGS continued

	Year	Domestic Medium-Term Note (DMTN) Programme (bonds) R357 million senior unsecured floating rate note	Domestic Medium-Term Note (DMTN) Programme (bonds) R643 million senior unsecured floating rate note
Aggregate nominal amount (Rm)	2020	357	643
	2019	357	643
Issue date or draw down date		13 June 2019	13 June 2019
Maturity date		13 June 2022	13 June 2024
Capital payments		No fixed or determined payments, the total outstanding amount is payable on final maturity date	No fixed or determined payments, the total outstanding amount is payable on final maturity date
Duration (months)		36	60
Secured or unsecured		Unsecured	Unsecured
Interest			
Interest payment basis		Floating rate	Floating rate
Interest payment period		Three months	Three months
Interest rate		3-month JIBAR plus a margin of 165 basis points (1.65%)	3-month JIBAR plus a margin of 189 basis points (1.89%)
Effective interest rates for the transaction costs	2020	N/A	N/A
	2019	N/A	N/A

19. LEASE LIABILITIES

	At 31 December 2020 Rm	At 31 December 2019 Rm
Non-current	493	461
Current	29	27
Total lease liabilities	522	488
Summary of lease liabilities by period of redemption:		
Less than six months	14	15
Six to 12 months	15	12
Between one and two years	34	28
Between two and three years	43	34
Between three and four years	43	34
Between four and five years	53	43
Over five years	320	322
Total lease liabilities	522	488
Analysis of movement in lease liabilities		
At beginning of the year	488	2
Recognised on initial application of IFRS 16 *Leases*		66
Balance at 1 January	488	68
New leases	24	458
Lease terminations		(12)
Acquisition of subsidiaries	55	
Reclassification to non-current liabilities held-for sale	(21)	
Lease remeasurement adjustments	10	7
Lease modification adjustments	(3)	
Exchange difference on translation	1	
Capital repayments	(32)	(33)
– Lease payments	(86)	(69)
– Interest charges	54	36
At end of the year	522	488

The lease liabilities relate to the right-of-use assets. Interest is based on incremental borrowing rates ranging between 7.33% and 10.44% (2019: 7.85% and 10.44%).

20. PROVISIONS

	Environmental rehabilitation					
	Restoration Rm	Decommis-sioning Rm	Residual impact Rm	Other site closure costs Rm	Other[1] Rm	Total Rm
At 31 December 2020						
At beginning of the year	2 432	544	1 345	83		4 404
(Reversal)/charge to operating expenses (note 8)	(60)	(85)	(986)	14	17	(1 100)
– Additional provisions	316	14	44	16	17	407
– Unused amounts reversed[2]	(376)	(99)	(1 030)	(2)		(1 507)
Unwinding of discount rate on rehabilitation costs (note 10)	169	44	92			305
Provisions capitalised to property, plant and equipment		(88)				(88)
Utilised during the year	(18)		(3)	(16)	(3)	(40)
Reclassification to non-current liabilities held-for-sale	(467)	(52)	576	(2)		55
Acquisition of subsidiaries	6	29	4			39
Transfer of operation	(642)	(97)	(705)			(1 444)
Total provisions at end of the year	1 420	295	323	79	14	2 131
Non-current	1 284	295	300	60	7	1 946
Current	136		23	19	7	185
At 31 December 2019						
At beginning of the year	2 516	451	975	80		4 022
(Reversal)/charge to operating expenses (note 8)	(244)	52	301	18		127
– Additional provisions	374	56	403	19		852
– Unused amounts reversed	(618)	(4)	(102)	(1)		(725)
Unwinding of discount rate on rehabilitation costs (note 10)	228	47	139			414
Provisions capitalised to property, plant and equipment		(4)				(4)
Utilised during the year	(58)			(15)		(73)
Reclassification to non-current liabilities held-for-sale	(4)		(69)			(73)
Loss of control of subsidiary	(6)	(2)	(1)			(9)
Total provisions at end of the year	2 432	544	1 345	83		4 404
Non-current	2 366	544	1 334	61		4 305
Current	66		11	22		99

[1] Relates to a constructive obligation created with certain BEE minorities within the Cennergi group to receive distributions in proportion to their percentage interest prior to their in substance share options being exercised.
[2] The residual impact includes an adjustment to the EMJV environmental rehabilitation provision, amounting to R818 million.

21. NET DEBT

	At 31 December 2020 Rm	2019 Rm
Net debt is presented by the following items on the statement of financial position:		
Non-current interest-bearing debt	(7 954)	(7 452)
Interest-bearing borrowings	(7 448)	(6 991)
Lease liabilities	(493)	(461)
Lease liabilities classified as non-current liabilities held-for-sale	(13)	
Current interest-bearing debt	(6 200)	(77)
Interest-bearing borrowings	(6 163)	(50)
Lease liabilities	(29)	(27)
Lease liabilities classified as non-current liabilities held-for-sale	(8)	
Net cash and cash equivalents	3 187	1 719
Cash and cash equivalents	3 196	2 695
Cash and cash equivalents classified as non-current assets held-for-sale	8	
Overdraft	(17)	(976)
Total net debt	(10 967)	(5 810)

21. NET DEBT continued

Analysis of movement in net debt:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities arising from financing activities: Non-current interest-bearing debt Rm	Liabilities arising from financing activities: Current interest-bearing debt Rm	Total Rm
Net debt at 31 December 2018	549	(3 843)	(573)	(3 867)
Cash flows	1 171	(3 148)	553	(1 424)
Operating activities[1]	3 483			3 483
Investing activities	2 974			2 974
Financing activities[1]	(5 286)	(3 148)	553	(7 881)
– Interest-bearing borrowings raised	4 250	(3 750)	(500)	
– Interest-bearing borrowings repaid	(1 622)	602	1 020	
– Lease liabilities paid	(33)		33	
– Dividends paid to owners of the parent[1]	(5 812)			(5 812)
– Shares acquired in the market to settle share-based payments	(678)			(678)
– Dividends paid to BEE Parties	(1 391)			(1 391)
Non-cash movements	(1)	(461)	(57)	(519)
Amortisation of transaction costs			(14)	(14)
Preference dividend accrued		13		13
Interest accrued			2	2
Lease remeasurements		(7)		(7)
New leases		(524)		(524)
Lease liabilities cancelled			12	12
Transfers between non-current and current liabilities		57	(57)	
Translation difference on movement in cash and cash equivalents	(1)			(1)
Net debt at 31 December 2019	1 719	(7 452)	(77)	(5 810)

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

21. NET DEBT continued

Analysis of movement in net debt (continued):

		Liabilities arising from financing activities		
	Cash and cash equivalents/ (overdraft) Rm	Non-current interest-bearing debt Rm	Current interest-bearing debt Rm	Total Rm
Net debt at 31 December 2019	1 719	(7 452)	(77)	(5 810)
Cash flows	1 468	(1 750)	120	(162)
Operating activities	5 493			5 493
Investing activities	(1 556)			(1 556)
Financing activities	(2 469)	(1 750)	120	(4 099)
– Interest-bearing borrowings raised	1 750	(1 750)		
– Interest-bearing borrowings repaid	(88)		88	
– NCI option exercised	115			115
– Distributions to NCI option holders	(1)			(1)
– Loan from NCI	69			69
– Lease liabilities paid	(32)		32	
– Dividends paid to owners of the parent	(3 034)			(3 034)
– Shares acquired in the market to settle share-based payments	(270)			(270)
– Dividends paid to BEE Parties	(978)			(978)
Non-cash movements		1 248	(6 243)	(4 995)
Amortisation of transaction costs			(9)	(9)
Interest accrued			114	114
Lease remeasurements and modifications		(7)		(7)
New leases		(24)		(24)
Acquisition of subsidiaries (note 4)		(4 847)	(222)	(5 069)
– Leases		(48)	(7)	(55)
– Project financing		(4 799)	(215)	(5 014)
Transfers between non-current and current liabilities		6 126	(6 126)	
Net debt at 31 December 2020	3 187	(7 954)	(6 200)	(10 967)

22. OTHER LIABILITIES

	At 31 December 2020 Rm	At 31 December 2019 Rm
Non-current		
Termination benefits[1]		144
Income received in advance	27	23
Total non-current other liabilities	27	167
Current		
Termination benefits[1]	205	305
Leave pay	225	203
Bonuses	271	241
VAT	31	21
Royalties		9
Carbon tax	5	
Current tax payables	34	50
Other current liabilities	90	97
Total current other liabilities	861	926
Total other liabilities	888	1 093

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

23. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	At 31 December 2020 Rm	At 31 December 2019 Rm
Non-current		
Financial assets		
Financial assets at FVOCI	222	235
Equity: unlisted – Chifeng	222	235
Financial assets at fair value through profit or loss (FVPL)	1 247	2 039
Debt: unlisted – environmental rehabilitation funds	1 247	2 039
Financial assets at amortised cost	672	400
Enterprise and supplier development loans[1]	79	124
Other financial assets at amortised cost	593	276
– Environmental rehabilitation funds	386	
– Deferred pricing receivable[2]	212	279
– Impairment allowances	(5)	(3)
Financial liabilities		
Financial liabilities at amortised cost	(7 541)	(7 112)
Interest-bearing borrowings	(7 448)	(6 991)
Other payables	(24)	(121)
Loan from NCI[3]	(69)	
Derivative financial liabilities designated as hedging instruments	(713)	
Hedging derivatives – interest rate swaps[4]	(713)	

[1] *Interest-free loans advanced to successful applicants in terms of the Exxaro enterprise and supplier development programme.*
[2] *Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.*
[3] *Loan payable to a BEE minority shareholder of Tsitsikamma SPV. The loan bears interest at a fixed rate of 16.3%, is unsecured and has no fixed terms of repayment, but is subject to cash being available and covenants approvals from the project financiers.*
[4] *Refer note 23.2.*

23. FINANCIAL INSTRUMENTS continued

	At 31 December 2020 Rm	At 31 December 2019 Rm
Current		
Financial assets		
Financial assets at amortised cost	6 192	6 208
Loans to associates and joint ventures		133
Associates		133
– Tumelo[1]		182
– Impairment allowances		(49)
Enterprise and supplier development loans[2]	105	82
– Gross	106	83
– Impairment allowances	(1)	(1)
Other financial assets at amortised cost	64	57
– Deferred pricing receivable[3]	64	57
– Deferred consideration receivable[4]	1	1
– Employee receivables	4	5
– Impairment allowances	(5)	(6)
Trade and other receivables	2 827	3 241
Trade receivables	2 698	2 928
– Gross	2 793	3 023
– Impairment allowances	(95)	(95)
Other receivables	129	313
– Gross	153	464
– Impairment allowances	(24)	(151)
Cash and cash equivalents	3 196	2 695
Financial liabilities		
Financial liabilities at amortised cost	(9 120)	(3 936)
Interest-bearing borrowings	(6 163)	(50)
Deferred consideration payable[5]		(307)
Trade and other payables	(2 940)	(2 603)
– Trade payables	(1 371)	(1 164)
– Other payables	(1 569)	(1 439)
Overdraft	(17)	(976)
Financial liabilities at FVPL	(49)	(191)
Derivative financial liabilities	(49)	
Contingent consideration[6]		(191)

[1] Loan granted to Tumelo. The loan is interest free, unsecured and repayable on demand, unless otherwise agreed by the parties.
[2] Interest-free loans advanced to successful applicants in terms of the Exxaro enterprise and supplier development programme.
[3] Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.
[4] Relates to deferred consideration receivable which arose on the disposal of mineral properties.
[5] Relates to deferred consideration payable in relation to the acquisition of the investment in Insect Technology.
[6] Relates to the ECC contingent consideration which was fully settled in January 2020.

23. FINANCIAL INSTRUMENTS continued

The group has granted the following loan commitments:

	At 31 December 2020 Rm	At 31 December 2019 Rm
Total loan commitment	981	1 206
Mafube[1]	250	500
Insect Technology[2]	731	706
Undrawn loan commitment	981	1 206
Mafube	250	500
Insect Technology	731	706

[1] *Revolving credit facility available for five years, ending 2023.*
[2] *A US$50 million term loan facility available from 2020 to 2025 subject to certain conditions being met. On 31 January 2021 the term loan facility lapsed.*

23.1 Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

At 31 December 2020	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	222		222
Equity – unlisted: Chifeng	222		222
Financial assets at FVPL	1 247	1 247	
Non-current debt – unlisted: environmental rehabilitation funds	1 247	1 247	
Derivative financial liabilities	(49)	(49)	
Current derivative financial liabilities	(49)	(49)	
Derivative financial liabilities designated as hedging instruments	(713)	(713)	
Non-current hedging derivatives: Interest rate swaps	(713)	(713)	
Net financial assets held at fair value	707	485	222

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

23. FINANCIAL INSTRUMENTS continued

23.1 Fair value hierarchy continued

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

	Contingent consideration Rm	Chifeng Rm	Total Rm
At 31 December 2018	(849)	185	(664)
Movement during the year			
Gains recognised in other comprehensive income (pre-tax effect)[1]		50	50
Gains recognised in profit or loss	296		296
Settlements	344		344
Exchange gains recognised in profit or loss	18		18
At 31 December 2019	(191)	235	44
Movement during the year			
Losses recognised in other comprehensive income (pre-tax effect)[1]		(13)	(13)
Losses recognised in profit or loss	(3)		(3)
Acquisition of subsidiaries[2]	(98)		(98)
Settlements[3]	296		296
Exchange losses recognised in profit or loss	(4)		(4)
At 31 December 2020		222	222

[1] *Tax on Chifeng Kumba Hangye Corporation Limited (Chifeng) amounts to nil (31 December 2019: nil).*
[2] *Relates to the acquisition of remaining 50% interest in Cennergi (refer note 4).*
[3] *Relates to the ECC contingent consideration, amounting to R195 million, which was fully settled in January 2020 and the Cennergi contingent consideration, amounting to R101 million, which was fully settled in December 2020.*

Transfers

The group recognises transfers between levels of the fair value hierarchy 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.

Valuation process applied

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

Current derivative financial instruments

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

Environmental rehabilitation funds

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

Interest rate swaps

Level 2 fair values for interest rate swaps are based on valuations provided by the financial institutions with whom the swaps have been entered into and take into account credit risk. The valuations are assessed for reasonability by discounting the estimated future cash flows based on observable ZAR swap curves.

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges

23.2.1 Accounting policy: Hedge accounting

The group has designated as cash flow hedges, and found to be effective, its interest rate swaps that cover a portion of the interest rate cash flows on certain of the project financing interest-bearing borrowings.

At inception of the hedge relationship, the risk management objective and strategy for undertaking the hedged transactions as well as the economic relationship between the hedging instruments and hedged items (including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items) is documented.

The effectiveness of the hedging instrument offsetting changes in cash flows of the hedged item attributable to the hedged risk is assessed and documented at inception and on an ongoing basis. The hedge relationship is determined to be effective when all of the following requirements are met:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that is actually hedged and the quantity of the hedging instrument that is actually used to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio of the hedging relationship is adjusted (ie rebalances the hedge) so that it meets the qualifying criteria again.

The full fair value of a derivative designated and found to be effective as a hedging instrument is classified as:

- A non-current financial asset or financial liability when the remaining maturity of the hedged item is more than 12 months; or
- A current financial asset or financial liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the cash flow hedge reserve within equity, but limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other operating expenses.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item, namely finance costs.

Furthermore, in cases where it is expected that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in OCI and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges continued

23.2.2 Financial risk management: Market risk management – interest rate risk management

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

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

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

Project financing

The group is exposed to the risk of variability in future interest payments on the project financing, attributable to fluctuations in 3-month JIBAR. The designated hedged item is the group of forecast floating interest rate cash flows arising from the project financing, up to the notional amount of each interest rate swap, over the term of the hedging relationship. The notional amounts per interest rate swap match up to the designated exposure being hedged.

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

Hedge effectiveness:

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

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

Hedge ineffectiveness for interest rate swaps is assessed frequently. It may occur due to:

– The debt value adjustment (DVA) on the interest rate swaps which is not matched by the project financing
– Differences in critical terms between the interest rate swaps and project financing.

The recognised ineffectiveness in 2020 amounted to R57 million and is mainly as a result of the DVA. Credit valuation adjustments are not considered due to the terms of the underlying project financing, which allow for set-off.

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

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges continued

The following tables detail the financial position and performance of the interest rate swaps outstanding at the end of the reporting period and their related hedged items.

At 31 December	2020 Rm
Hedging instruments: Outstanding receive floating, pay fixed contracts	
– Nominal amount	4 219
– Carrying amount	(713)
– Cumulative change in fair value used for calculating hedge ineffectiveness	549
Hedged items: Cash flows on floating rate project financing linked to JIBAR	
– Nominal amount	4 219
– Carrying amount in cash flow hedge reserve (gross) for continuing hedges	428
– Cumulative change in value used for calculating hedge ineffectiveness	428

For the year ended 31 December	2020 Rm
Change in fair value of outstanding hedging instruments since 1 April 2020:	478
– Change in the value of the hedging instrument recognised in other comprehensive income	535
– Hedge ineffectiveness recognised in operating expenses	(57)
Amount reclassified from hedging reserve to profit or loss included in finance costs	107

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

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

Hedging reserves

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

Financial instruments revaluation reserve composition:

At 31 December	2020 Rm	2019 Rm
Balance of share of movements of equity-accounted investees	(2)	23
Cash flow hedge reserve – interest rate swaps	308	
– Gross	428	
– Deferred tax on swap	(120)	
NCI share of hedging reserve	(51)	12
Financial instruments revaluation reserve	255	35

Movement analysis of cash flow hedge reserve – interest rate swaps:

	Gross Rm	Tax Rm	Net Rm
Movement during the year			
Change in fair value of interest rate swaps recognised in other comprehensive income	535	(150)	385
Reclassification from other comprehensive income to profit or loss in finance costs	(107)	30	(77)
At 31 December 2020	428	(120)	308

24. CONTINGENT LIABILITIES

	At 31 December 2020 Rm	2019 Rm
Pending litigation and other claims[1]		1 103
Operational guarantees[2]	4 531	4 506
– Financial guarantees ceded to the Department of Mineral Resources and Energy	4 239	3 994
– Other financial guarantees[3]	292	512
Total contingent liabilities	4 531	5 609

[1] *Deltatex Holdings Limited's leave to appeal to the Constitutional Court was dismissed with costs.*
[2] *Includes guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.*
[3] *Includes a guarantee to Khopoli, amounting to R85 million, which lapsed on 1 January 2021.*

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

Share of equity-accounted investments' contingent liabilities:

	At 31 December 2020 Rm	2019 Rm
Share of contingent liabilities of equity-accounted investments[1]	1 535	1 060

[1] *Mainly operational guarantees issued by financial institutions relating to environmental rehabilitation and closure costs as well as tax disputes with SARS.*

25. 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.

26. GOING CONCERN

Based on the latest results for the year ended 31 December 2020, the latest board-approved budget for 2021, as well as the available banking facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

27. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend are provided in note 12.

Subsequent to 31 December 2020, the following notable events have occurred:

Tronox SA flip-in

On 23 February 2021, Tronox Holdings plc exercised its "flip-in" call option over Exxaro's 26% shareholding in Tronox SA, for which Tronox Holdings plc delivered 7 246 035 newly-issued Tronox Holdings plc ordinary shares to Exxaro on 24 February 2021. With these additional Tronox Holdings plc ordinary shares, Exxaro owned 21 975 315 Tronox Holdings plc ordinary shares, representing approximately 14.6% of Tronox Holdings plc's total outstanding voting shares.

Tronox Holdings plc disposal

On 24 February 2021, Exxaro announced the commencement of a public offering in the United States of up to 17 million ordinary shares in Tronox Holdings plc. Furthermore, Exxaro granted the underwriters a 30-day option to purchase up to 2.55 million additional Tronox Holdings plc ordinary shares from Exxaro at the public offering price, less underwriting discounts and commissions.

On 25 February 2021, Exxaro announced the pricing of its upsized offering of 19 108 970 Tronox Holdings plc ordinary shares at a public offering price of US$18.25 per share for a total net proceeds of approximately US$332 million (approximately R4.81 billion), after deducting underwriting discounts and commissions. In addition, Exxaro granted the underwriters a 30-day option to purchase up to an additional 2 866 345 Tronox Holdings plc ordinary shares (Option shares). Settlement was expected to occur on 1 March 2021. Subsequent to the sale, Exxaro's ownership in Tronox Holdings plc would have reduced to the Option shares, which represented approximately 1.9% of Tronox Holdings plc outstanding voting shares.

On 2 March 2021, Exxaro announced that the underwriters fully exercised the Option. Following the disposal on 1 March 2021 Exxaro no longer owned any Tronox Holdings plc ordinary shares.

Exxaro has therefore concluded its stated strategy to monetise its stake in Tronox over time in the best possible manner taking into account prevailing market conditions. The funds from the disposal of the Tronox Holdings plc ordinary shares will be used to repay debt, invest in renewable energy projects and make distributions to shareholders in accordance with Exxaro's capital allocation framework.

ECC operation

On 8 April 2021, Exxaro signed a sale and purchase agreement with Overlooked Colliery Proprietary Limited who will acquire ECC. The purchase price of R871 million includes a deferred payment mechanism of R150 million dependent on ECC signing a third party coal supply agreement. The sale will only be effective once all conditions precedent to the sales agreement have been met.

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.

28. KEY MEASURES[1]

	At 31 December	
	2020	2019
Closing share price (rand per share)	138.90	131.14
Market capitalisation (R billion)	49.82	47.04
Average rand/US$ exchange rate (for the year ended)	16.45	14.44
Closing rand/US$ spot exchange rate	14.62	14.13

[1] *Non-IFRS numbers.*

29. INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

To the Shareholders of Exxaro Resources Limited

Opinion

The summarised group annual financial statements of Exxaro Resources Limited, set out on pages 3 to 50 of the *Exxaro Resources Limited Summarised group annual financial statements for the year ended 31 December 2020 and notice of the annual general meeting*, which comprise the summarised group statement of financial position as at 31 December 2020, the summarised group statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited group financial statements of Exxaro Resources Limited for the year ended 31 December 2020.

In our opinion, the accompanying summarised group annual financial statements are consistent, in all material respects, with the audited group financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in note 2 to the summarised group annual financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised Group Annual Financial Statements

The summarised group annual financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised group annual financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited group financial statements and the auditor's report thereon.

The Audited Group Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited group financial statements in our report dated 23 April 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period.

Director's Responsibility for the Summarised Group Annual Financial Statements

The directors are responsible for the preparation of the summarised group annual financial statements in accordance with the JSE's requirements for summarised financial statements, set out in note 2 to the summarised group annual financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised group annual financial statements are consistent, in all material respects, with the audited group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor
4 Lisbon Lane,
Waterfall City
23 April 2021

ANNUAL GENERAL MEETING NOTICE AND PROXY

BRIEF CURRICULA VITAE OF DIRECTORS STANDING FOR ELECTION OR RE-ELECTION

CJ Nxumalo (38)
Independent Non-Executive Director (appointed 01 February 2021)

University of Oxford, Meng, Economics and Management, 2005

Skills and experience

Chanda has 15 years of experience working in the renewable energy and power sector. Having worked across North America and Europe, she has experience delivering technical, commercial and environmental advisory services in the renewables sector. As a director of Harmattan Renewables, she has been responsible for providing technical consultancy and asset management services for renewable energy projects across Sub-Saharan Africa. For the past decade, Chanda has been instrumental in driving the renewable energy roll-out in South Africa, acting as the spokesperson for the South African Photovoltaic ("PV") Association as well as consulting on some of the first renewable projects to be delivered as part of South Africa's Renewable Energy Independent Power Producer Procurement Program. Chanda holds an honours degree in Mechanical Engineering, Economics and Management from the Oxford University. With her richness of skills and experience in the energy field, both nationally and internationally, including the African continent, and strong leadership capability, Chanda will support Exxaro's growth strategy in energy.

MLB Msimang (45)
Independent Non-Executive Director (appointed 15 March 2021)

MSc Regulation, London School of Economics (2004) (with Merit)
Bachelor of Arts, Africana Studies & Politics, Cornell University (1998) (with Distinction)

Skills and experience

Mandla is the Chief Executive Officer of Nozala Investments, a woman owned private equity firm with a diversified portfolio in the minerals and energy sector and in industrial and consumer services. Nozala's assets include blue chip South African companies such as Sasol Oil, Exxaro and Woodlands Dairy. Prior to joining Nozala, Mandla established and ran Pygma Consulting, a pan-African ICT policy and regulatory advisory firm whose clients include mobile operators, regulators and governments across Africa and the Middle East. Mandla is a seasoned executive who has operated at C-suite level, an entrepreneur and an ICT regulations and policy expert, a result driven professional with repeated success in various industries.

N Tsengwa (56)
CEO Designate/Executive Director (appointed 16 March 2021)

PhD (agronomy), Executive development programme (INSEAD)

Skills and experience

Nombasa has more than 18 years' executive management and board experience in the public and private sectors. In 2003, she joined Kumba as general manager: safety, health and environment. In 2007, she was appointed executive general manager: safety and sustainable development. In 2010, she became directly involved with the management of coal operations as general manager of tied operations and general manager of Mpumalanga operations. In 2015, she was appointed acting executive head of coal operations and executive head of coal operations in 2016. Nombasa was appointed managing director: minerals in June 2020. She is the 2017 winner of the Standard Bank Business woman of the Year Award and the 2018 winner of the Pan African Awards Africa's most influential woman in business and government mining industry category. An avid long-distance runner, Nombasa has completed nine Comrades marathons.

BRIEF CURRICULA VITAE OF DIRECTORS STANDING FOR ELECTION OR RE-ELECTION continued

LI Mophatlane (48)

Independent Non-Executive Director (Director since 23 May 2018)

Skills and experience

Starting his career Isaac was the youngest board member of the previously JSE Listed Connection Group (Incredible Connection). In 1996 Isaac, with his brother Benjamin co-founded the former Business Connection, a computer reseller focused on government and parastatals. In 2004 the company merged with Comparex Africa to form Business Connection and Isaac was appointed as Group Executive Client Engagement — Public sector. Isaac then took responsibility for the Innovation Division which housed the group's software and packaged intellectual property and later the Canoa Division which drove the groups managed print solutions offering.

Isaac took over as Chief Executive Officer following Benjamin's death in 2014 and remained in this position post the merger with Telkom until he decided to pursue other interests in 2017. BCX was sold to Telkom for R2. 7 billion rand. He was on the Executive Committee of both BCX and the Telkom Group. Isaac is currently the co-founder, shareholder and a director of the Randvest Group. Randvest's core focus is leveraged acquisitions and strategic investments in mainly technology companies. Isaac serves as a board member of various companies and previously served on the Natal Sharks Board, was Chairman of CBCOB Cricket Club and heavily involved in the transformation at Northerns Cricket Union. He has also worked extensively with various stakeholders at Cricket South Africa. Isaac is also Chairman of Bothomed which is currently a shareholder with the PIC in the listed Dischem Pharmacies Limited.

Isaac is also a member of:
- The Black Management Forum
- The Electronics Industries Federation of South Africa
- The Black Information Technology Forum.
- Deputy non-executive chairman of the Catholic Education Investment Company.

MG Qhena (55)

Independent Non-Executive Director (appointed 19 April 2021)

Senior Executive Programme (jointly offered by Harvard Business School and Wits Business School), 2001; Advanced Taxation Certificate, UNISA, 1999; Chartered Accountant, 1993; BAccSc Honours, UNISA, 1990; BAccSc, UNISA, 1989

Skills and experience

Geoffrey's early career started at KPMG, where he completed his articles, and thereafter joined Eskom for a brief period in their treasury function. He moved to Vista University (now known as University of Johannesburg) to lecture accounting and auditing. During this time Geoffrey also passed his chartered accountant board exams. He briefly joined the IDC and thereafter moved to Transnet. Subsequently, he re-joined the IDC at a time when the organizational culture had improved and was more inclusive and conducive for the growth of black professionals.

Geoffrey enjoyed a meteoric rise at the IDC and later became the Chief Financial Officer of the organization. It was not long after this period that Geoffrey ascended to the highest role in the IDC as its Chief Executive Officer. He especially enjoyed oversight over the development of the renewable energy sector at a time when it was not profitable to fund the sector. Geoffrey was involved in the establishment of numerous sector-changing initiatives, funding black empowerment companies, transformation of the corporate leadership landscape and the development of new sectors in the reshaping of the South African economy.

His appreciation of climate change issues and the value of coal in the South African and African economy landscape is telling of his depth of business acumen. Geoffrey gained extensive board leadership on the IDC investee boards, including as a non-executive director of a Spanish listed stainless-steel company, Acerinox. He is presently a non-executive independent board member of Investec bank limited. With the IDC being a significant shareholder of Exxaro over a number of years, Geoffrey brings with him a clear understanding of the company and the sector in which it operates.

Geraldine Fraser-Moleketi (60)

Lead independent non-executive director (Director since 18 May 2018)

DPhil honoris causa (Nelson Mandela University), MPA (University of Pretoria), Leadership programme (Wharton), Digital Savvy Board Member Certificate (MIT Sloan School of Management), Fellow of the Institute of Politics (Harvard)

Skills and experience

Geraldine was appointed special envoy on gender at the African Development Bank (AfDB) from 2013 to 2016. She served as director of the United Nations Development Programme (UNDP) Democratic Governance Group from 2009 to 2019. She also served as a member of the South African Parliament for three consecutive parliaments (1994 to 2008). She was Minister of Public Service and Administration for two consecutive terms (1999 to 2008). Geraldine served as Minister of Welfare and Population Development (1996 to 1999) after her term as Deputy Minister of Welfare and Population Development. During her tenure as Minister for Public Service, she was chairperson of the Pan African Ministers of Public Service for three consecutive terms. Geraldine serves on various boards across academia: she is the chancellor of Nelson Mandela University, chairperson of the Advisory Council of the Mapungubwe Institute for Strategic Reflection, chairperson of the Committee of Experts on Public Administration (an expert body of the UN Economic and Social Council) and former member of the Institute for the Study of International Development at McGill University in Canada. She served on the Africa Advisory Committee of Women's World Banking until 2018. She is also a non-executive board member of the Standard Bank group and Standard Bank South Africa. She was recently appointed chairperson of the Tiger Brands group.

BRIEF CURRICULA VITAE OF DIRECTORS STANDING FOR ELECTION OR RE-ELECTION continued

Likhapha Mbatha (66)
Non-executive director (Director since 6 March 2018)

BA, LLB, LLM

Skills and experience

Likhapha currently coaches National Movement of Rural Women coordinators in development methods and systems, project preparation, finance and management. She also supervises, monitors and evaluates small and medium development projects. She understands that poverty, inadequate education, nutrition, poor health, government policies and the exploitative nature of humans are uncontrollable variables that can lead to poverty. She focuses on development as an opportunity for affected individuals to lead equal and satisfactory lives within their communities despite their circumstances.

Mark Moffett (61)
Independent non-executive director (Director since 23 May 2018)

BCom (CTA), CA(SA)

Skills and experience

Mark has more than five years of public company board exposure and over 25 years of financial and commercial experience in the mining industry with leading global companies. He has worked in diamond, thermal coal, ferrochrome and platinum group metals mining. He understands the South African mining landscape and its strategic imperatives going forward. He has held senior financial positions (operational and corporate) in various countries with Anglo American, De Beers, Xstrata Alloys (as chief financial officer) and Xstrata (as group controller). He served as chairperson of Fraser Alexander until March 2018. Mark currently serves as an independent non-executive director and audit committee member on the board of Royal Bafokeng Platinum.

Ras Myburgh (62)
Independent non-executive director (Director since 1 September 2016)

BEng (electrical), BSc (Hons) (energy studies), MBL, Executive programme (Darden)

Skills and experience

From 1982 to 1996, Ras held various operational and executive positions in operating, maintenance, engineering and power station management at Eskom. In 1997, he joined Iscor Mining where he led company-wide cost improvement, business re-engineering, transformation and empowerment projects. He was appointed managing director of Kumba's coal business in 2000 and headed the transformation unit in 2003 (project management of the empowerment transaction and unbundling of the company into Exxaro and Kumba Iron Ore). He was appointed as the first CEO of Kumba Iron Ore in 2006. Following the 2008 electricity crisis, Ras was seconded to Eskom to develop and implement a long-term coal supply strategy. In 2011, he co-founded Hindsight Financial and Commercial Solutions, a boutique corporate professional advisory firm, providing business development, specialist commercial solutions, and strategy and business improvement advisory services to the resources, energy and industrial sectors. He is a member of the Institute of Directors in South Africa and serves on the international advisory board of Unashamedly Ethical.

Vuyisa Nkonyeni (51)
Independent non-executive director (Director since 3 June 2014)

BSc (Hons), Postgraduate diploma in accounting, CA(SA)

Skills and experience

Vuyisa has over 20 years' experience in investment banking and private equity. He served his training contract as a chartered accountant with PwC and joined Deutsche Bank in 1997 where he gained investment banking experience, primarily in corporate and project finance advisory work over four years. He serves on the boards of Emira Property Fund and Momentum Metropolitan Holdings. He served as financial director of Worldwide African Investment Holdings and a director of Actis in its black economic empowerment funding unit. He was appointed CEO of Kagiso Tiso Holdings in 2012 and resigned in December 2017.

Peet Snyders (60)
Independent non-executive director (Director since 1 July 2016)

BEng (mining), Diploma in marketing management, MCom (business management), Mine manager's certificate of competency (coal and metalliferous)

Skills and experience

Peet has 40 years' experience in the mining industry, including employment at Sasol, Anglo American, Iscor, Kumba, Anglo American Platinum, Riversdale Holdings, Continental Coal, Keaton Energy, Sable Mining Africa, Mmakau Mining and, most recently, Submex Investments. He also has over 10 years of board experience within the industry.

ANNUAL GENERAL MEETING NOTICE

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)

This document is important and requires your immediate attention. If you are in any doubt as to what action to take, please consult appropriate independent advisers.

This document is available in English only. Electronic copies of this document may be obtained from the Exxaro website on **www.exxaro.com**.

If you have disposed of your Exxaro shares, this notice should be handed to the purchaser of such shares or to the CSDP, broker, banker or other agent through whom such disposal was affected.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 20th (twentieth) annual general meeting (AGM) of shareholders of Exxaro will be held by electronic meeting participation (subject to any adjournment or postponement) at the conneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa, with strictly limited in-person attendance at 11:00 on Thursday, 27 May 2021 to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of this meeting is to:

- Present the audited annual financial statements (AFS) of the company and the group for the year ended 31 December 2020 (including the directors' report, the report of the audit committee and the report of the external auditors) to shareholders;
- Present the Social, ethics and responsibility committee (formerly known as the Social and ethics committee)
- report to shareholders;
- Consider any matters raised by shareholders; and
- Consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions which form part of this meeting notice.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Exxaro strongly encourages electronic participation as opposed to physical participation in light of the current global Covid-19 pandemic. Should any shareholder (or representative or proxy for a shareholder) wish to participate in the AGM electronically, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to The Meeting Specialist Proprietary Limited (the meeting scrutineers), via email at proxy@tmsmeetings.co.za and at the address below, to be received by the scrutineers at least 48 hours prior to the AGM (thus at 11h00 on Tuesday, 25 May 2021) for the scrutineers to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the scrutineers for the purposes of section 63(1) of the Companies Act 71 of 2008, as amended (Companies Act) and for the scrutineers to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. The written notification should contain the following:

- A certified copy of the shareholder's identification document or passport if the shareholder is an individual;
- A certified copy of a resolution of letter of representation given by the holder if you are a company or juristic person, and certified copies of identity document or passports of the persons who passed the resolution;
- A valid email address and/or mobile number;
- And an indication that you or your proxy not only wishes to attend the meeting by means of electronic communication, but also to participate and vote by means of electronic communication.

Such participants, who have complied with the notice requirement above, will be contacted between 20 May 2021 and 25 May 2021, but by no later than 24 (twenty-four) hours before the AGM with the relevant connection details as well as the passcodes through which you or your proxy/ies can participate via electronic communication and of the process for participation via a unique link to the email/mobile number provided in the notification.

Should you wish to participate by way of electronic communication, you will be required to connect with the details as provided by the company by no later than 15 minutes prior to the commencement of the AGM during which time registration will take place.

If you choose to participate online you will be able to view a live webcast of the meeting, ask directors questions online or in written format and submit your votes in real time.

For administrative purposes, completed notices for electronic participation must be received by the scrutineers via email at proxy@tmsmeetings.co.za before 11:00 on 25 May 2021.

IMPORTANT DATES

The board of directors of the company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, the following important dates:

Record date for receipt of notice purposes	Friday, 23 April 2021
Notice of meeting distributed to shareholders	Thursday, 29 April 2021
Last date to trade to be eligible to vote*	Tuesday, 18 May 2021
Record date for voting purposes	Friday, 21 May 2021
For administration purposes, forms of proxy to be lodged by 11:00 on	Tuesday, 25 May 2021
Meeting to be held 11:00 on	Thursday, 27 May 2021
Results of meeting released on SENS	hursday, 27 May 2021

* *Shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, shareholders who acquire shares after close of trade on Tuesday, 18 May 2021 will not be eligible to attend, participate in and vote at the AGM.*

IDENTIFICATION, VOTING AND PROXIES

In terms of section 63(1) of the Companies Act, any person attending or participating in the AGM must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (as shareholder or as proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include valid identity documentation, driver's licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in the JSE (Johannesburg Stock Exchange) Limited (JSE) Listings Requirements will not be taken into account at the annual general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised Exxaro shareholders with own-name registrations who cannot attend the annual general meeting but wish to be represented.

For effective administrative purposes, completed forms of proxy must be received by the scrutineers of the company, The Meeting Specialist Proprietary Limited, via email to proxy@tmsmeetings.co.za, by no later than 11:00 on Tuesday, 25 May 2021. Any forms of proxy not lodged by this time must be handed to the Chairman prior to the start of the meeting.

All beneficial owners of Exxaro shares who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee. Should such beneficial owners wish to attend the meeting in person, they must request their CSDP, broker or nominee to issue them with the appropriate letter of representation.

Exxaro does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Exxaro shareholder of the annual general meeting.

QUORUM

A quorum for the purposes of considering the resolutions to be proposed at the meeting shall consist of three shareholders of the company, present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions to be proposed at the meeting.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group audit committee and the independent external auditors, for the year ended 31 December 2020 will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in this publication).

The AFS (https://www.exxaro.com/investor/integrated-reports2020/financials/index.php) of the company and the group, are available on the company's website, www.exxaro.com or can be requested from the group company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4096.

PRESENTATION OF THE SOCIAL, ETHICS AND RESPONSIBILITY COMMITTEE REPORT

A report of the members of the group Social, ethics and responsibility committee (formerly known as the Social and ethics committee) for the year ending 31 December 2020, as included in the integrated report 2020, will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011 (Regulations).

The group Social, ethics and responsibility committee report is included in the integrated report (https://www.exxaro.com/ investor/integrated-reports2020/index.php) and available on the company's website, www.exxaro.com or can be requested from the group company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4096.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

ORDINARY RESOLUTIONS

For each of the ordinary resolutions to be passed, votes in favour must represent at least 50% +1 (fifty percent plus one) of all votes cast and/or exercised at the meeting for each of these resolutions.

1 **Ordinary resolution number 1: election and re-election of directors**

In accordance with the company's Memorandum of Incorporation (MOI), one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In terms of the board charter those non-executive directors who have reached the age of 70 years or older retire at every annual general meeting and may be submitted for re-election if eligible. Eligible directors may offer themselves for re-election.

At this meeting and in accordance with these requirements, Mr J van Rooyen is obliged to retire due to reaching the age of 70 years and Mr LI Mophatlane and Ms L Mbatha are obliged to retire by rotation.

Mr LI Mophatlane and Ms L Mbatha indicated that they are available for re-election.

The Remuneration and nomination committee (the Committee) has reviewed the composition, gender and racial balance of the board of directors and evaluated the independence (where applicable), performance and contribution of the directors listed above. Furthermore, the Committee has considered their individual knowledge, skills and experience and recommended to the board of directors that they be proposed for re-election by shareholders.

The board of directors has considered the proposals of the Committee and recommends the re-election of Mr LI Mophatlane and Ms L Mbatha by way of separate resolutions.

The board of directors has appointed Ms CJ Nxumalo as independent non-executive director in a casual vacancy on 01 February 2021 to hold office until the annual general meeting at which meeting her appointment will terminate and she will be available for election by shareholders.

Ms CJ Nxumalo has indicated that she is available for election by shareholders.

The Remuneration and nomination committee (the Committee) has reviewed the composition, gender and racial balance of the board of directors and evaluated the independence (where applicable), performance and contribution of the director listed above. Furthermore, the Committee has considered her individual knowledge, skills and experience and recommended to the board that she be proposed for election by shareholders.

The board of directors has considered the proposal of the Committee and recommends the election of Ms CJ Nxumalo by way of a separate resolution.

The relationship agreement in relation to the Replacement BEE Transaction states that Exxaro agrees to nominate four persons nominated by Eyesizwe RF Proprietary Limited (Eyesizwe), to its Nomination committee, and if deemed fit and proper, recommend these directors for appointment to the shareholders of Exxaro.

The board of directors has considered the proposals of Eyesizwe and has appointed Ms MLB Msimang as a non-executive director in a casual vacancy on 15 March 2021 to hold office until the annual general meeting at which meeting her appointment will terminate and she will be available for election by shareholders.

Ms MLB Msimang has indicated that she is available for election by shareholders.

The board of directors has appointed Dr N Tsengwa as CEO-designate and executive director in a casual vacancy on 16 March 2021 to hold office until the annual general meeting at which meeting her appointment as executive director will terminate and she will be available for election by shareholders. In addition, the board of directors is now seeking approval from shareholders for her appointment as executive director of the company, with the designation as CEO-designate.

Dr N Tsengwa has indicated that she is available for election by shareholders.

The board of directors has appointed Mr MG Qhena as an independent non-executive director in a casual vacancy on 19 April 2021 to hold office until the annual general meeting at which meeting his appointment will terminate and he will be available for election by shareholders.

Mr MG Qhena has indicated that he is available for election by shareholders.

The Committee has reviewed the composition, gender and racial balance of the board of directors and evaluated the independence (where applicable), performance and contribution of the director listed above. Furthermore, the Committee considered Mr Qhena's qualifications, calibre, level of experience, ability to manage multi-stakeholder interaction and the necessary board exposure and recommended to the board that he be proposed for election by shareholders.

The board of directors has considered the proposal of the Committee and recommends the election of Mr MG Qhena by way of a separate resolution.

Brief curricula vitae in respect of the abovementioned directors are set out on pages 53 to 55 of this booklet.

Ordinary resolution number 1.1

"RESOLVED that Ms L Mbatha, be and is hereby elected as a non-executive director of the company with effect from 27 May 2021."

Ordinary resolution number 1.2

"RESOLVED that Mr LI Mophatlane, be and is hereby elected as an independent non-executive director of the company with effect from 27 May 2021."

Ordinary resolution number 1.3
"RESOLVED that Ms CJ Nxumalo, be and is hereby elected as an independent non-executive director of the company with effect from 27 May 2021."

Ordinary resolution number 1.4
"RESOLVED that Ms MLB Msimang, be and is hereby elected as a non-executive director of the company with effect from 27 May 2021."

Ordinary resolution number 1.5
"RESOLVED that Dr N Tsengwa, be and is hereby elected as an executive director of the company, with the designation CEO-designate, with effect from 27 May 2021."

Ordinary resolution number 1.6
"RESOLVED that Mr MG Qhena, be and is hereby elected as an independent non-executive director of the company, with effect from 27 May 2021."

2 Ordinary resolution number 2: election of group Audit committee members

To elect by separate resolutions a group Audit committee comprising independent non-executive directors, as provided for in section 94(4) of the Companies Act and appointed in terms of section 94(2) of that Act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King IV™ report on Corporate Governance for South Africa, 2016 (King IV™), and to perform such other duties and responsibilities as may be delegated by the board of directors for the company, all subsidiary companies and controlled trusts.

The board of directors has assessed the performance of the group Audit committee members standing for election and found them suitable for appointment.

Brief curricula vitae in respect of the abovementioned directors are set out on pages 53 to 55 of this booklet.

Ordinary resolution number 2.1
"RESOLVED that Mr MJ Moffett be and is hereby elected as a member of the group Audit committee with effect from 27 May 2021."

Ordinary resolution number 2.2
"RESOLVED that Mr LI Mophatlane be and is hereby elected as a member of the group Audit committee with effect from 27 May 2021."

The election of Mr LI Mophatlane is subject to his re-election as director.

Ordinary resolution number 2.3
"RESOLVED that Mr EJ Myburgh be and is hereby elected as a member of the group Audit committee with effect from 27 May 2021."

Ordinary resolution number 2.4
"RESOLVED that Mr V Nkonyeni be and is hereby elected as a member of the group Audit committee with effect from 27 May 2021."

Ordinary resolution number 2.5
"RESOLVED that Ms CJ Nxumalo be and is hereby elected as a member of the group Audit committee with effect from 27 May 2021."

The election of Ms CJ Nxumalo is subject to her election as director.

3 **Ordinary resolution number 3: election of the Social, ethics and responsibility committee members**
To elect by separate resolutions a group Social, ethics and responsibility committee, as provided for in section 72(4) of the Companies Act and regulation 43 of the Regulations, appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may be delegated by the board of directors for the company and all subsidiary companies.

The board of directors has assessed the performance of the group Social, ethics and responsibility committee members' standing for election and found them suitable for appointment.

Brief curricula vitae in respect of the abovementioned directors are set out on pages 53 to 55 of this booklet.

Ordinary resolution number 3.1
"RESOLVED that Dr GJ Fraser-Moleketi be and is hereby elected as a member of the group Social, ethics and responsibility committee with effect from 27 May 2021."

Ordinary resolution number 3.2
"RESOLVED that Ms L Mbatha be and is hereby elected as a member of the group Social, ethics and responsibility committee with effect from 27 May 2021."

The election of Ms L Mbatha is subject to her re-election as director.

Ordinary resolution number 3.3
"RESOLVED that Mr LI Mophatlane be and is hereby elected as a member of the group Social, ethics and responsibility committee with effect from 27 May 2021."

The election of Mr LI Mophatlane is subject to his re-election as director.

Ordinary resolution number 3.4
"RESOLVED that Mr PCCH Snyders be and is hereby elected as a member of the group Social, ethics and responsibility committee with effect from 27 May 2021."

4 **Ordinary resolution number 4: re-appointment of independent external auditor**
As set out in the group Audit committee report of the integrated report 2020, the group Audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and that they are accredited as such on the JSE list of Auditors and Accounting Specialists and the individual audit partner does not appear on the JSE list of disqualified individual auditors, and has nominated them for reappointment as independent external auditor of the group, to hold office until conclusion of the external audit responsibilities for the financial year ending 31 December 2021.

"RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Mr TD Shango, be and is hereby reappointed as independent external auditor of the group for the ensuing year ending 31 December 2021."

5 **Ordinary resolution number 5: appointment of new independent external auditor**
Mandatory audit firm rotation becomes effective on 1 April 2023 in terms of section 10 of the Auditing Profession Act of 2005. Notwithstanding the fact that the board of directors is satisfied with the independence, conduct and quality of audit services being rendered by PricewaterhouseCoopers Incorporated, the board of directors, through the group Audit committee, decided to undertake a formal process to appoint a new external auditor before the 2023 effective date.

Following an assessment process, the group Audit committee, with the endorsement of the board of directors, has assessed KPMG Consortium's performance, independence and suitability and that they are accredited as such on the JSE list of Auditors and Accounting Specialists and the individual audit partner does not appear on the JSE list of disqualified individual auditors, and recommends the appointment of KPMG Consortium as the group's new independent external auditor. The appointment will be in respect of the financial year ending 31 December 2022 and will be effective from the conclusion of PricewaterhouseCoopers Incorporated's external audit responsibilities for the financial year ending 31 December 2021.

"RESOLVED that KPMG Consortium, with the designated audit partner being Safeera Loonat, be and is hereby appointed as independent external auditor of the group from financial year starting 1 January 2022 until the next annual general meeting."

6 **Ordinary resolution number 6: authorise director and/or group company secretary to implement the resolutions set out in the notice of the AGM**

"RESOLVED that any one director and/or group company secretary of the company or equivalent be and are hereby authorised to do all such tasks and sign all such documents deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered.".

7 **Ordinary resolution number 7: approval of the amendment of the Deferred Bonus Plan Rules to include Malus provisions**

In line with local and global best practice, Exxaro intends to amend the 2006 Exxaro Resources Limited Deferred Bonus Plan Rules ("the DBP Rules") to incorporate malus provisions to ensure that the Company can take appropriate remedial action to protect itself and its shareholders, in the event of an occurrence of a Trigger Event, as set out in the malus and clawback policy.

All other provisions of the DBP Rules will remain unaffected by the amendments. The malus provisions that will be added to the DBP Rules are set out in Annexure A hereto.

"IT IS RESOLVED THAT, as an ordinary resolution, the provisions of the DBP Rules be amended to make provision for malus provisions"

8 **Ordinary resolution number 8: approval of the amended Long-Term Incentive Plan Rules to include Malus provisions**

In line with local and global best practice, Exxaro intends to amend the 2006 Exxaro Resources Limited Long Term Incentive Plan Rules ("the LTIP Rules") to incorporate malus provisions to ensure that the Company can take appropriate remedial action to protect itself and its shareholders, in the event of an occurrence of a Trigger Event, as set out in the malus and clawback policy.

All other provisions of the LTIP Rules will remain unaffected by the amendments. The malus provisions that will be added to the LTIP Rules are set out in Annexure B hereto.

"IT IS RESOLVED THAT, as an ordinary resolution, the provisions of the LTIP Rules be amended to make provision for malus provisions."

SPECIAL RESOLUTIONS

For each of the special resolutions to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting for this resolution.

9 **Special resolution number 1: non-executive directors' fees**

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate non-executive directors for services as directors. Furthermore, in terms of the King IV™ and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two financial years. The proposed fees equate to a 5,3% increase. Shareholders are reminded that no increase was requested at the AGM held in 2020 and the last increase was approved at the AGM held in 2019.

"RESOLVED as a special resolution in terms of the Companies Act, that the remuneration of non-executive directors for the period 1 June 2021 until the end of the month in which the next annual general meeting is held, be and is hereby approved on the basis set out below:

	Current R	June 2021 to 2022 AGM Proposed R
Chairman of the board	1 817 336	1 943 838
Lead independent Director	300 000	336 434
Members of the board	417 681	463 531
Audit committee chairman	356 466	373 815
Audit committee members	188 278	186 908
Investment committee chairman	265 919	336 434
Investment committee member	129 329	149 526
Remuneration committee chairman	273 590	336 434
Remuneration committee member	130 550	149 526
Risk & business resilience committee chairman*	265 919	336 434
Risk & business resilience committee member	129 329	149 526
Social, ethics and responsibility committee chairman	265 919	336 434
Social, ethics and responsibility committee member	129 329	149 526
Ad hoc meeting fees		
Board meeting	17 656	23 124
Committee meeting	13 247	15 416

** Formerly known as the Sustainability, risk and compliance committee.*

10 **Special resolution number 2: authorise financial assistance for the subscription of securities**

"RESOLVED as a special resolution in terms of the Companies Act, that the provision by the company of any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any one or more persons for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or interrelated company, be and is hereby approved, provided that:

(a) (i) the specific recipient/s of such financial assistance;
(ii) the form, nature and extent of such financial assistance; and
(iii) the terms and conditions under which such financial assistance is provided are determined by the board of directors of the company from time to time.

(b) The board of directors has satisfied the requirements of section 44 of the Companies Act on the provision of any such financial assistance.

(c) Such financial assistance to a recipient is, in the opinion of the board of directors of the company, required for a purpose, which in the opinion of the board of directors, is directly or indirectly in the interests of the company.

(d) This resolution specifically does not authorise financial assistance for the subscription of securities to any directors, prescribed officers or employees of the company.

(e) The authority granted in terms of this special resolution will remain valid until a new or similar resolution is passed at the next annual general meeting or after the expiry of a period of 24 (twenty-four) months, whichever is later."

11 **Special resolution number 3: general authority to repurchase shares**

The proposed general authority would enable the company or any subsidiary of the company to repurchase up to a maximum of 71 741 350 ordinary shares (20% (twenty percent)) of 358 706 754 ordinary shares in issue by the company as at 31 December 2020.

"RESOLVED as a special resolution in terms of the Companies Act, that, subject to compliance with the JSE Listings Requirements, the Companies Act, and clause 3.1(12) of the memorandum of incorporation of the company which authorizes general repurchases, the directors be and are hereby authorised, at their discretion, to instruct that the company or subsidiaries of the company to acquire or repurchase ordinary shares issued by the company, provided that:

(a) The number of ordinary shares acquired in any one financial year will not in aggregated exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed.

(b) The repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited).

(c) The approval of shareholders is obtained via a special resolution of the company in annual general meeting. This authority will lapse on the earlier of the date of the next annual general meeting of the company or 15 (fifteen) months from the date on which this resolution is passed.

(d) The price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which a repurchase is made. The JSE should be consulted for a ruling if Exxaro's ordinary shares have not traded in such 5 (five) business days period."

The reason for and effect of this special resolution is to authorise the directors, if they deem it appropriate and in the interest of the company, to instruct that the company or its subsidiaries acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in this special resolution.

The directors have recently approved a buyback program limited to the value of R1.5billion taking into account the proceeds received from the disposal of our Tronox investment, subject to the above restrictions and if circumstances are appropriate.

The directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

(a) After such repurchases, the company passes the solvency and liquidity test as contained in section 4 of the Companies Act and that, from the time the solvency and liquidity test is done, there are no material changes to the financial position of the group.

(b) The consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with accounting policies used in the company and group annual financial statements for the year ended 31 December 2020, exceed the consolidated liabilities of the company and the group immediately following such purchase or 12 (twelve) months after the date of the notice of the AGM, whichever is the later.

(c) The company and group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the notice of the annual general meeting or a period of 12 (twelve) months after the date on which the board of directors considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is the later.

(d) The issued share capital and reserves of the company and group will be adequate for the purposes of the business of the company and group for a period of 12 (twelve) months after the date of the notice of the AGM.

(e) The company and group will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM.

(f) A resolution is passed by the board of directors that it has authorised the repurchase.

(g) The company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and has been submitted to the JSE in writing. The company will instruct an independent third party, which makes its investment decisions on the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

(h) When the company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

(i) The company at any time only appoints one agent to effect any repurchase(s) on its behalf.

For the purpose of considering this special resolution and in compliance with paragraph 11.26 of the JSE Listings Requirements, certain information is either listed below or has been included in the following reports for 2020:

(a) Directors and management – refer to the integrated report on pages 26 and 30
(b) Major shareholders – refer to the integrated report on page 18
(c) Directors' interests in securities – refer to the annual financial statements on page 131
(d) Share capital of the company – refer to the annual financial statements on page 115
(e) Material change
(f) Responsibility statement

12 Special resolution number 4: authorise financial assistance to related or inter-related companies

"RESOLVED as a special resolution in terms of the Companies Act, that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related persons of the company and/or to any one or more persons who are members of, or are related to, any such related or inter-related person, be and is hereby approved, provided that:

(a) (i) The specific recipient/s of such financial assistance.
(ii) The form, nature and extent of such financial assistance.
(iii) The terms and conditions under which such financial assistance is provided are determined by the board of directors of the Company from time to time.

(b) The board of directors has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance.

(c) Such financial assistance to a recipient is, in the opinion of the board of directors of the Company, required for a purpose which, in the opinion of the board of directors, is directly or indirectly in the interests of the Company.

(d) The authority granted in terms of this special resolution will remain valid until a new similar resolution is passed at the next annual general meeting or after the expiry of a period of 24 (twenty-four) months, whichever is later."

NON-BINDING ADVISORY VOTES

13 Non-binding advisory vote number 1: approval of the Exxaro remuneration policy

The reason for non-binding advisory vote number 1 is that the King IV™ recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy. The effect of the non-binding advisory vote number 1, if passed, will be to endorse the company's remuneration policy. Failure to pass this resolution will not have any legal consequences relating to existing remuneration agreements. However, the board of directors will take the outcome of the vote into consideration and, if appropriate, will engage with shareholders when contemplating amendments to the company's remuneration policy.

Following the mandate from shareholders at the 2020 AGM, malus and clawback provisions have been introduced into the company's remuneration policy as set out in the remuneration and nomination committee report of the integrated report 2020.

"RESOLVED, through a non-binding advisory vote that the company's remuneration policy, as set out in the remuneration and nomination committee report of the integrated report 2020, be and is hereby approved."

The remuneration and nomination committee report is included in the integrated report https://www.exxaro.com/investor/integrated-reports2020/home.php, and available on the company's website, www.exxaro.com or can be requested from the company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4096.

This ordinary resolution is of an advisory nature and although the board of directors will consider the outcome of the vote when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated report.

14 Non-binding advisory vote number 2: endorse the implementation of the Exxaro remuneration policy

The reason for non-binding advisory vote number 2 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM of a company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of non-binding advisory vote number, if passed, will be to endorse the company's implementation report in respect of its remuneration policy. Failure to pass this resolution will not have any legal consequences relating to existing remuneration agreements. However, the board of directors will take the outcome of the vote into consideration when contemplating amendments to the implementation of the company's remuneration policy.

"RESOLVED that, in accordance with the King IV™ and the JSE Listings Requirements, the shareholders endorse the implementation of the remuneration policy of the company as set out in the remuneration report."

An explanation of the implementation of the company's remuneration policy is included in the integrated report https://www.exxaro.com/investor/integrated-reports2020/home.php, and available on the company's website, www.exxaro.com or can be requested from the company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4096.

This ordinary resolution is of an advisory nature and although the board of directors will consider the outcome of the vote when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated report.

15 Severability

If any of the clauses, conditions, covenants or restrictions (each a "Provision") of this notice or any document emanating from it shall be found to be void but would be valid if some part thereof were deleted or modified, then the Provision shall apply with such deletion or modification as may be necessary to make it valid and effective.

DIRECTORS RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to these resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all information required by law and the JSE Listings Requirements.

NO MATERIAL CHANGES TO REPORT

Other than the facts and developments reported on in the AFS, which are available on the company's website www. exxaro.com, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 December 2020.

By order of the board

AK MARÉ, Inlexso (Pty) Ltd
Acting group company secretary

Pretoria
2021

MALUS

Rule 2.1.19: Malus definition added

"Malus" the reduction (in part or full) of Unvested Matching Awards due to the occurrence of a Trigger Event which has been discovered before the Vesting Date, as specified in the Remuneration Policy and Offer to Participate. Whenever a reduction is made, the relevant Award or portion thereof shall be treated as having lapsed.

Rule 2.1.35: Trigger Event definition added

"Trigger Event" means an event as set out in the Offer to Participate and Remuneration Policy that will give the Remuneration and Nominations Committee the discretion to apply Malus.

Rule 11: Malus provision added

Notwithstanding any other provision of the Plan Rules, should a Trigger Event occur and be discovered any time before the Vesting of a Matching Award to which the Committee has specified that Malus applies, the Committee may in its discretion, reduce the Matching Award in whole or in part (including, for the avoidance of doubt, to nil) in accordance with the provisions of the Plan Rules read in conjunction with the Offer to Participate and Remuneration Policy.

Whenever a reduction is made, the relevant Matching Award or portion thereof, as relevant, shall be treated as having immediately been forfeited and will revert back to the Plan.

Other changes

- The following wording is added to the end of rule 2.1.31:
  "which will amongst other things contain the provisions applicable to Malus as well as the Trigger Events;"

General

The amended Plan Rules of the DBP Plan are available for inspection from Monday, 17 May 2021 to Friday, 21 May 2021 at the Company's registered office, being the conneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa as well as on the Exxaro's website.

MALUS

Rule 2.1.21: Malus definition added

"Malus" the reduction (in part or full) of unvested conditional awards due to the occurrence of a Trigger Event which has been discovered before the Vesting Date, as specified in the Remuneration Policy and Award Letter. Whenever a reduction is made, the relevant award or portion thereof shall be treated as having lapsed.

Rule 2.1.35: Trigger Event definition added

"Trigger Event" means an event as set out in the Award Letter and Remuneration Policy that will give the Remuneration and Nominations Committee the discretion to apply Malus.

Rule 11: Malus provision added

Notwithstanding any other provision of the Plan Rules, should a Trigger Event occur and be discovered any time before the Vesting of a Conditional Award to which the Committee has specified that Malus applies, the Committee may in its discretion, reduce the Conditional Award in whole or in part (including, for the avoidance of doubt, to nil) in accordance with the provisions of the Plan Rules read in conjunction with the Award Letter and Remuneration Policy.

Whenever a reduction is made, the relevant Conditional Award or portion thereof, as relevant, shall be treated as having immediately been forfeited and will revert back to the Plan.

Other changes

- The word "Conditional" is added to the definition of "Award" in rule 2.1.9
- The following wording is added to the end of rule 2.1.28:
  "which will amongst other things contain the provisions applicable to Malus as well as the Trigger Events;"

General

The amended Plan Rules of the LTIP are available for inspection from Monday, 17 May 2021 to Friday, 21 May 2021 at the Company's registered office, being the conneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa as well as on the Exxaro's website.

FORM OF PROXY

EXXARO RESOURCES LIMITED
(Incorporated in the Republic of South Africa)
Registration Number 2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992
ADR code: EXXAY (Exxaro or the company)

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH 'OWN-NAME' REGISTRATION ONLY

For completion by registered shareholders of Exxaro unable to attend the 20th (twentieth) annual general meeting of shareholders of the company to be held at 11:00 on Thursday, 27 May 2021, at the conneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa or at any adjournment or postponement of that meeting.

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, participate in, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.

I/We (please print names in full) of (address)

being the holder/s of shares in the company, do hereby appoint:

1 or, failing him/her

2 or, failing him/her

3 the chairman of the annual general meeting

as my/our proxy to attend, participate in, speak and, on a poll, vote on my/our behalf at the annual general meeting of shareholders to be held by electronic meeting participation at 11:00 on Thursday, 27 May 2021 with strictly limited in-person attendance at the conneXXion, 263B West Avenue, Die Hoewes, Centurion, Gauteng, South Africa or at any adjournment or postponement of that meeting, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
Ordinary resolutions			
1 Resolution to elect and re-elect non-executive and executive directors			
1.1 Election of Ms L Mbatha as a non-executive director			
1.2 Election of Mr LI Mophatlane as an independent non-executive director			
1.3 Election of Ms CJ Nxumalo as an independent non-executive director			
1.4 Election of Ms MLB Msimang as a non-executive director			
1.5 Election of Dr N Tsengwa as an executive director and approval of her designation			
1.6 Election of Mr MG Qhena as an independent non-executive director			
2 Resolution to elect group Audit committee members			
2.1 Election of Mr MJ Moffett as a member of the group Audit committee			
2.2 Election of Mr LI Mophatlane as a member of the group Audit committee			
2.3 Election of Mr EJ Myburgh as a member of the group Audit committee			
2.4 Election of Mr V Nkonyeni as a member of the group Audit committee			
2.5 Election of Ms CJ Nxumalo as a member of the group Audit committee			
3 Resolution to elect group Social, ethics and responsibility committee members			
3.1 Election of Dr GJ Fraser-Moleketi as a member of the group Social, ethics and responsibility committee			
3.2 Election of Ms L Mbatha as a member of the group Social, ethics and responsibility committee			
3.3 Election of Mr LI Mophatlane as a member of the group Social, ethics and responsibility committee			
3.4 Election of Mr PCCH Snyders as a member of the group Social, ethics and responsibility committee			
4 Resolution to re-appoint PricewaterhouseCoopers Incorporated as independent external auditor until conclusion of their external audit responsibilities for the financial year ending 31 December 2021			
5 Resolution to appoint KPMG Consortium as independent external auditor for the financial year starting on 1 January 2022 until the next annual general meeting			
6 Resolution to authorise directors and/or group company secretary to implement the resolutions set out in the notice convening the annual general meeting			
7 Resolution to approve the amendment of the Deferred Bonus Plan Rules to include Malus provisions			
8 Resolution to approve the amendment of the Long Term Incentive Plan Rules to include Malus provisions			
Special resolutions			
1 Special resolution to approve non-executive directors' fees for the period 1 June 2021 to the next annual general meeting			
2 Special resolution to authorise financial assistance for the subscription of securities			
3 Special resolution for a general authority to repurchase shares			
4 Special resolution to authorise financial assistance to related and inter-related companies			
Non-binding advisory votes			
1 Resolution through non-binding advisory note to approve the remuneration policy			
2 Resolution through non-binding advisory note to endorse the implementation of the remuneration policy			

Please indicate with an 'X' in the appropriate spaces above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at this day of 2021

Signature

Assisted by me, where applicable (name and signature)

Please read the notes that follow.

NOTES TO THE FORM OF PROXY

(Which include a summary of the rights established by section 58 of the Companies Act 71 of 2008, as amended (Companies Act))

1 A form of proxy is only to be completed by those ordinary shareholders who are:
   - Holding ordinary shares in certificated form; or
   - Recorded on sub-register electronic form in 'own name'.
2 If you have already dematerialised your ordinary shares through a central securities depository participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement between yourself and your CSDP or broker.
3 A shareholder may insert the name of a proxy or the names of two or more persons as alternative or concurrent proxies in the space. The person whose name appears first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
4 A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
5 On a show of hands, a shareholder of the company present in person or by proxy will have one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy will, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, a shareholder who is present in person or represented by proxy will be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of shares held by him/her bears to the aggregate amount of the nominal value of all shares issued by the company.
6 A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the box provided. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's exercisable votes.
   A shareholder or proxy is not obliged to use all the votes exercisable by the shareholder or proxy, but the total of votes cast and for which abstention is recorded may not exceed the total of votes exercisable by the shareholder or proxy.
7 The proxy appointment is:
   - Suspended at any time and to the extent that the shareholder chooses to act directly and in person in exercising any rights as a shareholder; and
   - Revocable unless the proxy appointment expressly states otherwise. If the appointment is revocable, a shareholder may revoke the proxy appointment by:
     - Cancelling it in writing, or making a later inconsistent appointment of a proxy; and
     - Delivering a copy of the revocation instrument to the proxy, and to the transfer secretaries of the company.
8 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   - The date stated in the revocation instrument, if any, or
   - The date on which the revocation instrument was delivered.
9 If the instrument appointing a proxy or proxies has been delivered, as long as that appointment remains in effect, any notice required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must be delivered to:
   - The shareholder; or
   - The proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.
10 The proxy appointment remains valid only until the end of the annual general meeting or any adjournment or postponement, unless it is revoked, in accordance with paragraph 7, prior to the meeting.
11 In the interest of administrative purposes it is advisable that forms of proxy be lodged at or posted to The Meeting Specialist Proprietary Limited, to be received not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays), thus by 11:00 on Tuesday, 25 May 2021. This does not preclude proxies to be handed in at the meeting.

   For shareholders on the South African register:
   The Meeting Specialist Proprietary Limited
   JSE Building
   One Exchange Square
   Gwen Lane
   Sandown, 2196
   PO Box 62043
   Marshalltown 2107
   proxy@tmsmeetings.co.za
   Tel: +27 11 520 7951/0/2
12 Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any appointed proxy.
13 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
14 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
15 Despite these requirements, the chairman of the annual general meeting may, if deemed reasonable, waive any formalities that would otherwise be a prerequisite for a valid proxy.
16 If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the annual general meeting, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.

NOTES TO THE FORM OF PROXY continued

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH OWN-NAME REGISTRATION WHO WISH TO PARTICIPATE ELECTRONICALLY IN THE EXXARO ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication (Participants), must deliver the form below (the application) to The Meeting Specialist Proprietary Limited via email to proxy@tmsmeetings.co.za
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must provide The Meeting Specialist Proprietary Limited with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 20 May and 25 May 2021 via email/ mobile with a unique link to allow them to participate in the virtual meeting.
- The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- The cut-off time, for administrative purposes, for Participants to indicate participation in the meeting, will be 11:00 on Tuesday, 25 May 2021.
- The Participant's unique link will be forwarded to the email/cell number provided below.

APPLICATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative (If applicable)	
ID number	
Email address	
Cell number	
Telephone number	
Name of CSDP or Broker	
(If shares are held in dematerialised format)	
SCA number or broker account number (if applicable)	
Number of shares	
Signature	
Date	

TERMS AND CONDITIONS FOR PARTICIPATION AT THE EXXARO ANNUAL GENERAL MEETING VIA ELECTRONIC COMMUNICATION

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Exxaro, JSE Limited and The Meeting Specialist Proprietary Limited against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Exxaro, JSE Limited and The Meeting Specialist Proprietary Limited, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/ webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the annual general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been completed and fully signed by the Participant and emailed to The Meeting Specialist Proprietary Limited at proxy@tmsmeetings.co.za

Shareholder name: ____________________

Signature: ____________________

Date: ____________________

ADMINISTRATION

REGISTERED OFFICE

Exxaro Resources Limited
the conneXXion
263B West Avenue, Die Hoewes, Centurion, 0157
(PO Box 9229, Pretoria, 0001)
South Africa
Telephone +27 12 307 5000

ACTING GROUP COMPANY SECRETARY

AK Mare, Inlexso Proprietary Limited

SPONSOR

Absa Bank Limited (acting through its corporate and investment bank division)
15 Alice Lane
Sandton, 2196
Telephone +27 11 895 6000

JOINT EQUITY SPONSORS

Tamela Holdings Proprietary Limited
Telephone +27 11 782 5027/4907

COMPANY REGISTRATION NUMBER:

2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992

INDEPENDENT EXTERNAL AUDITOR

PricewaterhouseCoopers Incorporated
2 Eglin Road
Sunninghill, 2157

COMMERCIAL BANKERS

Absa Bank Limited

CORPORATE LAW ADVISERS

Inlexso Proprietary Limited
Building 3 Summit Place
221 Garsfontein Road, Menlyn
Pretoria, 0137

MEETING SCRUTINEERS

Izzy van Schoor
The Meeting Specialist (Proprietary) Limited
Meeting Facilitator
JSE Building
One Exchange Square
2 Gwen Lane
Sandown, 2196
PO Box 62043, Marshalltown, 2107 South Africa

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

SHAREHOLDERS' DIARY

FINANCIAL YEAR-END	31 December
ANNUAL GENERAL MEETING	May
REPORTS AND ACCOUNTS PUBLISHED	
Announcement of annual results	March
Integrated report and annual financial statements	April
Interim report for the six months ended 30 June	August
DISTRIBUTIONS	
Final dividend declaration	March
Payment	April/May
Interim dividend declaration	August
Payment	September/October

POWERING POSSIBILITY

www.exxaro.com