SUMMARISED FINANCIAL RESULTS
for the six-month period ended 30 June 2017

EXXARO 1H17 PERFORMANCE AT A GLANCE

Sustainable operations
- LTIFR of 0,16

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

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

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

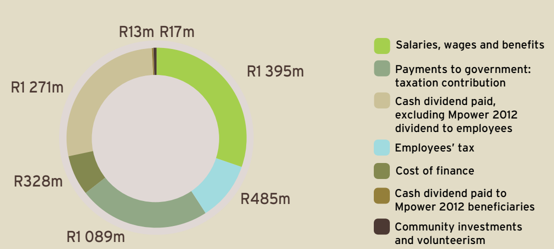
* *Headline earnings per share.*
** *Attributable earnings per share.*

GROUP SEGMENT RESULTS (Rm)

	Revenue			Net operating profit/(loss)		
	6 months ended 30 June 2017	6 months ended 30 June 2016	12 months ended 31 December 2016	6 months ended 30 June 2017	6 months ended 30 June 2016	12 months ended 31 December 2016
Coal	10 670	9 718	20 673	3 014	2 232	5 166
– Tied[1]	1 591	1 659	3 483	149	122	226
– Commercial	9 079	8 059	17 190	2 865	2 110	4 940
Ferrous	56	13	170		(7)	(47)
– Alloys	56	13	170		(7)	(75)
– Other						28
Other	10	31	54	(104)	(66)	81
Total	10 736	9 762	20 897	2 910	2 159	5 200

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

Value distribution in 1H17



CORPORATE INFORMATION

Registered office: Exxaro Resources Limited, Roger Dyason Road, Pretoria West, 0183
Tel: +27 12 307 5000, Fax: +27 12 323 3400

Directors: MW Hlahla**, Dr D Konar*** (chairman), S Mayet***, MDM Mgojo* (chief executive officer), PA Koppeschaar (finance director)*, S Dakile-Hlongwane***, Dr CJ Fauconnier***, V Nkonyeni***, VZ Mntambo**, EJ Mybrugh***, Dr MF Randera**, J van Rooyen***, PCCH Snyders***, D Zihlangu**
**Executive **Non-executive ***Independent non-executive*

Prepared under supervision of: PA Koppeschaar, CA(SA)
SAICA registration number: 00038621

Group company secretary CH Wessels

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa. PO Box 61051, Marshalltown, 2107

Investor relations: MI Mthenjane (+27 12 307 7393)

Sponsor: Absa Bank Limited (acting through its Corporate and Investment Bank Division)
Tel: +27 11 895 6000

EXXARO RESOURCES LIMITED
(Incorporated in the Republic of South Africa), **Registration number:** 2000/011076/06

JSE share code: EXX **ISIN:** ZAE000084992 **ADR code:** EXXAY

("Exxaro" or "the company" or "the group")

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME (Rm)

	6 months ended 30 June 2017	6 months ended 30 June 2016	12 months ended 31 December 2016
Revenue	10 736	9 762	20 897
Operating expenses	(7 826)	(7 760)	(16 413)
Operating profit	2 910	2 002	4 484
Gain on disposal of joint venture		203	203
Impairment charges of non-current assets			(100)
Net operating profit	2 910	2 205	4 587
Net financing cost	(451)	(334)	(628)
Share of income/(loss) of equity-accounted investments	1 125	(9)	2 373
Profit before tax	3 584	1 862	6 332
Income tax expense	(861)	(490)	(1 179)
Profit for the period from continuing operations	2 723	1 372	5 153
(Loss)/profit for the period from discontinued operations		(121)	538
Profit for the period	2 723	1 251	5 691
Other comprehensive loss, net of tax	(181)	(91)	(549)
Total comprehensive income for the period	2 542	1 160	5 142
Attributable earnings per share (cents)			
- Basic	852	362	1 600
- Diluted	852	360	1 591
Headline earnings per share (cents)			
- Basic	882	309	1 302
- Diluted	882	307	1 294

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (Rm)

As at	30 June 2017	30 June 2016	31 December 2016
Non-current assets	51 556	46 126	49 959
Current assets	5 919	6 492	9 842
Non-current assets held-for-sale	175	142	130
Total assets	57 650	52 760	59 931
Total equity	36 386	35 178	35 087
Non-current liabilities	15 909	11 940	16 282
Current liabilities	4 221	4 298	7 461
Non-current liabilities held-for-sale	1 134	1 344	1 101
Total equity and liabilities	57 650	52 760	59 931
Net asset value per share (Rand)	118	101	100
Market capitalisation (Rbn)	29	24	32

CONDENSED GROUP STATEMENT OF CASH FLOWS (Rm)

	6 months ended 30 June 2017	6 months ended 30 June 2016	12 months ended 31 December 2016
Cash flows from operating activities	1 528	1 380	3 918
Cash generated by operations	3 660	2 183	5 549
Net interest paid	(273)	(207)	(459)
Tax paid	(575)	(292)	(547)
Dividends paid	(1 284)	(304)	(625)
Cash flows from investing activities	(907)	(607)	(2 198)
Capital expenditure to maintain operations	(1 105)	(993)	(2 413)
Capital expenditure to expand operations	(209)	(179)	(367)
Dividend income from equity-accounted investments	59	683	748
Other investing activities	348	(118)	(166)
Cash flows from financing activities	(4 620)	(443)	1 483
Interest-bearing borrowings raised		1 066	7 565
Interest-bearing borrowings repaid	(999)	(1 509)	(6 066)
Shares acquired in the market to settle share-based payments	(97)		(16)
Repurchase of share capital	(3 524)		
Net (decrease)/increase in cash and cash equivalents	(3 999)	330	3 203

FURTHER INFORMATION
This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement published on SENS on Thursday, 17 August 2017, and also available on Exxaro's website at www.exxaro.com. Copies of the full announcement may be requested by contacting Exxaro Investor Relations.

The full report is available on **www.exxaro.com** or scan the code with your smartphone to take you there.

COMMENTARY

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

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

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

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

However, the 1H17 group's net operating profit was negatively impacted by:
- R37 million loss on the fair value adjustment (1H16: R38 million gain) relating to the contingent consideration which arose on the acquisition of Exxaro Coal Central Proprietary Limited (ECC)
- R75 million loss (1H16: R29 million loss) on dilution of our shareholding in Tronox Limited
- R27 million write-off of the receivables associated with the Mayoko iron ore project.

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

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

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

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

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

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

Debt exposure
Net debt at 30 June 2017 was R4 349 million compared to R2 278 million at 30 June 2016. This equates to a net debt to equity ratio of 12% (1H16: 6,5%), well below Exxaro's internal target of 40%.

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

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

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

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

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

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

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

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

Commercial mines
The commercial mines' power station coal production increased by 932kt (8%) compared to 1H16 mainly due to:
- Increased production at the GG plants (GG7 and GG8) of 1 068kt (11%)
- Increased production at Leeuwpan of 76kt (6%) as a result of higher production in the crush and screen plant.

This increase was offset by:
- Lower production at North Block Complex's (NBC) Blesbok pit of 212kt (15%) due to lower coal exposure, longer hauling distances and high rainfall.

Domestic power station coal sales for the commercial mines were 176kt (2%) higher mainly as a result of:
- An increase of 909kt (10%) in line with Addendum 9 to the Medupi Coal Supply Agreement.

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

Steam coal production decreased by 116kt (3%) mainly as a result of:
- Lower production at ECC 165kt (8%) at Dorstfontein East due to community unrest and excessive rainfall and Forzando South due to lower yields and geological conditions
- Lower production at Leeuwpan of 44kt as a result of lower production through the Dense Medium Separation plant.

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

Domestic steam sales increased by 682kt (37%) mainly as a result of:
- Higher sales at Leeuwpan of 627kt (83%) due to higher demand and stock availability arising from Eskom product placed in the local market after the termination of the contract
- Higher sales at ECC of 158kt (84%)
- Higher sales at NBC of 61kt (94%).

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

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

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

Increased net operating profit of R3 014 million compared to R2 232 million in 1H16, mainly due to:
- Higher sales prices (+R1 543 million)
- Scope changes of environmental provisions (+R171 million)
- Volume variances (+R162 million)
- Capitalisation of project related costs (+R102 million).

Partly offset by:
- Exchange rate variance due to stronger local currency against the US dollar (-R293 million)
- Inflation (-R277 million)
- Disposal of South Dunes Coal Terminal SOC Limited (SDCT) shareholding in 1H16 (-R203 million)
- Higher depreciation (-R112 million)
- Mafube coal buy-ins from Mafube JV (-R111 million).

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

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

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

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

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

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

BROAD BASED BLACK ECONOMIC EMPOWERMENT
On 17 January 2017, Exxaro concluded the repurchase of shares transaction pursuant to the unwinding of the existing BEE transaction. On 25 June 2017 Exxaro, Main Street 333 and the Industrial Development Corporation (IDC) agreed on the formation of a special purpose vehicle, incorporated for the purpose of holding ordinary shares in Exxaro pursuant to the replacement BEE transaction, entered into the following agreements:
- A framework agreement setting out the framework within which the Main Street 333 unwind and the consequential implementation of the replacement BEE transaction will take place
- A relationship agreement detailing the terms and restrictions of the replacement BEE transaction over the transaction term.

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

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

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

OUTLOOK
Exxaro expects that 2H17 domestic thermal volumes will remain at current levels. Volumes in the metals markets will reduce based on expected lower offtake from ArcelorMittal. This is expected to persist until 2Q18.

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

Exxaro has a positive outlook for the coal business in 2H17 based on:
- Stable trading conditions in domestic markets
- Stable international coal prices
- Our operational excellence process delivering further results
- Technology and innovation improvements.

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

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

INTERIM DIVIDEND
Exxaro's dividend policy is based on a cover ratio of between 2,5 and 3,5 times core attributable earnings.

Notice is hereby given that a gross interim cash dividend, number 29 of 300 cents (1H16: 90 cents) per share, for the six-month period ended 30 June 2017 was declared, payable to shareholders of ordinary shares.

Salient dates for payment of the interim dividend are:

• Last day to trade cum dividend on the JSE	Tuesday, 12 September 2017
• First trading day ex dividend on the JSE	Wednesday, 13 September 2017
• Record date	Friday, 15 September 2017
• Payment date	Monday, 18 September 2017

On behalf of the board

Len Konar
Chairman

Mxolisi Mgojo
Chief executive officer

Riaan Koppeschaar
Finance director

17 August 2017

POWERING POSSIBILITY

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