2013
Group annual financial statements

POWERING POSSIBILITY

CONTENTS

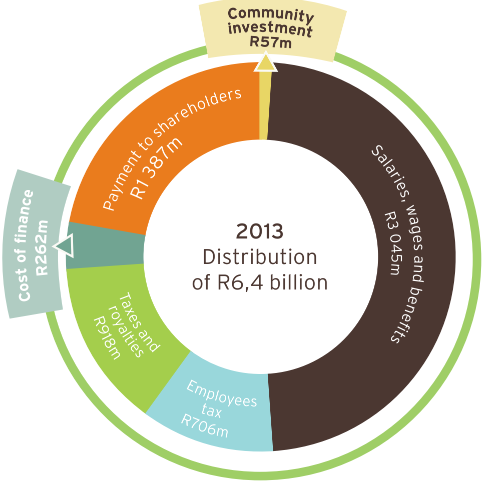
GROUP CASH VALUE ADDED STATEMENTS (UNAUDITED)

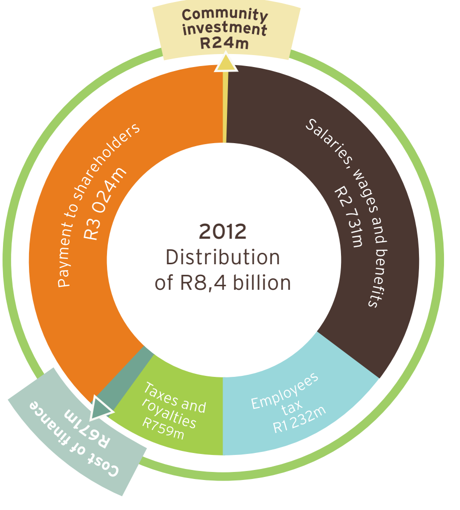
for the year ended 31 December

The value added statements show the wealth the group has created through mining, beneficiation, trading and investing operations. Exxaro generates and creates value as follows:

- Employees receive salaries/wages, share-based payments as well as bonuses (where certain performance conditions are met)
- The governments of the countries where Exxaro has operations receive tax and royalty payments
- Suppliers and contractors are supported through the procurement of consumables, services and capital goods
- Shareholders receive a return on their investment through dividends and growth in the share price
- Exxaro has corporate social investment initiatives which benefit surrounding communities
- Continuous reinvestment into the group to ensure sustainability and expansion.

Economic value distribution





The statement below summarises the total cash wealth created and how it was disbursed among the group's stakeholders. The retained amount was reinvested in the group for the replacement of assets and further development of operations.

	Group 2013 Rm	Group 2012 Rm
Direct economic value generated	6 798	8 984
Gross revenue from the sale of products and services (including value added tax (VAT)	16 432	18 529
Income from investments and interest received	3 244	4 022
Operating costs	(12 878)	(13 567)
Economic value distributed	6 375	8 441
Employee wages and benefits (excluding employees taxes)	3 045	2 731
Employees' tax (PAYE) deducted from remuneration paid	706	941
PAYE deducted from Mpower payments		291
Payments to government	918	759
Interest paid and loan cost	262	671
Cash dividend paid, excluding Mpower dividend to employees	1 371	3 014
Cash dividend paid to Mpower 2012 employee beneficiaries	16	10
Volunteerism	1	
Community investments (including donations)	56	24
Net economic value retained in the group to maintain and develop operations	423	543
Included above are:		
Payments to Government: taxation contribution	918	759
Direct taxes per country (excluding deferred tax)	158	278
Republic of South Africa	129	272
Netherlands	9	7
Australia	20	(1)
VAT	612	86
VAT levied on purchases of goods and services	(1 940)	(2 182)
VAT and other duties charged on turnover	2 552	2 268
Additional amounts collected by the group on behalf of government: Unemployment Insurance Fund	24	30
Levies paid to government	124	365
Rates and taxes paid to local authorities	4	23
Royalties paid to government	60	262
Workers' Compensation Fund	6	10
Unemployment Insurance Fund	24	30
Skills Development Levy	30	40
Interest capitalised on qualifying assets (Grootegeluk Medupi Expansion Project (GMEP); Mayoko and GG backfill projects)	338	330
Community investments per region	56	24
Gauteng and corporate projects	14	12
KwaZulu-Natal	3	
Limpopo	12	7
Mpumalanga	25	5
Western Cape	2	

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING
for the year ended 31 December 2013

The directors of the company are responsible for maintaining adequate accounting records, the preparation of the annual financial statements of the company and group as well as to develop and maintain a sound system of internal controls to safeguard shareholders' investments as well as the company's and group's assets. In presenting the accompanying company and group annual financial statements, International Financial Reporting Standards (IFRS) have been followed, applicable accounting policies have been used and prudent judgements and estimates have been made.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal controls aimed at reducing the risk of error or loss in a cost-effective manner. Such systems can provide reasonable but not absolute assurance against material misstatement or loss. The directors, primarily through the audit committee, which consists only of independent non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal control, auditing, financial reporting and risk management. The group's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the independent external auditors. The independent external auditors are responsible for reporting on the company and consolidated group annual financial statements. The independent external and internal auditors have unrestricted access to all records, property and personnel as well as to the audit committee.

The directors have reviewed the company and consolidated group financial budgets along with the underlying business plans for the period to 31 December 2014. In light of the current company and consolidated financial position and existing borrowing facilities, they consider it appropriate that the company and consolidated group annual financial statements be prepared on the going-concern basis.

The independent external auditors are responsible for reporting on whether the company and consolidated group annual financial statements are fairly represented in accordance with International Financial Reporting Standards. The independent external auditors have audited the annual financial statements of the company and group and their unmodified report appears on page 7.

Against this background, the directors of the company accept responsibility for the company and consolidated group annual financial statements, which were approved by the board of directors on 31 March 2014 and are signed on its behalf by:

SA Nkosi
Chief executive officer

WA de Klerk
Finance director

Pretoria

CERTIFICATE BY GROUP COMPANY SECRETARY
for the year ended 31 December 2013

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended (Companies Act), I, CH Wessels, in my capacity as group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 31 December 2013, Exxaro Resources Limited (Exxaro) has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

CH Wessels
Group company secretary

Pretoria

AUDIT COMMITTEE REPORT
for the year ended 31 December 2013

The committee is pleased to present its report for the financial year ended 31 December 2013.

Background

The company's audit committee is established as a statutory committee in terms of section 94(2) of the Companies Act No 71 of 2008, as amended (Companies Act) and oversees audit committee matters for all of the South African subsidiaries within the Exxaro group, as permitted by section 94(2)(a) of the Companies Act.

The audit committee operates in accordance with the specific statutory duties imposed by the Companies Act, the JSE Listings Requirements, as well as in accordance with detailed terms of reference, which has incorporated the principles contained in the King Report on Governance for South Africa 2009 (King III), as well as duties specifically delegated by the company's board of directors.

Objective and scope

Apart from the statutory duties of the audit committee as set out in the Companies Act, the provisions of the Listings Requirements and King III, the ambit of the audit committee has been expanded to include financial risk management, financial compliance and aspects of integrated reporting. The audit committee's objectives are to:

- Examine and review the group's annual financial statements and report on interim and final results, the accompanying message to stakeholders and any other announcements on the company's results or other financial information to be made public
- Oversee cooperation between internal and external auditors, and serve as a link between the board and these functions
- Oversee the external audit function and approve audit fees
- Evaluate the qualification, appropriateness, eligibility and independence of the external auditor
- Approve the appointment of the internal auditors, the internal audit plan, charter and fees
- Evaluate the scope and effectiveness of the internal audit function
- Ensure effective internal financial controls are in place
- Review the integrity of financial risk control systems and policies
- Evaluate the competency of the finance director and finance function
- Appoint the chief audit executive
- Comply with legal and regulatory requirements
- Oversee the effectiveness of the combined assurance plan and outcome.

The committee performed its functions as stipulated in the terms of reference and detailed annual plan.

Membership

The audit committee consisted of three independent non-executive directors during 2013, with an additional independent non-executive director having been appointed on 29 January 2014. The chairman of the board is not a member of the audit committee. In addition, the chief executive officer, the finance director, chief audit executive, as well as the internal and external auditors are permanent invitees to the audit committee meetings. The audit committee meets four times a year and details of attendance are contained in the Governance Report of the integrated report.

External auditors

The group's independent external auditors are PricewaterhouseCoopers Incorporated (PwC). Fees paid to the auditors are disclosed in note 5 to the group annual financial statements 2013. Exxaro has an approved policy to regulate the use of non-audit services by the group's independent external auditors. The policy differentiates between permitted and prohibited non-audit services, and specifies a monetary threshold by which approvals are considered. During the year under review, fees paid to PwC amounted to R39 million, which included R23 million for the 2013 statutory audit and related activities as well as R16 million for non-audit services. Non-audit services rendered by the group's independent external auditors during the period comprised tax advisory and compliance services, due-diligence reviews, enterprise risk management and combined assurance assistance, accounting opinions, risk management, sustainability assurance and other advisory services. The audit committee is satisfied with the level and extent of non-audit services rendered during the year by PwC as well as their continued independence.

AUDIT COMMITTEE REPORT (continued)

for the year ended 31 December 2013

Two meetings were held with the external auditor where management was not present.

The audit committee annually assesses the independence of the group's external auditors and again completed such assessment at its meeting on 3 March 2014. PwC were required to confirm that:

- They are not precluded from reappointment due to any impediment in section 90(b) of the Companies Act
- In compliance with section 91(5) of the Companies Act, by comparison with the membership of the firm at the time of its reappointment in 2012, more than one half of the members remain in 2013
- They remain independent, as required by section 94(7)(a) of the Companies Act and the JSE Listings Requirements.

Based on the above assessment, the audit committee renominated PwC as independent external auditors for the 2014 financial year. Shareholders will therefore be requested to re-elect PwC as independent external auditors for the 2014 financial year at the annual general meeting on 27 May 2014.

Finance function review

As required by the JSE Listings Requirements 3.84(h), the audit committee, through a formal process, has satisfied itself of the finance function's resources, experience and expertise and the appropriateness of the expertise and experience of the Finance Director.

Annual financial statements

The audit committee reviewed the company and group annual financial statements and accounting practices in detail and is satisfied that the information contained in the annual financial statements, as well as the application of accounting practices applied are reasonable.

Internal financial control (statement on effectiveness of internal controls)

The audit committee, with input and reports from the independent internal and external auditors, reviewed the company's system of internal financial control during the year under review. Deficiencies in the system of internal control identified in the year ended 31 December 2012 have improved significantly. The committee confirmed that there were no material areas of concern that would render the internal financial controls ineffective.

Further information on the activities of the committee is contained in the Governance Report of the integrated report.

J van Rooyen
Chairman of the audit committee

Pretoria

31 March 2014

INDEPENDENT EXTERNAL AUDITOR'S REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2013

To the shareholders of Exxaro Resources Limited

We have audited the consolidated and separate financial statements of Exxaro Resources Limited set out on page 34 to 158, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Exxaro Resources Limited as at 31 December 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor
Johannesburg

1 April 2014

REPORT OF THE DIRECTORS
for the year ended 31 December 2013

The directors have pleasure in presenting the annual financial statements of Exxaro Resources Limited (Exxaro) and the group for the year ended 31 December 2013.

Nature of business

Exxaro, a public company incorporated in South Africa, is one of the largest South African-based diversified resources groups, with interests in the coal, titanium dioxide, ferrous and energy markets. Exxaro is listed on the JSE Limited and is a constituent of the JSE's Top 40 index.

Exxaro's assets vary between controlled and operated assets and equity-accounted investments. The major controlled assets include its coal operations and its iron ore prospecting operations in the Republic of the Congo, whereas the major equity-accounted investments include its 44,40% interest in Tronox Limited (Tronox), the world's largest fully integrated producer of titanium ore and titanium dioxide, the third-largest titanium feedstock producer and the second-largest producer of zircon, its 26% interest in Tronox's South African mineral sands operations and United Kingdom Limited Liability Partnership, its 19,98% interest in Sishen Iron Ore Company Proprietary Limited, which extracts and processes iron ore and its 50% interest in Cennergi Proprietary Limited, an energy company which aims to be the leading cleaner energy independent power producer in South Africa.

Integrated report

Summarised information on the activities and performance of the group and the various divisions of the group is contained in the integrated report on pages 47 to 58 as well as in the Summarised group annual financial statements on pages 93 to 106. These reports are unaudited. The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the integrated report and in the opinion of the board the integrated report addresses all material issues, and presents fairly the integrated performance, impact and sustainability of the organisation. The integrated report has been prepared in line with corporate governance best practice.

Corporate governance

The board of directors endorses the principles contained in the King Report on Governance for South Africa 2009 (King III). Full details on how these principles were applied in Exxaro are set out in the Governance and Remuneration section of the integrated report commencing on page 59.

Comparability of results

The results for the year ending 31 December 2013 and 2012 are not comparable due to the following transactions:

- The net pre-tax impairment of the carrying value of property, plant and equipment at New Clydesdale Colliery (NCC) of R143 million in 2013
- R98 million partial impairment reversal of the carrying value of property, plant and equipment at the Zincor refinery in November 2013 as well as the R964 million profit realised on the subsequent sale of this asset
- A loss on dilution of the shareholding in Tronox of R12 million in 2013
- The mineral sands and Rosh Pinah businesses' financial results effectively being included in 2012 annual results for five and a half and five months, respectively
- The profits realised on the sale of the mineral sands and Rosh Pinah businesses of R3 451 million and R544 million, respectively, as well as other non-core assets of R42 million in 2012
- The partial impairment reversal of the carrying value of property, plant and equipment at KZN Sands of R103 million in 2012.

Accounting policies

The accounting policies applied during the year ended 31 December 2013 are consistent, in all material respects, with those applied in the group annual financial statements for the year ended 31 December 2012, except for those discussed in note 2.2 to the group annual financial statements commencing on page 45 of this report.

Registration details

The company registration number is 2000/011076/06. The registered office is Roger Dyason Road, Pretoria West, 0183, Republic of South Africa.

Capital management

The board of directors is ultimately responsible to monitor debt levels, return on capital, total shareholders' return as well as compliance with contractually agreed loan covenants. These key metrics are detailed on page 162 of this report. The group aims to cover its annual net funding requirements through long-term loan facilities with maturities spread evenly over time.

During the year, the group complied with all its contractually agreed loan covenants. Neither the company nor any of its subsidiaries are subject to externally imposed regulatory capital requirements. There were no significant changes in the group's approach to capital management during the year. The group continuously reviews its capital expenditure programmes, including sustaining capital to ensure that the capital structure continues to withstand any economic downturn.

Although the intention is to progress to distributing 50% of attributable earnings to shareholders, adequate provision is made for future capital commitments and working capital requirements in determining the level of interim and final dividends to shareholders.

Capital expenditure for the year amounted to R4 764 million (2012: R5 333 million).

Share buy-back

The company may from time to time repurchase its own shares in the open market, depending on prevailing market prices and in accordance with the general authority granted by shareholders at each annual general meeting and subject to compliance with the provision of the Companies Act No 71 of 2008, as amended, and the JSE Limited Listing Requirements (Listings Requirements). These share repurchases are primarily intended to settle the group's various employee share incentive schemes and decisions are made based on specific transaction requirements. The company does not, however, have a defined share buy-back plan.

Shareholders' resolutions

The following Exxaro subsidiaries passed special resolutions to adopt a new memorandum of incorporation and to convert shares from par value to no par value:

- AlloyStream Proprietary Limited
- AlloyStream Holdings Proprietary Limited
- Clipeus Investment Holdings Proprietary Limited
- Coastal Coal Proprietary Limited
- Colonna Properties Proprietary Limited
- Exxaro Base Metals and Industrial Minerals Holdings Proprietary Limited
- Exxaro Coal Proprietary Limited
- Exxaro FerroAlloys Proprietary Limited
- Exxaro Holdings Proprietary Limited
- Exxaro Properties (Groenkloof) Proprietary Limited
- Exxaro Reductants Proprietary Limited
- Ferroland Grondtrust Proprietary Limited
- Gravelotte Iron Ore Company Proprietary Limited
- Inyanda Coal Proprietary Limited
- Rocsi Holdings Proprietary Limited
- Skyprops 112 Proprietary Limited.

The following Exxaro subsidiaries passed special resolutions to adopt a new memorandum of incorporation, including converting from a public to a private company and to convert shares from par value to no par value:

- Cullinan Refractories Proprietary Limited
- The Vryheid (Natal) Railway, Coal and Iron Company Proprietary Limited.

Exxaro Coal Mpumalanga Proprietary Limited passed special resolutions to adopt a new memorandum of incorporation, including cancellation of preference and redeemable preference shares and to convert shares from par value to no par value.

Exxaro Holdings Congo Proprietary Limited passed a special resolution to adopt a new memorandum of incorporation.

The following Exxaro subsidiaries passed special resolutions to adopt a new memorandum of incorporation, including change of name to include "RF" in accordance with section 11(3)(b) of the Companies Act and to convert shares from par value to no par value:

- Exxaro Insurance Company (RF) Limited
- Ferrowest Share Block (RF) Proprietary Limited.

Share capital

Authorised

500 000 000 ordinary shares of R0,01 each.

Issued

358 115 505 (2012: 357 787 785) ordinary shares of R0,01 each. The increase can be summarised as follows:

	Date of issue	Number of shares
Opening balance		357 787 785
Issued in terms of the Kumba Resources Management Share Option Scheme due to options exercised at prices ranging from R138,53 to R166,00	19 March 2013 to 3 September 2013	327 720
Closing balance		358 115 505

REPORT OF THE DIRECTORS (continued)

for the year ended 31 December 2013

Shareholders

An analysis of shareholders and the respective percentage shareholdings appears in Annexure 5 to the group annual financial statements.

Dividend payments

Dividend number 21

Interim dividend number 21 of 235 cents per share was declared in South African currency in respect of the period ended 30 June 2013. The dividend was paid in South African currency on Monday, 16 September 2013 to shareholders recorded in the register of the company at close of business on Friday, 13 September 2013.

The total Secondary Tax on Companies (STC) credits available for offsetting against the dividend tax amounted to R1 566 million, which equated to 235 cents per share. Although the local Dividend Tax rate is 15%, no tax was due as a result of the STC credits utilised.

Dividend number 22

Final dividend number 22 of 315 cents per share was approved by the board on 4 March 2014 and declared in South African currency in respect of the year ended 31 December 2013. The dividend payment date is Monday, 14 April 2014 to shareholders recorded in the register of the company at close of business on Friday, 11 April 2014. To comply with the requirements of Strate the last day to trade cum dividend is Friday 4 April 2014. The shares will commence trading ex dividend on Monday, 7 April 2014 and the record date is Friday 11 April 2014.

The gross local dividend amount is 315 cents per share for shareholders exempt from Dividend Tax. The dividend declared will be subject to a dividend withholding tax of 15% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. Total STC credits available for offsetting against the dividend tax amount to R195 million (54,51893 cents per share). The net local dividend payable to shareholders subject to withholding tax at a rate of 15% amounts to 275,92784 cents per share. The number of ordinary shares in issue at the date of this declaration is 358 115 505. Exxaro's tax reference number is 9218/098/14/4.

Investments and subsidiaries

The financial information in respect of investments and interests in subsidiaries of the company is disclosed in Annexures 2 and 3 to the group annual financial statements 2013.

Events after the reporting period

The directors are not aware of any matter or circumstance that has arisen since the end of the financial year not dealt with in the integrated report or in the company and group annual financial statements that would significantly affect the operations or the results of the company and group.

Refer note 41 on page 150 of the group annual financial statements.

Directorate and shareholdings

Details of the directors in office at the date of this report are set out on pages 62 to 66 of the integrated report.

Details of directors' shareholding are contained on page 16 of this report.

As reported in the 2012 group annual financial statements, Mr U Khumalo resigned as a non-executive director with effect from 31 January 2013.

Dr CJ Fauconnier was appointed as an independent non-executive director with effect from 1 November 2013. In accordance with clause 6.1(11)(c) and 6.2 of the memorandum of incorporation of the company, the appointment of Dr CJ Fauconnier, having been appointed by the board of directors during the year, is required to be confirmed by the shareholders at the forthcoming annual general meeting (AGM) to be held on 27 May 2014.

The following directors are required to retire by rotation in terms of articles 6.2 of the memorandum of incorporation of the company, and being eligible offer themselves for re-election at the forthcoming annual general meeting:

- Mr NL Sowazi
- Mr D Zihlangu.

Mr JJ Geldenhuys is also required to retire by rotation and has not offered himself for re-election.

Directors' service contracts

All executive directors' employment contracts are subject to six calendar months' notice. Non-executive directors are not bound by service contracts.

There are no restraints of trade associated with the service contracts of executive directors.

For a detailed analysis of the directors and prescribed officers' remuneration, refer to page 12 to page 33 of this report.

Group company secretary and registered office

The group company secretary is Mrs CH Wessels and details of the registered office and postal address appear on the administration sheet included in the integrated report.

Independent external auditors

PricewaterhouseCoopers Incorporated (PwC) was re-elected as independent external auditors on 24 May 2013 in accordance with section 90 of the Companies Act and has again been proposed for re-election in respect of the 2014 financial year, to occur at the forthcoming AGM on 27 May 2014.

Audit committee

The audit committee report appears on page 5 of this report.

Borrowing powers and financial assistance

Borrowing capacity is determined by the directors in terms of the memorandum of incorporation, from time to time.

	Group	
At 31 December (Rm)	2013	2012
Amount approved	45 340	36 008
Total borrowings	(3 600)	(2 752)
Unutilised borrowing capacity	41 740	33 256

The borrowing powers of the company and the group were set at 125% of shareholders' funds for both the 2013 and 2012 financial years.

Pursuant to the authorisation granted at the general meeting of Exxaro Resources Limited held on 24 May 2013, the board of directors of the company, at its meeting held on 4 March 2014, has approved, in accordance with section 45 of the Act and the Listings Requirements, the giving of financial assistance to related and interrelated companies of the company up to an amount not exceeding R40 billion, at any time and from time to time during the period 1 January to 31 December 2014.

The directors have resolved that the company satisfied the solvency and liquidity test, as contemplated in section 45 of the Companies Act and detailed in section 4 of the Companies Act, post such assistance and the terms under which such assistance was provided were fair and reasonable to the company.

Employee incentive schemes

Details of the group's employee incentive schemes are set out in note 17 of the group annual financial statements 2013.

Related party transactions

Details of the group's related party transactions are set out in note 38 of the group annual financial statements 2013.

Going concern

The board of directors believes that the company and group have adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going-concern basis. The board of directors is not aware of any new material changes that may adversely impact the company and group or any material non-compliance with statutory or regulatory requirements.

Annual general meeting

The 13th annual general meeting of shareholders of Exxaro will be held at the Corporate Office, Roger Dyason Road, Pretoria West, Republic of South Africa, at 10:00 on Tuesday, 27 May 2014. The notice and proxy is included in the integrated report.

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

for the year ended 31 December

This report on remuneration and related matters (refer page 59 of the integrated report for the detailed Remuneration report) covers issues which are the concern of the board as a whole, in addition to those which were dealt with by the Remuneration and Nomination Committee (REMCO).

Remuneration policy

The REMCO has a defined mandate from the board aimed at:

- Ensuring that the company's chairman, directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance
- Ensuring that the company's remuneration strategies and packages, including the incentive schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the company.

Summary of remuneration received or receivable

2013	Basic salary R	Fees for services R
Executive directors		
SA Nkosi	6 780 615	
WA de Klerk	4 252 911	
	11 033 526	
Less: gains on share scheme		
Add: share-based payment expense		
Total remuneration paid by Exxaro		
Non-executive directors		
S Dakile-Hlongwane		336 607
Dr CJ Fauconnier[3]		42 753
JJ Geldenhuys		692 883
U Khumalo[4,5]		20 910
Dr D Konar (chairman)		1 167 820
NB Mbazima		266 737
VZ Mntambo		345 317
RP Mohring		690 173
MF Randera		313 897
NL Sowazi[5]		240 067
J van Rooyen		528 846
D Zihlangu		336 607
Total remuneration paid by Exxaro		4 982 617
Prescribed officers		
MDM Mgojo	3 861 539	
MI Mthenjane[6]	1 731 044	
M Piater	3 011 227	
PE Venter	3 984 132	
M Veti	2 588 593	
C H Wessels	1 661 950	
	16 838 485	
Less: gains on share scheme		
Add: share-based payment expense		
Total remuneration paid by Exxaro		

1 *All incentive schemes are performance related and were approved by the board. The two-tier short-term incentive scheme applies to all employees throughout the group.*
2 *Includes travel allowances.*
3 *Appointed on 1 November 2013.*
4 *Resigned on 31 January 2013.*
5 *Fees paid to the respective employer and not the individual.*
6 *Appointed as an Executive committee member on 1 May 2013.*

Retirement amounts paid or received by executive directors are paid or received under defined contribution retirement funds.

Performance bonuses[1] R	Benefits and allowances[2] R	Retirement fund contributions R	Gains on management share schemes R	Total R
3 977 050	86 980	670 610	11 980 202	23 495 457
2 878 942	167 364	414 654	10 504 741	18 218 612
6 855 992	254 344	1 085 264	22 484 943	41 714 069
				(22 484 943)
				17 950 027
				37 179 153
	8 258			344 865
	389			43 142
	50 482			743 365
				20 910
				1 167 820
				266 737
	240			345 557
	14 017			704 190
	3 849			317 746
				240 067
				528 846
	3 900			340 507
	81 135			5 063 752
2 182 983	139 895	335 907	4 704 242	11 224 566
830 367	147 014	159 221		2 867 646
1 485 547	118 651	297 813	2 612 094	7 525 332
2 071 787	247 218	350 769	2 940 547	9 594 453
1 172 820	33 202	255 685	2 723 349	6 773 649
502 125	62 015	129 713		2 355 803
8 245 629	747 995	1 529 108	12 980 232	40 341 449
				(12 980 232)
				15 424 152
				42 785 369

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Summary of remuneration received or receivable (continued)

2012	Basic salary R	Fees for services R	Performance bonuses[1] R
Executive directors			
SA Nkosi	6 859 647		2 517 124
WA de Klerk	4 217 225		1 054 030
	11 076 872		3 571 154
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			
Non-executive directors			
S Dakile-Hlongwane[3]		246 310	
JJ Geldenhuys		634 733	
CI Griffith[4]		346 283	
U Khumalo[5]		255 971	
Dr D Konar (chairman)		1 060 666	
N Langeni[6]			
NB Mbazima[7]			
VZ Mntambo		327 293	
RP Mohring		683 001	
MF Randera[8]		153 173	
NL Sowazi[5]		303 864	
J van Rooyen		577 748	
D Zihlangu		327 293	
Total remuneration paid by Exxaro		4 916 335	
Prescribed officers			
PT Arran[9]	2 155 841		813 255
MDM Mgojo	3 843 865		1 097 830
M Piater	2 637 818		998 345
WH van Niekerk[9]	2 310 253		809 289
PE Venter	3 985 326		1 544 291
M Veti	2 159 470		768 333
CH Wessels	1 236 864		397 176
	18 329 437		6 428 519
Less: gains on share scheme			
Add: share-based payment expense			
Total remuneration paid by Exxaro			

1 *All incentive schemes are performance related and were approved by the board. The three-tier short-term incentive scheme applies to all employees throughout the group.*
2 *Includes travel allowances.*
3 *Appointed on 21 February 2012.*
4 *Resigned on 29 November 2012.*
5 *Fees paid to the respective employer and not the individual.*
6 *Resigned on 18 January 2012.*
7 *Appointed on 30 November 2012.*
8 *Appointed on 13 June 2012.*
9 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited.*

Retirement amounts paid or received by executive directors are paid or received under defined contribution retirement funds.

Benefits and allowances[2] R	Retirement fund contributions R	Gains on management share schemes R	Other R	Total R
81 401	595 683	15 187 718		25 241 573
163 515	346 373	8 448 242		14 229 385
244 916	942 056	23 635 960		39 470 958
				(23 635 960)
				7 645 042
				23 480 040
				246 310
32 513				667 246
				346 283
				255 971
				1 060 666
				327 293
26 756				709 757
				153 173
				303 864
				577 748
				327 293
59 269				4 975 604
	116 939	3 003 003		6 089 038
88 594	295 323	6 123 824		11 449 436
112 558	261 812	3 794 997	574	7 806 104
78 056	151 367	5 951 570		9 300 535
163 182	297 142	10 336 711		16 326 652
41 374	214 909	4 327 759		7 511 845
44 030	100 286			1 778 356
527 794	1 437 778	33 537 864	574	60 261 966
				(33 537 864)
				9 277 994
				36 002 096

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors interest in Exxaro shares

	At 31 December			
	2013		2012	
Director	Direct	Indirect	Direct	Indirect
Beneficial interest				
S Dakile-Hlongwane		488 763		
WA de Klerk	1 462	11 371	1 462	8 932
Dr CJ Fauconnier	47 500			
Dr D Konar (chairman)	6 168		6 168	
VZ Mntambo		5 794 393		5 529 881
RP Mohring	1 000		1 000	
SA Nkosi	70 144	9 645 240	37 362	9 852 845
NL Sowazi		3 411 100		3 038 387
D Zihlangu		2 817 773		2 818 552
Non-beneficial interest				
WA de Klerk		62 347		61 082
Dr CJ Fauconnier		1 000		

On 31 December 2013, Mrs S Dakile-Hlongwane held 0,1%, Mr VZ Mntambo held 1,6% (2012: 1,5%), Mr SA Nkosi held 2,7% (2012: 2,8%), Mr NL Sowazi held 0,31% (2012: 0,8%) and Mr D Zihlangu held 0,8% (2012: 0,8%) directly or indirectly in the share capital of the company.

Directors' and prescribed officers' share options and restricted share awards

The following options and rights in shares in the company were exercised or are outstanding in favour of directors and prescribed officers of the company under the company's share option schemes:

Management share option scheme

2012	Options held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
WA de Klerk				
Prescribed officer				
M Piater				
WH van Niekerk[1]				

1 Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited.

Pre-tax gain if exercisable at 31 December R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	8 750		19,62	212,80	1 690 325	17/04/2012
	4 510		19,62	213,00	872 144	13/04/2012
	4 510				872 144	
	1 330		19,62	199,53	239 280	22/03/2012
	583		19,62	199,51	104 876	22/03/2012
	2 976		19,62	199,50	535 323	22/03/2012
	280		19,62	199,79	50 448	22/03/2012
	253		19,62	199,85	45 598	22/03/2012
	413		19,62	199,86	74 439	22/03/2012
	253		19,62	199,87	45 603	22/03/2012
	119		19,62	199,91	21 455	22/03/2012
	253		19,62	200,25	45 699	22/03/2012
	6 460				1 162 721	

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share appreciation right scheme

2013	Rights held at 31 December[1]	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi				
	41 780	112,35	01/04/2015	6 119 099
	67 430	67,07	01/04/2016	9 875 798
	45 474	126,77	01/04/2017	6 660 122
	36 538	163,95	01/04/2018	5 351 355
	191 222			28 006 374
WA de Klerk				
	18 268	163,95	01/04/2018	2 675 531
	18 268			2 675 531
Prescribed officer				
MDM Mgojo				
	15 720	112,35	01/04/2015	2 302 351
	27 530	67,07	01/04/2016	4 032 044
	16 358	126,77	01/04/2017	2 395 793
	14 084	163,95	01/04/2018	2 062 743
	73 692			10 792 931
M Piater				
	9 420	112,35	01/04/2015	1 379 653
	16 330	67,07	01/04/2016	2 391 692
	9 380	126,77	01/04/2017	1 373 795
	8 542	163,95	01/04/2018	1 251 061
	43 672			6 396 201
PE Venter	17 376	126,77	01/04/2017	2 544 889
	14 104	163,95	01/04/2018	2 065 672
	31 480			4 610 561
M Veti				
	6 168	163,95	01/04/2018	903 365
	6 168			903 365
CH Wessels	2 936	163,95	01/04/2018	430 007

1 Refers to rights held by employees including vested not yet exercised as well as unvested rights.

2 Based on a share price of R146,46 which prevailed on 31 December 2013.

It is assumed that directors will not exercise rights which are out of the money.

Pre-tax gain if exercisable at 31 December[2] R	Rights exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	38 680		60,60	150,77	3 487 776	13/11/2013
1 425 116						
5 353 268						
895 383						
7 673 767	38 680				3 487 776	
	19 330		60,60	167,92	2 074 496	23/09/2013
	16 410		112,35	152,44	657 877	12/11/2013
	37 760		67,07	152,44	3 223 571	12/11/2013
	21 478		126,77	152,44	551 340	12/11/2013
	94 978				6 507 284	
	18 340		60,60	150,77	1 653 718	13/11/2013
536 209						
2 185 607						
322 089						
3 043 905	18 340				1 653 718	
	9 840		60,60	140,81	789 266	09/12/2013
321 316						
1 296 439						
184 692						
1 802 447	9 840				789 266	
342 133						
342 133						
	11 590		67,07	153,86	1 005 896	04/06/2013
	7 624		126,77	163,03	276 446	26/08/2013
	19 214				1 282 342	

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share appreciation right scheme (continued)

2012	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi	38 680	60,60	01/03/2014	6 536 920
	41 780	112,35	01/04/2015	7 060 820
	67 430	67,07	01/04/2016	11 395 670
	45 474	126,77	01/04/2017	7 685 106
	36 538	163,95	01/04/2018	6 174 922
	229 902			38 853 438
WA de Klerk	19 330	60,60	01/03/2014	3 266 770
	16 410	112,35	01/04/2015	2 773 290
	37 760	67,07	01/04/2016	6 381 440
	21 478	126,77	01/04/2017	3 629 782
	18 268	163,95	01/04/2018	3 087 292
	113 246			19 138 574
Prescribed officer				
PT Arran[2]	10 190	60,60	01/03/2014	1 722 110
	9 470	112,35	01/04/2015	1 600 430
	15 200	67,07	01/04/2016	2 568 800
	16 358	126,77	01/04/2017	2 764 502
	14 084	163,95	01/04/2018	2 380 196
	65 302			11 036 038
MDM Mgojo	18 340	60,60	01/03/2014	3 099 460
	15 720	112,35	01/04/2015	2 656 680
	27 530	67,07	01/04/2016	4 652 570
	16 358	126,77	01/04/2017	2 764 502
	14 084	163,95	01/04/2018	2 380 196
	92 032			15 553 408
M Piater	9 840	60,60	01/03/2014	1 662 960
	9 420	112,35	01/04/2015	1 591 980
	16 330	67,07	01/04/2016	2 759 770
	9 380	126,77	01/04/2017	1 585 220
	8 542	163,95	01/04/2018	1 443 598
	53 512			9 043 528
WH van Niekerk[2]	7 980	60,60	01/03/2014	1 348 620
	8 990	112,35	01/04/2015	1 519 310
	14 080	67,07	01/04/2016	2 379 520
	12 190	63,45	04/05/2016	2 060 110
	16 358	126,77	01/04/2017	2 764 502
	14 084	163,95	01/04/2018	2 380 196
	73 682			12 452 258
PE Venter				
	17 376	126,77	01/04/2017	2 936 544
	14 104	163,95	01/04/2018	2 383 576
	31 480			5 320 120
M Veti				
	11 590	67,07	01/04/2016	1 958 710
	7 624	126,77	01/04/2017	1 288 456
	6 168	163,95	01/04/2018	1 042 392
	25 382			4 289 558
CH Wessels	2 936	163,95	01/04/2018	496 184

1 Based on a share price of R169,00 which prevailed on 31 December 2012.

2 Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited.

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
4 192 912						
2 366 837						
6 873 140						
1 920 367						
184 517						
15 537 773						
2 095 372						
929 627						
3 848 877						
907 016						
92 253						
7 873 145						
1 104 596						
536 476						
1 549 336						
690 798						
71 124						
3 952 330						
1 988 056						
890 538						
2 806 133						
690 798						
71 124						
6 446 649						
1 066 656						
533 643						
1 664 517						
396 117						
43 137						
3 704 070						
865 032						
509 284						
1 435 174						
1 286 655						
690 798						
71 124						
4 858 067						
	30 540		67,07	207,93	4 301 864	02/05/2012
733 788						
71 225						
805 013	30 540				4 301 864	
	7 100		60,60	199,97	989 527	28/02/2012
	7 020		112,35	199,97	615 092	28/02/2012
1 181 369						
321 962						
31 148						
1 534 479	14 120				1 604 619	
14 827						

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme — long-term incentive plan

2013	Rights held at 31 December	Exercise price[1] R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi				
	36 538		01/04/2014	5 351 355
	68 565		01/04/2015	10 042 030
	94 011		01/04/2016	13 768 851
	199 114			29 162 236
WA de Klerk				
	18 268		01/04/2014	2 675 531
	34 689		01/04/2015	5 080 551
	14 630		01/11/2015	2 142 710
	58 439		01/04/2016	8 558 976
	126 026			18 457 768
Prescribed officer				
MDM Mgojo	14 084		01/04/2014	2 062 743
	27 812		01/04/2015	4 073 346
	38 843		01/04/2016	5 688 946
	80 739			11 825 035
MI Mthenjane	21 589		01/05/2016	3 161 925
M Piater	8 542		01/04/2014	1 251 061
	15 632		01/04/2015	2 289 463
	8 606		01/11/2015	1 260 435
	30 632		01/04/2016	4 486 363
	63 412			9 287 322
PE Venter	14 104		01/04/2014	2 065 672
	28 318		01/04/2015	4 147 454
	41 015		01/04/2016	6 007 057
	83 437			12 220 183
M Veti	6 168		01/04/2014	903 365
	12 424		01/04/2015	1 819 619
	18 458		01/04/2016	2 703 359
	37 050			5 426 343
CH Wessels	2 936		01/06/2014	430 007
	5 345		01/04/2015	782 829
	8 849		01/04/2016	1 296 025
	17 130			2 508 861

1 *Exercise price to be determined on vesting date.*

2 *Based on a share price of R146,46 which prevailed on 31 December 2013.*

3 *Shares forfeited due to performance conditions not being fully met.*

Pre-tax gain if exercisable at 31 December[2] R	Options exercised during the year	Shares forfeited[3]	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	46 559	853		163,40	7 607 741	08/04/2013
5 351 355						
10 042 030						
13 768 851						
29 162 236	46 559	853			7 607 741	
	21 092	386		163,40	3 446 433	08/04/2013
2 675 531						
5 080 551						
2 142 710						
8 558 976						
18 457 768	21 092	386			3 446 433	
2 062 743	16 064	294		163,40	2 624 858	12/04/2013
4 073 346						
5 688 946						
11 825 035	16 064	294			2 624 858	
3 161 925						
1 251 061	9 212	168		163,40	1 505 241	08/04/2013
2 289 463						
1 260 435						
4 486 363						
9 287 322	9 212	168			1 505 241	
2 065 672	17 064	312		163,40	2 788 258	05/04/2013
4 147 454						
6 007 057						
12 220 183	17 064	312			2 788 258	
903 365	7 487	137		163,40	1 223 376	08/04/2013
1 819 619						
2 703 359						
5 426 343	7 487	137			1 223 376	
430 007						
782 829						
1 296 025						
2 508 861						

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme – long-term incentive plan (continued)

2012	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi				
	47 412		01/04/2013	8 012 628
	36 538		01/04/2014	6 174 922
	68 565		01/04/2015	11 587 485
	152 515			25 775 035
WA de Klerk				
	21 478		01/04/2013	3 629 782
	18 268		01/04/2014	3 087 292
	34 689		01/04/2015	5 862 441
	74 435			12 579 515
Prescribed officer				
PT Arran[2]				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	28 255		01/04/2015	4 775 095
	58 697			9 919 793
MDM Mgojo				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	27 812		01/04/2015	4 700 228
	58 254			9 844 926
M Piater				
	9 380		01/04/2013	1 585 220
	8 542		01/04/2014	1 443 598
	15 632		01/04/2015	2 641 808
	8 606		01/11/2015	1 454 414
	42 160			7 125 040
WH van Niekerk[2]				
	16 358		01/04/2013	2 764 502
	14 084		01/04/2014	2 380 196
	28 283		01/04/2015	4 779 827
	58 725			9 924 525
PE Venter				
	17 376		01/04/2013	2 936 544
	14 104		01/04/2014	2 383 576
	28 318		01/04/2015	4 785 742
	59 798			10 105 862
M Veti				
	7 624		01/04/2013	1 288 456
	6 168		01/04/2014	1 042 392
	12 424		01/04/2015	2 099 656
	26 216			4 430 504
CH Wessels	2 936		01/06/2014	496 184
	5 345		01/04/2015	903 305
	8 281			1 399 489

1 *Based on a share price of R169,00 which prevailed on 31 December 2012.*

2 *Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited.*

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	67 438			197,54	13 321 703	13/04/2012
8 012 628						
6 174 922						
11 587 485						
25 775 035	67 438				13 321 703	
	37 764			197,54	7 459 901	03/04/2012
3 629 782						
3 087 292						
5 862 441						
12 579 515	37 764				7 459 901	
	15 202			197,54	3 003 003	13/04/2012
2 764 502						
2 380 196						
4 775 095						
9 919 793	15 202				3 003 003	
	27 536			197,54	5 439 461	05/04/2012
2 764 502						
2 380 196						
4 700 228						
9 844 926	27 536				5 439 461	
	16 340			197,54	3 227 804	13/04/2012
1 585 220						
1 443 598						
2 641 808						
1 454 414						
7 125 040	16 340				3 227 804	
	14 090			197,54	2 783 339	13/04/2012
	12 112			212,65	2 575 617	17/05/2012
2 764 502						
2 380 196						
4 779 827						
9 924 525	26 202				5 358 956	
	30 550			197,54	6 034 847	03/04/2012
2 936 544						
2 383 576						
4 785 742						
10 105 862	30 550				6 034 847	
	11 596			197,54	2 290 674	13/04/2012
1 288 456						
1 042 392						
2 099 656						
4 430 504	11 596				2 290 674	
496 184						
903 305						
1 399 489						

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme — deferred bonus plan

2013	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi				
	1 492		28/02/2014	218 518
	2 934		31/03/2014	429 714
	569		11/11/2014	83 336
	1 346		28/02/2015	197 135
	3 099		31/03/2015	453 880
	370		31/08/2015	54 190
	1 326		08/03/2016	194 206
	1 004		31/08/2016	147 046
	12 140			1 778 025
WA de Klerk				
	932		28/02/2014	136 501
	1 542		31/03/2014	225 841
	355		11/11/2014	51 993
	842		28/02/2015	123 319
	1 679		31/03/2015	245 906
	234		31/08/2015	34 272
	827		08/03/2016	121 122
	4 320		31/03/2016	632 707
	640		31/08/2016	93 734
	11 371			1 665 395
Prescribed officer				
MDM Mgojo				
	600		28/02/2014	87 876
	1 186		31/03/2014	173 702
	252		11/11/2014	36 908
	558		28/02/2015	81 725
	1 455		31/03/2015	213 099
	104		31/08/2015	15 232
	127		08/03/2016	18 600
	3 854		01/04/2016	564 457
	574		31/08/2016	84 068
	8 710			1 275 667
MI Mthenjane	138		31/08/2016	20 211

1 *Based on a share price of R146,46 which prevailed on 31 December 2013.*

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	1 433			167,72	240 343	13/03/2013
	3 527			163,40	576 312	08/04/2013
	420			161,98	68 032	11/09/2013
218 518						
429 714						
83 336						
197 135						
453 880						
54 190						
194 206						
147 046						
1 778 025	5 380				884 687	
	1 003			167,72	168 223	11/03/2013
	2 083			163,40	340 362	09/04/2013
	262			161,98	42 439	09/09/2013
136 501						
225 841						
51 993						
123 319						
245 906						
34 272						
121 122						
632 707						
93 734						
1 665 395	3 348				551 024	
	832			167,72	139 543	19/03/2013
	1 530			163,40	250 002	10/04/2013
	223			161,98	36 122	09/09/2013
87 876						
173 702						
36 908						
81 725						
213 099						
15 232						
18 600						
564 457						
84 068						
1 275 667	2 585				425 667	
20 211						

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme — deferred bonus plan (continued)

2013	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
M Piater				
	644		28/02/2014	94 320
	794		31/03/2014	116 289
	250		11/11/2014	36 615
	609		28/02/2015	89 194
	947		31/03/2015	138 698
	167		31/08/2015	24 459
	597		08/03/2016	87 437
	1 330		01/04/2016	194 792
	252		31/08/2016	36 908
	5 590			818 712
PE Venter	213		31/08/2015	31 196
	213			31 196
M Veti	510		28/02/2014	74 695
	637		31/03/2014	93 295
	197		11/11/2014	28 853
	134		31/08/2015	19 626
	461		08/03/2016	67 518
	208		31/08/2016	30 464
	2 147			314 451
CH Wessels	428		01/04/2016	62 685
	126		31/08/2016	18 454
	554			81 139

1 *Based on a share price of R146,46 which prevailed on 31 December 2013.*

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	688			167,72	115 391	19/03/2013
	1 058			163,40	172 877	08/04/2013
	181			161,98	29 318	11/09/2013
94 320						
116 289						
36 615						
89 194						
138 698						
24 459						
87 437						
194 792						
36 908						
818 712	1 927				317 586	
31 196	908			167,72	152 290	13/03/2013
31 196	908				152 290	
74 695	498			167,72	83 525	13/03/2013
93 295	675			163,40	110 295	08/04/2013
28 853	147			161,98	23 811	11/09/2013
19 626						
67 518						
30 464						
314 451	1 320				217 631	
62 685						
18 454						
81 139						

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme — deferred bonus plan (continued)

2012	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
Executive director				
SA Nkosi				
	1 433		01/03/2013	242 177
	3 527		31/03/2013	596 063
	420		31/08/2013	70 980
	1 492		28/02/2014	252 148
	2 934		31/03/2014	495 846
	569		11/11/2014	96 161
	1 346		28/02/2015	227 474
	3 099		31/03/2015	523 731
	370		31/08/2015	62 530
	15 190			2 567 110
WA de Klerk				
	1 003		01/03/2013	169 507
	2 083		31/03/2013	352 027
	262		31/08/2013	44 278
	932		28/02/2014	157 508
	1 542		31/03/2014	260 598
	355		11/11/2014	59 995
	842		28/02/2015	142 298
	1 679		31/03/2015	283 751
	234		31/08/2015	39 546
	8 932			1 509 508
Prescribed officer				
PT Arran[2]	247		31/08/2012	41 743
MDM Mgojo				
	832		01/03/2013	140 608
	1 530		31/03/2013	258 570
	223		31/08/2013	37 687
	600		28/02/2014	101 400
	1 186		31/03/2014	200 434
	252		11/11/2014	42 588
	558		28/02/2015	94 302
	1 455		31/03/2015	245 895
	104		31/08/2015	17 576
	6 740			1 139 060

1 Based on a share price of R169,00 which prevailed on 31 December 2012.

2 Services terminated effective 15 June 2012 on part of the sale of the mineral sands business to Tronox Limited.

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	2 315			210,29	486 821	12/03/2012
	6 620			197,54	1 307 715	13/03/2012
	466			153,39	71 480	12/09/2012
242 177						
596 063						
70 980						
252 148						
495 846						
96 161						
227 474						
523 731						
62 530						
2 567 110	9 401				1 866 016	
	1 644			210,29	345 717	09/03/2012
	3 000			197,54	592 620	04/04/2012
	326			153,39	50 005	06/09/2012
169 507						
352 027						
44 278						
157 508						
260 598						
59 995						
142 298						
283 751						
39 546						
1 509 508	4 970				988 342	
41 743						
	645			210,29	135 637	12/03/2012
	2 586			197,54	510 838	05/04/2012
	247			153,39	37 887	12/09/2012
140 608						
258 570						
37 687						
101 400						
200 434						
42 588						
94 302						
245 895						
17 576						
1 139 060	3 478				684 362	

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

for the year ended 31 December

Directors' and prescribed officers' share options and restricted share awards (continued)

Management share scheme — deferred bonus plan (continued)

2012	Rights held at 31 December	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December R
M Piater				
	688		01/03/2013	116 272
	1 058		31/03/2013	178 802
	181		31/08/2013	30 589
	644		28/02/2014	108 836
	794		31/03/2014	134 186
	250		11/11/2014	42 250
	609		28/02/2015	102 921
	947		31/03/2015	160 043
	167		31/08/2015	28 223
	5 338			902 122
WH van Niekerk[2]				
	247		31/08/2012	41 743
	761		01/03/2013	128 609
	1 357		31/03/2013	229 333
	223		31/08/2013	37 687
	794		28/02/2014	134 186
	1 319		31/03/2014	222 911
	304		11/11/2014	51 376
	749		28/02/2015	126 581
	1 483		31/03/2015	250 627
	7 237			1 223 053
PE Venter	908		01/03/2013	153 452
	213		31/08/2015	35 997
	1 121			189 449
M Veti				
	498		01/03/2013	84 162
	675		31/03/2013	114 075
	147		31/08/2013	24 843
	510		28/02/2014	86 190
	637		31/03/2014	107 653
	197		11/11/2014	33 293
	134		31/08/2015	22 646
	2 798			472 862

1 Based on a share price of R169,00 which prevailed on 31 December 2012.

2 Services terminated effective 15 June 2012 as part of the sale of the mineral sands business to Tronox Limited.

Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year	Shares forfeited	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
	947			210,29	199 145	12/03/2012
	1 690			197,54	333 843	13/04/2012
	223			153,39	34 206	10/09/2012
116 272						
178 802						
30 589						
108 836						
134 186						
42 250						
102 921						
160 043						
28 223						
902 122	2 860				567 194	
	1 301			210,29	273 587	09/03/2012
	1 615			197,54	319 027	10/04/2012
41 743						
128 609						
229 333						
37 687						
134 186						
222 911						
51 376						
126 581						
250 627						
1 223 053	2 916				592 614	
153 452						
35 997						
189 449						
	766			210,29	161 082	12/03/2012
	1 262			197,54	249 295	13/04/2012
	144			153,39	22 088	12/09/2012
84 162						
114 075						
24 843						
86 190						
107 653						
33 293						
22 646						
472 862	2 172				432 465	

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Revenue	4	13 568	12 229	1 635	1 425
Operating expenses	5	(12 719)	(10 885)	(1 688)	346
Other income	5.1	1 594	352		
Gains/(losses) on disposal of investments and non-core assets	7		42	(372)	(1 973)
Net operating profit/(loss)		2 443	1 738	(425)	(202)
Interest income	8	81	138	3	22
Interest expense	8	(367)	(325)	(338)	(254)
Income from investments	9	12	3	3 711	6 991
Share of income from equity-accounted investments	21, 22	3 631	3 602		
Profit before tax		5 800	5 156	2 951	6 557
Income tax (expense)/benefit	10	(645)	(537)	132	95
Profit for the year from continuing operations		5 155	4 619	3 083	6 652
Profit for the year from discontinued operations	11	1 049	5 028		
Profit for the year		6 204	9 647	3 083	6 652
Other comprehensive income/(loss), net of tax		2 640	68		
Items that will not be reclassified to profit or loss:		150	(181)		
Share of comprehensive income/(loss) of equity-accounted investments		150	(181)		
Items that may be subsequently reclassified to profit or loss:		2 490	249		
Unrealised exchange gains/(losses) on translating foreign operations		537	(33)		
Revaluation of available-for-sale financial assets		100			
Cash flow hedges			(21)		
Share of comprehensive income of equity-accounted investments		1 853	303		
Total comprehensive income for the year		8 844	9 715	3 083	6 652
Profit/(loss) attributable to:					
Owners of the parent		6 217	9 677	3 083	6 652
– continuing operations		5 168	4 634	3 083	6 652
– discontinued operations		1 049	5 043		
Non-controlling interests		(13)	(30)		
– continuing operations		(13)	(15)		
– discontinued operations			(15)		
Profit for the year		6 204	9 647	3 083	6 652

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Total comprehensive income/(loss) attributable to:					
Owners of the parent		8 854	9 745	3 083	6 652
– continuing operations		7 805	5 706	3 083	6 652
– discontinued operations		1 049	4 039		
Non-controlling interests		(10)	(30)		
– continuing operations		(10)	(15)		
– discontinued operations			(15)		
Comprehensive income for the year		8 844	9 715	3 083	6 652
Attributable earnings per share (cents)	12				
Attributable earnings per shares – aggregate					
– basic		1 751	2 734		
– diluted		1 746	2 726		
Attributable earnings per share – continuing operations					
– basic		1 456	1 309		
– diluted		1 452	1 305		
Attributable earnings per share – discontinued operations					
– basic		295	1 425		
– diluted		294	1 421		

Refer to note 12 for the details of number of shares.

STATEMENTS OF FINANCIAL POSITION
at 31 December

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
ASSETS					
Non-current assets		44 681	37 445	26 405	22 769
Property, plant and equipment	18	20 342	15 881	602	627
Biological assets	19	72	55		
Intangible assets	20	1 176	962	216	24
Investments in associates	21	19 207	17 154	13 152	13 152
Investments in joint ventures	22	861	425	159	77
Investments in subsidiaries	23			11 854	8 580
Deferred tax	24	366	241	303	235
Financial assets	25	2 657	2 727	119	74
Current assets		4 483	4 972	5 621	6 064
Inventories	26	938	776	3	
Trade and other receivables	27	2 434	2 642	5 380	5 749
Current tax receivable		82	190		
Cash and cash equivalents		1 029	1 364	238	315
Non-current assets held-for-sale	28	342			
Total assets		49 506	42 417	32 026	28 833
EQUITY AND LIABILITIES					
Capital and other components of equity					
Share capital	29	2 396	2 374	2 975	2 961
Other components of equity		4 234	1 636	1 039	921
Retained earnings		29 668	24 784	15 158	13 453
Equity attributable to owners of the parent		36 298	28 794	19 172	17 335
Non-controlling interests		(26)	12		
Total equity		36 272	28 806	19 172	17 335
Non-current liabilities		9 157	8 417	3 597	2 787
Interest-bearing borrowings	30	3 569	2 761	3 569	2 761
Non-current provisions	31	1 863	2 842	28	26
Post-retirement employee obligations	32	149	142		
Financial liabilities	34	95	106		
Deferred tax	24	3 481	2 566		
Current liabilities		3 852	5 194	9 257	8 711
Trade and other payables	35	2 867	4 099	8 422	7 912
Interest-bearing borrowings	30	31	(9)	31	(9)
Current tax payable		131	172		
Current provisions	31	17	121		
Overdraft	30	806	811	804	808
Non-current liabilities held-for-sale	28	225			
Total equity and liabilities		49 506	42 417	32 026	28 833

STATEMENTS OF CASH FLOWS
for the year ended 31 December

		Group		Company	
	Notes	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Cash flows from operating activities		422	543	(3 623)	(4 570)
Cash generated by/(utilised in) operations	37.1	2 159	3 969	(1 987)	(1 316)
Interest paid	37.2	(262)	(345)	(261)	(252)
Interest received	37.2	70	208	3	22
Tax paid	37.3	(158)	(277)		
Dividends paid	37.4	(1 387)	(3 012)	(1 378)	(3 024)
Cash flows from investing activities		(1 480)	(2 940)	778	1 646
Property, plant and equipment to maintain operations	37.5	(1 257)	(1 571)	(135)	(184)
Property, plant and equipment to expand operations	37.6	(3 507)	(3 762)		
Investment in intangible assets		(201)	(36)	(201)	(2)
Proceeds from disposal of intangible assets			77		
Proceeds from disposal of property, plant and equipment		17	77		
Decrease/(increase) in investments in other non-current assets	37.7	222	(16)		(22)
Proceeds from disposal of subsidiaries	37.8	87	81	87	313
Investment in joint ventures and associates	37.9	(82)	(396)	(82)	(396)
Acquisition of subsidiaries	37.10		(1 421)		(2 743)
Increase in investments in subsidiaries	37.11			(2 557)	(2 311)
Proceeds from disposal of financial assets designated through profit or loss			5		
Dividend income from equity-accounted investments	37.12	3 229	4 019		
Income from investments	37.13	12	3	3 666	6 991
Cash flows from financing activities		715	(1 291)	2 772	2 433
Interest-bearing borrowings raised		800	5 800	2 758	5 800
Interest-bearing borrowings repaid			(5 925)		(3 966)
Other financing activities		(3)			
Consideration paid to non-controlling interests	36	(96)	(1 181)		
Proceeds from issuance of share capital		14	15	14	599
Net decrease in cash and cash equivalents		(343)	(3 688)	(73)	(491)
Cash and cash equivalents at beginning of the year		553	4 118	(493)	29
Translation difference on movement in cash and cash equivalents		13	123		(31)
Cash and cash equivalents at end of the year	37.14	223	553	(566)	(493)
– cash and cash equivalents		1 029	1 364	238	315
– overdraft		(806)	(811)	(804)	(808)

Refer note 11 for cash flows from discontinued operations.

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December

		Other components of equity		
	Share capital Rm	Foreign currency translations Rm	Financial instruments revaluation Rm	Equity-settled Rm
At 1 January 2012	2 359	1 585	196	1 412
Profit/(loss) for the year				
Other comprehensive loss		(33)	(21)	
Share of comprehensive income of equity-accounted investments[2]		118	(17)	94
Issue of share capital[1]	15			
Share-based payments movements				(183)
Acquisition of subsidiaries				
Acquisition of non-controlling interest				
Dividends paid				
Disposal of subsidiaries		(459)	(137)	(23)
At 31 December 2012	2 374	1 211	21	1 300
Profit/(loss) for the year				
Other comprehensive income		534		
Share of comprehensive income of equity-accounted investments[2]		1 401	289	110
Issue of share capital[3]	22			
Share-based payments movement				83
Dividends paid				
Acquisition of non-controlling interest (Refer note 36)				
At 31 December 2013	2 396	3 146	310	1 493

1 Issued to the Kumba Resources Management Share Trust due to options exercised (R15 million).
2 Included in the foreign currency translations amount is R1 287 million (2012: R79 million) relating to the Tronox investments.
3 Issued to the Kumba Resources Management Share Trust due to options exercised (R14 million) and vesting of Mpower 2012 shares to good leavers (R8 million).

Final dividend paid per share (cents) in respect of the 2012 financial year	150
Dividend paid per share (cents) in respect of the 2013 interim period	235
Final dividend payable per share (cents) in respect of 2013 financial year	315

Foreign currency translation

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations within the group.

Financial instruments revaluation

The financial instruments revaluation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Equity-settled

The equity-settled reserve represents the fair value of services received and settled by equity instruments granted.

Post-retirement benefit obligation

Comprises remeasurements on the post-retirement obligation.

Available-for-sale revaluations

Comprises the fair value adjustments on the investments in Richards Bay Coal Terminal (RBCT) (R54 million) and Chifeng Kumba Hongye Corporation Limited (Chifeng) (R46 million) (refer note 33.2.1).

Other

Comprises mainly transactions with non-controlling interests (refer note 36).

Retirement benefit obligation Rm	Available-for-sale revaluations Rm	Other Rm	Retained earnings Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
1		8	18 027	23 588	20	23 608
			9 677	9 677	(30)	9 647
				(54)		(54)
(164)		(1)	92	122		122
				15		15
				(183)		(183)
					468	468
		(740)		(740)	(441)	(1 181)
			(3 012)	(3 012)		(3 012)
				(619)	(5)	(624)
(163)		(733)	24 784	28 794	12	28 806
			6 217	6 217	(13)	6 204
	100			634	3	637
150		(1)	54	2 003		2 003
				22		22
				83		83
			(1 387)	(1 387)		(1 387)
		(68)		(68)	(28)	(96)
(13)	100	(802)	29 668	36 298	(26)	36 272

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Share capital Rm	Other components of equity: Foreign currency translations Rm	Other components of equity: Equity-settled Rm	Retained earnings Rm	Total equity Rm
At 1 January 2012	2 362	(2)	1 216	9 825	13 401
Profit for the year				6 652	6 652
Issue of share capital[1]	599				599
Share-based payments movements			(293)		(293)
Dividends paid				(3 024)	(3 024)
At 31 December 2012	2 961	(2)	923	13 453	17 335
Profit for the year				3 083	3 083
Issue of share capital[1]	14				14
Share-based payments movement			118		118
Dividends paid				(1 378)	(1 378)
At 31 December 2013	2 975	(2)	1 041	15 158	19 172

1 *Issued to the Kumba Resources Management Share Trust due to options exercised.*

Final dividend paid per share (cents) in respect of the 2012 financial year	150
Dividend paid per share (cents) in respect of the 2013 interim period	235
Final dividend payable per share (cents) in respect of 2013 financial year	315

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December

1. BASIS OF PREPARATION

1.1 Statement of compliance

The principal accounting policies of the Exxaro Resources Limited company and group of companies (the group) as well as the disclosures made in the annual financial statements comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the group's financial year as well as the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa No 71 of 2008, as amended applicable to companies reporting under IFRS and the JSE Listings Requirements.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for the revaluation to fair value of financial instruments and biological assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the company and consolidated group financial statements are disclosed in notes 1.3 and 1.4.

1.3 Judgments made by management

The following judgments, apart from those involving estimates (as mentioned below), have been made by management in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- In applying IFRS 2 *Share-based Payment*, management has made certain judgments in respect of the fair value option pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 17.3)
- In applying IFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations,* management has made judgments as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5
- In applying IFRS *8 Operating Segments* the identification of reportable operating segments of the group
- In applying IAS 19 *Employee Benefits* the identification as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme
- In applying IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* estimates of determining the present obligation of environmental and decommissioning provisions
- In applying IFRIC 4 *Determining whether an Arrangement contains a Lease*, and IAS 17 *Leases* contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease. The company has considered whether Grootegeluk Medupi Expansion Project (GMEP) constitutes an IFRIC 4 asset by virtue of its relationship with Eskom's Medupi power station. The company concluded that GMEP does not constitute an IFRIC 4 asset on the basis that coal produced from the Grootegeluk operation is available for other markets
- In applying IFRS 11 *Joint Arrangements* management has assessed the level of influence that the group has on its investments in joint arrangements and subsequently classified the investments as joint operations or joint ventures in line with the standard's guidelines
- In applying IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*, when the costs of the stripping activity asset and the cost of inventory produced are not separately identifiable, the stripping costs will be allocated between the inventory produced and the stripping activity asset by using a relevant production measure.

1.4 Key assumptions made by management in applying accounting policies

The following key assumptions concerning the future, and other key sources of estimating uncertainty at the financial year end, may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the assumption or estimation changes significantly. The financial information on which some of the assumptions are based has not been reviewed nor reported on by the group's independent external auditors.

1. BASIS OF PREPARATION (continued)

1.4 Key assumptions made by management in applying accounting policies (continued)

1.4.1 Going concern

Management considers key financial metrics and loan covenant compliance in its approved medium-term budgets, together with its existing term facilities, to conclude that the going-concern assumption used in compiling the annual financial statements is relevant.

1.4.2 Share-based payments

For share-based payments, estimates are made in determining the fair value of equity instruments granted. Assumptions are used in the valuation models and include assumptions regarding future dividend yield, risk-free rate, expected employee attrition rate, expected share volatility and expected option life. Refer note 17.3.

1.4.3 Environmental and decommissioning provisions

Provision is made for environmental and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the discount rate used and the expected date of closure of mining activities in determining the present value of environmental and decommissioning provisions. Estimates are based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances. Refer note 31.

Unwinding of discount due to passage of time is included as an element of finance costs in arriving at profit and loss for the year-end in terms of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The movements from one reporting period to the next, due to change in the estimate of provision are accounted for in profit or loss as well as the statement of financial position. Changes in the rehabilitation cost estimate other than changes related to the unwinding of the discount are included in profit or loss.

Included in the immediate closure cost upon which the environmental provision is based, all mines expected to close within five years of the end of the current financial period include an estimate for social and labour cost expected to be incurred as part of the rehabilitation process. The cost shall be estimated at a minimum of 2% of the total immediate closure cost of the mine, depending on the social exposure risk as determined by safety, health, environment and community committee.

1.4.4 Other provisions

For other provisions, estimates are made of legal or constructive obligations resulting in possible outflow of economic benefits, and the expected date of probable outflow of economic benefits in order to assess whether the provision should be discounted or not. Refer note 31.

1.4.5 Post-retirement obligations

For defined benefit schemes, management is required to make annual estimates and assumptions about the discount rate, future remuneration changes, employee attrition rates, administration costs, changes in benefits, medical cost trends, inflation rates, exchange rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Refer note 32.

1.4.6 Impairments and impairment reversals

Impairment tests are performed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets which have been impaired are reviewed for possible reversal of impairment at each reporting date. Management has identified possible impairment indicators which include movements in exchange rates, commodity prices and the economic environment in which the businesses operate. Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating the cash flows, management base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. The discount rates used are pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

1.4.7 Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 39.

1.4.8 Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This requires management to make assumptions on a subsidiary-by-subsidiary level of future taxable income in determining the deferred tax asset to be raised. Refer note 24.

1.4.9 Useful life and residual values

The depreciable amount of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect to the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal. If an asset is expected to be abandoned the residual value is estimated at zero. In determining the useful life of assets, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

1.4.10 Mineral resources

Management makes estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2007) for South African and Congolese properties and the JORC Code (2004) for Australian properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1 Accounting pronouncements

During 2013, the following accounting pronouncements became effective:

	Effective date
• **Amendment to IAS 1 *Financial Statement Presentation*** The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.	1 July 2012
• **Amendment to IAS 16 *Property, Plant and Equipment*** Classification of servicing equipment to be recognised in accordance with IAS 16 when they meet the definition of property, plant and equipment, otherwise they are classified as inventory.	1 January 2013
• **Amendment to IAS 19 *Employee Benefits (Revised)*** These amendments eliminate the corridor approach and calculate finance costs based on net funding basis.	1 January 2013*
• **IAS 27 *Separate Financial Statements (Revised)*** IAS 27 includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	1 January 2013*

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

2.1 Accounting pronouncements (continued)

	Effective date
• **IAS 28 *Investments in Associates and Joint Ventures (Revised)*** IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	1 January 2013*
• **Amendment to IAS 32 *Financial Instruments: Presentation*** Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*.	1 January 2013
• **Amendment to IAS 34 *Interim Financial Reporting*** Disclosure of additional operating segmental information to disclose a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statement for that reportable segment.	1 January 2013
• **Amendment to IFRS 1 *First Time Adoption of IFRS*** This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.	1 January 2013
• **Amendment to IFRS 7 *Financial Instruments: Disclosure*** This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP).	1 January 2013
• **IFRS 10 *Consolidated Financial Statements (as amended)*** The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.	1 January 2013*
• **IFRS 11 *Joint Arrangements (as amended)*** IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the joint arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.	1 January 2013*

	Effective date
• **IFRS 12 *Disclosures of Interest in Other Entities (as amended)*** IFRS 12 includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013*
• **Amendments to IFRS 10 *Consolidated Financial Statements (as amended)*, 11 *Joint Arrangements (as amended)* and 12 *Disclosures of Interest in Other Entities (as amended)*** These amendments provide additional transition relief to IFRS 10, 11 and 12 limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.	1 January 2013*
• **IFRS 13 *Fair Value Measurement*** IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.	1 January 2013
• **IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*** This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of surface mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.	1 January 2013
• **Annual improvements to IFRS 2009-2011 cycle**	1 January 2013

* *Early adopted in 2012.*

2.2 Impact of adopting new, amended and revised standards on the financial statements

During 2012, Exxaro early adopted the suite of consolidation standards, including IFRS 10, 11 & 12 and IAS 27 & 28, effective 1 January 2013 as well as IAS 19 Employee benefits (revised). The impact of this early adoption has been disclosed in the group annual financial statements as at and for the year ended 31 December 2012.

2.2.1 IAS 1 *Financial Statement Presentation*

As a result of the amendments to IAS 1, the group has modified the presentation of items of other comprehensive income in the group statement of comprehensive income, to present separately items that could be reclassified to profit or loss in the future from those that could never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the group.

2.2.2 IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair values as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements on fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Accordingly, the group has included additional disclosures (refer note 33.2).

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

2.2 Impact of adopting new, amended and revised standards on the financial statements (continued)

2.2.2 IFRS 13 *Fair Value Measurement (continued)*

In accordance with the transitional provisions of IFRS 13, the group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the group's assets and liabilities.

2.2.3 IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

An extensive exercise to determine the impact of IFRIC 20 on the surface mines within the group was performed. Based on the results thereof, it has been concluded that there is no impact on the current treatment of stripping costs. Stripping activities in the coal mining environment are not typically done significantly in advance (generally limited to one to three months) due to the spontaneous combustion that may occur. Therefore the benefits derived from stripping are for current production and not for access to production beyond a 12-month future period.

Exxaro does not have any predecessor stripping assets (stripping assets recognised prior to the effective date) and therefore the transitional adjustments of IFRIC 20 will not be applicable.

Associate companies of the group were impacted by IFRIC 20 and as a result changed the treatment of their past and present stripping costs. Management considered the impact to be insignificant to the group, and as such no adjustment was made for the prior year.

2.3 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

	Effective date
• **Amendment to IAS 32 *Financial Instruments: Presentation*** This amendment is to the application guidance in IAS 32 and to clarify some of the requirements for off-setting financial assets and financial liabilities on the statement of financial position.	1 January 2014
• **Amendment to IAS 36 *Impairment of Assets*** This amendment addresses the disclosure information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
• **Amendment to IAS 39 *Financial Instruments: Recognition and Measurement*** This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.	1 January 2014
• **Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interest in Other Entities* and IAS 27 *Separate Financial Statements*** These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made to IFRS 12 to introduce disclosures that an investment entity needs to make.	1 January 2014

	Effective date
• **IFRIC 21 *Levies*** This is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.	1 January 2014
• **Annual improvements to IFRS 2010 to 2012 cycle**	1 July 2014
• **Annual improvements to IFRS 2011 to 2013 cycle**	1 July 2014
• **IFRS 9 *Financial Instruments*** IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.	1 January 2018

The accounting standards and amendments issued to accounting standards and interpretations which are relevant to the group, but not yet effective at 31 December 2013, have not been adopted. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The group continuously evaluates the impact of these standards and amendments. The effect of the implementation of these standards and interpretations on the Exxaro group of companies still has to be determined.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The accounting policies set out below have been applied by the Exxaro group of companies consistently to all periods presented in these company and group financial statements.

The group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of the company and its subsidiaries. Subsidiaries are those entities in which the group has an interest of more than half of the voting rights or the power to exercise control.

3.1.1 Subsidiaries

The results of subsidiaries are included for the duration of the period in which the group exercises control over the subsidiary. All intercompany transactions and resultant profits and losses between group companies are eliminated on consolidation. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the group. If it is not practical to change the policies, the appropriate adjustments are made on consolidation to ensure consistency within the group.

The results of special purpose entities that, in substance, are controlled by the group, are consolidated. Refer note 38 for a list of special purpose entities.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

Business combinations are accounted for using the acquisition method as at the acquisition date ie when control is transferred to Exxaro. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

3.1.1 Subsidiaries (continued)

De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating activities.

3.1.2 Changes in ownership interest in subsidiaries without change in control

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on the acquisition of non-controlling interests are also recorded in equity.

3.1.3 Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.2 Revenue recognition

Revenue is recognised, at the fair value of the consideration received or receivable. Revenue excludes value added tax (VAT) and is derived principally from the sale of commodities and services rendered.

Revenue associated with the sale of commodities is recognised when the price is determinable, the product has been delivered in accordance with the terms of the sales agreement, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales prices is reasonably assured. At this point the Group retains neither continuing managerial involvement nor effective control over the commodities and the costs in respect of the sale can be reliably measured.

Export revenues are recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred.

Revenue arising from services is recognised on the accrual basis over the period the services are rendered in accordance with the substance of the relevant agreements and includes services rendered to subsidiaries (for company reporting purposes) and other entities.

3.3 Interest and dividend income

Interest is recognised on the time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividends receivable are recognised when the right to receive payment is established.

3.4 Income tax expense

Income tax expense represents the sum of current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years in determination of taxable profit (temporary differences), and it further excludes items that are never taxable or deductible (non-temporary differences). The group's liability for tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Dividends paid are recognised by the company in the period in which the dividends are approved by the company's shareholders. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividends proposed or declared subsequent to the year end are not recognised at the financial year end, but are disclosed in the notes to the financial statements.

All unclaimed dividends are held in trust until they are either claimed by the relevant shareholder or the relevant shareholder's claim to such dividends prescribed (in which event such unclaimed dividends will become the property of the company).

3.5 Financial instruments

3.5.1 Recognition

A financial instrument is recognised when the group becomes a party to a contract which entitles it to receive contractually agreed cash flows on the instrument. All acquisitions of financial assets that require delivery within the time frame established by regulation or market convention (regular-way purchases) are recognised at trade date, which is the date on which the group commits to acquire the asset.

3.5.2 Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in financial assets transferred that is created or retained by the group is recognised as a separate asset or liability.

The group may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all, or substantially all, risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position.

The rights and obligations retained in the transfer of financial instruments are recognised separately as assets and liabilities as appropriate. For transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The group derecognises a financial liability when it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires.

The group may enter into transactions where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

3.5.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt instruments, trade and other payables, cash and cash equivalents, loans and borrowings and trade and other receivables.

Non-derivative financial instruments are recognised initially at fair value plus, in the case where financial instruments are not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the group's cash management system and are included as a component of cash and cash equivalents for purposes of the cash flow statements. Cash and cash equivalents are measured at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

3.5.4 Financial instruments at fair value through profit or loss

The group designates financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise
- The assets or liabilities contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract and has to be separately disclosed and fair-valued through profit or loss.

Subsequent to initial recognition, financial instruments designated or classified as at fair value through profit or loss are measured at fair value with changes in fair value recognised in profit or loss.

3.5.5 Available-for-sale financial assets

The group has designated certain assets as available-for-sale financial assets. In other circumstances available-for-sale financial assets are classified as such because they do not fall within the classification of loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Gains or losses on available-for-sale financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary items, which are taken to profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in equity is recycled to profit or loss.

3.5.6 Financial instruments not at fair value through profit or loss and not available-for-sale

- Receivables

  Long-term receivables and trade and other receivables are measured at amortised cost using the effective interest rate method. Effective interest rate method is a method of calculating the amortised cost of a financial asset or liability (or group of financial assets or financial liabilities) and allocating the interest income or interest expense over the relevant period. Amortised cost is the amount at which the long-term receivables and trade and other receivables are measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment or uncollectibility.

- Loans and borrowings

  Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

- Payables

  Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, namely original debt less principal repayments and any amortisation, using the effective interest rate method.

- Investment in equity instruments

  The fair value of investments is based on quoted bid prices for listed securities or valuations derived from discounted cash flow models for unlisted securities. Equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment. When equity instruments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

3.5.7 Derivative financial instruments

The group holds derivative financial instruments to hedge its foreign currency, interest rate and price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative, would meet the definition of a derivative. The combined instrument is not measured at fair value through profit or loss.

Derivative instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative instruments are measured at fair value, and changes in fair value are accounted for as described below.

3.5.8 Fair value hedges

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability or a firm commitment, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for fair value hedge accounting, or the designation is revoked, hedge accounting is discontinued. Any adjustment up to that point, to a hedged item for which the effective interest rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

3.5.9 Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flow attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and presented in the hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to the asset in the same period during which the non-financial item affects profit or loss. For hedging of financial assets, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.5.10 Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

3.5.11 Net investments in foreign operation hedges

When a derivative, or a non-derivative financial liability, is designated as a hedge of a net investment in a foreign operation instrument, the effective portion of changes in the fair value of the hedging instrument is recognised directly in other comprehensive income, in the foreign currency translation reserve. Any ineffective portion of changes in the fair value of the derivative instrument is recognised immediately in profit or loss. The amount recognised in other comprehensive income is removed and included in profit or loss on disposal of the foreign operation.

- Separable embedded derivatives

  Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

3.5.12 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any evidence that the asset should be impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment allowance is raised when there is an indication of impairment and a write-off is only effected when the debtor is deemed to be fully impaired and not recoverable.

An available-for-sale equity investment is impaired when:

- Its fair value has declined to below cost (adverse developments affecting the investee or operating environment have occurred since acquisition that, individually or collectively, amount to objective evidence of impairment; or the decline in fair value is significant or prolonged)
- There is objective evidence of impairment (sometimes referred to as a possible impairment indicator).

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.5.13 Off-set

Financial assets and liabilities are set-off and the net amount presented in the statement of financial position when, and only when, the group has a legal enforceable right to set-off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5.14 Determining fair values

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using generally accepted valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like interest rate and currency swaps. For these financial instruments, inputs into models are available on the market.

The fair value of long- and medium-term borrowings is calculated using quoted market prices, or where such prices are not available, discounted cash flow analysis using the applicable yield curve for the duration of the borrowing are used. The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from widely available current market transactions. The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analyses for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

3.5.15 Financial guarantee contracts

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3.6 Borrowing costs, finance income and other financing expenses

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they occurred.

Finance income comprises interest income on funds invested including available-for-sale financial assets and hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expense comprises interest expense on borrowings and agreements for the use of assets classified as finance leases and unwinding of the discount on provisions.

Foreign currency gains and losses are reported on a net basis.

3.6.1 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Other fees and commission expenses relate mainly to transaction and service fees and are expensed as the services are received.

3.7 Inventories

Inventories are valued at the lower of cost, determined on the moving average basis, and net realisable value.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and fixed production overheads, but excludes interest charges. Fixed production overheads are allocated on the basis of normal capacity.

Net realisable value represents estimated selling price in the ordinary course of business less applicable selling expenses. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Foreign currencies

The group annual financial statements are presented in South African Rand, which is the company's functional and presentation currency. However, the group measures the transactions of each of its material operations using the functional currency determined for that specific entity, which in most instances, is the currency of the primary economic environment in which the operation conducts its business.

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are credited to or charged in profit or loss.

3.9 Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities at rates of exchange ruling at the reporting date
- Equity items are translated at historical rates
- Income, expenditure and cash flow items at weighted average rates
- Goodwill and fair value adjustments arising on acquisition at rates of exchange ruling at the reporting date.

Exchange differences on translation are accounted for in other comprehensive income. These differences will be recognised in earnings upon realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (ie the reporting entity's interest in the net assets of that operation), and of borrowing and other currency instruments designated as hedges of such instruments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognised in profit or loss as part of the gain or loss on disposal.

The average US dollar to South African rand conversion rate, where applicable, of US$1: R9,48 (2012: US$1: R8,08) has been used to translate the statement of comprehensive income and statement of cash flows while the statement of financial position has been translated at the closing rate at the last day of the reporting period US$1: R10,44 (2012: US$1: R8,47).

3.10 Dividend Tax

Dividend Tax replaced Secondary Tax on Companies (STC) on 1 April 2012. Dividends declared before this date is still be subject to STC. In terms of the Dividend Tax regime, the liability for paying the tax has moved from the company declaring the dividend to the beneficial owner (shareholder) receiving the dividend. The tax costs on dividends are therefore no longer included in the taxation line in profit or loss as disclosed in the previous reporting periods.

3.11 Discontinued operations and non-current assets held-for-sale

Discontinued operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date.

If the carrying amount of a non-current asset and liability or disposal group will be recovered principally through a sale transaction rather than through continuing use, such an asset and liability is classified as non-current assets and liabilities held-for-sale and measured at the lower of carrying amount and fair value less cost to sell. This condition is regarded as met only when the sale is highly probable and the asset and liability (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3.12 Segment report

Operating segments are reported on in a manner consistent with internal reporting provided to the chief operating decision-maker.

Segments are based on the group's different products and operations. During the year the group's reportable segments changed. Refer to note 16 for the details of the changes. The group's reportable segments are coal tied operations, coal commercial operations, ferrous iron ore, ferrous alloys, ferrous other, titanium dioxide and other (including base metals). The basis of operating segment reporting is representative of internal management reporting.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive committee of the group.

3.13 Property, plant and equipment

Land and extensions under construction are stated at cost and are not depreciated. Buildings, including certain non-mining residential buildings and all other items of property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a systematic basis over the estimated useful lives of the assets after taking into account the estimated residual value of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset.

Moulds and refractory furnace relines are depreciated based on the usage thereof.

Items of property, plant and equipment are capitalised in components where components have a different useful life to the main item of property, plant and equipment to which the component can be logically assigned.

An asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives of items of property, plant and equipment are:

2013	Coal	Ferrous	Other
Buildings and infrastructure (including residential buildings)	1 – 25 years	3 – 40 years	5 – 25 years
Mineral properties	1 – 25 years	25 years	
Fixed plant and equipment	1 – 25 years	2 – 15 years	1 – 25 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	13000-15000 hours or 1 – 15 years	1 – 5 years	4 – 10 years
Loose tools and computer equipment	1 – 6 years	1 – 5 years	1 – 6 years
Development costs	1 – 15 years	n/a	n/a
Refractory relines	5 – 10 years	n/a	n/a
Site preparation and mining development	1 – 25 years	25 years	n/a
2012			
Buildings and infrastructure (including residential buildings)	1 – 25 years	3 – 40 years	2 years – 47 years
Mineral properties	1 – 25 years	3 – 29 years	n/a
Fixed plant and equipment	1 – 25 years	1 – 30 years	2 years – 50 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	13000-50000 hours or 1 – 17 years	1 – 5 years	2 years – 10 years
Loose tools and computer equipment	1 – 6 years	1 – 10 years	3 years – 8 years
Development costs	1 – 15 years	10 – 20 years	n/a
Refractory relines	10 years	n/a	n/a
Site preparation and mining development	1 – 25 years	3 – 29 years	n/a

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Property, plant and equipment (continued)

Maintenance and repairs which neither materially add to the value of assets nor prolong their useful lives are taken to profit or loss.

Direct attributable expenses relating to major capital projects and site preparations are capitalised until the asset is brought to working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the qualifying asset is substantially complete. Directly attributable costs associated with the acquisition, development and installation of certain software are capitalised. Qualifying assets within the group are assets that takes a substantial period of time to get ready for its intended use or sale.

3.14 Exploration cost

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not probable of being realised. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of information depending on the level of exploration. While the criteria for concluding that expenditure should be capitalised is always the "probability" of future benefits, the information that management uses to make that determination depends on the level of exploration.

3.15 Development cost

Development expenditure incurred by or on behalf of the group is accumulated separately for each area in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure, including the cost of material, direct labour and an appropriate proportion of production overhead. The group capitalises development expenditure once approval for such development is obtained from the directors. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets.

3.16 Stripping cost

Exxaro incurs stripping costs in the development and production phase of it mining operations.

Stripping cost incurred in the development phase of a mine are capitalised to the larger mining development asset and presented as a non-current asset. The mining development asset, including stripping cost, is subsequently depreciated by applying Exxaro's existing accounting policy for depreciation of assets in production.

Stripping costs incurred in the production phase are considered to result in two benefits, being ore that can be used to produce inventory and improved access to further quantities of ore that will be mined in future period. Where the benefits are for ore that can be used to produce inventory, the production stripping cost is accounted for as part of the cost of producing those inventories (refer note 3.8).

Where the benefits improved access to further quantities of ore to be mined in future periods, these costs are recognised as a non-current asset, if the following criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity
- The entity can identify the component of the ore body for which access has been improved
- The costs relating to the stripping activity associated with that component can be measured reliably.

If the above criteria are not met, the stripping costs incurred in the production phase are expensed and taken into account in determining the cost of inventories as applicable.

The stripping activity asset is accounted for as an addition to an existing asset (site preparation, mining development, exploration and rehabilitation asset), being the mineral properties, and is presented as part of property, plant and equipment in the statement of financial position.

The stripping activity asset is initially measured at cost, being the accumulation of costs directly incurred to perform the stripping activity that improved access to the identified component of ore, plus an allocation of directly attributable overhead costs. Where incidental operations take place, at the same time as the production stripping activity, which are not necessary for the stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

When the costs of the stripping activity asset and the cost of inventory produced are not separately identifiable, the stripping costs are allocated between the inventory produced and the stripping activity asset by using a relevant production measure.

Subsequently, the stripping activity asset is carried at cost less accumulated depreciation and impairment losses, in the same way as the existing asset of which it is part. The stripping asset is depreciated by using the units of production method over the life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

3.17 Leased assets

3.17.1 Where the group is the lessee

Leases involving plant and equipment whereby the lessor provides finance to the group with the asset as security and where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease and depreciated over the useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance charge is charged against income over the lease period using the effective interest rate method.

For a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and recognised on the straight-line basis over the period of the lease.

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged against income on the straight-line basis over the period of the lease.

Arrangements that contain the right to use an asset are evaluated for recognition, classification as a finance or operating lease, measured, and accounted for accordingly.

3.17.2 Where the group is the lessor

Portions of fixed property and leased property are leased or subleased out under operating leases. The fixed property is included in property, plant and equipment in the statement of financial position. Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. All other rental income is recognised as it becomes due.

Leases are classified as finance leases based on an overall assessment of whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee.

The group recognises the long term portion of the net investment in the finance lease, which is the aggregate of the minimum lease payments receivable discounted at the interest rate implicated in the lease as a financial asset, at the commencement of the lease. The short-term portion is included in other receivables. The leased asset is derecognised and depreciation ceased. Each lease payment received is allocated between the receivable and finance income. The interest element is charged to the statement of comprehensive income over the lease period.

A reconciliation between the gross investment in the finance lease and the present value of minimum lease payments receivable at the end of the reporting period are disclosed for both the short and long term portions. Unearned finance income is disclosed separately as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Leased assets (continued)

3.17.3 Contingent rent

The portion of the lease payments or receipts that is not fixed in amount but based on the future amount of a factor that changes other than with the passage of time, is classified as contingent rent and disclosed accordingly.

3.18 Biological assets

Biological assets are measured on initial recognition and at each financial year end at their fair value less estimated point-of-sale costs and any change in value is included in the net profit or loss for the period in which it arises.

Plantations are measured at their fair value less estimated point-of-sale costs. The fair value of the plantations is determined by an independent appraiser.

Livestock is measured at fair value less estimated point-of-sale costs, fair value being determined by the age and size of the animals and the market price. Market price is determined on the basis that the animal is sold to be slaughtered. Livestock held-for-sale is classified as consumable biological assets (inventories).

Game is measured at fair value less estimated point-of-sale costs, fair value being determined as the market price. Market price is determined with reference to the most recent live auction selling prices. Game earmarked for sale is classified as consumable biological assets (inventories).

3.19 Intangible assets

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the enterprise and the cost can be reliably measured.

Amortisation is charged on a systematic basis over the estimated useful lives of the intangible assets except for goodwill and those intangible assets regarded as having indefinite useful lives, which are reviewed for impairment at every reporting period, and whenever events or circumstances indicate that the carrying amount may not be recoverable.

For intangible assets with a finite useful life, the amortisation method and period are reviewed annually and impairment testing is undertaken when circumstances indicate the carrying amount may not be recoverable.

The estimated useful lives of items of intangible assets are:

	2013	2012
Options	15 years	15 years
Software licenses	1 – 3 years	1 – 3 years
Technology licences – Intellectual property	25 years	25 years

3.19.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, refer note 3.21 on business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each cash generating unit (CGU), or group of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and not subsequently reversed.

3.19.2 Research

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

3.19.3 Development

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Exxaro intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing cost. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only if it increases the future benefits embodied in the specific asset to which it relates.

3.19.4 Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate.

3.20 Impairment of assets

The carrying amounts of assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount is estimated as the higher of the fair value less costs to sell and the value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Impairment of assets (continued)

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed.

3.21 Business combinations

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired subsidiary on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The group measures goodwill (refer note 3.19.1) at the acquisition date as:
- The fair value of the considerations transferred; plus
- The recognised amount of any non-controlling interest in the acquired entity; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquired entity; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess of the fair value over the consideration paid is negative, a bargain purchase gain is recognised immediately in profit or loss.

3.22 Investments in joint arrangements and associates

Joint arrangements are arrangements in which the group has joint control, established by contracts requiring unanimous consent for decisions on the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:
- Joint operation: when the group has rights to the assets, and obligations for the liabilities, relating to an arrangement, each of its assets, liabilities, including its share of those held or incurred jointly, are accounted for in relation to the joint operation
- Joint venture: when the group has rights only to the net assets of the arrangements, its interest is accounted for using the equity method, similar to the accounting treatment for associates.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when Exxaro holds between 20% and 50% of the voting power of another entity.

The company carries its investments in associates and joint ventures at cost less accumulated impairment losses. The cost of investments in associates and joint ventures is the fair value at the date of acquisition or the fair value at the date of loss of control of a former subsidiary where the company retains an associate or joint venture interest in the former subsidiary.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. Equity-accounted income represents the group's proportionate share of profits of those entities and the share of tax thereon.

The consolidated financial statements include Exxaro's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of Exxaro, from the date that significant influence commences until the date that significant influence ceases.

When Exxaro's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest that forms part thereof, is reduced to zero, and recognition of further losses is discontinued except to the extent that Exxaro has an obligation or has made payments on behalf of the investee.

The cumulative post-acquisition movements in profit and other comprehensive income are adjusted against the carrying amount of the investment in the consolidated group financial statements.

The retained earnings of an associate, net of any dividends, are classified as distributable reserves. The group's interest in associates is carried in the statement of financial position at an amount that reflects its share of the net assets and the goodwill on acquisition.

Where necessary, the results of associates and joint ventures are adjusted to ensure consistency with group policies.

An increase in the shareholding of an equity investment through a share buy-back executed by the associate has been accounted for in the records of the investor at the original cost of the investment. The investment in the associate in the records of the investor will not change, but the components of the carrying amounts within the investment will change.

Unrealised gains from transactions with equity-accounted investees are eliminated against the investment to the extent of Exxaro's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.23 Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for tax purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated using tax rates that have been enacted at the reporting date. The effect on deferred tax of any changes in taxation rates is charged or credited to the Statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends and has the ability to settle its current tax assets and liabilities on a net basis.

3.24 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated. The carrying amount of these assets approximates their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money, and where appropriate, the risk specific to the liability.

3.25.1 Decommissioning and environmental rehabilitation

Provision is made for environmental rehabilitation and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. Where a provision is made for dismantling and site restoration costs, an asset of similar initial value is raised and amortised in accordance with the group's accounting policy for property, plant and equipment.

Annual contributions are made to the group's environmental rehabilitation fund, created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during, and at the end of the life of mines. The Exxaro Environmental Rehabilitation Fund is consolidated.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of the ongoing current programme to prevent and control pollution and to rehabilitate the environment is charged against profit or loss as incurred.

3.26 Employee benefits

3.26.1 Post-employment benefits

- Defined contribution plan

  The group provides defined contribution retirement funds for the benefit of employees, the assets of which are held in separate funds. These funds are funded by contributions from employees and the group, taking account of the recommendations of independent actuaries. The group's contribution to the defined contribution fund is charged to the Statement of comprehensive income in the year to which it relates.

  The group does not provide guarantees in respect of returns in the defined contribution funds.

- Defined benefit obligations

  Provision for severance benefits were made in accordance with Namibian law for the Namibian operations until the Rosh Pinah operations were sold in June 2012. As the severance benefits were only payable on retirement or the involuntary termination of service from the side of the employer, this was accounted for as a post-retirement service. The plan was a defined benefit obligation. The cost of providing these benefits was determined based on the projected unit credit method and actuarial valuations were performed at every reporting date. The defined benefit obligation presented in the statement of financial position represented the sum of the present value of the obligation less the fair value of plan assets.

Past service cost is recognised immediately.

A post-retirement medical contribution obligation exists for certain in-service and retired employees who are members of accredited medical aid funds. This benefit is no longer offered to employees. The liability is determined using the projected unit credit method. Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income.

3.26.2 Short-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, are recognised during the period in which the employee renders the related service.

The vesting portion of long-term benefits is recognised and provided for at financial year end, based on current total cost to company.

3.26.3 Equity compensation benefits

Senior management, including executive directors, and eligible employees participated in the share appreciation right scheme (SARs), long-term incentive plan (LTIP), deferred bonus plan (DBP) and the employee empowerment participation scheme (Mpower 2012).

SARs, LTIP, DBP and Mpower 2012 are treated as equity-settled share-based payment schemes with the fair value being expensed over the vesting period of the instrument with a corresponding increase in equity. The fair value of these schemes are determined at grant date and subsequently reviewed at each reporting period only for changes in non-market performance conditions and employee attrition rates applicable to each scheme.

Market conditions are only taken into account when estimating the fair value of the schemes at grant date, and not adjusted subsequent to the grant date valuation.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
4. REVENUE					
Sale of goods		13 499	16 072		
Services		69	50	1 635	1 425
		13 568	16 122	1 635	1 425
Continuing operations		13 568	12 229	1 635	1 425
Discontinued operations			3 893		

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
5. OPERATING EXPENSES					
Cost by nature					
Raw materials and consumables		2 449	3 208	71	75
Staff costs[1]					
– Salaries and wages		3 323	3 323	767	724
– Share-based payments		313	131	154	58
– Termination benefits		19	26		2
– Pension and medical costs		307	295	49	44
General charges		1 852	1 470	379	239
Legal and professional fees		650	917	452	768
Insurance		225	371	3	1
Royalties		8	199		
Railage and transport		1 433	1 376	6	7
Repairs and maintenance		1 581	1 695	14	34
Impairment charges/(reversals) of non-current assets	6	45	(103)	68	69
Impairment charges/(reversals) of trade and other receivables		25	(5)	(443)	(2 412)
Loss on dilution of investment in associate		12			
Energy		400	781	20	23
Depreciation of property, plant and equipment	18	820	681	138	60
Amortisation of intangible assets	20	36	21	35	20
Movement in inventories		73	(1 016)		
Own work capitalised[1]		(991)	(351)	(24)	(11)
Sublease rental income		(20)	(65)	(1)	(47)
		12 560	12 954	1 688	(346)
Continuing operations		12 719	10 885	1 688	(346)
Discontinued operations		(159)	2 069		

1 *Relates to costs incurred by Exxaro that are of a capital nature.*

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Cost by function					
– Costs of goods sold/services rendered		11 183	11 875	2 064	2 044
– Loss on dilution of investment in associate		12			
– Selling and distribution costs		1 315	1 252		
– Sublease rental income		(20)	(65)	(1)	(47)
– Impairment charges/(reversals) of non-current assets		45	(103)	68	69
– Impairment charges/(reversals) of trade and other receivables		25	(5)	(443)	(2 412)
		12 560	12 954	1 688	(346)

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
The above operating expenses are stated after:					
Auditors' remuneration					
– Audit fees		23	46	16	35
– Other services		16	29	7	26
Consultancy fees		553	772	407	657
Contingent rental expenses			7		
Contingent rental income		(100)	(84)		
Currency exchange differences					
– Net realised gains		(56)	(112)	(1)	(37)
– Net unrealised losses/(gains)		20	(56)		11
Depreciation and amortisation					
– Mineral properties	18	67	78		
– Extensions under construction	18		7		
– Residential buildings	18	15	3		
– Buildings and infrastructure	18	75	75		1
– Machinery, plant and equipment	18	633	478	138	59
– Site preparation, mining development and rehabilitation	18	30	40		
– Amortisation of intangible assets	20	36	21	35	20
Directors' emoluments (refer to the summary of remuneration paid or payable to directors and prescribed officers, pages 12 to 33)					
– Remuneration: executive directors of the company		30	19	30	19
– Bonuses and cash incentives		7	4	7	4
– Remuneration: non-executive directors of the company		5	5	5	5
Employee related restructuring cost		19	26		2
Exploration expenditure		100	181		
Fair value (gains)/losses on financial assets at fair value through profit or loss:					
– Designated upon initial recognition		(9)	(21)	(1)	(1)
– Held-for-trading		94	(92)		
Fair value (gains)/losses on financial liabilities at fair value through profit or loss:					
– Held-for-trading		(9)	25	(4)	14
Net fee costs on financial liabilities not at fair value through profit or loss		30	33		21
Impairment charges/(reversals) of non-current assets	6	45	(103)	68	69
Impairment charges/(reversals) of trade and other receivables		25	(5)	(443)	(2 412)
Inventories write-down to net realisable value			19		
Provisions (income)/expense	31, 32	(416)	130		2
Net loss/(profit) on disposal or scrapping of property, plant and equipment	37.1	11	(142)	14	(63)
Loss on dilution of investment in associate		12			
Operating lease rental expenses					
– Property		14	22	9	5
– Equipment		157	99	14	24
Operating sublease rental income (property)		(20)	(65)	(1)	(47)
Research costs		5	3	3	

1 *Includes prescribed officers' remuneration.*

Retirement amounts paid to or receivable by executive directors are paid or received under defined contribution retirement funds.

5. OPERATING EXPENSES (continued)

	Notes	Group Continuing 2013 Rm	Group 2012 Rm	Company Continuing 2013 Rm	Company 2012 Rm
Auditors' remuneration					
– Audit fees		23	45	16	35
– Other services		16	28	7	26
Consultancy fees		548	763	407	657
Contingent rentals income		(100)	(84)		
Currency exchange differences					
– Net realised gains		(56)	(60)	(1)	(37)
– Net unrealised losses/(gains)		20	79		11
Depreciation and amortisation					
– Mineral properties	18	67	78		
– Extensions under construction	18		6		
– Residential buildings	18	15	3		
– Buildings and infrastructure	18	75	75		1
– Machinery, plant and equipment	18	633	478	138	59
– Site preparation, mining development and rehabilitation	18	30	40		
– Amortisation of intangible assets	20	36	21	35	20
Directors' emoluments (refer to the summary of remuneration paid or payable to directors and prescribed officers, pages 12 to 33).					
– Remuneration received by executive directors of the company		30	19	30	19
– Bonuses and cash incentives		7	4	7	4
– Remuneration received by non-executive directors of the company		5	5	5	5
Employee related restructuring cost		19	30		2
Exploration expenditure		100	181		
Fair value (gains)/losses on financial assets at fair value through profit or loss:					
– Designated upon initial recognition		(9)	(19)	(1)	(1)
– Held-for-trading		90	(23)		
Fair value (gains)/losses on financial liabilities at fair value through profit or loss:					
– Held-for-trading		(9)	24	(4)	14
Net fee costs on financial liabilities not at fair value through profit or loss		30	33		21
Impairment charges of non-current assets	6	143		68	69
Impairment charges/(reversals) of trade and other receivables		25	(6)	(443)	(2 412)
Inventories write-down to net realisable value				19	
Provisions (income)/expense	31, 32	(416)	127		2
Net loss/(profit) on disposal or scrapping of property, plant and equipment		23	(139)	14	(63)
Loss on dilution of investment in associate	21	12			
Operating lease rental expenses					
– Property		14	9	9	5
– Equipment		155	97	14	24
Operating sublease rental income					
– Property		(20)	(63)	(1)	(47)
Research and development costs		4	2	3	

	Notes	Group	
		Discontinued	
		2013 Rm	2012 Rm
Auditors' remuneration			
– Audit fees			1
– Other services			1
Consultancy fees		5	9
Currency exchange differences			
– Net realised losses			(52)
– Net unrealised (gains)/losses			(135)
Depreciation and amortisation			
– Extensions under construction	18		1
Employee related restructuring cost			(4)
Fair value (gains)/losses on financial assets at fair value through profit or loss:			
– Designated upon initial recognition			(2)
– Held-for-trading		4	(69)
Fair value (losses)/gains on financial liabilities at fair value through profit or loss:			
– Held-for-trading			1
Impairment reversals on non-current assets	6	(98)	(103)
Impairment changes of trade and other receivables			1
Provisions expense	31, 32		4
Net profit on disposal or scrapping of property, plant and equipment		(12)	(3)
Operating lease rental expenses			
– Property			13
– Equipment		2	2
Operating sublease rental income (property)			(2)
Research and development costs		1	1

	Group	
	2013 Rm	2012 Rm

5.1 Other income

Other income	1 594	352

Other income relates to shortfall income received from customers (mainly Eskom) as a result of delays in agreed upon production off-take plans.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
6. IMPAIRMENT CHARGES/(REVERSALS) OF NON-CURRENT ASSETS					
Included in operating expenses are the following impairment charges/(reversals):					
New Clydesdale Colliery (NCC) operation	18	143			
Impairment of property, plant and equipment		292			
Reversal of impairment of property, plant and equipment		(149)			
Zincor		(98)			
Reversal of impairment of property, plant and equipment[1]		(98)			
Other			(103)	68	69
Impairment of investments[2]				24	69
Impairment of subsidiaries[3]				44	
Reversal of impairment of property, plant and equipment[4]			(103)		
Net impairment charges per statement of comprehensive income	5	45	(103)	68	69
Net tax effect		(11)	29		
Net effect on attributable earnings		34	(74)	68	69
– continuing operations		132		68	69
– discontinued operations		(98)	(74)		

1 *The partial impairment reversal relates to the carrying value of property, plant and equipment at the Zincor operation and are based on the revised recoverable amount (based on fair value less costs of disposal of the operation). The recoverable amount was revised following the sale transaction of Exxaro Base Metals Proprietary Limited, which included the Zincor assets. The impairment reversal was limited to what the carrying amount of property, plant and equipment would have been, had no impairment been recognised. The Zincor property, plant and equipment was impaired with R516 million during 2011.*

2 *Impairment of the Botswana investment of R24 million (2012: R69 million) due to the changing risk profile of the investment.*

3 *In December 2013 Skyprops 112 Proprietary Limited declared a dividend in specie to Exxaro. An impairment assessment was performed by comparing the carrying amount of the investment to the net asset value of the company in which the investment was held. As a result, an impairment of R44 million was recognised.*

NCC operation

During June 2012, the prevailing lower export sales prices, lower train availability as well as operational challenges resulted in an impairment charge of R292 million (R281 million, net of tax) being recognised for the NCC operation.

The recoverable amount of the property, plant and equipment were measured based on fair value less cost of disposal, determined by discounted cash flow techniques using, where possible, market forecast and assumptions discounted using a discount rate of 13%.

The calculation was conducted in South African Rand nominal terms taking into account a life of mine up to and including 2016 and a corporate tax rate of 28% was assumed. Coal export prices ranging from US$80/tonne to US$88/tonne were used in the calculations.

The partial impairment reversal at 31 December 2013 are based on the revised recoverable amount (based on fair value less costs of disposal) of the operation. The recoverable amounts were revised following the classification of NCC as held-for-sale at the end of the reporting year due to the signing of the sales agreement of the NCC asset, which was concluded with Universal Coal Development VIII Proprietary Limited (Universal Coal), post the reporting period (refer note 28).

The NCC operations are reported within the commercial coal operating segment contained in the coal reportable operating segment.

7. GAINS/(LOSSES) ON THE DISPOSAL OF INVESTMENTS AND NON-CORE ASSETS

7.1 Discontinued operations

Group

2013	Exxaro Base Metals Rm	Total Rm
Gain on the disposal of subsidiary		
Cash consideration received or receivable[1]	183	183
Total disposal consideration	183	183
Carrying amount of investment in subsidiary sold[2]	781	781
Property, plant and equipment	(98)	(98)
Inventories	(5)	(5)
Trade and other receivables	(44)	(44)
Provisions	914	914
Trade and other payables	14	14
Gain on sale[3]	964	964

1 Deferred consideration amounts to R96 million and is due and payable on or before 15 August 2014.

2 Liabilities exceed assets.

3 After tax of Rnil.

2012	Mineral sands Rm	Rosh Pinah Rm	Total Rm
Gain on the disposal of subsidiaries			
Cash consideration received or receivable[1]	202	931	1 133
39,2% Shares in Tronox Limited	10 605		10 605
26% Shares in SA mineral sands operations	1 181		1 181
26% members' interest in Tronox Sands LLP	1 091		1 091
Total disposal consideration	13 079	931	14 010
Foreign currency transaction reserve realised	459		459
Hedging reserves realised	137		137
Carrying amount of net assets sold	(10 224)	(387)	(10 611)
Gain on sale[2]	3 451	544	3 995

1 After net working capital changes.

2 After tax of Rnil.

The fair values of the 39,2% shares in Tronox Limited and the 26% shares in SA mineral sands operations were determined by reference to the listed share price of Tronox Limited shares on 15 June 2012, the date that the transaction became effective.

Company

2013	Exxaro Base Metals Rm	Total Rm
Loss on the disposal of subsidiary		
Cash consideration received or receivable[1]	183	183
Total disposal consideration	183	183
Carrying amount of net assets sold[2]	(555)	(555)
Loss on sale[3]	(372)	(372)

1 Deferred consideration amounts to R96 million and is due and payable on or before 15 August 2014.

2 Assets exceeds liabilities.

3 After tax of Rnil.

7. GAINS/(LOSSES) ON THE DISPOSAL OF INVESTMENTS AND NON-CORE ASSETS (continued)

7.2 Continuing operations: other non-core assets

Group 2012	Ndzalama Rm	Nothfield Rm	Total Rm
Gains on the disposal of non-core assets			
Cash consideration received or receivable	5		5
Total disposal consideration	5		5
Carrying amount of net assets sold	(3)	40	37
Gain on sale[1]	2	40	42

1 After tax of Rnil.

Company 2012	Mineral sands Rm	Rosh Pinah Rm	Total Rm
Losses on disposal of subsidiaries			
Consideration received or receivable:			
Cash[1]	89	224	313
Shares in Tronox Limited	3 399		3 399
Shares in SA mineral sands operations	1 181		1 181
Members' interest in Tronox Sands LLP	1 091		1 091
Loan to subsidiary	(1 803)		(1 803)
Total disposal consideration	3 957	224	4 181
Carrying amount of net assets sold	(5 919)	(235)	(6 154)
Loss on sale[2]	(1 962)	(11)	(1 973)

1 After net working capital changes.
2 After tax of Rnil.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
8. NET FINANCING COSTS					
Interest income		81	213	3	22
Interest income on cash and cash equivalents		48	156	3	22
Finance leases interest		11	15		
Interest received from joint ventures		22	42		
Interest expense		(441)	(566)	(338)	(254)
Interest expense and loan costs		(329)	(327)	(327)	(250)
Unwinding of discount rate on rehabilitation cost	31	(441)	(554)	(2)	(2)
Interest adjustment on post-retirement obligation provision	32		(2)		
Finance leases interest			(11)		
Amortisation of transaction costs		(9)	(2)	(9)	(2)
Borrowing costs capitalised		338	330		
Total net financing costs		(360)	(353)	(335)	(232)
– continuing operations		(286)	(187)	(335)	(232)
– discontinued operations		(74)	(166)		
Included in interest expense are the following:					
Interest expense on financial liabilities measured at amortised cost		(270)	(18)	(268)	
Interest expense on bank overdrafts		(59)	(25)	(59)	(25)
Interest expense on financial liabilities designated at fair value through profit or loss			(225)		(225)
Interest on non-financial liabilities			(59)		
Included in interest income are the following:					
Interest income on unimpaired loans and receivables		2	45	1	20
Interest income on cash and cash equivalents		16	28	1	1
Interest income on financial assets designated at fair value through profit or loss		29	25	1	1
Interest income on non-financial assets		1	58		
Continuing operations					
Interest income		81	138	3	22
Interest income on cash and cash equivalents		48	81	3	22
Finance leases interest		11	15		
Interest received from joint ventures		22	42		
Interest expense		(367)	(325)	(338)	(254)
Interest expense and loan costs		(329)	(249)	(327)	(250)
Amortisation of transaction costs		(9)	(2)	(9)	(2)
Borrowing costs capitalised		338	330		
Unwinding of discount rate on rehabilitation cost		(367)	(404)	(2)	(2)
Total net financing costs		(286)	(187)	(335)	(232)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
9. INCOME FROM INVESTMENTS				
Subsidiaries				
Unlisted shares				
– Dividends				2 669
– Net interest received			486	303
Associates				
Dividends received				
– Listed shares			507	217
– Unlisted shares			2 664	3 802
Other income from associates			45	
Other				
Listed shares	3	2		
Unlisted shares	9	1	9	
Total income from investments	12	3	3 711	6 991
Included in net interest received are the following:				
Interest expense on financial liabilities measured at amortised cost[1]			(869)	(370)
Interest income on impaired loans and receivables				29
Interest income on unimpaired loans and receivables			1 355	644

1 Interest was calculated on the balances of the intercompany loans (refer note 23).

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
10. INCOME TAX EXPENSE/(BENEFIT)				
Charge to income				
South African normal tax				
Current	119	271		
– current year	104	249		
– prior year	15	22		
Deferred	497	703	(132)	(95)
– current year	592	719	(80)	(95)
– prior year	(95)	(16)	(52)	
Foreign normal tax				
Current	65	64		
– current year	77	69		
– prior year	(12)	(5)		
Deferred	(37)	124		
– current year	(38)	128		
– prior year	1	(4)		
Dividend withholding tax	1			
Total charge to statements of comprehensive income	645	1 162	(132)	(95)
– continuing operations	645	537	(132)	(95)
– discontinued operations		625		

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Reconciliation of tax rates				
Tax as a percentage of profit before tax	9,4	10,7	(4,5)	(1,4)
Tax effect of				
– Tax losses for which no deferred tax was recognised	(0,3)	(0,3)		
– Capital losses	0,1	0,3	0,1	
– Expenses not deductible for tax purposes	(2,9)	(2,6)	0,3	(1,0)
– Exempt income (not subject to tax)	0,3	0,1	0,4	
– Special tax allowances		0,1		0,1
– Post-tax equity-accounted investment income	14,6	9,4	29,9	27,6
– Disposal of investments and other non-core assets	7,8	10,4	0,9	(7,0)
– Remeasurements of foreign tax rate differences	0,5	0,2		
– Prior year tax adjustments	1,3		1,7	
– Derecognition of deferred tax asset	(0,9)	(0,4)		
– Reinstatement of deferred tax asset	0,4	0,3		
– Impairment of investments	(2,3)	(1,0)	(0,6)	(0,3)
– Reversal of impairments		0,8		
– Write down of subsidiaries' loans			(0,2)	10,0
Standard tax rate	28,0	28,0	28,0	28,0
Effective tax rate for operations, excluding income from equity-accounted investments, impairment charge and share of tax thereon	19,8	15,8		
Included in the above tax rate reconciliation is an effective discontinued tax rate of 0% (2012: 11,0%)				
Tax rate as a percentage of profit before tax:				
– continuing operations	11,1	10,4	(4,5)	(1,4)
– discontinued operations		11,0		

11. DISCONTINUED OPERATIONS

Exxaro Base Metals Proprietary Limited

All the conditions precedent to the sale of Exxaro's 100% shareholding in Exxaro Base Metals Proprietary Limited (Exxaro Base Metals) to Lebonix Proprietary Limited were met on 2 December 2013. The subsidiary, which included the Zincor operations, was disposed for a total consideration of R183 million. This process completes the Zincor divestment process, which commenced with the cessation of the production of zinc metal at Zincor in 2011 and follow on the sale of the Rosh Pinah mine during 2012.

During the 2012 year the mineral sands and Rosh Pinah operations were sold.

Financial information relating to the discounted operations for the year to date of disposal is set out below:

		Group	
	Notes	2013 Rm	2012 Rm
The financial performance and cash flows information			
Revenue			3 893
Operating income/(expense)	5	159	(2 069)
Operating profit		159	1 824
Profit on sale of subsidiaries	7.1	964	3 995
Net operating profit		1 123	5 819
Interest income			75
Interest expense		(74)	(241)
Profit before tax		1 049	5 653
Income tax expense			(625)
Profit for the year from discontinued operations		1 049	5 028
Cash flows attributable to operating activities		26	1 036
Cash flows attributable to investing activities		98	(1 358)
Cash flows attributable to financing activities		(37)	(2 778)
Cash flows attributable to discontinued operations		87	(3 100)

	Notes	Group 2013	Group 2012
12. EARNINGS PER SHARE			
Basic attributable earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.			
Profit for the year attributable to equity holders of the parent (R million)		6 217	9 677
Profit for the year from continuing operations attributable to equity holders of the parent (R million)		5 168	4 634
Profit for the year from discontinued operations attributable to equity holders of the parent (R million)		1 049	5 043
Weighted average number of ordinary shares in issue (million)		355	354
Basic earnings per share (cents)		1 751	2 734
Basic earnings per share from continuing operations (cents)		1 456	1 309
Basic earnings per share from discontinued operations (cents)		295	1 425
For the diluted attributable earnings per share the weighted average number of ordinary shares above is adjusted (as calculated below) (million).		356	355
Diluted earnings per share (cents)		1 746	2 726
Diluted earnings per share from continuing operations (cents)		1 452	1 305
Diluted earnings per share from discontinued operations (cents)		294	1 421
Basic headline earnings per share is calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.			
Headline earnings (R million)	13	5 194	4 958
Headline earnings from continuing operations (R million)		5 218	3 999
Headline (loss)/earnings from discontinued operations (R million)		(24)	959
Weighted average number of ordinary shares in issue (million)		355	354
Headline earnings per share (cents)		1 463	1 401
Headline earnings per share from continuing operations (cents)		1 470	1 130
Headline (loss)/earnings per share from discontinued operations (cents)		(7)	271
For the diluted attributable earnings per share the weighted average number of ordinary shares above is adjusted (as calculated below) (million).		356	355
Diluted headline earnings per share (cents)		1 459	1 397
Diluted headline earnings per share from continuing operations (cents)		1 466	1 127
Diluted headline (loss)/earnings per share from discontinued operations (cents)		(7)	270

For the 2013 and 2012 financial years, the adjusted exercise price of the Mpower 2012 shares had an effect on the adjusted weighted average number of shares in issue as the future IFRS 2 expense was lower than the average market price.

For the 2012 financial year, shares under option had an effect on the adjusted weighted average number of shares in issue as the average option price attached to the option shares was lower than the average market price.

	Group 2013	Group 2012
Weighted average number of ordinary shares for diluted attributable earnings and diluted headline earnings per share (million)	356	355
Weighted average number of ordinary shares in issue (million)	355	354
Adjusted for share-based payment instruments (million)	1	1

	Group		
	Gross Rm	Tax Rm	Net Rm
13. RECONCILIATION OF GROUP HEADLINE EARNINGS			
2013			
Profit for the year attributable to owners of the parent			
Adjusted for:			6 217
– IFRS 10 Gains on Disposal of Subsidiary	(964)		(964)
– IAS 16 Net Losses or Gains on Disposal of Property, Plant and Equipment	9	(4)	5
– IAS 28 Loss on Dilution of Investment in Associates	12		12
– IAS 28 Share of Associates' Separate Identifiable Remeasurements	(114)	2	(112)
– IAS 36 Impairment of Property, Plant and Equipment	292	(11)	281
– IAS 36 Reversal of Impairment of Property, Plant and Equipment	(247)		(247)
– IAS 38 Loss on the Scrapping of Intangible Assets	2		2
Headline earnings	(1 010)	(13)	5 194
– continuing operations			5 218
– discontinued operations			(24)
2012			
Profit for the year attributable to owners of the parent			9 677
Adjusted for:			
– IFRS 10 Gains on Disposal of Subsidiaries and Non-core Assets	(4 034)		(4 034)
– IAS 16 Net Gains or Losses on Disposal of Property, Plant and Equipment	(65)	4	(61)
– IAS 28 Excess of Fair Value Over Cost of Investment in Associate	(470)		(470)
– IAS 28 Share of Associates' Gains or Losses on Disposal of Property, Plant and Equipment	(4)	1	(3)
– IAS 36 Reversal of Impairment of Property, Plant and Equipment	(103)	29	(74)
– IAS 38 Gains on Disposal of Intangible Assets	(77)		(77)
Headline earnings	(4 753)	34	4 958
– continuing operations			3 999
– discontinued operations			959

	Group	
Headline earnings per share	2013 cents	2012 cents
Headline earnings per share: aggregate		
– basic	1 463	1 401
– diluted	1 459	1 397
Headline earnings per share: continuing operations		
– basic	1 470	1 130
– diluted	1 466	1 127
Headline (loss)/earnings per share: discontinued operations		
– basic	(7)	271
– diluted	(7)	270

For the year ended 31 December	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
14. DIVIDEND				
Total cash dividend paid during the year	1 387	3 012	1 378	3 024

A gross final cash dividend, number 22 of 315 cents per share, for the 2013 financial year has been declared, payable to shareholders of ordinary shares. Total STC credits available for offsetting against the dividend tax amount to R195 million (54,51893 cents per share). The gross local dividend amount is 315 cents per share for shareholders exempt from Dividend Tax. The dividend declared will be subject to a dividend withholding tax of 15% for all shareholders who are not exempt or do not qualify for a reduced rate of withholding tax. The net local dividend payable to shareholders, subject to withholding tax at a rate of 15%, amounts to 275,92784 cents per share. The number of ordinary shares in issue at the date of this declaration is 358 115 505. Exxaro's tax reference number is 9218/098/14/4.

This final dividend, amounting to approximately R1 128 million (2012: R546 million), has not been recognised as a liability. It will be recognised in shareholders' equity in the year ending 31 December 2014.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Friday, 4 April 2014
First trading day ex dividend on the JSE	Monday, 7 April 2014
Record date	Friday, 11 April 2014
Payment date	Monday, 14 April 2014

No share certificate may be dematerialised or rematerialised between Monday, 7 April 2014 and Friday, 11 April 2014, both days inclusive. Dividends for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant (CSDP) or broker credited on Monday, 14 April 2014.

During 2013 Exxaro paid an interim dividend of 235 cents per share as well as the final 2012 dividend of 150 cents.

Group	2013 Before-tax amount Rm	2013 Tax Rm	2013 Net-of-tax amount Rm	2012 Before-tax amount Rm	2012 Tax Rm	2012 Net-of-tax amount Rm
15. OTHER COMPREHENSIVE INCOME						
Unrealised exchange differences on translating foreign operations	648	(114)	534	(38)	5	(33)
Financial instruments fair value losses recognised in equity on cash flow hedges				(21)		(21)
Share of other comprehensive income of equity-accounted investments	2 103	(100)	2 003	122		122
Revaluation of available-for-sale financial assets	128	(28)	100			
Non-controlling interests' share of other comprehensive income	3		3			
Total	2 882	(242)	2 640	63	5	68

16. SEGMENTAL REPORTING

Operating segments are reported on in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable operating segments, has been identified as the executive committee of the group.

Operating segments reported are based on the group's different products and operations.

16.1 Changes to reported operating segments

The corporate transactions during 2012 necessitated a change in the operating segment reporting structures and the manner in which operating results are reported to the chief operating decision-maker. The following reportable operating segments were impacted as a result of the changes in the organisational structure:

16.1.1 Base metals

Up to and including 31 December 2012, the reportable segments included an operating segment for Base metals which consisted of Zincor, Rosh Pinah and other base metals.

Exxaro's 50,04% interest in the Rosh Pinah operations was sold to a subsidiary of Glencore International plc on 1 June 2012. This sale formed part of Exxaro's strategic plan to divest from the group's zinc assets.

The remaining Base metals entities no longer meet the quantitative or qualitative thresholds described in IFRS 8 *Operating Segments*. These were aggregated in the remaining Base metals entities within the "Other" reportable operating segment.

16.1.2 Mineral sands/Titanium dioxide

The previously reported Mineral sands operating segment, included KZN Sands, Namakwa Sands and Australia Sands.

The Mineral sands operations sale and acquisition of a shareholding in Tronox Limited in 2012 resulted in Exxaro holding 44,40% (2012: 44,65%) of the shares in Tronox Limited and 26% directly in each of the South African based KZN Sands and Namakwa Sands operations. Exxaro currently equity-accounts for the interest in Tronox Limited and the South African Mineral sands operations. The investment value in these associated companies is seen as significant and will be reported as a separate operating segment.

The Mineral Sands operating segment was restructured to include both Mineral sands and Titanium Dioxide (TiO_2) which is in line with the core business of the Tronox operations and renamed TiO_2.

16.1.3 Ferrous

In line with the group's strategy to establish an Exxaro controlled ferrous business, Exxaro acquired African Iron Limited (AKI) in February 2012. AKI is an iron ore development company involved in the exploration and evaluation of the Mayoko Iron Ore and Ngoubou-Ngoubou projects, located in the Republic of Congo in Central West Africa.

The AlloyStream™ and FerroAlloys operations as well as Exxaro's 19,98% interest in Sishen Iron Ore Company Proprietary Limited (SIOC) were previously reported within the "Other" operating segment of Exxaro. These investments are now reported within the Ferrous operating segment, based on the similar commodity suite of these operations.

Following the change in the composition of the group's reportable operating segments, the prior years' segmental information has been re-presented (restated) to reflect these changes.

No changes were incurred in the reportable operating segment.

16.2 Details of reported operating segments

The group has four reportable operating segments, as described below, which are the group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the executive committee of the group reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the group's reportable operating segments:

16.2.1 Coal

The coal operations are mainly situated in the Waterberg and Mpumalanga areas and are split between commercial coal operations and captive (tied) coal operations. The operations produce power station, steam and coking coal as well as char.

16.2.2 Ferrous

The ferrous operations include the group's investment in AKI (acquired on 14 February 2012), a 19,98% investment in SIOC, and investments in FerroAlloys and AlloyStream™ projects.

16.2.3 Titanium dioxide (TiO_2)

Exxaro current holds a 44,40% (2012: 44,65%) equity interest in Tronox Limited and a 26% direct investment in each of the South African based KZN Sands and Namakwa Sands operations.

16.2.4 Other

The other operating segment includes the 50% investment in Cennergi Proprietary Limited (a joint venture with Tata Power), 26% equity interest in Black Mountain Mining Proprietary Limited, an effective investment of 11,7% in the Chifeng operations as well as the results of Exxaro Base Metals which were sold during 2013.

16. SEGMENTAL REPORTING (continued)

16.2 Details of reported operating segments (continued)

Analysis of the group's profit or losses and assets and liabilities by reportable segment:

	Coal					
	Tied operations		Commercial operations		Iron ore	
	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm
Total revenue	3 917	3 449	9 445	8 615		
Inter-segmental						
External revenue (refer note 4)	3 917	3 449	9 445	8 615		
Revenue from continuing operations	3 917	3 449	9 445	8 615		
Revenue from discontinued operations						
Segment net operating profit/(loss)	215	285	2 554	1 820	(27)	(9)
Net operating profit/(loss) from continuing operations	215	285	2 554	1 820	(27)	(9)
Net operating profit from discontinued operations						
Interest income (external) (refer note 8)	4	3	33	47		
Interest received from joint ventures (refer note 8)			22	42		
Interest expense (external) (refer note 8)			(1)			
Borrowing cost capitalised (refer note 8)						
Interest adjustment on non-current provisions (refer note 8)	(165)	(128)	(200)	(274)		
Interest adjustment on non-current employee obligations (refer note 8)						
Finance lease interest expense (refer note 8)						
Finance lease interest income (refer note 8)			11	15		
Amortisation of transaction costs (refer note 8)						
Depreciation and amortisation of intangible assets (refer note 5)	41	39	624	572	8	4
Impairment charges/(reversals) of non-current assets (refer note 6)			143			
Income tax expense/(benefit)	9	63	745	519	(4)	(5)
Other non-cash flow items not disclosed above	(129)	26	(173)	(119)	6	
Cash inflow from operations	127	350	3 148	2 253	(13)	(5)
Cash generated by operations	75	446	2 072	3 209	(7)	
Income/(loss) from equity-accounted investments			129	144		
Excess of fair value of net asset value over cost of investment in associate						
Capital expenditure			2 996	4 225	1 453	388

Ferrous				TiO_2		Other				Total	
Alloys		Other ferrous				Base metals		Other			
2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm
120	107	21			3 594		299	86	58	13 589	16 122
		(21)								(21)	
120	107				3 594		299	86	58	13 568	16 122
120	107							86	58	13 568	12 229
					3 594		299				3 893
(61)	(25)	(53)	3		1 925	145	422	793	3 136	3 566	7 557
(61)	(25)	(53)	3			(14)	(34)	(171)	(302)	2 443	1 738
					1 925	159	456	964	3 438	1 123	5 819
					74		1	11	31	48	156
										22	42
					(73)		(1)	(328)	(253)	(329)	(327)
								338	330	338	330
					(6)	(74)	(146)	(2)		(441)	(554)
					(2)						(2)
					(11)						(11)
										11	15
								(9)	(2)	(9)	(2)
3	2	5					1	175	84	856	702
					(103)	(98)				45	(103)
(17)	(13)	(12)			631	(4)	(6)	(72)	(27)	645	1 162
2	1	(1)			(215)	5	(8)	91	(161)	(199)	(476)
(56)	(22)	(49)			1 604	(2 715)	(138)	2 874	(400)	3 316	3 642
(60)	(45)	(44)	(1)		1 195	26	35	97	(870)	2 159	3 969
		4 166	3 202	(638)	(250)	77	101	(103)	(65)	3 631	3 132
					470						470
17	11	160	35		414	1	32	137	228	4 764	5 333

16. SEGMENTAL REPORTING (continued)

16.2 Details of reported operating segments (continued)

	Coal					
	Tied operations		Commercial operations		Iron ore	
	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm
Segment assets and liabilities						
Deferred tax	(36)		80	89	5	6
Investments in associates (equity-accounted)						
Investments in joint ventures (equity-accounted)			528	387		
External assets (excluding deferred tax and equity-accounted investments and non-current assets held-for-sale)	1 579	1 719	19 893	17 522	5 109	3 039
Total assets	1 543	1 719	20 501	17 998	5 114	3 045
Non-current assets held-for-sale			342			
Total assets as per statement of financial position	1 543	1 719	20 843	17 998	5 114	3 045
Liabilities (external)	1 387	1 520	3 046	4 303	128	74
Deferred tax	4	70	2 872	2 060	600	498
Current tax payable		6	18	42	1	
Total liabilities	1 391	1 596	5 936	6 405	729	572
Non-current liabilities held-for-sale			225			
Total liabilities as per statement of financial position	1 391	1 596	6 161	6 405	729	572
Additions in non-current assets[1]			2 996	4 225	1 453	388

1 *Excluding financial instruments, deferred tax, post-employment benefit assets, intercompany loans, investments in subsidiaries and rights under insurance contracts.*

The group relies on two of its major customers for its revenue from the coal tied and commercial coal operations. The group has revenues from two external customers which account for at least 10% or more of the group's revenues (15% and 49% (2012: 14% and 35%)). The total amount of revenue from these two customers was R2 057 million and R6 573 million, respectively (2012: R2 278 million and R5 578 million respectively).

Ferrous				TiO_2		Other				Total	
Alloys		Other ferrous				Base metals		Other			
2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm	2013 Rm	Restated 2012 Rm
95	72	53						169	74	366	241
		5 523	3 777	13 325	13 037	359	340			19 207	17 154
								333	38	861	425
94	86	216	35			252	212	1 587	1 984	28 730	24 597
189	158	5 792	3 812	13 325	13 037	611	552	2 089	2 096	49 164	42 417
										342	
189	158	5 792	3 812	13 325	13 037	611	552	2 089	2 096	49 506	42 417
32	40	12					864	4 792	4 072	9 397	10 873
		40						(35)	(62)	3 481	2 566
1	3						3	111	118	131	172
33	43	52					867	4 868	4 128	13 009	13 611
										225	
33	43	52					867	4 868	4 128	13 234	13 611
17	11	160	35		414	1	32	338	231	4 965	5 336

16. SEGMENTAL REPORTING (continued)

16.2 Details of reported operating segment (continued)

Geographical areas	External revenue 2013 Rm	External revenue 2012 Rm	Carrying amount of non-current assets[1] 2013 Rm	Carrying amount of non-current assets[1] 2012 Rm
Sourced from country of domicile				
– South Africa	10 129	9 522	25 031	20 022
Sourced from foreign countries				
– Rest of Africa	2	46	5 083	2 963
– Europe	2 474	3 878	1 239	1 142
– Asia	944	1 244		
– Australia		569	38	36
– United States of America		846	10 267	10 314
– Brazil		9		
– Mexico		3		
– Other	19	5		
Total segment	13 568	16 122	41 658	34 477

1 *Excluding financial instruments, deferred tax, post-employment benefit assets, Intercompany loans, investments in subsidiaries and rights under insurance contracts.*

No asymmetrical allocations to reportable operating segments occurred during the periods under review. There were no material changes in total assets disclosed from the last annual financial statements, except for the restatement due to the change in the reported operating segments.

Total operating segment revenue, which excludes VAT, represents the gross value of goods invoiced. Export revenue is recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred. The group uses the basis of significant marketing regions to allocate external revenues to the individual countries.

Total segment revenue further includes operating revenues directly and reasonably allocable to the segments. Segment revenue includes sales made between segments. These sales are made on a commercial basis.

Segment net operating profit equals segment revenue less segment expenses and includes impairment charges.

Segment expenses represent direct or reasonably allocable operating expenses on a segment basis. Segment assets and liabilities include directly and reasonably allocable operating assets and liabilities. This information is not regularly provided to the chief decision-maker, but included on an annual basis for additional disclosure purposes.

There were no differences in the way segment profit or loss is measured in comparison to the previous annual period or between the reportable segments' profits or losses and the group's profit or loss.

17. EMPLOYEE BENEFITS

17.1 Retirement funds

Independent funds provide retirement and other benefits for all permanent employees, retired employees and their dependants.

At the end of the financial year, the main defined contribution retirement funds to which Exxaro was a participating employer, were as follows:

- Exxaro Selector Pension Fund and Exxaro Selector Provident Fund
- Iscor Employees' Provident Fund
- Mine Workers Provident Fund
- Sentinel Mining Industry Retirement Fund.

Members generally pay a contribution of 7%, with the employer's contribution of 10% in general to the above funds being expensed as incurred.

All funds registered in the Republic of South Africa are governed by the South African Pension Funds Act of 1956 (the Act).

17.1.1 Defined contribution funds

Membership of each fund at 31 December 2013 and 2012 as well as employer contributions to each fund were as follows:

	Employer contributions 2013 Rm	Employer contributions 2012 Rm	Working members[1] 2013 Number	Working members[1] 2012 Number
Group				
Continuing operations	197	194	7 889	7 799
Exxaro Selector Funds	96	86	2 263	2 221
Iscor Employees' Provident Fund	45	41	2 543	2 503
Mine Workers Provident Fund	15	22	1 568	1 662
Sentinel Mining Industry Retirement Fund	34	36	1 207	1 065
Other funds	7	9	308	348
Discontinued operations[2]	1	26	26	27
Exxaro Selector Funds		8	4	6
Iscor Employees' Provident Fund	1	1	20	20
Namakwa Sands Employees Provident Fund		8		
Sentinel Mining Industry Retirement Fund		3	2	1
Other funds		6		
Total	198	220	7 915	7 826
Company				
Exxaro Selector Funds	43	37	768	783
Iscor Employees' Provident Fund	2	2	81	111
Sentinel Mining Industry Retirement Fund	4	4	46	35
Total	49	43	895	929

1 *Working members who are contributing members to an accredited retirement fund.*

2 *The following operations were classified as discontinued operations: Exxaro Base Metals (2012: Rosh Pinah, Zincor and Sands).*

17. EMPLOYEE BENEFITS (continued)

17.2 Short-term incentives

The following schemes based on individuals, business unit, commodity and group-level performance are in place:

- Individual performance reward
- A two-tier (2012: three-tier) performance incentive:
  - On-target business unit incentive
  - Commodity business and group improvement incentive.

17.2.1 Individual performance reward

A short-term incentive scheme focused on the individual is used to augment the performance management process and retention strategy across junior to senior management levels of employment within the group.

17.2.2 The two-tier performance incentive

This incentive was created to reinforce a performance culture and applies to all full-time employees.

The second tier is profit-based and 30% of gains above budget are shared with employees.

- First tier

  The first tier is a line-of-sight incentive based on achieving 100% of a combination of the business unit's net operating profit and production targets and is currently equal to 8,33% of annual gross remuneration for all full-time employees of every business unit, commodity, services and corporate office department.

- Second tier

  The second tier is based on exceeding a combination of budgeted consolidated net operating profit and production targets by an improvement percentage at commodity business unit and group level.

17.3 Equity compensation benefits

Equity compensation benefits are provided to selected employees through the following share-based payment schemes:

17.3.1 Mpower 2012

During 2012 Exxaro created an Employee Empowerment Participation Scheme (Mpower 2012) with an effective date of 1 July 2012 to replace the previous Mpower scheme that came to an end in November 2011. Exxaro issued approximately 3 million shares which will be held in trust to the benefit of selected Exxaro employee beneficiaries for a period of five years. At inception, all qualifying employees received the same number of units. Each unit represents a right in the subscription shares held by the trust and entitles them to dividends on the Exxaro shares in trust. On the final date (after the five year period), the trustees of the trust will deliver the subscription shares, underlying each unit, to the participants. The Mpower 2012 scheme is an equity-settled share-based payment scheme.

17.3.2 Share Appreciation Right Scheme (SARS)

Participants obtain the right, if performance conditions are met, to receive a number of Exxaro shares to the value of the difference between the exercise price and the grant price. The performance condition relates to headline earnings per share of the group and is calculated for a minimum and maximum performance condition. Performance between these targets will result in proportional vesting which will be calculated using a linear sliding scale between the minimum and maximum performance conditions. Grants have a vesting period of three years at which time the performance conditions are calculated. The vested grants will lapse after seven years from the grant date.

The SARS scheme is an equity-settled share-based payment scheme.

17.3.3 Long-term Incentive Plan (LTIP)

A LTIP is a conditional award of Exxaro shares offered to qualifying senior employees of the group. The shares vest after three years subject to certain performance conditions being met. The extent to which the performance conditions are met governs the number of shares that vest. The LTIP is an equity-settled share-based payment scheme.

Participants to the 2013 LTIP grants obtained the right, provided performance conditions are met, to receive a number of Exxaro shares to the value of the difference between the exercise price (price at vesting date) and the grant price (Grant price is Rnil, exercise price is equal price at vesting date). The performance condition relates to headline earnings per share of the group and is calculated for a minimum and maximum performance condition. Performance between these targets will result in proportional vesting which will be calculated using a linear sliding scale between the minimum and maximum performance conditions.

For LTIPs issued in 2012 and prior years there were two performance conditions that determine the number of LTIPs that vest:

- The Total Shareholder Return (TSR) Condition

  This condition compares the TSR of Exxaro with the TSR of a peer group of companies. The peer group of companies was determined by the REMCO. TSR is defined to be the compound annual growth rate (CAGR) on a portfolio of Exxaro/peer group shares purchased at the end of the group's financial year in which the grant is made, holding the shares, and reinvesting the dividends received from the portfolio in the same shares for three years, and then selling the portfolio at the end of the three years.

- The Return on Capital Employed (ROCE) Condition

  The ROCE measure is a Return on Capital Employed measure with a number of adjustments as determined by the REMCO. Initial targets are set based on existing ROCE performance in the base year of an LTIP and planned ROCE performance in the performance year (target year). The audited results for the previous financial year, with relation to the year in which the grants are made, is the base year and the third year after the base year is the target year.

  50% of the grant was subject to the TSR condition and 50% to the ROCE condition. Awards vested linearly between 30% and 100% for performance between the minimum and the maximum targets.

17.3.4 Deferred Bonus Plan (DBP)

The DBP is to encourage executive directors and senior management to sacrifice a part of their bonuses for the purpose of acquiring shares in the company in exchange for an uplift in the number of shares received. Participants may sacrifice a percentage of their (post-tax) bonus in exchange for Exxaro shares at the ruling market price. The pledged shares are then held in trust for a three year period, thus until the vesting date of the matching award. The employee does not qualify for the matching award if not in the service of Exxaro for the full three-year period. At the vesting date, the company will make an additional award of shares by matching the shareholding on a one-for-one basis (matching award). Participants will consequently become unconditionally entitled to both the original pledged shares as well as the matching award of shares.

A participant may at its election dispose of and withdraw the pledged shares from the scheme at any stage. However, if the pledged shares are withdrawn before the expiry of the pledge period, the participant forfeits the matching award.

The DBP is an equity-settled share-based payment scheme.

17.3.5 Options

The Exxaro Management Option Scheme consists of options in respect of ordinary shares at market value granted to eligible participants. No further grants were made under this scheme since the unbundling from Kumba Resources Limited in 2006. This scheme was replaced by the new schemes as listed above. The final options outstanding were exercised during 2013. The Option scheme is an equity settled share-based payment scheme.

17. EMPLOYEE BENEFITS (continued)

17.3 Equity compensation benefits (continued)

17.3.6 MPower 2012

		2013 Number of instruments '000	2012 Number of instruments '000
Unit awards accepted at start of scheme (held in trust)[1]			2 857
Outstanding at beginning of year		2 666	
Issued during the year		165	
Exercised during the year		(36)	
Lapsed/cancelled during the year		(6)	(191)
Outstanding at end of the year		2 789	2 666
Outstanding at end of the year	Expiry date 2017	2 789	2 666
Exercise price range for instruments exercised during the year (R)		138.35 – 169.81	
Total proceeds if shares are issued (R million)		438	451

1 *Price per share at the start of the scheme was R193,37.*

17.3.7 Share Appreciation Right Scheme

		2013 Number of instruments '000	2013 Grant price range R	2012 Number of instruments '000	2012 Grant price range R
Outstanding at beginning of year		4 711	59,42-210,84	7 347	59,42-185,92
Issued during the year[1]		2		168	67,07-210,84
Exercised during the year		(1 099)	60,60-163,95	(1 441)	59,42-163,95
Lapsed/cancelled during the year		(84)	64,52-210,84	(208)	60,60-175,29
Subsidiaries sold				(1 155)	
Outstanding at end of the year		3 530	60,60-210,84	4 711	59,42-210,84
Terms outstanding at end of the year	Expiry date				
	2013			92	
	2014	23	59,42-163,95	350	59,42-163,95
	2015	425	67,61-155,69	526	64,52-155,69
	2016	954	63,45-92,51	1 240	63,45-92,51
	2017	929	110,91-127,27	1 256	110,91-131,47
	2018	1 086	126,77-185,92	1 132	126,77-185,92
	2019	113	163,95-210,84	115	163,95-210,84
		3 530		4 711	
Vested but not exercised during the year		2 329	59,42-210,84	2 205	59,42-175,29
Exercise price range for instruments exercised during the year (Rand)			136,45-171,59		146,55-214,50
Total proceeds if shares are issued (R million)		518,0		496,2	

1 *The 2013 rights relate to the rights that have been cancelled due to termination of services but an agreement was reached and the rights re-instated.*

17.3.8 Long-term Incentive Plan

		2013 Number of instruments '000	2013 Face value range[1] R	2012 Number of instruments '000	2012 Face value range[1] R
Outstanding at beginning of year		2 226	67,07-216,26	1 479	63,45-163,95
Issued during the year		2 360	142,33-197,54	2 023	150,06-212,26
Exercised during the year		(328)	142,00-179,16	(597)	154,45-213,87
Lapsed/cancelled during the year		(119)	67,07-212,26	(131)	67,07-210,84
Subsidiaries sold				(548)	
Outstanding at end of the year		4 139	67,07-212,26	2 226	67,07-216,26
Terms outstanding at end of the year	Expiry date				
	2013			327	
	2014	298	150,66-163,95	298	150,66-163,95
	2015	1 575	150,06-212,26	1 601	150,06-212,26
	2016	2 266	142,33-165,02		
		4 139	150,06-212,26	2 226	67,07-212,26
Face value range for instruments exercised during the year (Rand)			142,00-179,16		154,45-213,87
Total value of shares outstanding (R million)		607,3		409,8	

1 *Face value is the volume weighted average price of the previous business day when the transaction is executed.*

17.3.9 Deferred bonus plan

		2013 Number of instruments '000	2013 Share price[1] R	2012 Number of instruments '000	2012 Share price[1] R
Outstanding at beginning of year		67	112,68-206,12	109	66,38-180,28
Issued during the year		60	161,98-167,72	21	153,39-206,12
Exercised during the year		(32)	148,70-169,51	(43)	146,58-213,15
Lapsed/cancelled during the year				(1)	91,08-179,46
Subsidiaries sold				(19)	
Outstanding at end of the year		95	112,68-206,12	67	112,68-206,12
Terms outstanding at end of the year	Expiry date				
	2013			25	112,68-125,41
	2014	20	147,01-180,28	21	147,01-180,28
	2015	21	153,39-206,12	21	153,39-206,12
	2016	54	161,98-167,72		
		95	147,01-206,12	67	
Share price range for instruments exercised during the year (Rand)			148,70-169,51		146,58-213,15
Total value of shares outstanding (R million)		13,8		11,9	

1 *Price at which the shares were bought/sold.*

17. EMPLOYEE BENEFITS (continued)

17.3 Equity compensation benefits (continued)

17.3.10 Options

		2013 Number of instruments '000	2013 Grant price range R	2012 Number of instruments '000	2012 Grant price range R
Outstanding at beginning of year		320	26,59-47,73	861	18,38-47,73
Exercised during the year		(320)	36,59-47,73	(503)	18,38-47,73
Subsidiaries sold				(38)	
Outstanding at end of the year				320	26,59-47,73
Terms outstanding at end of the year	Expiry date				
	2013			320	36,59-47,73
Vested but not sold during the year				320	36,59-47,73
Exercise price range for instruments exercised during the year (Rand)			138,53-166,00		18,38-47,73
Total proceeds if shares are issued (R million)				12,1	

17.3.11 Fair value of equity compensation instruments

In determining the fair value of services received as consideration for equity instruments, measurement is referenced to the fair value of the equity instruments granted.

A modified binomial tree model is used for the valuation of the SARS while a Monte Carlo Simulation model is used for the 2012 LTIP schemes. The conditional matching awards granted in terms of the DBP are the economic equivalent of granting an Exxaro share, without dividend rights for the period from grant date to vesting date. Therefore the value of the DBP is equal to the grant date share price at the vesting date, less the present value of future dividends expected to be granted over the term of the scheme, multiplied by the pledged shares in the trust. In 2013 the LTIP scheme was redefined. As a result, the valuation of the scheme was performed using the same approach followed in valuing the DBP.

Inputs used in the valuation models to determine the fair value of grants:

		2013	2012
Weighted average fair value for grants during the year (R):			
	SARS[1]	n/a	n/a
	LTIP	138,05	95,74
	DBP	145,76	163,29
Inputs to the valuation models for:			
LTIP	Share price at valuation date (R)	163,3	198,13
	Weighted average option life (years)	3	3
	Expected volatility of Exxaro share (%)[2]	n/a	33,42
	Expected volatility of peer group share (average) (%)[2]	n/a	42,59
	Dividend yield (%)	4,01	6,32
	Risk-free interest rate (%)	5,57	6,36
	Employee forfeiture rate (%)	5,36	2,60
DBP	Share price at valuation date – February (R)	n/a	211,00
	Share price at valuation date – March (R)	163,30	198,13
	Share price at valuation date – August (R)	162,39	149,63
	Weighted average option life (years)	3,00	3,00
	Dividend yield – February (%)	n/a	n/a
	Dividend yield – March (%)	4,02	5,83
	Dividend yield – August (%)	3,23	6,33
	Risk-free interest rate – February (%)	n/a	9,07
	Risk-free interest rate – March (%)	5,57	6,28
	Risk-free interest rate – August (%)	6,93	6,36
	Employee forfeiture rate (%)	0,79	

1 *No SARS grants during 2013.*

2 *Volatility is measured as the annualised standard deviation of the continuously compounded daily returns of the underlying share(s) under the assumption that the share price is log-normally distributed. The historical period used to determine the log returns and hence volatility is equal in length to the period from valuation date up to and including the maturity date, starting from the valuation date.*

18. PROPERTY, PLANT AND EQUIPMENT

Group	Notes	Land and buildings Rm	Mineral properties Rm
2013			
Gross carrying amount			
At beginning of year		177	3 456
Additions		92	
Changes in decommissioning assets			
Disposal of subsidiaries and other business operations		(1)	
Borrowing costs capitalised[1]	8		
Disposals of items of property, plant and equipment			
Net reclassification to non-current assets held-for-sale	28	(7)	(51)
Exchange differences on translation		2	94
Transfer between classes			
At end of year		263	3 499
Accumulated depreciation			
At beginning of year			911
Depreciation charges	5		67
Disposal of subsidiaries and other business operations			
Disposals of items of property, plant and equipment			
Net reclassification to non-current assets as held-for-sale	28		(46)
Exchange differences on translation			
At end of year			932
Impairment of assets			
At beginning of year		1	
Impairment reversals	5, 6		
Impairment charges	5, 6		39
Net reclassification to non-current assets held-for-sale	28		
Disposals of subsidiaries		(1)	
At end of year			39
Net carrying amount at end of year		263	2 528

1 *A capitalisation rate of 5,67% (2012: 6,03%) was used to determine the amount of borrowing cost eligible for capitalisation.*

Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development and rehabilitation Rm	Extensions under construction Rm	Total Rm
93	1 289	6 321	337	9 480	21 153
	18	1 181		3 472	4 763
(2)	11	9	1	(2)	17
	(85)	(747)		(22)	(855)
		338			338
	(3)	(175)		(2)	(180)
	(60)	(378)	(74)		(570)
		151	28	210	485
255	89	964	(2)	(1 306)	
346	1 259	7 664	290	11 830	25 151
51	531	3 072	178	13	4 756
15	75	633	30		820
	(37)	(300)		(1)	(338)
	(3)	(151)	(1)		(155)
	(29)	(203)	(39)		(317)
		4			4
66	537	3 055	168	12	4 770
	48	447		20	516
	(20)	(227)			(247)
		253			292
		(104)			(104)
	(28)	(369)		(20)	(418)
					39
280	722	4 609	122	11 818	20 342

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Notes	Land and buildings Rm	Mineral properties Rm
2012			
Gross carrying amount			
At beginning of year		142	1 793
Additions		33	5
Changes in decommissioning assets			
Acquisition of subsidiary and other business operations			1 522
Disposal of subsidiaries and other business operations			(1)
Borrowing costs capitalised			
Disposals of items of property, plant and equipment		(25)	(11)
Net reclassification to non-current assets held-for-sale		24	10
Exchange differences on translation		3	138
Transfer between classes			
Other movements			
At end of year		177	3 456
Accumulated depreciation			
At beginning of year			834
Depreciation charges	5		78
Acquisition of subsidiary			
Disposal of subsidiaries and other business operations			(1)
Disposals of items of property, plant and equipment			
At end of year			911
Impairment of assets			
At beginning of year		1	
At end of year		1	
Net carrying amount at end of year		176	2 545

Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development and rehabilitation Rm	Extensions under construction Rm	Total Rm
62	1 264	5 318	355	5 389	14 323
	52	380	65	4 798	5 333
2	2	138	(27)	(6)	109
		19			1 541
					(1)
		330			330
	(3)	(196)	(26)	(93)	(354)
	(33)	(236)	(11)	(161)	(407)
	1	7	1		150
29	6	525	(20)	(540)	
		36		93	129
93	1 289	6 321	337	9 480	21 153
48	456	2 713	166	6	4 223
3	75	478	40	7	681
		4			4
					(1)
		(123)	(28)		(151)
51	531	3 072	178	13	4 756
	48	447		20	516
	48	447		20	516
42	710	2 802	159	9 447	15 881

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Notes	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Extensions under construction Rm	Total Rm
2013					
Gross carrying amount					
At beginning of year		20	327	438	785
Additions			17	118	135
Disposals of items of property, plant and equipment		(12)	(39)		(51)
Transfer between classes			335	(335)	
At end of year		8	640	221	869
Accumulated depreciation					
At beginning of year		4	154		158
Depreciation charges	5		138		138
Disposals of items of property, plant and equipment		(1)	(28)		(29)
At end of year		3	264		267
Net carrying amount at end of year		5	376	221	602
2012					
Gross carrying amount					
At beginning of year		11	305	351	667
Additions		9	26	151	186
Disposals of items of property, plant and equipment			(68)		(68)
Transfer between classes			64	(64)	
At end of year		20	327	438	785
Accumulated depreciation					
At beginning of year		3	156		159
Depreciation charges	5	1	59		60
Disposals of items of property, plant and equipment			(61)		(61)
At end of year		4	154		158
Net carrying amount at end of year		16	173	438	627

	Plantation Rm	Livestock Rm	Game Rm	Total Rm
19. BIOLOGICAL ASSETS				
Group				
2013				
Gross carrying amount				
At beginning of year	15	8	32	55
Gains attributable to physical and price changes	1	3	16	20
Net reclassification from/(to) inventory	3	(6)		(3)
At end of year	19	5	48	72
Fair value of biological assets split:				
– mature	18	5	48	71
– immature	1			1
2012				
Gross carrying amount				
At beginning of year	18	11	37	66
(Losses)/gains attributable to physical and price changes	(2)	2		
Net reclassification to inventory	(1)	(5)	(5)	(11)
At end of year	15	8	32	55
Fair value of biological assets split:				
– mature	14	8	32	54
– immature	1			1

Plantation, livestock and game are classified within level 3 in terms of the fair value hierarchy as there are no quoted market prices or observable prices available.

The plantation was valued by Mr Johannes Bezuidenhout, an independent appraiser, on 12 December 2013.

The table above provides the reconciliation of the level 3 hierarchy of biological assets.

The fair value computation of biological assets is performed on an annual basis as follows:

- Plantations: an independent appraiser is appointed to value the plantations
- Livestock: fair value is based on market prices provided by an independent specialist
- Game: fair value of game is based on an average adjusted auction price provided by an independent specialist.

There were no changes to the valuation techniques of biological assets in the current or prior financial years.

All biological assets are valued at the highest and best use values.

There were no transfers between the fair value levels of hierarchy during the 2013 year.

Closing stock consist of:	2013	2012
Plantation[1] (hectares)	1 147	1 147
Livestock[2] (quantity)	2 277	2 312
Game[3] (quantity)	4 489	4 531

1 Wattle and blue gum trees.
2 Cattle and horses.
3 Rhino, buffalo, warthog, giraffe, ostrich and a variety of antelope.

19. BIOLOGICAL ASSETS (continued)

Sensitivity:

Significant changes in any of the unobservable inputs, would result in a significantly higher/(lower) fair value measurement. Refer to the table below:

	Unobservable inputs	Range of inputs	Sensitivity of inputs and fair value measurement[1]	Sensitivity analysis of a 10% increase in the inputs is demonstrated below[2] Rm
Plantation	Hectares (ha)	1 147	Ha increase	2
	Standing value per ha	R110 to R416	Standing value increase	2
Livestock	Beef price per kg	R16,60 to R30,85	Beef prices increase	1
	Number of animals	2 277	Number of animals increase	1
	Total carcass weight	84kg to 364kg	Carcass weight increase	1
Game	Auction prices per specie	R456 to R519 557	Auction prices increase	3
	Capture, transport and insurance cost	R137 to R155 867	Cost decrease	1
	Number of animals	4 489	Number of animals increase	5

1 Change in unobservable inputs will result in an increase in the fair value measurement.
2 A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis that all other variables remain constant.

Interrelationships

Interrelationships between unobservable inputs are not considered to have a significant impact within the range of reasonably possible alternative assumptions.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
20. INTANGIBLE ASSETS					
Goodwill[1]					
Gross carrying amount					
At beginning of year		902			
Acquisition of subsidiary			827		
Exchange differences		51	75		
At end of year		953	902		
Patents and licences[2]					
Gross carrying amount					
At beginning of year		121	168	79	77
Additions		201	30	230	2
Acquisition of subsidiary			1		
Transfers from other assets			(78)		
Disposals		(90)		(90)	
At end of year		232	121	219	79
Less: Accumulated amortisation					
At beginning of year		61	40	55	35
Disposals		(88)		(87)	
Amortisation charge	5	36	21	35	20
At end of year		9	61	3	55
Net carrying amount at end of year		1 176	962	216	24

1 A goodwill is allocated to AKI, which is regarded as a single cash generating unit.
2 Includes software licences, Intellectual Property acquired from Linc Energy as well as an option to receive specific quantities of water from the Eungella water pipeline.

Exxaro acquired the Mayoko project as part of the acquisition of AKI in 2012. The business combination resulted in goodwill of AU$102 million (31 December 2013: R953 million; 31 December 2012: R902 million) that was recorded in the group financial statements.

The Mayoko project, which forms part of the Congo Iron Operations, (included in the iron ore operating segment in the ferrous reportable operating segment) is not yet in production, and is currently in development phase. Management has tested the project (including the associated goodwill) for impairment by making use of a discounted cash flow impairment model.

Management has compiled a fair value less cost of disposal model (level 3 as per IFRS 13) as at 31 December 2013 which indicated that the Mayoko project is not impaired as the recoverable amount exceeds the carrying value.

Significant assumptions

Cash flow projections

The discounted cash flow analysis is based on management's projected cash flows for the 35 years ending 31 December 2049. The projections used in the impairment assessment are based on management's best estimates with respect to its life of mine and operating projections, as well as iron ore pricing forecasts (US$70 – US$120 free on board Australia). Management considered past experience, economic trends such as GDP growth and inflation, as well as industry and market trends.

Management has taken a prudent approach for the purpose of this goodwill impairment test and included a total production of only 317 million dry metric tonnes over the forecast period which results in a total 35-year life for the mine.

Discount rate

Exxaro assumed a nominal US$ post-tax discount rate of 14% (pre-tax rate of 14,6%) in order to calculate the present value of its projected cash flows. In arriving at the nominal post-tax discount rate of 14%, the appropriate country risk premium has been applied to the post-tax cash flows.

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
21. INVESTMENTS IN ASSOCIATES				
Investments (per statement of financial position)				
– Listed	10 267	10 314	10 880	10 880
– Unlisted	8 940	6 840	2 272	2 272
Total investments in associates	19 207	17 154	13 152	13 152

Refer to Annexure 2 for market and directors' valuations of investments.

21. INVESTMENTS IN ASSOCIATES (continued)

Group	Investments Rm	Loans[1,2] Rm	Total Rm
2013			
At beginning of year	17 154		17 154
Loss on dilution of investment	(12)		(12)
Net share of results (per statement of comprehensive income)	3 605		3 605
Dividends received	(3 229)		(3 229)
Share of reserve movements	1 689		1 689
At end of the year (refer Annexure 2)	19 207		19 207
2012			
At beginning of year	4 546	218	4 764
Additional interests acquired	274		274
Transfer to financial asset	(173)		(173)
Acquisition of associates	12 878		12 878
Net share of results	3 522		3 522
– Per statement of comprehensive income	3 052		3 052
– Excess of fair value of net asset value over cost of investment in associate[3]	470		470
Dividends received	(4 019)		(4 019)
Exchange difference	4		4
Share of reserve movements	122		122
Movement in indebtness from associates		(218)	(218)
At end of the year (refer Annexure 2)	17 154		17 154

1 *The loans to associates are included in financial assets on the statement of financial position. (Refer note 25).*

2 *These loans are interest free and have no fixed repayment terms.*

3 *Exxaro's 44,65% (39,2% on 15 June 2012) shares in Tronox Limited and the 26% retained shares in SA mineral sands operations have been accounted for using the equity method from 15 June 2012, the date upon which Tronox Limited and the SA mineral sands operations became associates of Exxaro. Upon acquisition, Exxaro determined that its share of the net fair value of the associate's identifiable assets and liabilities exceeded the cost of its investment by R470 million. This excess was included as income in the determination of Exxaro's share of associate profit or loss.*

		Group		Company	
	Notes	2013 Rm	2012 Rm	2013 Rm	2012 Rm
22. INVESTMENTS IN JOINT VENTURES					
Investments (per statement of financial position)		861	425	159	77
Loans	25	255	557	60	60
Total investments and loans in joint ventures		1 116	982	219	137

Refer to Annexure 2 for market and directors' valuations of investments.

Group	Investments Rm	Loans[1,2] Rm	Total Rm
2013			
At beginning of year	425	557	982
Additional interests acquired	82		82
Net share of results	40	(2)	38
– Per statement of comprehensive income	26	(2)	24
– Elimination of intergroup profits	14		14
Share of reserve movements	314		314
Movement in indebtness from joint ventures		(300)	(300)
At end of the year (refer Annexure 2)	861	255	1 116
2012			
At beginning of year	243	740	983
Additional interests acquired	47		47
Acquisition of joint venture	30	39	69
Net share of results	105	(60)	45
– Per statement of comprehensive income	105	(25)	80
– Elimination of intergroup profits		(35)	(35)
Movement in indebtness from joint ventures		(162)	(162)
At end of the year (refer Annexure 2)	425	557	982
Company			
2013			
At beginning of year	77	60	137
Additional interests acquired	82		82
At end of the year (refer Annexure 2)	159	60	219
2012			
Additional interests acquired	47		47
Transfer from other assets	30	39	69
Movement in indebtness from joint ventures		21	21
At end of the year (refer Annexure 2)	77	60	137

1 The loans to joint ventures are included in financial assets on the statement of financial position. Refer note 25.

2 Some loans are interest free and have no fixed repayment terms.

	Notes	Company 2013 Rm	Company 2012 Rm
23. INVESTMENTS IN SUBSIDIARIES			
Shares at cost less impairment losses (refer to Annexure 3)		8 254	5 780
Non-current portion (refer Annexure 3)		3 600	2 800
Indebtedness (refer to Annexure 3)		685	891
– by subsidiaries		8 769	8 352
– to subsidiaries		(8 084)	(7 461)
Total current portion (refer to Annexure 3)		2 915	1 909
Less: Current portion included in trade and other receivables	27	(5 169)	(5 552)
Add back: Current portion included in trade and other payables	35	8 084	7 461
Per statement of financial position		11 854	8 580

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
24. DEFERRED TAX					
The movements on the deferred tax account are as follows:					
At beginning of year		2 325	1 475	(235)	(115)
Items charged directly to other components of equity:		242	48	64	(24)
– foreign currency translations		114	(5)		
– fair value adjustments on available-for-sale movements		28			
– share-based payment movements		100	53	64	(24)
Other		(2)			(1)
Net reclassification to non-current assets held-for-sale	28	90			
Acquisition of AKI			498		
Sale of investments			(523)		
Statement of comprehensive income charge/(benefit)	10	460	827	(132)	(95)
– current		554	847	(80)	(95)
– prior		(94)	(20)	(52)	
At end of year		3 115	2 325	(303)	(235)
Comprising:					
– financial instruments		27			
– provisions		(158)	(93)	(41)	(3)
– foreign tax losses carried forward		(53)	(5)		
– bad debt reassessment		(6)	(5)		
– income received in advance		(6)	(5)		
– leave pay accrual		(48)	(45)	(11)	(9)
– decommissioning provision		(35)	(21)		
– share-based payments		(114)	(71)	(80)	(48)
– restoration provision		(262)	(540)	(8)	(7)
– assessed losses		(257)	(659)	(196)	(196)
– property, plant and equipment		2 988	2 379	26	24
– unrealised foreign exchange profit/(loss)		100	48	1	(1)
– derecognition of deferred tax assets		43	576		
– Exxaro Environmental Rehabilitation Trust asset		159	146	6	5
– prepayments		17	14		
– inventories		(5)	(9)		
– finance lease debtor		24	25		
– borrowing cost capitalised		187	92		
– mineral resource		514	498		
Calculated tax losses					
– tax losses available for set-off against future South African taxable income		918	2 354	700	700
– tax losses available for set-off against future foreign taxable income		189	18		

The total deferred tax assets raised with regard to assessed losses amount to R267 million (2012: R88 million). The total deferred tax assets not raised amount to R219 million (2012: R739 million).

All recognised deferred tax asset balances are supported by the future taxable profits against which they can be utilised.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
25. FINANCIAL ASSETS					
Environmental Rehabilitation Trust asset		618	526	15	14
Loans to equity-accounted investments	21, 22	255	557	60	60
Non-current receivables	33.2.8	751	810	44	
Investments (refer Annexure 2)		845	646		
Available-for-sale		805	642		
Other		40	4		
Lease receivables		188	188		
Per statement of financial position		2 657	2 727	119	74
Included in non-current assets held-for-sale					
Environmental Rehabilitation Trust asset	28	67			
Total financial assets, including financial assets held-for-sale		2 724	2 727	119	74
For details refer to note 22 on investment in joint ventures, as well as note 33 on financial instruments.					
26. INVENTORIES					
Finished products		480	352		
Work-in-progress		56	92		
Raw materials		13	18	2	
Plant spares and stores		380	303	1	
Merchandise		9	11		
Per statement of financial position		938	776	3	
Included in non-current assets held-for-sale	28	8			
Total inventories including inventories held-for sale		946	776	3	

Included in merchandise are biological assets held-for sale classified as inventories. There was no inventory sold in which delivery was delayed at the buyer's request with the buyer taking title in both 2013 and 2012. No inventories were pledged as security for liabilities in 2013 nor 2012.

Inventory carried at net realisable value (NRV) amounts to Rnil million (2012: R76 million).

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
27. TRADE AND OTHER RECEIVABLES					
Trade receivables		1 579	1 344	10	18
Other receivables[1]		295	584	170	125
Indebtedness by subsidiaries	23			5 169	5 552
Indebtedness by subsidiaries				5 169	5 997
Specific allowances for impairment					(445)
Derivative instruments	33.2.4	1	50		
Non-financial instruments[2]		588	693	31	57
Specific allowances for impairment		(29)	(27)		(3)
Collective allowances for impairment			(2)		
Per statement of financial position		2 434	2 642	5 380	5 749
Included in non-current assets held-for-sale	28	4			
Total trade and other receivables including trade and other receivables held-for-sale		2 438	2 642	5 380	5 749

1 Includes sundry receivables and reclassifications of creditors with debit balances.

2 Includes VAT refundable, prepayments and employee advances.

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Trade and other receivables are stated after the following allowances for impairment:				
Specific allowances for impairment				
At beginning of year	(27)	(33)	(448)	(2 861)
Disposal of subsidiary	2			
Reclassification from collective allowances to specific allowances	(15)			
Impairment loss recognised	(10)	(9)	(2)	
Indebtedness by subsidiaries impairments			(20)	5
Indebtedness by subsidiaries reversals			465	2 408
Impairment loss reversals		15		
Transferred to non-current assets held-for-sale	15			
Write-offs	6		5	
At end of year	(29)	(27)		(448)
Of which relates to:				
Trade receivables	(29)	(24)		
Other receivables		(3)		(3)
Subsidiaries				(445)
At the end of the year	(29)	(27)		(448)
Collective allowances for impairment				
At beginning of year	(2)	(2)		
Disposal of subsidiary	2			
Impairment loss recognised	(15)			
Reclassification to specific allowances from collective allowance	15			
At end of year		(2)		
Of which relates to trade receivables		(2)		

For a detailed analysis of the trade and other receivables refer to note 33 on financial instruments.

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

Exxaro concluded a sale of asset agreement relating to the NCC operation with Universal Coal in January 2014. The sale is conditional on a section 11 approval required in terms of the Mineral and Petroleum Resources Development Act 28 of 2002 for transfer of the new-order mining right from Exxaro Coal Proprietary Limited to the new owners. The operation met the relevant recognition criteria to be classified as a non-current asset held-for-sale on 31 December 2013. The operation 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 operations since it forms part of the Mpumalanga coal region which is reported as part of the commercial coal operating segment.

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

	Group	
	2013 Rm	2012 Rm
ASSETS		
Property, plant and equipment	149	
Deferred tax	90	
Financial assets	67	
Inventories	8	
Trade and other receivables: Non-financial instrument receivables	4	
Current tax receivable	24	
Total assets	342	
LIABILITIES		
Non-current provisions	(144)	
Post-retirement employee obligations	(3)	
Trade and other payables	(39)	
Trade payables	(20)	
Other payables	(7)	
Derivative instruments	(9)	
Non-financial instrument payables	(3)	
Current provisions	(39)	
Total liabilities	(225)	
Net assets classified as held-for-sale	117	

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm

29. SHARE CAPITAL

Share capital at par value

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Authorised				
500 000 000 ordinary shares of R0,01 each	5	5	5	5
Issued				
358 115 505 (2012: 357 787 785) ordinary shares of R0,01 each	4	4	4	4
Share premium	2 971	2 957	2 971	2 957
Treasury shares held by Kumba Resources Management Share Trust and the Exxaro Employee Empowerment Trust (Mpower 2012)[1]	(579)	(587)		
Total	2 396	2 374	2 975	2 961
Reconciliation of authorised shares not issued (thousand)				
Number of authorised unissued ordinary shares at beginning of year	145 392	145 924	142 212	145 765
Unissued shares	142 212	145 765	142 212	145 765
Shares held by Kumba Resources Management Share Trust and the Exxaro Employee Empowerment Trust (Mpower 2012)[1]	3 180	159		
Shares issued to Kumba Resources Management Share Trust and the Exxaro Employee Empowerment Trust (Mpower 2012)[1]	(37)	3 021		
Number of shares issued during the year	(328)	(3 553)	(328)	(3 553)
Number of unissued authorised shares at end of year	145 027	145 392	141 884	142 212

1 *These trusts have been consolidated.*

Refer to the notice of the annual general meeting in the 2013 integrated report on pages 112 to 120 for resolutions pertaining to the unissued ordinary shares under the control of the directors until the forthcoming annual general meeting.

Refer to statement of changes in equity (pages 38 to 40) for details of movements.

30. INTEREST-BEARING BORROWINGS

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Non-current borrowings					
Summary of loans by financial year of redemption					
2013			(9)		(9)
2014		31	(9)	31	(9)
2015		324	324	324	324
2016		326	326	326	326
2017[1]		1 927	1 127	1 927	1 127
2018		329	329	329	329
2019 onwards		663	664	663	664
Total interest-bearing borrowings (refer Annexure 1)		3 600	2 752	3 600	2 752
Total current borrowings		31	(9)	31	(9)
Total non-current interest-bearing borrowings		3 569	2 761	3 569	2 761

1 *Additional R800 million draw-down on loan facility payable in 2017.*

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
No capital repayments are expected until 2015. The R31 million in 2014 represents interest capitalised of R40 million reduced by amortised transaction cost of R9 million. Details of interest rates payable on borrowings are shown in Annexure 1					
Bank overdraft	37.14	806	811	804	808

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

There were no defaults or breaches in terms of interest-bearing borrowings during both reporting years.

	Notes	Environ-mental rehabilitation Rm	Decom-missioning Rm	Other site closure cost Rm	Onerous contract Rm	Total Rm

31. PROVISIONS

Group

	Notes	Environ-mental rehabilitation Rm	Decom-missioning Rm	Other site closure cost Rm	Onerous contract Rm	Total Rm
2013						
At beginning of year		2 371	555	37		2 963
Charge to operating expenses		(327)	(99)			(426)
Additional provision		80				80
Unused amounts reversed		(407)	(99)			(506)
Unwinding of discount rate on rehabilitation cost	8	302	121	18		441
Provisions capitalised to property, plant and equipment	18		17			17
Utilised during year		(10)		(8)		(18)
Reclassification to non-current liabilities held-for-sale	28	(168)	(15)			(183)
Disposal of subsidiary		(688)	(226)			(914)
At end of year		1 480	353	47		1 880
Current portion included in current liabilities		(9)		(8)		(17)
Total non-current provisions		1 471	353	39		1 863
2012						
At beginning of year		1 867	334	32	29	2 262
Charge to operating expenses		88	57		(29)	116
Additional provision		169	83			252
Unused amounts reversed		(81)	(26)		(29)	(136)
Unwinding of discount rate on rehabilitation cost	8	468	75	11		554
Provisions capitalised to property, plant and equipment	18		109			109
Utilised during year		(16)		(6)		(22)
Reclassification to non-current liabilities held-for-sale		4	(20)			(16)
Disposal of subsidiaries		(40)				(40)
At end of year		2 371	555	37		2 963
Current portion included in current liabilities		(113)		(8)		(121)
Total non-current provisions		2 258	555	29		2 842

31. PROVISIONS (continued)

	Notes	Environmental rehabilitation Rm	Cash-settled share-based payment Rm	Onerous contract Rm	Total Rm
Company					
2013					
At beginning of year		26			26
Unwinding of discount rate on rehabilitation cost	8	2			2
Non-current provisions at end of year		28			28
2012					
At beginning of year		24	4	1	29
Charge to operating expenses				(1)	(1)
Unwinding of discount rate on rehabilitation cost	8	2			2
Utilised during year			(4)		(4)
Non-current provisions at end of year		26			26

Environmental rehabilitation

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based on costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Decommissioning

The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based on costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Funding of environmental and decommissioning rehabilitation

Contributions towards the cost of the mine closure are also made to the Exxaro Environmental Rehabilitation Trust and the balance of the trust amounted to R690 million (2012: R533 million) on 31 December 2013. Of this amount R685 million (2012: R526 million) is included in financial assets and R5 million (2012: R7 million) in trade and other receivables of the group. Cash flows will take place when the mines are rehabilitated.

Restructuring

The liability includes accruals for plant and facility closures, including the dismantling costs thereof, in terms of the announced restructuring plans for the Hlobane and Durnacol mines. Provision is made on a piecemeal basis only for those restructuring obligations supported by a formally approved plan. The restructuring for Durnacol mine will be completed within the next six years and for Hlobane mine in the next 16 years. The number of years is reviewed annually and revised according to updated rehabilitation plans.

32. POST-RETIREMENT EMPLOYEE OBLIGATIONS

32.1 Retirement funds

32.1.2 Defined benefit funds

- Rosh Pinah

The group had a defined benefit obligation for the provision of severance benefits to employees of the Rosh Pinah operation in accordance with Namibian law. As the severance benefits were only payable on retirement or the involuntary termination of services from the side of the employer, this was accounted for as a post-retirement service obligation. This plan was a defined benefit obligation. No other post-retirement benefits were provided to these employees.

During 2012 Exxaro disposed of the Rosh Pinah operation which resulted in the transfer of the defined benefit obligation to a subsidiary of Glencore International plc.

An actuarial valuation of the present value of the defined obligation was performed at 31 December 2011 by Alexander Forbes. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The expense for the year is included in the employee benefits expense in the statement of comprehensive income.

Amounts recognised in profit or loss in respect of the defined benefit plan were as follows:

	Group	
	2013 Rm	2012 Rm
Current service cost		1
Reconciliation of the opening and closing balances of the present value of the defined benefit obligation:		
Defined benefit obligation at beginning of year		7
Plus: current service cost		1
Less: disposal of Rosh Pinah		(8)
Defined benefit obligation at end of year		

- Namakwa Sands

The group had defined benefit obligations for the provision of post-retirement medical benefits.

As part of the business combination with Namakwa Sands on 1 October 2008 a post-retirement medical obligation was acquired. During 2012 Exxaro disposed of Namakwa Sands which resulted in the transfer of the defined benefit obligation to Tronox Limited.

An actuarial valuation of the present value of the defined benefit obligation was carried out in November 2011 by NMG Consultants and Actuaries. The present value of the defined obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The expense for the year is included in the employee benefits expense in the statement of comprehensive income.

Amounts recognised in profit or loss in respect of the defined benefit plan were as follows:

	Group	
	2013 Rm	2012 Rm
Current service cost		(1)
Interest on obligation		2
Total		1
Reconciliation of the opening and closing balances of the present value of the defined benefit obligation:		
Defined benefit obligation at beginning of year		45
Plus: current service cost		(1)
Plus: interest cost		2
Less: disposal of Namakwa Sands		(46)
Defined benefit obligation at end of year		

32. EMPLOYEE BENEFITS (continued)

32.2 Post-retirement medical obligation

The group and company contribute to defined benefit medical aid schemes for the benefit of permanent employees and their dependants who choose to belong to one of a number of employer accredited schemes. The contributions charged against income amounted to R87 million (2012: R88 million).

Following the merger with Eyesizwe Proprietary Limited in November 2006 and the successful creation of Exxaro, the post-employment healthcare benefit provided to a group of continuation and in-service members on the Witbank Coal Medical Aid Scheme and the BHP Billiton SA Medical Scheme was honoured. This benefit, which is no longer offered, applied to certain employees previously employed by Eyesizwe or Ingwe Coal and comprises a subsidy of contributions.

Exxaro Coal Mpumalanga's contribution to the post-retirement medical aid benefit of retired employees for the year ended 31 December 2013 amounted to R4,8 million (2012: R4,6 million).

The obligation represents a present value amount, which is actuarially valued on an annual basis. Any remeasurements are recognised in the statement of comprehensive income as part of other comprehensive income.

(i) The movement in the net defined benefit medical obligation over the year is as follows:

Group	Notes	Post-retirement obligations Rm	Post-retirement defined benefit obligation Rm	Total Rm
2013				
At beginning of the year		142		142
Charge to operating expenses	5	10		10
Reclassification to non-current liabilities held-for-sale	28	(3)		(3)
At end of the year		149		149
2012				
At beginning of the year		131	2	133
Charge to operating expenses		14		14
Interest adjustment	8	2		2
Disposal of subsidiaries		(5)	(2)	(7)
At end of the year		142		142

	Post-retirement medical obligation 2013 Rm	2012 Rm
At beginning of year	142	129
Current service costs	6	6
Interest expense	12	11
Remeasurements	(4)	
Expected employer benefit payments	(4)	(4)
Reclassification to non-current liabilities held-for-sale	(3)	
	149	142
Remeasurements:	(4)	
Remeasurements due to experience adjustments:		
– Inflation in Healthcare cost including changes in members' benefit options	5	
– Changes in membership	(16)	
Remeasurements due to changes in financial assumptions:		
– Change in real discount rate	7	

(ii) The defined benefit medical obligation is composed by country as follows:

	2013 RSA	2012 RSA
Present value of unfunded obligations	153	142

(iii) The actuarial assumptions were as follows:

	2013 %
Discount rate	8,25
Salary growth rate	5,25
Healthcare cost inflation	7,25
Expected retirement age (years)	60

The sensitivity of the defined benefit medical obligation to changes in the weighted principal assumptions:

	Impact on defined benefit medical obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1,00%	Decrease by 16,3%	Increase by 21,5%
Healthcare cost inflation	1,00%	Increase by 21%	Decrease by 16,2%
Expected retirement age	1 year	Decrease by 5,4%	Increase by 5,9%

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit medical obligation to significant actuarial assumptions the projected credit method (present value of the defined benefit medical obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the medical liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did no change compared to the previous period.

(iv) Through its defined benefit post-employment medical plans, the group is exposed to a number of risks, the most significant which are detailed below:

- Inflation risk: The majority of the plans' benefit obligations are linked to inflation, and a higher inflation will lead to higher liabilities
- Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

(v) Impact on future cash flows of the group:

Expected contributions to post-retirement medical aid schemes for the year ending 31 December 2014 are R3,8million.

33. FINANCIAL INSTRUMENTS

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments

The tables below set out the group's and company's classification of each category of financial assets and liabilities, as well as their fair values.

	At fair value through profit or loss							
Group	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Available-for-sale financial assets at fair value Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk[3] Rm
2013								
Assets								
Non-current assets								
Property, plant and equipment					20 342	20 342		
Biological assets					72	72		
Intangible assets					1 176	1 176		
Investments in associates					19 207	19 207		
Investment in joint ventures					861	861		
Deferred tax					366	366		
Financial assets, consist of:		658	1 006	805	188	2 657	2 469	2 469
– Exxaro Environment Rehabilitation Trust asset		618				618	618	618
– Loans to equity-accounted investments			255			255	255	255
– RBCT				551		551	551	551
– Kumba Iron Ore Limited		40				40	40	40
– New Age Exploration Limited				1		1	1	1
– Chifeng				253		253	253	253
– Lease receivable[1]					188	188		
– Non-current receivable			751			751	751	751
Total non-current assets		658	1 006	805	42 212	44 681		
Current assets								
Inventories					938	938		
Trade receivables			1 550		588	2 138	1 550	1 550
Other receivables[2]			295			295	295	295
Current tax receivable					82	82		
Derivative financial instruments	1					1	1	1
Cash and cash equivalents			1 029			1 029	1 029	1 029
Total current assets	1		2 874		1 608	4 483		
Non-current assets held-for-sale		67			275	342	67	67
Total assets	1	725	3 880	805	44 095	49 506		

1 The categories in this disclosure are determined by IAS39 Financial Instruments: Recognition and Measurement. Leases are outside the scope of IAS39, but remain within the scope of IFRS 7 Financial Instruments: Disclosures.

2 Other receivables include sundry receivables and reclassification of creditors with debit balances.

3 Equity and liabilities have no maximum exposure of the carrying amount to credit risk.

Group	At fair value through profit or loss: Held-for-trading Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm
2013					
Equity and liabilities					
Capital and reserves					
Share capital			2 396	2 396	
Other components of equity			4 234	4 234	
Retained earnings			29 668	29 668	
Equity attributable to equity holders of the parent			36 298	36 298	
Non-controlling interest			(26)	(26)	
Total equity			36 272	36 272	
Non-current liabilities					
Interest-bearing borrowings		3 569		3 569	3 569
Non-current provisions			1 863	1 863	
Post-retirement employee obligations			149	149	
Financial liability[1]			95	95	
Deferred tax			3 481	3 481	
Total non-current liabilities		3 569	5 588	9 157	
Current liabilities					
Trade and other payables		2 056	797	2 853	2 056
Derivative financial instruments	14			14	14
Interest-bearing borrowings		31		31	31
Current tax payable			131	131	
Current provisions			17	17	
Overdraft		806		806	806
Total current liabilities	14	2 893	945	3 852	
Non-current liabilities held-for-sale	9	27	189	225	36
Total equity and liabilities	23	6 489	42 994	49 506	

1 *The categories in this disclosure are determined by IAS39 Financial Instruments: Recognition and Measurement. Leases are outside the scope of IAS39, but remain within the scope of IFRS 7 Financial Instruments: Disclosures.*

33. FINANCIAL INSTRUMENTS (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

	At fair value through profit or loss							
Group	Held-for-trading Rm	Designated Rm	Loans and receivables at amortised cost Rm	Available-for-sale-financial assets at fair value Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk[3] Rm
2012								
Assets								
Non-current assets								
Property, plant and equipment					15 881	15 881		
Biological assets					55	55		
Intangible assets					962	962		
Investments in associates					17 154	17 154		
Investments in joint ventures					425	425		
Deferred tax					241	241		
Financial assets, consisting of:		530	1 367	642	188	2 727	2 539	2 539
– Exxaro Environment Rehabilitation Trust asset		526				526	526	526
– Loans to equity-accounted investments			557			557	557	557
– RBCT				467		467	467	467
– Kumba Iron Ore Limited		4				4	4	4
– New Age Exploration Limited				1		1	1	1
– Chifeng				174		174	174	174
– Lease receivable[1]					188	188		
– Non-current receivable			810			810	810	810
Total non-current assets		530	1 367	642	34 906	37 445		
Current assets								
Inventories					776	776		
Trade receivable			1 318		693	2 011	1 318	1 318
Other receivables[2]			581			581	581	581
Current tax receivables					190	190		
Derivatives financial instruments	50					50	50	50
Cash and cash equivalents			1 364			1 364	1 364	1 364
Total current assets	50		3 263		1 659	4 972		
Total assets	50	530	4 630	642	36 565	42 417		

1 *The categories in this disclosure are determined by IAS39 Financial Instruments: Recognition and Measurement. Leases are outside the scope of IAS39, but remain within the scope of IFRS 7 Financial Instruments: Disclosures.*

2 *Other receivables include sundry receivables and reclassification of creditors with debit balances.*

3 *Equity and liabilities have no maximum exposure of the carrying amount to credit risk.*

Group	At fair value through profit or loss: Held-for-trading Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm
2012					
Equity and liabilities					
Capital and reserves					
Share capital			2 374	2 374	
Other components of equity			1 636	1 636	
Retained earnings			24 784	24 784	
Equity attributable to equity holders of the parent			28 794	28 794	
Non-controlling interest			12	12	
Total equity			28 806	28 806	
Non-current liabilities					
Interest-bearing borrowings		2 761		2 761	2 761
Non-current provisions			2 842	2 842	
Post-retirement employee obligations			142	142	
Financial liability[1]			106	106	
Deferred tax			2 566	2 566	
Total non-current liabilities		2 761	5 656	8 417	
Current liabilities					
Trade and other payables		3 426	668	4 094	3 426
Derivative financial instruments	5			5	5
Interest-bearing borrowings		(9)		(9)	(9)
Current tax payable			172	172	
Current provisions			121	121	
Overdraft		811		811	811
Total current liabilities	5	4 228	961	5 194	
Total equity and liabilities	5	6 989	35 423	42 417	

1 *The categories in this disclosure are determined by IAS39 Financial Instruments: Recognition and Measurement. Leases are outside the scope of IAS39, but remain within the scope of IFRS 7 Financial Instruments: Disclosures.*

33. FINANCIAL INSTRUMENTS (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

Company	At fair value through profit or loss: Designated Rm	Loans and receivables at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk[1] Rm
2013						
Assets						
Non-current assets						
Property, plant and equipment			602	602		
Biological assets						
Intangible assets			216	216		
Investments in associates			13 152	13 152		
Investment in joint venture			159	159		
Investment in subsidiaries		3 600	8 254	11 854	3 600	3 600
Deferred tax			303	303		
Financial assets, consisting of:	15	104		119	119	119
– Exxaro Environmental Rehabilitation Trust asset	15			15	15	15
– Loans to equity-accounted investments		60		60	60	60
– Non-current receivables		44		44	44	44
Total non-current assets	15	3 704	22 686	26 405		
Current assets						
Inventories			3	3		
Total receivables		5 179	31	5 210	5 179	5 179
Other receivables[2]		170		170	170	170
Cash and cash equivalents		238		238	238	238
Total current assets		5 587	34	5 621		
Total assets	15	9 291	22 720	32 026		

1 *Equity and liabilities have no maximum exposure of the carrying amount to credit risk.*
2 *Other receivables include sundry receivables and reclassification of creditors with debit balances.*

Company	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm
2013				
Equity and liabilities				
Capital and reserves				
Share capital		2 975	2 975	
Other components of equity		1 039	1 039	
Retained earnings		15 158	15 158	
Equity attributable to equity holders of the parent		19 172	19 172	
Total equity		19 172	19 172	
Non-current liabilities				
Interest-bearing borrowings	3 569		3 569	3 569
Non-current provisions		28	28	
Total non-current liabilities	3 569	28	3 597	
Current liabilities				
Trade and other payables	8 198	224	8 422	8 198
Interest-bearing borrowings	31		31	31
Overdraft	804		804	804
Total current liabilities	9 033	224	9 257	
Total equity and liabilities	12 602	19 424	32 026	

33. FINANCIAL INSTRUMENTS (continued)

33.1 Carrying amounts and fair value amounts of financial and non-financial instruments (continued)

Company	At fair value through profit or loss: Designated Rm	Loans and receivables at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm	Maximum exposure of the carrying amount to credit risk[1] Rm
2012						
Assets						
Non-current assets						
Property, plant and equipment			627	627		
Intangible assets			24	24		
Investments in associates			13 152	13 152		
Investment in joint venture			77	77		
Investment in subsidiaries		2 800	5 780	8 580	2 800	2 800
Deferred tax			235	235		
Financial assets, consisting of:	14	60		74	74	74
– Exxaro Environmental Rehabilitation Trust asset	14			14	14	14
– Loans to equity-accounted investments		60		60	60	60
Total non-current liabilities	14	2 860	19 895	22 769		
Current assets						
Trade receivables		5 570	57	5 627	5 570	5 570
Other receivables[2]		122		122	122	122
Cash and cash equivalents		315		315	315	315
Total current assets		6 007	57	6 064		
Total assets	14	8 867	19 952	28 833		

1 Equity and liabilities have no maximum exposure of the carrying amount to credit risk.
2 Other receivables include sundry receivables and reclassification of creditors with debit balances.

Company	At fair value through profit or loss: Held-for-trading Rm	Financial liabilities at amortised cost Rm	Non-financial assets and liabilities at cost Rm	Total carrying amount Rm	Fair value of financial instruments Rm
2012					
Equity and liabilities					
Capital and reserves					
Share capital			2 961	2 961	
Other components of equity			921	921	
Retained earnings			13 453	13 453	
Equity attributable to equity holders of the parent			17 335	17 335	
Total equity			17 335	17 335	
Non-current liabilities					
Interest-bearing borrowings		2 761		2 761	2 761
Non-current provisions			26	26	
Total non-current liabilities		2 761	26	2 787	
Current liabilities					
Trade and other payables		7 763	146	7 909	7 763
Derivative financial instruments	3			3	3
Interest-bearing borrowings		(9)		(9)	(9)
Overdraft		808		808	808
Total current liabilities	3	8 562	146	8 711	
Total equity and liabilities	3	11 323	17 507	28 833	

The financial assets designated at fair value through profit and loss are managed, evaluated and reported internally on a fair value basis. Therefore the designation is deemed appropriate as this is in line with the group accounting policies.

As disclosed in the tables above, there were no financial liabilities designated at fair value through profit or loss as at 31 December 2013 and 31 December 2012 for the group and the company.

33. FINANCIAL INSTRUMENTS (continued)

33.2 Fair values

33.2.1 Fair value hierarchy

Financial assets and liabilities at fair value have been categorised in the following hierarchy structure, based on the inputs used in the valuation technique:

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

Level 2 – Inputs other than quoted prices included in level 1 that are either directly or indirectly observable for the asset or liability.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
2013				
Financial assets held-for-trading at fair value through profit or loss	1		1	
– Current derivatives financial assets	1		1	
Financial assets designated at fair value through profit or loss	725	725		
– Exxaro Environmental Rehabilitation Trust asset	618	618		
– Exxaro Environmental Rehabilitation Trust asset classified as held-for-sale	67	67		
– Kumba Iron Ore Limited	40	40		
Available-for-sale financial assets	805	1		804
– Chifeng	253			253
– New Age Exploration Limited	1	1		
– RBCT	551			551
Financial liabilities held-for-trading at fair value through profit or loss	(23)		(23)	
– Current derivative financial liabilities	(14)		(14)	
– Current derivative financial liabilities classified as held-for-sale	(9)		(9)	
Net financial assets and liabilities held at fair value	1 508	726	(22)	804

Reconciliation of level 3 hierarchy	Chifeng Rm	RBCT Rm	Total Rm
Opening balance	174	467	641
Total gains or losses recognised in other comprehensive income[1]	46	82	128
Settlements		2	2
Exchange gains or losses for the period recognised in other comprehensive income	33		33
Closing balance	253	551	804

1 *RBCT includes tax of R28 million.*

Company	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
2013				
Financial assets designated at fair value through profit or loss	15	15		
– Exxaro Environmental Rehabilitation Trust asset	15	15		
Net financial assets and liabilities held at fair value	15	15		

Group	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
2012				
Financial assets held-for-trading at fair value through profit or loss	50		50	
– Current derivatives financial assets	50		50	
Financial assets designated at fair value through profit or loss	530	530		
– Exxaro Environmental Rehabilitation Trust asset	526	526		
– Kumba Iron Ore Limited	4	4		
Available-for-sale financial assets	642	1		641
– Chifeng	174			174
– New Age Exploration Limited	1	1		
– RBCT	467			467
Financial liabilities held-for-trading at fair value through profit or loss	(5)		(5)	
– Current derivative financial liabilities	(5)		(5)	
Net financial assets held at fair value	1 217	531	45	641

Reconciliation of level 3 hierarchy	Chifeng Rm	RBCT Rm	Total Rm
Opening balance		269	269
Purchases		198	198
Transfers into level 3	174		174
Closing balance	174	467	641

Company	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
2012				
Financial assets designated at fair value through profit or loss	14	14		
– Exxaro Environmental Rehabilitation Trust asset	14	14		
Financial liabilities held-for-trading at fair value through profit or loss	(3)		(3)	
– Current derivative financial liabilities	(3)		(3)	
Net financial assets and liabilities held at fair value	11	14	(3)	

33. FINANCIAL INSTRUMENTS (continued)

33.2 Fair values (continued)

33.2.2 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 of the fair value hierarchy during the period ended 31 December 2013. There were no transfers between level 2 and level 3 for the period ended 31 December 2013, as shown in the reconciliation above.

33.2.3 Valuation process applied by the Group

The fair value computations of the investments are performed by the group's corporate finance department, reporting to the finance director, on a six-monthly basis. The valuation reports are discussed with the Audit Committee in accordance with the group's reporting governance.

33.2.4 Current derivative financial instruments

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

33.2.5 Exxaro Environmental Rehabilitation Trust Fund (EERF)

The EERF is classified within level 1 of the fair value hierarchy. The EERF receives, holds and invests funds contributed by the Exxaro group of companies for the rehabilitation or management of negative environmental impacts associated with mining and exploration activities. The contributions are aimed at providing for sufficient funds at date of estimated closure of mining activities to address the rehabilitation and environmental impacts.

The EERF was created and complies with the requirements of both the Minerals and Petroleum Resources Development Act 28 of 2002.

Funds accumulated for a specific mine or exploration project can only be utilised for the rehabilitation and environmental impacts of that specific mine or project.

The trustees of the fund are appointed by Exxaro and consist of sufficiently qualified Exxaro employees capable of fulfilling their fiduciary duties.

The funds are invested by Exxaro's in-house treasury department on the JSE and the New York Securities Exchange (NYSE) as well as with reputable financial institutions in accordance with a strict mandate to ensure capital preservation and real growth.

33.2.6 Kumba Iron Ore Limited

The investment is classified within level 1 as the investment is listed on the JSE. At 31 December 2013 the shares were trading at R443,45 (2012: R561,00).

33.2.7 New Age Exploration Limited

The New Age Exploration Limited investment was acquired by Exxaro through AKI on 14 February 2012.

The investment is classified within level 1 as the shares are listed on the Australian Securities Exchange (ASE). At 31 December 2013 the shares were trading at AU$0,051 (2012:AU$0,12).

33.2.8 Non-current receivables

Included in the non-current receivables is an amount of R751 million (2012:R809 million) recoverable from Eskom in respect of the rehabilitation and environmental expenditure of the Matla and Arnot mines at the end-of-life of these mines. The corresponding anticipated liability is disclosed as part of the non-current provisions (refer note 31).

There were no allowances for impairments on non-current receivables at cost during the period under review.

33.2.9 Valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as significant unobservable inputs used in the valuation models

(a) Chifeng

Chifeng is classified within a level 3 as there is no quoted market price or observable price available for this investment. This unlisted investment is valued as the present value of the estimated future cash flows, using a discounted cash flow model.

The significant observable and unobservable inputs used in the fair value measurement of the investment in Chifeng are Rand/Chinese Renminbi (RMB) exchange rate, RMB/US$ exchange rate, Zinc London Metal Exchange (LME) price, production volumes, operational costs and the discount rate. Significant increases/(decreases) in any of these inputs in isolation would result in a significantly lower/(higher) fair value measurement.

Observable inputs	Range of inputs	Sensitivity of inputs and fair value measurement[1]	Sensitivity analysis of a 10% increase in the inputs is demonstrated below[2] Rm
Rand/RMB exchange rate	R1,72/RMB1	Strengthening of the Rand to the RMB	25
RMB/US$ exchange rate	RMB6,02 to RMB5,95/US$1	Strengthening of the RMB to the US$	161
Zinc LME price (US$ per tonne in real terms)	2 039 – 2 027 US$/tonne	Increase in price of Zinc Concentrate	161
Unobservable inputs			
Production volumes	208 750 tonne	Increase in production volumes	177
Operational costs (US$ million per annum in real terms)	74 – 88	Decrease in operational costs	143
Discount rate	10%	Decrease in discount rate	21

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

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

33. FINANCIAL INSTRUMENTS (continued)

33.2 Fair values (continued)

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

Interrelationships
Any interrelationships between unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

(b) RBCT

RBCT is classified within a level 3 as there is no quoted market price or observable price available for this investment. This unlisted investment is valued as the present value of the estimated future cash flows, using a discounted cash flow model. It is not anticipated that the RBCT investment will be disposed of in the near future.

The significant observable and unobservable inputs used in the fair value measurement of the investment in RBCT are Rand/US$ exchange rate, API4 export price, Transnet Market Demand Strategy, discount rate and annual utilisation factor. Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement.

Observable inputs	Range of inputs	Sensitivity of inputs and fair value measurement[1]	Sensitivity analysis of a 10% increase in the inputs is demonstrated below[2] Rm
Rand/US$ exchange rate	R9,85 to R10,15/US$1	Strengthening of the Rand to the US$	119
API4 export price per tonne (steam coal A-grade price in real terms)	US$75,50 to US$97 per tonne	Increase in API4 export price per tonne	119
Unobservable inputs			
Transnet Market Demand Strategy for the terminal (million tonnes per annum Mtpa)	70Mtpa to 91Mtpa	Acceleration of Transnet Freight Rail performance, ie reach full capacity sooner	127
Discount rate	13% to 17%	Decrease in discount rate	109
Annual utilisation factor (safety and rail delay factor)	90%	Increase in annual utilisation factor	119

1 *Change in observable/unobservable input which will result in an increase in the fair value measurement.*
2 *A 10% decrease in the respective inputs would have an equal but opposite effect on the above, on the basis that all other variable remain constant.*

Interrelationships
Any interrelationships between unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

33.3 Reclassification of financial assets

No reclassification of financial assets occurred during the period.

33.4 Derecognition of financial assets

No financial assets were derecognised during the period.

33.5 Statement of changes in equity

Included in the statement of other comprehensive income non-owner related movements are the following pre-tax adjustments relating to financial instruments:

	Group	
	2013 Rm	2012 Rm
Effective portion of change in fair value of cash flow hedge		(21)
Currency translation differences		
Tax on items above		
As disclosed in other comprehensive income (before tax) (refer note 15)		(21)

The amounts included in the financial instruments revaluation reserve in the statement of changes in equity arise from the group associate companies.

33.6 Risk Management

33.6.1 Financial risk management

The group's corporate treasury function provides financial risk management services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

The group's objectives, policies and processes for measuring and managing these risks are detailed below.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of derivative financial instruments is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis and the results are reported to the board audit committee.

Capital management

The board of directors is ultimately responsible to monitor debt levels, return on capital, total shareholders' return as well as compliance with contractually agreed loan covenants. These key metrics are detailed on page 162 of this report. The group aims to cover its annual net funding requirements through long-term loan facilities with maturities spread evenly over time.

During the year, the group complied with all its contractually agreed loan covenants. Neither the company nor any of its subsidiaries are subject to externally imposed regulatory capital requirements. There were no significant changes in the group's approach to capital management during the year. The group continuously reviews its capital expenditure programmes, including sustaining capital to ensure that the capital structure remains robust to withstand any economic downturn.

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.2 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group's activities expose it primarily to the financial risks of changes in the EERF prices (see 33.6.2.1 below) foreign currency exchange rates (see 33.6.2.2 below), commodity prices (see 33.6.2.3 below) and interest rates (see 33.6.2.4). The group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign currency risks and commodity price risks, including:

- Forward foreign exchange contracts (FECs) and currency options to hedge the exchange rate risk arising on the export of coal and imported capital expenditure
- Forward interest rate contracts to manage interest rate risk
- Interest rate swaps to manage the risk of rising interest rates
- Currency options and currency swap agreements to manage the risk of foreign currency fluctuations.

33.6.2.1 Price risk management

As the EERF is invested by Exxaro's in-house treasury department on the JSE and NYSE, the group is exposed to price changes. The funds are also invested with other reputable financial institutions in accordance with a strict mandate to ensure capital preservation and real growth. Thus the exposure to price changes is managed in this manner.

A 2% increase in the JSE and NYSE industry average at reporting date would have increased equity by R2,4 million (2012: R2 million) after tax; an equal change in the opposite direction would have decreased equity by R2,4 million (2012: R2 million). The impact on profit or loss would have been an increase or decrease of R2,4 million (2012: R2 million) after tax. The analysis has been performed on the same basis for 2013 and 2012.

Other price risks

The group is exposed to equity price risks arising from equity investments, namely Kumba Iron Ore and New Age Exploration Limited.

These investments are listed on the JSE and ASE resepectively.

Equity investments are held for strategic rather than trading purposes. The group does not actively trade these investments.

Price risk sensitivity

A 10% increase in the respective investments share price is demonstrated in the table below.

The analysis has been performed on the same basis for 2013 and 2012.

	Profit/(loss) 2013 Rm	Profit/(loss) 2012 Rm	Equity 2013 Rm	Equity 2012 Rm
Kumba Iron Ore Limited	3	4		
New Age Exploration Limited	0,01	0,02		

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

33.6.2.2 Foreign currency risk management

The group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The currency in which transactions are entered into is mainly denominated in US$, Euro, Australian dollars (AU$) and Central African Franc (XAF).

Exchange rate exposures are managed within approved policy parameters utilising FECs, currency options and currency swap agreements.

The group maintains a fully covered exchange rate position in respect of foreign currency borrowings and imported capital equipment resulting in these exposures being fully converted to rand. Trade-related import exposures are managed through the use of economic hedges arising from export revenue as well as through FECs. Trade-related export exposures are hedged using FECs and options with specific focus on short-term receivables.

Uncovered foreign debtors at 31 December 2013 amount to US$9 million (2012: US$11 million), whereas uncovered cash and cash equivalents amount to US$23 (2012: US$ Nil).

All capital imports were fully hedged. Monetary items have been translated at the closing rate at the last day of the reporting period US$1:R10,44 (2012: US$1:R8,47).

The FECs which are used to hedge foreign currency exposure mostly have a maturity of less than one year from the reporting date. When necessary, FECs are rolled over at maturity.

The following significant exchange rates applied for both group and company during the year:

	Average spot rate	Average achieved rate	Closing spot rate
2013			
US$	9,62	9,48	10,44
Euro	12,78		14,39
Central African Franc	0,02		0,02
AU$	9,35		9,31
2012			
US$	8,20	8,08	8,47
Euro	10,53		11,19
Central African Franc	0,01		0,01
AU$	8,48		8,81

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.2 Market risk management (continued)

33.6.2.2 Foreign currency risk management (continued)

Economic hedges – foreign currency risk

The group has entered into certain forward exchange contracts, which relate to specific foreign commitments not yet due and export earnings for which the proceeds are not yet receivable.

Details of the contracts at 31 December 2013 and 31 December 2012 are as follows:

Group	Market related value Rm	Foreign amount million	Contract value Rm	Recognised fair value profits Rm
2013				
Exports				
US$ – FECs	210	20	211	1
2012				
Exports				
US$ – FECs	34	4	36	2
2013				
Imports				
Euros – FECs				
Less than three months	5	1	4	1
Three months	3		3	
Six months	1		1	
Total	9	1	8	1

With respect to the abovementioned economic import hedges, the future expected cash flows are represented below:

	2014 Rm	Total Rm
Expected future cash flows		
– Euros – FECs	8	8
Expected gain		
– Euros – FECs	1	1

Group	Market related value Rm	Foreign amount million	Contract value Rm	Recognised fair value losses Rm
2012				
Imports				
US$ – FECs				
Less than three months	140	16	144	(5)
One year	7	1	7	
Total	147	17	151	(5)

With respect to the abovementioned economic import hedges, the future expected cash flows are represented below:

	2013 Rm	2014 Rm	>2014 Rm	Total Rm
Expected future cash flows				
– US$ – FECs	151			151
Expected loss				
– US$ – FECs	(5)			(5)

Company	Market related value Rm	Foreign amount million	Contract value Rm	Recognised fair value losses Rm
2012				
Imports				
– US$ – FECs				
Less than three months	83	10	86	(3)
Total	83	10	86	(3

With respect to the above-mentioned economic import hedges, the future expected cash flows are represented below:

	2013 Rm	2014 Rm	2015 Rm	Total Rm
Expected future cash flows				
– US$ – FECs	86			86
Expected loss				
– US$ – FECs	(3)			(3)

Foreign currency sensitivity

The following table includes outstanding foreign currency-denominated monetary items and adjusts their translation at the period end for a 10% increase in foreign currency rates and details the group and company sensitivity thereto. Foreign currency-denominated monetary items such as cash balances, trade receivables, trade payables and loans have been included in the analysis.

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.2 Market risk management (continued)

33.6.2.2 Foreign currency risk management (continued)

	Profit/(loss)		Equity	
	2013	2012	2013	2012
Group	Rm	Rm	Rm	Rm
– US$	51	17		(17)
Company				
– US$	24	8		(8)

A 10% decrease in the Rand against each foreign exchange rate would have an equal but opposite effect on the above, on the basis that all other variables remain constant.

For exports (US$), an increase in the exchange rate of the Rand (ZAR) against the dollar (US$) (eg FEC taken out on exports at R10,55: US$1, with actual rate realising at R10,65: US$1) represents a weakening of the ZAR against the US$, which results in a loss incurred of R0,10.

The opposite applies for a decrease in the exchange rate.

For imports Euro (€), an increase in the exchange rate of the ZAR against the € (eg, FEC taken out on exports at R13,89:€1, with actual rate coming out at R13,99: €1) represents a weakening of the rand against the €, which results in a gain generated of R0,10. The opposite applies for a decrease in the exchange rate.

33.6.2.3 Commodity risk management

The group entered into commodity forward exchange contracts to hedge certain of it's export product exposure, in terms of coal prices for the period ended 31 December 2013. The current price hedges on coal will mature in March 2014.

Details of the contracts at 31 December 2013 are as follows:

Economic hedges	Tonnes	Market related value	Contract value	Recognised fair value losses
Group		Rm	Rm	Rm
2013				
Coal	600 000	530	516	(14)

Commodity sensitivity

An adverse change in the commodity price of 10% is demonstrated below. This analysis assumes that all other variables remains constant.

	Profit/(loss)		Equity	
	2013	2012	2013	2012
Group	Rm	Rm	Rm	Rm
Coal	37			

A 10% positive move against the above commodity prices at 31 December 2013 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

33.6.2.4 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 external bank borrowings.

The risk is managed by entering into interest rate swaps. The financial institutions chosen are subject to compliance with the relevant regulatory bodies. The non-current borrowings was entered into at floating interest rates in anticipation of a decrease in the interest rate cycle.

The interest rate repricing profile is summarised below:

	1 – 6 months Rm	Total borrowings Rm
2013		
Non-current interest-bearing borrowings	3 569	3 569
Current interest-bearing borrowings[1]	31	31
	3 600	3 600
Total borrowings (%)	100	100
2012		
Non-current interest-bearing borrowings	2 761	2 761
Current interest-bearing borrowings[2]	(9)	(9)
	2 752	2 752
Total borrowings (%)	100	100

1 *The R31 million represents interest capitalised of R40 million reduced by amortised transaction cost of R9 million.*

2 *Amortisation of the transaction costs capitalised to the long-term borrowings classified as current liabilities.*

Interest rate sensitivity

The following table reflects the potential impact on earnings, given a movement in interest rates of 50 basis points:

	Increase of 50 basis points in interest rate		Decrease of 50 basis points in interest rate	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
(Loss)/profit	(18)	(14)	18	14

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.3 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements.

The group manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. The group aims to cover at least its net debt requirements through long-term borrowing facilities.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment if a payment under the guarantee has become probable.

There are no financial guarantees for the 2013 and 2012 financial year, all guarantees currently accounted for relate to operational guarantees.

Borrowing capacity is determined by the directors in terms of the memorandum of incorporation, from time to time.

	Group	
	2013 Rm	2012 Rm
Amount approved (per memorandum of incorporation)	45 340	36 008
Total borrowings	(3 600)	(2 752)
	41 740	33 256

The group's capital base, the borrowing powers of the company and the group were set at 125% of shareholders' funds for both the 2013 and 2012 financial years.

Standard payment terms for the majority of trade payables is the end of the month following the month in which the goods are received or services are performed.

A number of trade payables do, however, have shorter contracted payment periods.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

36.6.3.1 Maturity profile of financial instruments

The following table details the group's contractual maturities of financial assets and financial liabilities:

			Maturity			
Group	Carrying amount Rm	Contractual cash flows Rm	0-12 months Rm	1-2 years Rm	2-5 years Rm	More than 5 years Rm
2013						
Financial assets						
RBCT	551	551				551
New Age Exploration Limited	1	1	1			
Kumba Iron Ore Limited	40	40		40		
Chifeng	253	253				253
Derivative financial instruments	1	1	1			
Trade and other receivables	1 845	1 845	1 845			
Cash and cash equivalents	1 029	1 029	1 029			
Total financial assets	3 720	3 720	2 876	40		804
Percentage profile (%)		100	77	1		22
Financial liabilities						
Interest-bearing borrowings	3 600	4 642	313	590	3 400	339
Overdraft	806	806	806			
Trade and other payables	2 056	2 056	2 056			
Derivative financial instruments	14	14	14			
Total financial liabilities	6 476	7 518	3 189	590	3 400	339
Percentage profile (%)		100	43	8	45	4
Liquidity gap identified[1]	(2 756)	(3 798)	(313)	(550)	(3 400)	465
Derivative financial liabilities (Included in the above)						
Foreign exchange forward contracts used for hedging						
– Sell (rands inflow)	728					
– Buy (rands outflow)	8					

1 *The liquidity gap identified will be funded by cash generated from operations and the undrawn facilities in place.*

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.3 Liquidity risk management (continued)

36.6.3.1 Maturity profile of financial instruments (continued)

Group	Carrying amount Rm	Contractual cash flows Rm	Maturity 0-12 months Rm	1-2 years Rm	2-5 years Rm	More than 5 years Rm
2012						
Financial assets						
RBCT	467	467				467
New Age Exploration Limited	1	1				1
Kumba Iron Ore Limited	4	4				4
Chifeng	174	174				174
Derivative financial instruments	50	50	50			
Trade and other receivables	1 899	1 899	1 899			
Cash and cash equivalents	1 364	1 364	1 364			
Total financial assets	3 959	3 959	3 313			646
Percentage profile (%)		100	84			16
Financial liabilities						
Interest-bearing borrowings	2 752	3 790	210	210	2 664	706
Overdraft	811	811	811			
Trade and other payables	3 426	3 426	3 426			
Derivative financial instruments	5	5	5			
Total financial liabilities	6 994	8 032	4 452	210	2 664	706
Percentage profile (%)		100	55	3	33	9
Liquidity gap identified[1]	(3 035)	(4 073)	(1 139)	(210)	(2 664)	(60)
Derivative financial liabilities (Included in the above)						
Foreign exchange forward contracts used for hedging						
– Sell (rands inflow)	36					
– Buy (rands outflow)	152					

1 *The liquidity gap identified will be funded by cash generated from operations and the undrawn facilities in place.*

Company	Carrying amount Rm	Contractual cash flows Rm	Maturity 0-12 months Rm	1-2 years Rm	2-5 years Rm	More than 5 years Rm
2013						
Financial assets						
Trade and other receivables	5 349	5 349	5 349			
Cash and cash equivalents	238	238	238			
Total financial assets	5 587	5 587	5 587			
Percentage profile (%)		100	100			
Financial liabilities						
Interest-bearing borrowings	3 600	4 642	313	590	3 400	339
Overdraft	804	804	804			
Trade and other payables	8 198	8 198	8 198			
Total financial liabilities	12 602	13 644	9 315	590	3 400	339
Percentage profile (%)		100	68	4	25	3
Liquidity gap identified[1]	(7 015)	(8 057)	(3 728)	(590)	(3 400)	(339)

1 The liquidity gap identified will be funded by cash generated from operations and undrawn facilities in place.

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.3 Liquidity risk management (continued)

33.6.3.1 Maturity profile of financial instruments (continued)

Company	Carrying amount Rm	Contractual cash flows Rm	Maturity 0-12 months Rm	1-2 years Rm	2-5 years Rm	More than 5 years Rm
2012						
Financial assets						
Trade and other receivables	*5 692*	*5 692*	*5 692*			
Cash and cash equivalents	315	315	315			
Total financial assets	6 007	6 007	6 007			
Percentage profile (%)		100	100			
Financial liabilities						
Interest-bearing borrowings	2 752	3 790	210	210	2 664	706
Overdraft	808	808	808			
Trade and other payables	7 763	7 763	*7 763*			
*Derivative fin*ancial instruments	3	3	3			
Total financial liabilities	11 326	12 364	8 784	210	2 664	
Percentage profile (%)		100	71	2	22	5
Liquidity gap identified[1]	(5 319)	(6 357)	(2 777)	(210)	(2 664)	(706)

1 *The liquidity gap identified will be funded by cash generated from operations and undrawn facilities in place.*

33.6.4 Credit risk management

Credit risk relates to potential default by counterparties on cash and cash equivalents, investments, trade receivables and hedged positions.

The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

Trade receivables consist of a number of customers with whom Exxaro has long-standing relationships. A high portion of term supply arrangements exists with such clients resulting in limited credit exposure which exposure, where dictated by customer credit worthiness or country risk assessment, is further mitigated through a combination of confirmed letters of credit and credit risk insurance.

Exxaro establishes an allowance for non-recoverability or impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have historical data of payment statistics for similar financial assets.

33.6.4.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. None of the financial assets below were held as collateral for any security provided.

The maximum exposure to credit risk at both reporting dates was equal to the carrying value of financial assets for both group and company.

Detail of the trade receivables credit risk exposure:

	Group	
	2013 %	2012 %
By industry		
Steel	13	23
Manufacturing	3	1
Merchants	9	7
Public utilities	58	62
Chemicals	10	
Other	7	7
Total	100	100
By geographical area		
South Africa	77	82
Europe	11	12
Asia	12	5
Total	100	100

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.4 Credit risk management (continued)

33.6.4.1 Exposure to credit risk (continued)

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
The carrying amount of the financial assets at reporting date was:				
Neither past due nor impaired	5 411	5 852	9 306	8 881
– trade receivables	1 550	1 318	5 179	5 570
– other receivables	295	581	170	122
– derivative financial instruments	1	50		
– Exxaro Environmental Rehabilitation Trust asset	618	526	15	14
– loans to equity-accounted investments	255	557	60	60
– loans to subsidiaries			3 600	2 800
– RBCT	551	467		
– Kumba Iron Ore Limited	40	4		
– New Age Exploration Limited	1	1		
– Chifeng	253	174		
– Non-current receivables	751	810	44	
– Exxaro Environmental Rehabilitation Trust asset held-for-sale	67			
– cash and cash equivalents	1 029	1 364	238	315
Past due		1		
– trade receivables		1		
Total financial assets	5 411	5 853	9 306	8 881
Impaired	29	28		448
– trade receivables	29	26		448
– other receivables		2		
Financial assets including impaired receivables	5 440	5 881	9 306	9 329

The group strives to enter into sales contracts with clients which stipulate the required payment terms. It is expected of each customer that these payment terms are adhered to. Where trade receivables balances become past due, the normal recovery procedures are followed to recover the debt, where applicable new payment terms may be arranged to ensure that the debt is fully recovered. Therefore the credit quality of the above assets deemed to be neither past due nor impaired is considered to be within industry norm.

There were no financial assets with renegotiated terms during the 2013 and 2012 reporting periods.

33.6.4.2 Trade and other receivables age analysis

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Past due but not impaired				
61 – 90 days overdue		1		
Total carrying amount of financial instruments past due but not impaired		1		
Past due and impaired				
31 – 60 days overdue		4		
>180 days overdue	29	24		448
Total carrying amount of financial instruments past due and impaired	29	28		448
Total carrying amount of financial instruments past due or impaired	29	29		448

Before the financial assets can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding.

33.6.4.3 Credit quality of financial assets

The credit quality of cash and cash equivalents and derivative financial assets has been assessed by reference to external credit ratings available from Fitch and Standard and Poor's.

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Cash and cash equivalents				
Fitch ratings				
F1+	500	793	238	315
Standard and Poor's ratings				
A-1+	212	571		
A-1	240			
A-2	77			
	1 029	1 364	238	315
Derivative financial assets				
Fitch ratings				
F1+	1	2		
	1	2		

33. FINANCIAL INSTRUMENTS (continued)

33.6 Risk Management (continued)

33.6.4 Credit risk management (continued)

33.6.4.3 Credit quality of financial assets (continued)

Fitch ratings

F1 Highest credit quality

"+" denotes any exceptionally strong credit feature

Standard and Poor's

A-1+ Highest certainty of payment

A-1 Very high certainty of payment

A-2 Good certainty of payment

Loans and receivables designated at fair value through profit or loss

The group had no loans and receivables designated as at fair value through profit or loss during the period.

33.6.4.3 Collateral

No collateral was held by the group as security and other enhancements over the financial assets during the years ended 31 December 2013 and 31 December 2012.

Guarantees

The group did not obtain financial or non-financial assets by taking possession of collateral it holds as security or calling on guarantees during the financial year ended 31 December 2013 and 2012.

There were no guarantees provided by banks to secure financing during the financial years ended 31 December 2013 and 2012.

For all other guarantees, refer to note 39 on contingent liabilities.

34. NET INVESTMENT IN FINANCE LEASE

	Group	
	2013 Rm	2012 Rm
Total gross investment in finance lease	180	193
– Not later than one year	13	13
– Later than one year but not later than five years	54	54
– Later than five years	113	126
Less: unearned finance income	(95)	(106)
Present value of minimum lease payments receivable	85	87
– Not later than one year	2	2
– Later than one year but not later than five years	14	12
– Later than five years	69	73

The lease relates to the upgrade of the Zeeland Water Treatment Works (in Lephalale), of which Exxaro Coal Proprietary Limited will fund the capital for a total period of 15 years. The municipality's share of the capital expenditure will be recovered through fixed monthly instalments over this period. The minimum lease instalments are payable monthly with no escalation and calculated at a rate of 13% per annum.

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
35. TRADE AND OTHER PAYABLES					
Trade payables		818	1 815	49	177
Other payables[1]		1 238	1 611	65	125
Non-financial instruments[2]		620	509	186	114
Leave pay accrual		177	159	38	32
Indebtedness to subsidiaries	23			8 084	7 461
Derivative instruments	33.2.4	14	5		3
Per statement of financial position		2 867	4 099	8 422	7 912
Included in non-current liabilities held-for-sale		39			
Total trade and other payable including trade and other payables held-for-sale		2 906	4 099	8 422	7 912

1 *Includes sundry payables and reclassification of debtors with credit balances.*

2 *Includes input VAT and bonus accruals.*

36. BUSINESS COMBINATIONS

No business combinations took place during the 2013 reporting year.

During the previous year, the group acquired a controlling interest of the share capital of AKI. The acquisition was classified as an acquisition of a business.

AKI is a junior mining, exploration and development company previously listed on the Australian Stock Exchange, involved in the development and exploration of the Mayoko Iron Ore and Ngoubou-Ngoubou Projects in the Republic of the Congo in central West Africa.

The acquired business is in development state, and has not contributed any revenues to the group results in both 2012 and 2013. It also contributed R9 million losses to the group operating profit for the period from 14 February 2012 to 31 December 2012.

The goodwill of AU$102 million (R827 million at acquisition) arising from the acquisition related to the future potential upside of the business and deferred tax on the mineral asset. This goodwill was recognised in intangible assets, refer to note 20.

Acquisition-related costs of R41 million were charged to operating expenses in profit or loss for the year ended 31 December 2012.

Non-controlling interest was measured using the proportionate share of the acquired entity's net identifiable assets. At acquisition, non-controlling interests were identified as the remaining 33% in AKI and 8% in DMC Iron Congo SA.

There were no contingent consideration arrangements with the former owners of AKI.

Transactions with non-controlling interests

During April 2013, the group acquired the remaining 3% of the issued shares of DMC Iron Congo SA (which is the holding company of the Mayoko project) for a purchase consideration of AU$9,9 million (R96 million). The group now holds 100% of the equity share capital of DMC Iron Congo SA. The carrying amount of the non-controlling interest in DMC Iron Congo SA on the date of acquisition was R28 million.

36. BUSINESS COMBINATIONS (continued)

The group derecognised non-controlling interest of R28 million and recorded a decrease in equity attributable to owners of the parent of R68 million. The effect of changes in the ownership interest of DMC Iron Congo SA on the equity attributable to owners of the company during the year is summarised in the table below.

During March 2012, the group acquired the remaining 33% of the issued shares of AKI for a purchase consideration of AU$123 million (R1 049 million). The group now holds 100% of the share capital of AKI. The carrying amount of the 33% non-controlling interest in AKI on the date of acquisition was R397 million.

During June 2012, the group acquired an additional 5% of the issued shares of DMC Iron Congo SA for a purchase consideration of AU$16,6 million (R132 million). The carrying amount of the 5% non-controlling interest in DMC Iron Congo SA on the date of acquisition was R44 million. Resulting in the group holding 97% of the equity share capital of DMC Iron Congo SA at 31 December 2012.

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Carrying amount of non-controlling interests acquired	(28)	(441)		
Excess of consideration paid recognised in parent's equity	(68)	(740)		
Consideration paid for non-controlling interests	(96)	(1 181)		

37. NOTES TO THE STATEMENTS CASH FLOWS

37.1 Cash generated by/(utilised in) operations

		Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
Net operating profit/(loss)		3 566	7 557	(425)	(202)
Adjusted for non-cash movements					
– depreciation and amortisation		856	702	173	80
– impairment charges/(reversals) of non-current assets		45	(103)	68	69
– impairment charges/(reversals) of trade and other receivables		25	(5)	(443)	(2 412)
– provisions		(416)	130		(1)
– foreign exchange revaluations and fair value adjustments		20	(241)	(4)	13
– net loss/(profit) on disposal or scrapping of property, plant and equipment	5	11	(142)	14	(63)
– net (profit)/loss on disposal of investments	7	(964)	(4 037)	372	1 973
– loss on dilution of investment in associate	5	12			
– share-based payment expenses		185	(219)	57	(154)
Cash before working capital movements		3 340	3 642	(188)	(697)
Working capital movements					
– increase in inventories		(130)	(928)	(3)	
– decrease/(increase) in trade and other receivables		228	277	(877)	(665)
– (decrease)/increase in trade and other payables		(1 261)	1 005	(919)	50
– utilisation of provisions		(18)	(27)		(4)
Cash generated by/(utilised in) operations		2 159	3 969	(1 987)	(1 316)

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
37.2 Net financing costs					
Interest paid		(262)	(345)	(261)	(252)
Interest expense	8	(779)	(896)	(338)	(254)
Financing costs not involving cash flow	31, 32	441	556	1	2
Amortisation of transaction costs		76	(5)	76	
Interest received		70	208	3	22
Interest income	8	81	213	3	22
Finance lease interest adjustment		(11)	(5)		
Net financing cost paid		(192)	(137)	(258)	(230)
37.3 Normal tax paid					
Amounts receivable at beginning of year		18	55		
Amounts charged to the statement of comprehensive income		(184)	(334)		
Acquisition of subsidiary			3		
Arising on translation of foreign entities		(17)	1		
Reclassification to non-current assets held-for-sale		(24)	16		
Amounts unpaid/(receivable) at end of year		49	(18)		
Normal tax paid		(158)	(277)		
37.4 Dividends paid					
Dividends declared and paid	14	(1 387)	(3 012)	(1 378)	(3 024)
37.5 Investments in property, plant and equipment to maintain operations					
Replacement of property, plant and equipment		(1 205)	(1 531)	(135)	(184)
Reconditional spares		(52)	(40)		
Total		(1 257)	(1 571)	(135)	(184)
37.6 Investments in property, plant and equipment to expand operations					
Expansion and new technology		(3 507)	(3 762)		

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
37. NOTES TO THE STATEMENTS CASH FLOWS (continued)					
37.7 Investment in other non-current assets					
Decrease in associates and joint venture loans		308	412		
Decrease in non-current receivables		59			
Decrease in non-current financial assets		21			
Increase in non-current receivables			(123)		(22)
Increase in Environmental Rehabilitation Trust asset		(139)	(75)		
Increase in associate and joint venture loans		(10)	(31)		
Increase in investments			(199)		
Increase in non-current financial assets		(17)			
Total decrease/(increase)		222	(16)		(22)
37.8 Proceeds from disposal of subsidiaries					
Consideration received	7				
Mineral sands			202		89
Rosh Pinah			931		224
Exxaro Base Metals		87		87	
		87	1 133	87	313
Less: cash and cash equivalents in subsidiary on date of disposal			(1 052)		
Total proceeds from disposal of subsidiaries		87	81	87	313
37.9 Increase in associates and joint ventures					
Additional interest acquired in associates	21		(274)		(274)
Additional interest acquired in joint venture	22	(82)	(47)	(82)	(47)
Book value adjustment of associate companies acquired			(75)		(75)
Total increase in associates and joint ventures		(82)	(396)	(82)	(396)
37.10 Acquisition of subsidiaries					
Purchase consideration paid for acquisition of AKI and DMC Iron Congo SA			(1 421)		(2 743)
Total acquisition of subsidiaries			(1 421)		(2 743)

	Notes	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
37.11 Increase in investments in subsidiaries					
Increase in investment in subsidiaries				(1 757)	(111)
Increase in indebtedness by subsidiaries				(800)	(2 200)
Total increase in investment in subsidiaries				(2 557)	(2 311)
37.12 Income from equity-accounted investments					
Income from equity-accounted investments as per statement of comprehensive income		3 631	3 132		
Dividends received from equity-accounted investments		3 229	4 019		
Non-cash flow income from equity-accounted investments		(3 631)	(3 132)		
Total income from equity-accounted investments		3 229	4 019		
37.13 Income from investments					
Income from investments as per statement of comprehensive income		12	3	3 711	6 991
Non-cash share of allocated profit from associates				(45)	
Total income from investments		12	3	3 666	6 991
37.14 Cash and cash equivalents					
Cash and cash equivalents		1 029	1 364	238	315
Bank overdraft	30	(806)	(811)	(804)	(808)
Cash and cash equivalents		223	553	(566)	(493)
37.15 Movement in net debt[1]					
Cash outflow		(1 058)	(2 397)		
Add/(deduct):					
– shares issued		14	15		
– share-based payments		(3)			
– net debt of subsidiaries disposed			820		
– consideration paid to non-controlling interests		(96)	(1 181)		
– non-cash flow movement for interest accrued not yet paid		(40)			
– non-cash flow for amortisation of transaction costs		(9)			
– non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency		(669)	(70)		
– non-cash flow movements in net debt applicable to currency translation differences of net debt items of foreign entities		683	268		
Increase in net debt		(1 178)	(2 545)		

1 *Non-IFRS information.*

38. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are not more or less favourable than those arranged with third parties.

Associates and joint ventures

Details of investments in associates and joint ventures are disclosed in note 21, 22 and Annexure 2 while income is disclosed in note 9. There were no finance costs or expenses in respect of bad debts or doubtful debts incurred with regard to the associates or the joint ventures during the financial years ended 31 December 2013 or 2012.

	2013		2012	
	Joint ventures Rm	Associates Rm	Joint ventures Rm	Associates Rm
Items of income and expense incurred during the year				
– group sales of goods and services		126	4	192
– group purchases of goods and services	1 025		803	
The outstanding balances at year end				
– included in trade and other receivables (refer note 27)			2	
– included in trade and other payables (refer note 35)	162		210	

During both years under review, there was no provision raised for doubtful debts related to the outstanding balances above.

Subsidiaries

Details of income from, and investments in subsidiaries are disclosed in notes 9 and 23 respectively, as well as in Annexure 3.

Corporate service fee from subsidiaries

The following significant service level commitment fees and corporate service fees were received by Exxaro Resources Limited for essential services rendered:

	2013 Rm	2012 Rm
Exxaro Coal Proprietary Limited	1 547	1 257
Exxaro Base Metals Proprietary Limited		40
Exxaro Sands Proprietary Limited		72

Special purpose entities

The group has an interest in the following special purpose entities which are consolidated unless otherwise indicated:

Entity	Nature of business
Exxaro Environmental Rehabilitation Fund	Trust fund for mine closure
Exxaro Employee Empowerment Participation Scheme Trust	Trust employee share incentive trust
Exxaro Employee Empowerment Trust (Mpower 2012)	Trust employee share incentive trust
Exxaro Foundation	Local social economic development[1]
Exxaro Chairman's Fund	Local social economic development[1]
Exxaro People Development Initiative	Local social economic development – bridging classes[1]
Kumba Resources Management Share Trust	Management share incentive trust
Matla and Arnot Rehabilitation Trust	Trust fund for mine closure

1 *Non-profit organisations.*

Directors

Details relating to directors' emoluments and shareholdings (including options) in the company are disclosed in the directors' and prescribed officers' remuneration report.

Senior employees

Details relating to option and share transactions are disclosed in note 17.3.

Key management personnel

For Exxaro Resources Limited, other than the executive and non-executive directors, no other key management personnel were identified. Refer to page 12 for details on directors' remuneration.

For the group, for 2013 and 2012, the members of the executive committee have been identified as being both key management personnel and prescribed officers. Refer to page 12 for details on their remuneration.

Shareholders

The principal shareholders of the company at 31 December 2013 are detailed in Annexure 5 Analysis of shareholders schedule.

Contingent liabilities

Details are disclosed in note 39.

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
39. CONTINGENT ASSETS AND LIABILITIES				
Contingent assets				
Surrender fee on prospecting rights, exploration rights and mining rights[1]	81	85		
Group's share of contingent assets of equity-accounted investments	27			
Contingent liabilities	2 066	1 055	115	58
– Grootgeluk Medupi Expansion Projection guarantees	50			
– Congo ferrous operations guarantees (Mayoko project)	84			
– Other guarantees[2]	927	536	115	37
– Pending litigation claims[3]	328	243		21
– Share of contingent liabilities of equity-accounted investments	677	276		

1 *Relate to a surrender fee in exchange for the exclusive right to prospect, explore, investigate and mine coal within a designated area in Central Queensland and Moranbah, Australia, conditional on the grant of a mining lease.*

2 *Include operational guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.*

3 *Pending litigation claims consist of legal cases where Exxaro is the defendant. These claims are at stage where the outcome is uncertain and the amount of possible legal obligations are estimated.*

Timing and occurrence of any possible out flows of the contingent liabilities above are uncertain.

Due to the Mineral and Petroleum Resources Development Act of 2002, currently not specifying how to financially provide for water liabilities and water treatments at post mine closure, Exxaro is currently developing a specific policy around such provisions. An estimate of this amount is currently not available, however, a liability may arise in future.

	Group		Company	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
40. COMMITMENTS				
Capital commitments				
Capital expenditure contracted for plant and equipment	4 204	6 283	297	
Capital expenditure authorised for plant and equipment but not contracted	2 826	4 208	25	950
The above includes the group's share of capital commitments of associates and joint ventures.	963	3 519		
Capital expenditure will be financed from available cash resources, funds generated from operations and available borrowing capacity.				
Capital expenditure contracted relating to captive mines Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal SA Limited and Eskom respectively	317	116		
Operating lease commitments[1]				
The future minimum lease payments under non-cancellable operating leases are as follows:				
– less than one year	43	17		2
– more than one year and less than five years	169	1		
Operating sublease receivable				
Non-cancellable operating lease rentals are receivable as follows:				
– more than one year and less than five years		1		1

1 *Exxaro entered into numerous operating lease arrangements. All major lease arrangements are renewable if there is mutual agreement between the parties to the arrangements with some contracts specifying extension periods. Arrangements containing escalation clauses are usually based on Consumer Price Index (CPI) or Producer Price Index (PPI). None of the lease arrangements contain restrictive clauses that are unusual to the particular type of lease.*

41. EVENTS AFTER THE REPORTING PERIOD

The following are non-adjusting events that occurred after the reporting date and are disclosed for information purposes:

- On 31 January 2014, Exxaro concluded a sale of asset agreement relating to its NCC operation with Universal Coal. Once all conditions precedent to the transaction have been fulfilled, an agreed cash amount will be paid to Exxaro. Exxaro has subsequently placed the mine on care and maintenance until fulfilment of all conditions precedent makes the transaction unconditional and the operation is handed over to the new owners
- The mining convention, Port Autonome de Pointe Noire (PAPN) memorandum of understanding as well as the rail framework agreements with Chemin de fer Congo-Ocean (CFCO) relating to the Mayoko project in the Republic of Congo, were signed in Brazzaville on 29 January 2014.

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.

ANNEXURE 1:
NON-CURRENT AND CURRENT INTEREST-BEARING BORROWINGS

	Final repayment date	Rate of interest per year 2013		Rate of interest per year 2012		Group		Company	
		Fixed %	Floating[1] %	Fixed %	Floating[1] %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Local									
Unsecured loans									
Revolving facility[2]	2017		7,87		7,55	1 600	800	1 600	800
Term loan facility[3]	2020		7,97		7,90	2 000	1 952	2 000	1 952
						3 600	2 752	3 600	2 752
Total interest-bearing borrowings (refer note 30)						3 600	2 752	3 600	2 752

1 *Interest is based on JIBAR plus a margin of 2,5%.*
2 *Interest on the revolving facility is paid on a monthly basis.*
3 *Interest on the term loan facility is paid on a semi-annum basis.*

Neither the company nor any of its subsidiaries are required to undertake any specified events in respect of the interest-bearing borrowings.

ANNEXURE 2: INVESTMENTS IN ASSOCIATES, JOINT ARRANGEMENTS AND OTHER INVESTMENTS

	Nature of business[1]	Country of incorporation[2]	Number of shares held	Percentage holding 2013 %	Percentage holding 2012 %	Group carrying amount 2013 Rm	Group carrying amount 2012 Rm	Company carrying amount 2013 Rm	Company carrying amount 2012 Rm	Year-end other than 31 December
ASSOCIATED COMPANIES										
Listed										
Tronox Limited[3, 4]	A	USA	51 154 280	44,40	44,65	10 267	10 314	10 880	10 880	
Unlisted										
Black Mountain Mining Proprietary Limited (Black Mountain)	A	RSA	260	26,00	26,00	359	340			31 March
Tronox Mineral Sands Proprietary Limited and Tronox KZN Sands Proprietary Limited (Tronox SA)	A	RSA	208	26,00	26,00	1 819	1 581	1 181	1 181	
Tronox Sands Limited Liability Partnership (Tronox UK)	F	UK		26,00	26,00	1 239	1 142	1 091	1 091	
Sishen Iron Ore Company Proprietary Limited (SIOC)	A	RSA	240 000 000	19,98	19,98	5 523	3 777			
Total associated companies (refer note 21)						19 207	17 154	13 152	13 152	
JOINT VENTURES										
Incorporated										
Unlisted										
Mafube Coal Mining Proprietary Limited (Mafume)	A	RSA	50	50,00	50,00	714	882			
South Dunes Coal Terminal Co. Proprietary Limited (SDCT)	A	RSA	1 333	33,33	33,33	69	62			
Cennergi Proprietary Limited (Cennergi)	EN	RSA	50	50,00	50,00	333	38	219	137	
JOINT OPERATIONS										
Unincorporated										
Moranbah Coal Project	A	AUS		50,00	50,00					
Total joint arrangements (refer note 22)						1 116	982	219	137	
INVESTMENT COMPANIES										
Listed										
Kumba Iron Ore Limited						40	4			
New Age Exploration Limited						1	1			
Unlisted										
Richards Bay Coal Terminal (RBCT)						551	468			
Chifeng Kumba Hongye Zinc Corporation Limited						113	130			
Chifeng NFC Kumba Hongye Zinc Corporation Limited						140	43			
Total other investments (refer note 25)						845	646			
Total investments						21 168	18 782	13 371	13 289	
The investments are valued at the reporting date. Unlisted shares are valued at directors' value.										
Listed investments in associates – market value						12 319	7 911			
Unlisted investments in associates and joint ventures – directors' valuation						35 941	29 963			
Listed other investments – market value						41	52			
Unlisted other investments – directors' valuation						804	716			

1 A – Mining, F – Financing, EN – Energy.

2 RSA – Republic of South Africa, USA – United States of America, UK – United Kingdom, AUS – Australia.

3 The Group's 44,65% investment in Tronox Limited on 31 December 2012 was diluted during the year to 44,40% on 31 December 2013 due to share warrants and share options that were exercised by participants during the year.

4 During the 2012 financial year Tronox Limited conducted a share-buy back which resulted in Exxaro's equity stake in Tronox Limited to increase from 39,2% to 43,5%. Exxaro also purchased Tronox Limited shares in the open market and acquired 1,4 million shares which increased the equity stake from 44,4% to 44,65%.

Where the above entities' financial year-ends are not co-terminous with that of the company, financial information has been obtained from published information or management accounts as appropriate.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost.

Unlisted investments are measured at fair value.

Restrictions

There are no significant restrictions on the ability of equity-accounted investments to transfer funds to Exxaro in the form of cash dividends, or to repay loans or advances made by Exxaro.

Risks

Refer to note 39 for details with regards to contingent assets and liabilities relating to equity-accounted investments.

Refer to note 40 for details with regards to commitments relating to equity-accounted investments.

Interest in equity-accounted investments

The summarised financial information set out below relates to the associates and joint ventures and represent 100% of the entity's financial performance and position, adjusted to reflect adjustments made by Exxaro when using the equity method.

	Associate companies					Joint ventures[1]		
STATEMENTS OF COMPREHENSIVE INCOME	Tronox Limited Rm	Tronox SA Rm	Tronox UK Rm	SIOC Rm	Black Mountain Rm	Mafube Rm	Cennergi Rm	SDCT Rm
For the year ended 31 December 2013								
Revenue	22 212	7 259		54 461	1 567	1 577		5
Operating expenses	(22 834)	(5 687)	(2)	(25 396)	(1 146)	(1 117)	(262)	(13)
Net operating (loss)/profit	(622)	1 572	(2)	29 065	421	460	(262)	(8)
Interest income	97	62	384	108	8	7	3	19
Interest expense	(1 514)	(372)		(427)	(4)	(67)	(3)	(21)
Other losses from investments	(8)			(46)				
(Loss)/profit before tax	(2 047)	1 262	382	28 700	425	400	(262)	(10)
Income tax (expense)/benefit	(220)	(347)	20	(7 847)	(127)	(118)	56	3
(Loss)/profit for the year	(2 267)	915	402	20 853	298	282	(206)	(7)
Other comprehensive income/(loss)	3 162	(24)		8 384	(3)			
Total comprehensive income/(loss) for the year	895	891	402	29 237	295	282	(206)	(7)
Dividends received	507			2 664	58			
STATEMENTS OF FINANCIAL POSITION								
At 31 December 2013								
Non-current assets	33 736	12 570	4 404	32 816	1 444	2 144	1 481	219
Current assets	25 224	5 053	388	12 165	574	327	108	262
Total assets	58 960	17 623	4 792	44 981	2 018	2 471	1 589	481
Equity and liabilities								
Total equity	24 940	6 996	4 767	27 645	1 379	1 056	731	(16)
Equity attributable to owners of the parent	22 855	6 996	4 767	27 645	1 379	1 056	731	(16)
Non-controlling interests	2 085							
Non-current liabilities	29 691	9 599	21	12 043	313	1 203	832	497
Interest-bearing borrowings	24 458	7 088	21	2 234		407	608	428
Loans – Exxaro Resources				17		185		69
Non-current provisions	1 161	369		1 946		273	15	
Post-retirement employee obligations	1 505	59						
Deferred tax	2 073	2 060		7 846	313	338	192	
Other (including non-current tax payable)	494	23					17	
Current liabilities	4 329	1 028	4	5 293	326	212	26	
Trade and other payables	3 146	608	1	3 764	174	143	26	
Interest-bearing borrowings	192	385	1	615				
Current tax payable	291	27	2	559	1	12		
Current provisions	84	8		355	151	57		
Other (including financial liabilities – warranties)	616							
Total equity and liabilities	58 960	17 623	4 792	44 981	2 018	2 471	1 589	481

1 *Included in the current assets for the joint ventures, is cash and cash equivalents: Mafube R33 million (2012: R18 million); Cennergi R29 million (2012: R19 million) and SDCT R2 million (2012: R7 million). Included in the operating expense for the joint ventures, is depreciation and amortisation: Mafube R210 million (2012: R151 million) and Cennergi R1 million (2012: R1 million).*

ANNEXURE 2:
INVESTMENTS IN ASSOCIATES, JOINT ARRANGEMENTS AND OTHER INVESTMENTS (continued)

	Associate companies					Joint ventures[1]		
STATEMENTS OF COMPREHENSIVE INCOME	Tronox Limited Rm	Tronox SA Rm	Tronox UK Rm	SIOC Rm	Black Mountain Rm	Mafube Rm	Cennergi Rm	SDCT Rm
For the year ended 31 December 2012								
Revenue	9 167	3 390		45 446	1 802	1 624		5
Operating expenses	(10 260)	(3 403)	(1)	(22 277)	(1 277)	(1 109)	(192)	(2)
Net operating (loss)/profit	(1 093)	(13)	(1)	23 169	525	515	(192)	3
Interest income	15	8	207	92	8	4	2	25
Interest expense	(451)	(244)		(457)	(6)	(103)		(29)
(Loss)/profit before tax	(1 529)	(249)	206	22 804	527	416	(190)	(1)
Income tax benefit/(expense)	967	73	(39)	(6 779)	(148)	(128)	16	
(Loss)/profit for the year	(562)	(176)	167	16 025	379	288	(174)	(1)
Other comprehensive (loss)/income	(176)	(94)	26	811				
Total comprehensive (loss)/income for the year	(738)	(270)	193	16 836	379	288	(174)	(1)
Dividends received	217			3 802				
STATEMENTS OF FINANCIAL POSITION								
At 31 December 2012								
Non-current assets	31 071	11 411	4 475	27 051	1 363	2 167	65	316
Current assets	16 055	4 361		9 872	616	632	112	230
Total assets	47 126	15 772	4 475	36 923	1 979	2 799	177	546
EQUITY AND LIABILITIES								
Total equity	24 794	6 148	4 436	18 906	1 307	775	141	(11)
Equity attributable to owners of the parent	22 817	6 148	4 436	18 906	1 307	775	141	(11)
Non-controlling interests	1 977							
Non-current liabilities	18 042	8 018		12 273	327	1 772		468
Interest-bearing borrowings	13 332	5 806		3 200		705		405
Loans – Exxaro Resources				702		494		63
Non-current provisions	1 153	358		1 683		161		
Post-retirement employee obligations	1 465	51						
Deferred tax	2 047	1 785		6 688	327	412		
Other (including non-current payable)	45	18						
Current liabilities	4 290	1 606	39	5 744	345	252	36	89
Trade and other payables	2 755	808	1	2 920	174	193	36	
Interest-bearing borrowings	341	254		2 669				89
Current tax payable	203		38	129	40	2		
Current provisions	618	544		26	131	57		
Other (including financial liabilities – warranties)	373							
Total equity and liabilities	47 126	15 772	4 475	36 923	1 979	2 799	177	546

1 *Included in the current assets for the joint ventures, is cash and cash equivalents: Mafube R33 million (2012: R18 million); Cennergi R29 million (2012: R19 million) and SDCT R2 million (2012: R7 million). Included in the operating expense for the joint ventures, is depreciation and amortisation: Mafube R210 million (2012: R151 million) and Cennergi R1 million (2012: R1 million).*

Reconciliation of summarised financial information

Set out below is a reconciliation of the equity attributable to owners of the parent (closing net assets) as disclosed above, to the carrying value of the investment.

	Associate companies					Joint ventures		
	Tronox Limited Rm	Tronox SA Rm	Tronox UK Rm	SIOC Rm	Black Mountain Rm	Mafube Rm	Cennergi Rm	SDCT[1] Rm
2013								
Closing net assets	22 855	6 996	4 767	27 645	1 379	1 056	731	(16)
Interest in equity-accounted investment (%)	44,40	26,00	26,00	19,98	26,00	50,00	50,00	33,33
Interest in equity-accounted investment	10 148	1 819	1 239	5 523	359	528	366	
Goodwill	119							
Unrealised profit in closing balances							(33)	
Loans to equity-accounted investments						186		69
Carrying value at 31 December	10 267	1 819	1 239	5 523	359	714	333	69
2012								
Closing net assets	22 817	6 148	4 436	18 906	1 307	775	141	(11)
Foreign currency translation movements	16	(67)	(45)					
Closing net assets excluding foreign currency translation movements	22 833	6 081	4 391	18 906	1 307	775	141	(11)
Interest in equity-accounted investment (%)	44,65	26,00	26,00	19,98	26,00	50,00	50,00	33,33
Interest in equity-accounted investment	10 195	1 581	1 142	3 777	340	387	71	
Goodwill	119							
Unrealised profit in closing balances							(33)	
Loans to equity-accounted investments						495		62
Carrying value at 31 December	10 314	1 581	1 142	3 777	340	882	38	62

1 *Investment carrying value will not devalue below zero as a result of equity-accounted losses.*

ANNEXURE 3: INVESTMENTS IN SUBSIDIARIES[1]

	Country of incorporation[2]	Nature of business[3]	Public Interest Score[4]	Issued capital-unlisted ordinary shares	Interest of Company			
					Investment in shares		Indebtedness	
					2013	2012	2013	2012
				R	R	R	Rm	Rm
DIRECT INVESTMENTS								
AlloyStream Proprietary Limited	RSA	M	1	1	1	1		
AlloyStream Holdings Proprietary Limited	RSA	H	22	1	746 163	746 163	21	19
Clipeus Investment Holdings Proprietary Limited	RSA	H	55	1	1	1	10	1
Colonna Properties Proprietary Limited	RSA	B	5	200	2 518 966	2 518 966	1	1
Cullinan Refractories Proprietary Limited	RSA	A	1	1 000	1 000	1 000		
Exxaro Australia Iron Holdings Proprietary Limited	AUS	M		2 743 680 900	2 743 680 900	2 743 680 900		
Exxaro Base Metals and Industrial Minerals Holdings Proprietary Limited	RSA	H	457	1	1	1	291	184
Exxaro Base Metals Proprietary Limited	RSA	M	1	5 500 000				292
Exxaro Chairman's Fund	RSA	T						
Exxaro Coal Proprietary Limited	RSA	A	46 001	1	1 000	1 000	8 304	6 929
Exxaro Coal Botswana Holding Company Proprietary Limited	BOT	H		500	10	10		
Exxaro Employee Empowerment Participation Scheme Trust	RSA	T						
Exxaro Employee Empowerment Trust	RSA	T	1					
Exxaro Environmental Rehabilitation Fund	RSA	T						
Exxaro Esmore Cooperatief U.A[5]	NE	J		761 575 341	761 566 695	11 195		
Exxaro FerroAlloys Proprietary Limited	RSA	M	445	1	1	1	(65)	(56)
Exxaro Foundation	RSA	T						
Exxaro Holdings Proprietary Limited	RSA	H	57	566 827	459 517 297	459 517 297	55	55
Exxaro Holdings Congo Proprietary Limited	RSA	H	8	40 000	1 869 951 859	1 869 951 859	(69)	(83)
Exxaro Insurance Company (RF) Limited	RSA	I	205	50	5 000 000	5 000 000		
Exxaro Mountain Bike Academy NPC	RSA	E	5				5	
Exxaro People Development Initiative NPC	RSA	E						
Exxaro Properties (Groenkloof) Proprietary Limited	RSA	B	1	1	1	1		
Ferroland Grondtrust Proprietary Limited	RSA	D	135	2	2	2	34	36
Gravelotte Iron Ore Company Proprietary Limited	RSA	M	49	1	1	1	44	32
Kumba Resources Management Share Trust	RSA	T					(37)	(38)
Rocsi Holdings Proprietary Limited	RSA	H	20	647 044 943	653 722 945	653 722 945	(565)	566
Skyprops 112 Proprietary Limited	RSA	H	1	100	1	44 389 208		20
Mayoko Investment Company	MAU	H		1 757 129 156	1 757 129 156			

	Country of incorporation[2]	Nature of business[3]	Public Interest Score[4]	Issued capital-unlisted ordinary shares	Interest of Company			
					Investment in shares		Indebtedness	
					2013	2012	2013	2012
				R	R	R	Rm	Rm
INDIRECT INVESTMENTS								
African Iron Proprietary Limited	AUS	H		1 172 872 253				
African Iron Exploration SA (85%)	CON	P		196 000				
AKI Exploration Proprietary Limited	AUS	H		8				
AKI Exploration (Bermuda) Proprietary Limited	BER	H		808				
Coastal Coal Proprietary Limited	RSA	A	135	5 000			(3)	(11)
DMC Iron Congo SA	CON	A		156 800			2	217
DMC Mining Proprietary Limited	AUS	H		234 990 737				
Exxaro Australia Iron Investments Proprietary Limited	AUS	H		16				
Exxaro Australia Proprietary Limited	AUS	A & P		11			1	
Exxaro Base Metals China Limited	HK	H		1 354				
Exxaro Base Metals International BV	NE	P		119 209			(11)	
Exxaro Coal Botswana Proprietary Limited (75%)	BOT	P		200			1	
Exxaro Coal Mpumalanga Proprietary Limited	RSA	A	17 048	100 000			(205)	(6)
Exxaro Esmore Cooperatief U.A[5]	NE	J		761 575 341				
Exxaro Finance Ireland	IRL	F		21				
Exxaro International BV	NE	H		662 037			(6 990)	(7 212)
Exxaro International Coal Trading BV	NE	C		172 866				
Exxaro International Trading BV	NE	C		172 866				
Exxaro Mayoko SA	CON	G		198 400				
Exxaro Mineral Sands BV	NE	P		148 274			(1)	
Exxaro Reductants Proprietary Limited	RSA	M	893	1			(138)	(55)
Ferrowest Share Block (RF) Proprietary Limited	RSA	B	2	136 500 000				
Inyanda Coal Proprietary Limited	RSA	A	1	1 000				
Quindong Minerals Proprietary Limited	AUS	G		8				
The Vryheid (Natal) Railway, Coal and Iron Company Proprietary Limited	RSA	A	147	3 675				
Total investments in subsidiaries (refer note 23)					8 253 836 000	5 779 540 551	685	891

1 At 100% holding except where otherwise indicated.

2 RSA – Republic of South Africa, AUS – Australia, HK – Hong Kong, IRL – Ireland, MAU – Mauritius, NE – Netherlands, BER – Bermuda, Bot – Botswana, CON – Republic of Congo.

3 A – Mining, B – Property, C – Service, D – Land management, E – Not for profit company, F – Finance, G – Dormant, H – Holdings, I – Insurance, J – Cooperative, M – Manufacturing, P – Exploration, T – Trust.

4 Public Interest scores only applicable to entities incorporated in the Republic of South Africa.

5 Cooperative in Rotterdam, Netherlands with the following members: Exxaro Resources Limited and Rocsi Holdings Proprietary Limited.

ANNEXURE 3: INVESTMENTS IN SUBSIDIARIES (continued)

INVESTMENTS IN SUBSIDIARIES[1]

Terms and conditions of indebtedness to and from subsidiaries

	Final repayment date	Rate of interest per year[1] 2013 Floating[2] %	2012 Floating[2] %	2013 Rm	2012 Rm
Revolving facility[3]	2017	7,87	7,55	1 600	800
Term loan facility[4]	2020	7,97	7,90	2 000	2 000
Total unsecured non-current loans				3 600	2 800
Interest-bearing current loans receivable[5]				(2 404)	(1 044)
Current portion of non-current loans				40	
Non-interest bearing current loans receivable				(551)	(865)
Total current loans				(2 915)	(1 909)
Total indebtedness				685	891

1 *There was no indebtedness to and from subsidiaries with fixed rate of interest per year.*
2 *Interest is based on JIBAR plus a margin of 2,5%.*
3 *Interest on the revolving facility is paid on a monthly basis.*
4 *Interest on the term loan facility is paid on a semi-annum basis.*
5 *Interest charged at average overnight money market rates.*

Terms for loans to subsidiaries:

- Back-to-back loans: Similar terms as agreed with external lenders
- Treasury loans: No repayment terms. Loans are payable on demand. Interest is charged at money market rates.

Restrictions

There are no significant restrictions on the subsidiaries to transfer funds to Exxaro in the form of cash dividends, or to repay loans or advances made by Exxaro.

ANNEXURE 4: DEFINITIONS

Attributable cash flow per ordinary share

Cash flow from operating activities after adjusting for participation of non-controlling interests therein divided by the weighted average number of ordinary shares in issue during the year.

Capital employed

Total equity plus net debt minus non-current financial asset.

Cash and cash equivalents

Comprise cash on hand and current accounts in bank, net of bank overdrafts, together with any highly liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.

Current ratio

Current assets divided by current liabilities.

Dividend cover

Attributable earnings per ordinary share divided by dividends per ordinary share.

Dividend yield

Dividends per ordinary share divided by the closing share price on the JSE Limited.

Earnings per ordinary share

- **Attributable earnings basis**
  Earnings attributable to owners of the parent (Exxaro) divided by the weighted average number of ordinary shares in issue during the year.
- **Headline earnings basis**
  Headline earnings divided by the weighted average number of ordinary shares in issue during the year.

Financing cost cover

- EBIT — net operating profit before interest and tax divided by net financing costs
- EBITDA — net operating profit before interest, tax, depreciation, amoritisation, impairment charges and net deficit/surplus on sale of investments and assets divided by net financing cost.

Good leavers

A participant whose employment with employer companies is terminated due to his:

- Retrenchment
- Retirement
- Employer company ceasing to form part of the employer companies, provided that any transfer of employment by a participant to another employer company shall not be deemed to constitute any termination of employment by a participant with the employer companies
  - death
  - serious disability
  - serious incapacity
  - promotion out of the relevant qualifying category.

Headline earnings

Earnings attributable to owners of the parent (Exxaro) adjusted for profits and losses on items of a capital nature, recognising that tax and non-controlling interests impact on these adjustments.

Headline earnings yield

Headline earnings per ordinary share divided by the closing share price on the JSE Limited.

ANNEXURE 4:
DEFINITIONS (continued)

Invested capital

Total equity, interest-bearing debt, non-current provisions and net deferred tax less cash and cash equivalents.

Net assets

Total assets less current and non-current liabilities less non-controlling interests which equates to equity of owners of the parent (Exxaro).

Net debt to equity ratio

Interest-bearing debt less cash and cash equivalents as percentage of total equity.

Net equity per ordinary share

Equity attributable to owners of the parent (Exxaro) divided by the number of ordinary shares in issue at the year end.

Number of years to repay interest-bearing debt

Interest-bearing debt divided by cash flow from operating activities before dividends paid.

Operating margin

Net operating profit as a percentage of revenue.

Operating profit per employee

Net operating profit divided by the average number of employees during the year.

Return on capital employed

Net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments as a percentage of average capital employed.

Return on ordinary shareholders' equity

- **Attributable earnings**
  Earnings attributable to owners of the parent (Exxaro) as a percentage of average equity attributable to owners of the parent (Exxaro).

- **Headline earnings**
  Headline earnings as a percentage of average equity attributable to owners of the parent (Exxaro).

Return on invested capital

Net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments as a percentage of the average invested capital.

Return on net assets

Net operating profit plus income from non-equity-accounted investments plus income from equity-accounted investments as a percentage of the average net assets.

Revenue per employee

Revenue divided by the average number of employees during the year.

Total asset turnover

Revenue divided by average total assets.

Weighted average number of shares (WANOS) in issue

The number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period in which they have participated in the income of the group.

In the case of shares issued pursuant to a share capitalisation award in lieu of dividends, the participation of such shares is deemed to be from the date of issue.

ANNEXURE 5: SHAREHOLDER ANALYSIS

5.1 Exxaro public and non-public shareholdings 2013

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued share capital
Non-public shareholders	34	0,12	231 434 346	64,63
• Main Street 333 Proprietary Limited[1]	1		186 550 873	52,09
• Anglo South Africa Capital Proprietary Limited	1		34 730 282	9,70
• Kumba Management Share Trust	1		158 218	0,04
• Exxaro Employee Empowerment Share Trust	1		2 984 247	0,83
• Directors	8			
– D Konar			6 168	
– CJ Fauconnier[2]			48 500	0,01
– RP Mohring			1 000	
– WA de Klerk[2]			75 180	0,02
– SA Nkosi			82 284	0,02
• Subsidiary directors	18	0,06	6 797 594	1,90
Public shareholders	28 050	99,88	126 681 159	35,37
Total			358 115 505	100,00

1 Includes indirect shareholding through Main Street 333 Proprietary Limited of the following directors:

– S Dakile-Hlongwane	488 763	0,14
– SA Nkosi	9 633 100	2,69
– VZ Mntambo	5 529 881	1,54
– NL Sowazi	1 124 906	0,31
– D Zihlangu	2 818 552	0,79

2 Includes direct, indirect, beneficial and non-beneficial holdings (refer page 16 for further detail).

5.2 Registered shareholder spread

In accordance with the Listings Requirements, the following table confirms the spread of registered shareholders at 31 December 2013:

Registered shareholder spread

Shareholder spread	Number of holders	Total shareholders %	Number of shares	Issued capital %
1-1 000 shares	23 546	83,84	6 638 908	1,85
1 001-10 000 shares	3 810	13,57	10 865 340	3,03
10 001-100 000 shares	571	2,03	17 662 960	4,93
100 001-1 000 000 shares	133	0,47	37 342 255	10,43
1 000 001 shares and above	24	0,09	285 606 042	79,75
Total	28 084	100,00	358 115 505	100,00

5.3 Substantial investment management and beneficial interests above 3%

Through regular analysis of Strate registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 31 December 2013:

Investment management shareholdings

Investment manager	Total shareholding	%
Coronation Asset Management Proprietary Limited	41 809 852	11,67
PIC	21 526 491	6,01
Total	284 617 498	79,48

Beneficial shareholdings

Main Street 333 Proprietary Limited	186 550 873	52,09
Anglo South Africa Capital Proprietary Limited	34 730 282	9,70
Government Employees Pension Fund (PIC)	24 198 814	6,76
Total	245 479 969	68,55

ANNEXURE 6: KEY PERFORMANCE INDICATORS

		2013[1]	2012[2]	2011[2]	2010	2009[3]	2008[4]	2007[4]
Selected ratios								
Net financing cost cover: EBITDA	Times	10	11	22	9	7	9	6
Return on equity (ROE): attributable income	%	16	19	36	34	19	32	14
Return on capital employed (ROCE)	%	19	27	44	38	25	34	20
Return on total assets	%	19	27	43	42	28	39	24
Operating margin	%	19	43	20	15	2	19	14
Net debt/(cash): Equity	%	20	18	(1)	13	29	18	31
Share statistics								
Total shares in issue on 31 December	Million	358	358	354	358	357	355	353
• Mpower	Million	3	3		11	11	11	11
• Ordinary	Million	355	355	354	347	346	344	342
WANOS	Million	355	354	348	347	345	343	341
Diluted WANOS	Million	356	355	353	361	358	361	355
Share price as at 31 December	R	146,46	169,00	168,00	136,24	104,50	71,90	103,45
Market capitalisation at 31 December 2013	Rb	52	60	60	49	37	26	37
Net asset value per share	R	102	81	68	50	37	38	29
Dividend cover	Times	3,18	5,47	2,75	3,00	1,48	2,65	2,62
Dividend cover (core)	Times	2,63	2,61	2,62	3,00	3,56	2,65	2,62
Dividend per share	Cents	550	500	800	500	200	375	160
• Interim	Cents	235	350	300	200	100	175	60
• Final	Cents	315	150	500	300	100	200	100
Other financial information								
Capital commitments								
• Authorised and contracted	Rm	4 204	6 283	8 029	6 475	3 550	889	450
• Authorised but not yet contracted	Rm	2 826	4 208	2 413	2 490	1 420	2 711	1 278
• Operating lease commitments	Rm	212	18	59	132	92	77	126
Guarantees and contingent liabilities	Rm	2 066	1 055	1 197	1 007	717	587	201
Finance lease commitments	Rm			189	268	260	254	244
Share-based payments expenses	Rm	313	131	165	145	91	84	105
• Mpower/MPower 2012	Rm	222	87	138	115	61	72	59
• SARS, LTIP, DBP etc	Rm	91	44	27	30	30	12	46
Executive directors' remuneration	Rm	43	28	31	27	19	34	31

1 2013 ratios exclude the profit on sale of Zincor of R964 million and the net impairment charge R43 million where applicable.
2 2012 and 2011 ratios exclude the impact of impairments and other non-recurring transactions.
3 Excludes the impact of R1 435 million impairment of the KZN Sands assets in 2009.
4 2007 and 2008 include Namakwa Sands and Black Mountain's 26% interest as if effective from January 2007.

NOTES

NOTES

ADMINISTRATION

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JSE share code: EXX
ISIN code: ZAE000084992

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Commercial Bankers
Absa Bank Limited

Corporate law advisers
EOH Legal Services Proprietary Limited
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SHAREHOLDER DIARY

Financial year-end	31 December
Annual general meeting	May
Reports and accounts published	Published
Announcement of annual results	March
Annual report	April
Interim report for the half-year ending 30 June	August
Distributions	
Final dividend declaration	March
Payment	April
Interim dividend declaration	August
Payment	September/October

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