



**INTERIM FINANCIAL
RESULTS
PRESENTATION**
for the six-month
period ended
30 June 2016

exxaro

POWERING POSSIBILITY

List of acronyms used in the presentation

API4	- Benchmark price reference for RB1 export coal
CFR	- Cost and Freight
COP-21	- Conference of Parties 21 (Paris)
Cps	- Cents per share
CSA	- Coal supply agreement
DCME	- Dorstfontein coal mine east
DCMW	- Dorstfontein coal mine west
DMR	- Department of Mineral Resources
DMTN	- Domestic medium-term note
DRCM	- Decommissioning, reclamation, care and maintenance
EBIT	- Earnings before interest and tax
ECC	- Exxaro Coal Central Proprietary Limited
ESG	- Environmental, social and governance
FOB	- Free on board
FTE	- Full time employee
GDP	- Gross domestic product
GMEP	- Grooteegeluk Medupi expansion project
HEPS	- Headline earnings per share
IDC	- Industrial development corporation
IFRS	- International Financial Reporting Standards
IPP	- Independent power producer
IRR	- Internal rate of return
IWUL	- Integrated water-use licence
JSE	- JSE Limited
JV	- Joint venture
Kcal/kg	- kilocalorie per kilogram
LBMA	- London bullion market association
LED	- Local economic development
LME	- London Metal exchange

LTI	- Lost-time injury
LTIFR	- Lost-time injury frequency rate
NCC	- New Clydesdale Colliery
NOP	- Net operating profit
NPV	- Net present value
MS333	- Main Street 333 Proprietary Limited
Mt	- Million tonnes
Mtpa	- Million tonnes per annum
MW	- Megawatt
OE	- Operational excellence
PPA	- Purchase price allocation
PPE	- Property, plant and equipment
PPI	- Purchasing price index
Rm	- Rand million
Rb	- Rand billion
RB1	- Richards Bay 6000 kcal/kg thermal coal
RB3	- Richards Bay 5500 kcal/kg thermal coal
RBCT	- Richards Bay Coal Terminal Proprietary Limited
SDCT	- South Dunes Coal Terminal State-owned Company Limited
SIOC	- Sishen Iron Ore Company Proprietary Limited
TCSA	- Total Coal South Africa Proprietary Limited
TFR	- Transnet Freight Rail
TiO ₂	- Titanium dioxide
TIPP1	- Thabametsi independent power producer 1
UHDMS	- Ultra high dense medium separator
US GAAP	- United States generally accepted accounting practice
US\$	- United States dollars
VSP	- Voluntary severance package
WACC	- Weighted average cost of capital
ZAR	- South African Rand

Presentation format

- ❑ Introduction and strategy update Mxolisi Mgojo: Chief executive officer
- ❑ Operational performance and markets Nombasa Tsengwa: Executive head - coal operations
- ❑ Financial results Riaan Koppeschaar: Finance director
- ❑ Outlook and investment case Mxolisi Mgojo

INTRODUCTION AND STRATEGY UPDATE

MXOLISI MGOJO

Disclaimer

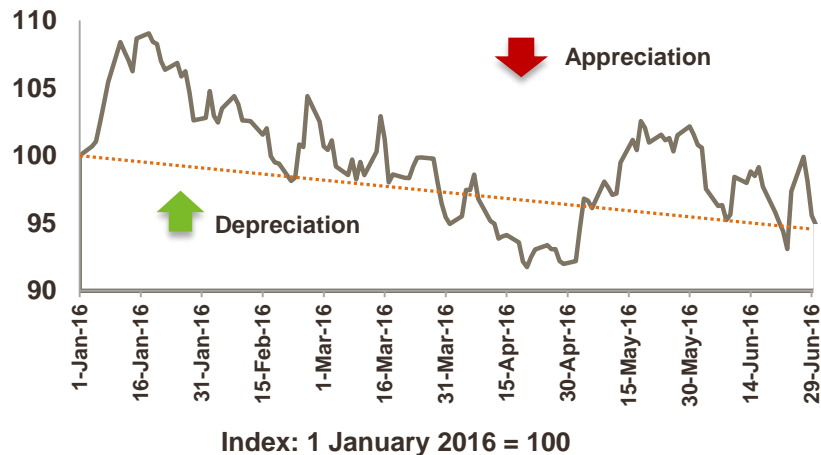
The operational and financial information on which any outlook or forecast statements are based has not been reviewed nor reported on by the external auditors. These forward-looking statements are based on management's current beliefs and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the group's operational and financial information. Exxaro undertakes no obligation to update or reverse any forward-looking statements, whether as a result of new information or future developments.

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

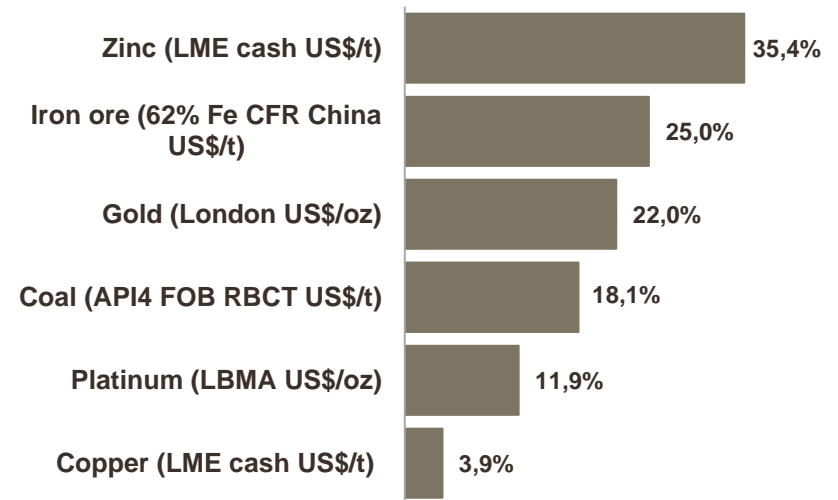
1H16 characterised by continued challenging conditions

- South Africa real GDP annual growth outlook for FY16 at 0%
- Index points percentage increase since 1 Jan 2016
 - 3%: JSE all share*
 - 46%: JSE mining**
- Share price recovered from R39 low in mid-December 2015
- Continued uncertainty around “once empowered, always empowered” principle
- BREXIT referendum long term impact on emerging economies

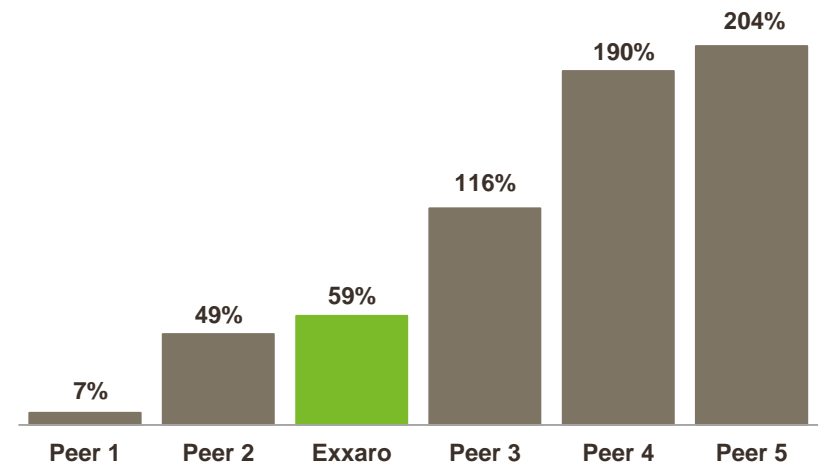
5% appreciation of the rand against the US\$



Commodity prices relief since 1 January 2016



Share price performance since 1 January 2016



1H16 performance at a glance

	1H16	Vs. 2H15	Vs. 1H15
Safe operations	<ul style="list-style-type: none"> No fatalities LTIFR of 0,08 	23 months without a fatality Improved by 53%	
Improving coal operational performance	<ul style="list-style-type: none"> Production volumes* at 21Mt Sales volumes at 22Mt Export volumes at 4Mt Core NOP at R2b NOP margin of 21% EBITDA margin of 26% 	<div> <div>↓</div> 9% </div> <div> <div>↓</div> 7% </div> <div> <div>↑</div> 8% </div> <div> <div>↓</div> 22% </div> <div> <div>↓</div> 6% </div> <div> <div></div> 32% </div>	<div> <div>↑</div> 10% </div> <div> <div>↑</div> 9% </div> <div> <div>↑</div> 78% </div> <div> <div>↑</div> 22% </div> <div> <div>↑</div> 1% </div> <div> <div></div> 25% </div>
Equity-accounted investment portfolio	<ul style="list-style-type: none"> Dividends received <ul style="list-style-type: none"> Tronox = R233m Mafube = R450m SIOC = nil 	R358m ↓ 35% nil nil	R311m ↓ 25% nil R673m
Capital discipline	<ul style="list-style-type: none"> Expansion capex reduction 	<div> <div>↑</div> 58% </div>	<div> <div>↑</div> 40% </div>
Resilient balance sheet	<ul style="list-style-type: none"> Net debt/(cash):equity ratio at 6,5% 	8,8%	(0,2%)
Shareholder returns	<ul style="list-style-type: none"> HEPS of 309 cents Core attributable earnings dividend cover: 3,5 times Interim dividend of 90 cps 	<div> <div>↑</div> 101% </div> <div> 2,3 times final = 85 cps </div>	<div> <div>↑</div> 2% </div> <div> 3,5 times interim = 65 cps </div>

A new management team with a re-invigorated strategy



Our priorities

STRUCTURE FOR RESILIENCE

- **BEE ownership <50%**
- **Maximise performance**
 - preserve cash and reduce unit cash cost
 - aim for assets within 50th percentile of cost curve
 - increase productivity and efficiency
 - drive innovation through digitised platform
 - price competitive products, diversify product and market risk

PORTFOLIO IMPROVEMENT

- **Exit Mayoko iron ore project, Black Mountain and Chifeng**
- **Evaluate Tronox and SIOC shareholding**
- **Robust coal portfolio**
- **Develop coal IPP in the Waterberg**
- **Explore new cleaner energy opportunities**

CAPITAL ALLOCATION

- **IRR and NPV differentiated**
 - mining ($\geq 1,5x$ WACC project IRR)
 - cleaner energy ($\geq 15\%$ ZAR nominal equity IRR investments)
- **Prioritise sustaining and expansion capex**
- **Debt management**
 - refinanced R8b debt facilities
- **Dividend distribution policy**
 - 2,5 to 3,5 times cover of core earnings

GROWTH

- **Secure coal volumes growth**
 - 50% of Anglo's Mafube interest
- **Exploit UHDS and fines technology in various industries**

Minimise costs, maximise operational output and optimise portfolio

Cleaner energy

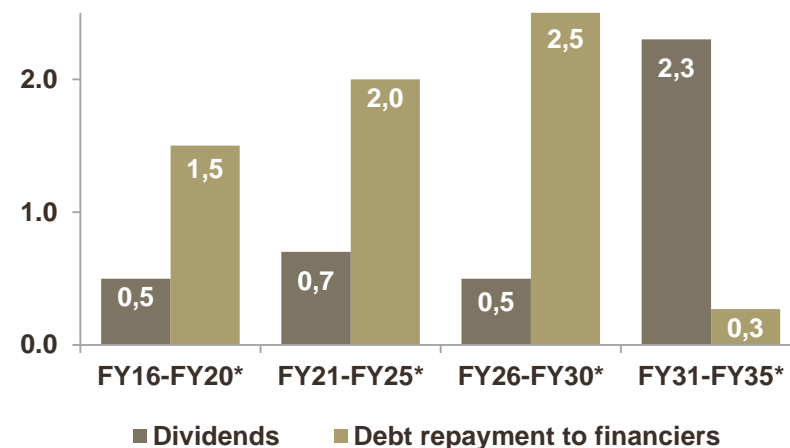
- **Energy strategy**

- project financed
- expect $\geq 15\%$ ZAR nominal equity return on future projects

- **Cennergi (50:50 JV with Tata Power)**

- two wind farm projects
- under the second window of the renewable energy independent power producer procurement programme
- within budget and on time
- multi-stakeholder partnership between land-owners, communities, local government
- 20 year government supported power purchase agreement with Eskom

Exxaro 50% share of forecast dividends and debt repayment profile (Rb)



Project facts

	Capacity (MW)	Exxaro commit- ment (Rm)	Expected nominal equity IRR (%)	Commercial operation status date
AEWF**	134	395	≥ 20	28/07/16
TCWF#	95	374	≥ 20	3Q16

OPERATIONAL PERFORMANCE AND MARKETS

NOMBASA TSENGWA

Safety, health, environment and community

- **Safety and health**

- No fatalities
- LTIFR improved by 53% to 0,08
- LTI improved by 56% against 2H15
- Routine assessment of occupational and chronic diseases to create awareness

- **Key environmental risks**

- Climate change
 - aligning group strategy post COP-21 agreement
- Water stewardship
 - reverse osmosis water treatment plants
 - Matla: 7 mega litres (operational)
 - NBC: 1 to 1,5 mega litres (under construction)

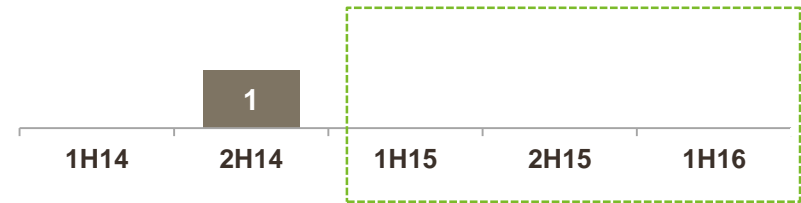
- **Authorisations**

- Operating mines at 100% authorisation levels
- New and expansion projects – on track per project timelines

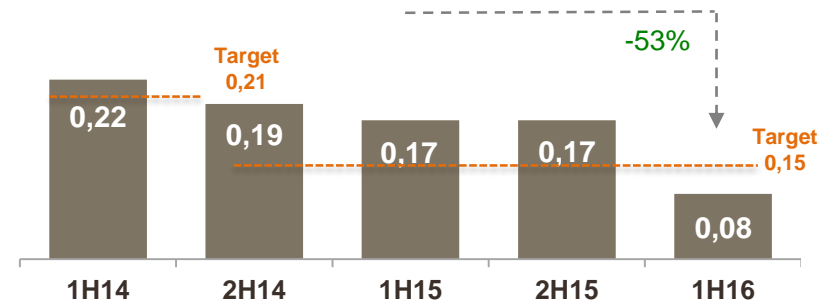
- **Community**

- Focus areas:
 - education
 - skills and enterprise development
 - infrastructure

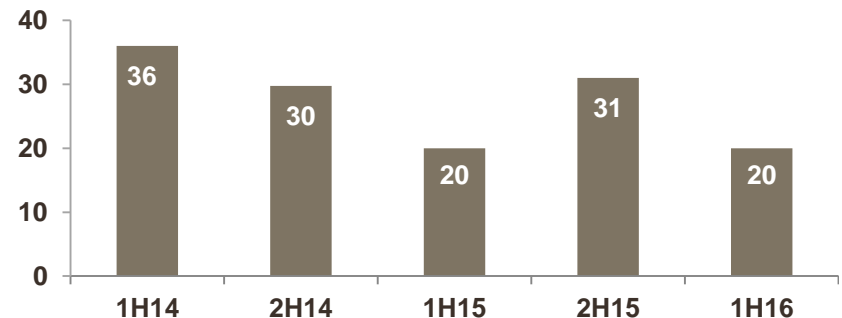
Reportable fatalities



LTIFR



LED projects spend (Rm)



Coal portfolio: recent developments

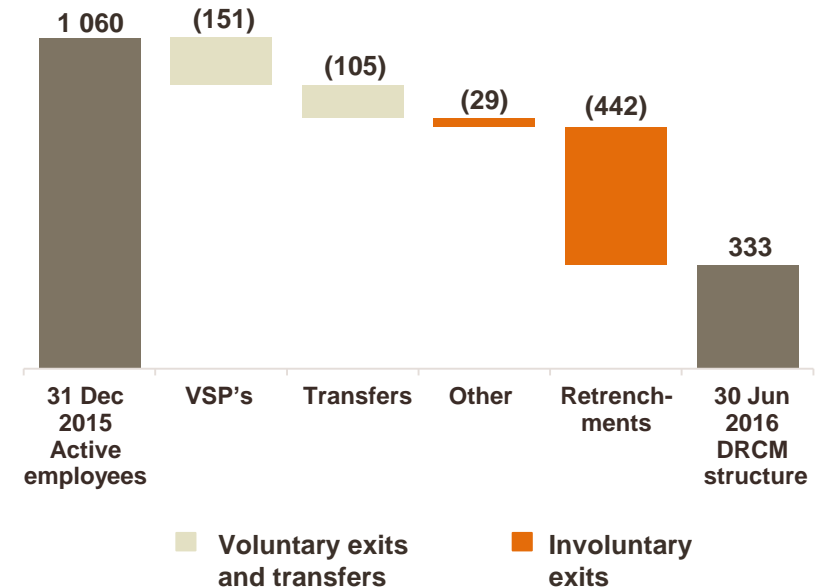
– Arnot closure

- Section 189 consultation process complete
- Reclamation of assets from underground and plant areas as agreed with Eskom
- Ongoing stakeholder engagement
- Arbitration proceedings on CSA obligations commenced
 - statement of claim submitted
 - expected to continue into FY17
 - to determine Eskom's post closure rehabilitation liability

– Inyanda disposal

- The section 11 transfer of mining right to the buyers submitted to the DMR
- Transaction under Competition Commission review

Arnot employee movements



Coal production volumes

Tonnage movement (Mt)

Vs. 2H15

1H16 reduction due to closure

(1,2)

- Inyanda
- Arnot

(0,5)

(0,7)

1H16 increase due to addition

0,7

- ECC

0,7

1H16 decrease due to Addendum 9

(1,7)

2H16 forecast movements

1,6

- GG10
- Matla
- Other GG
- Buy-ins

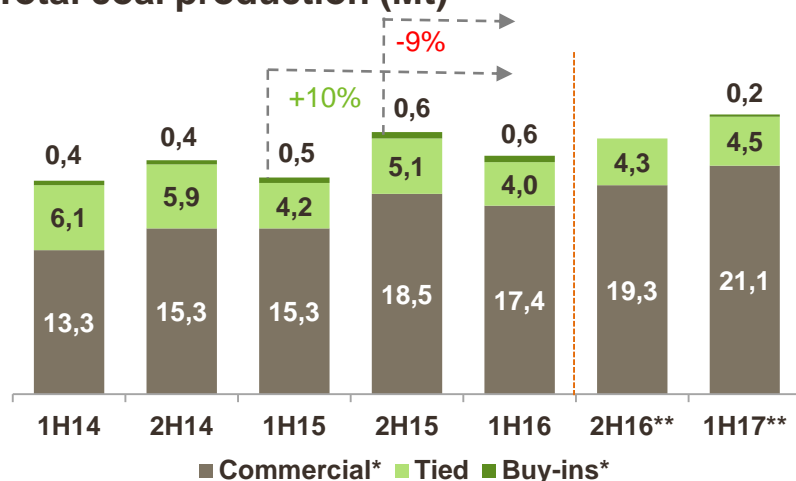
0,1

0,3

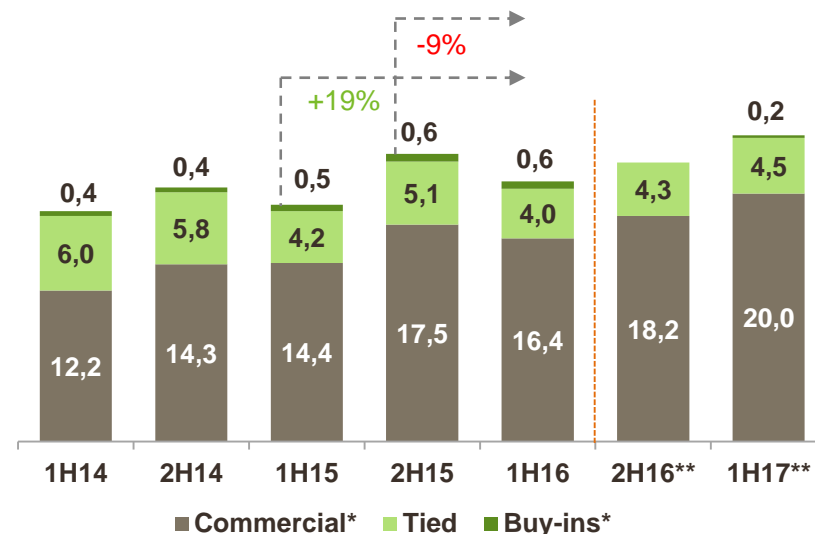
1,8

(0,6)

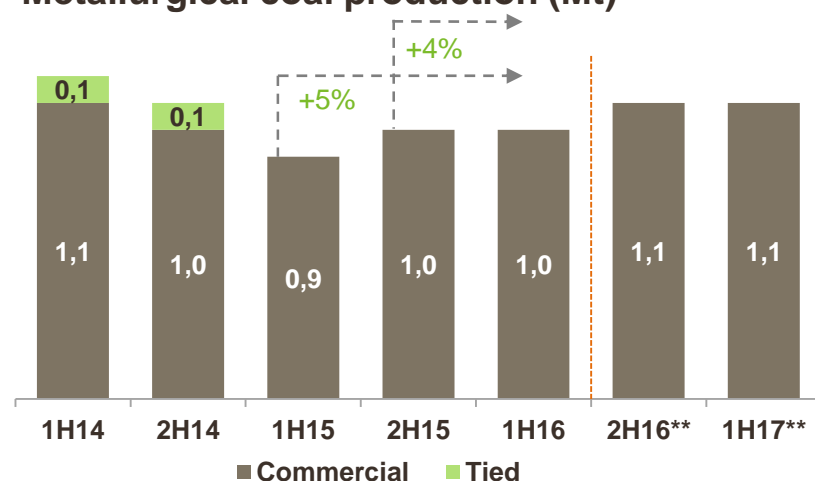
Total coal production (Mt)



Thermal coal production (Mt)



Metallurgical coal production (Mt)



Coal sales volumes

Total tonnage movement (Mt)

Vs. 2H15

1H16 reduction due to closure

- Inyanda

- Arnot

1H16 increase due to addition

- ECC

1H16 Eskom sales

- Grooteegeluk

- Leeuwpan

(1,2)

(0,5)

(0,7)

0,4

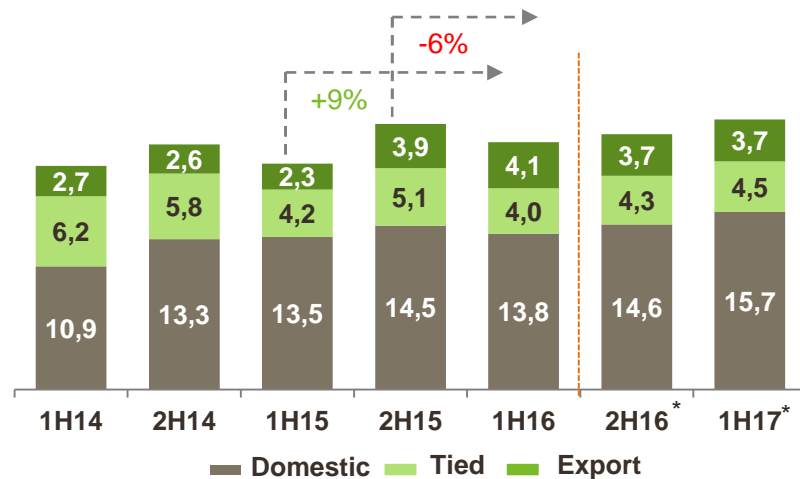
0,4

(1,5)

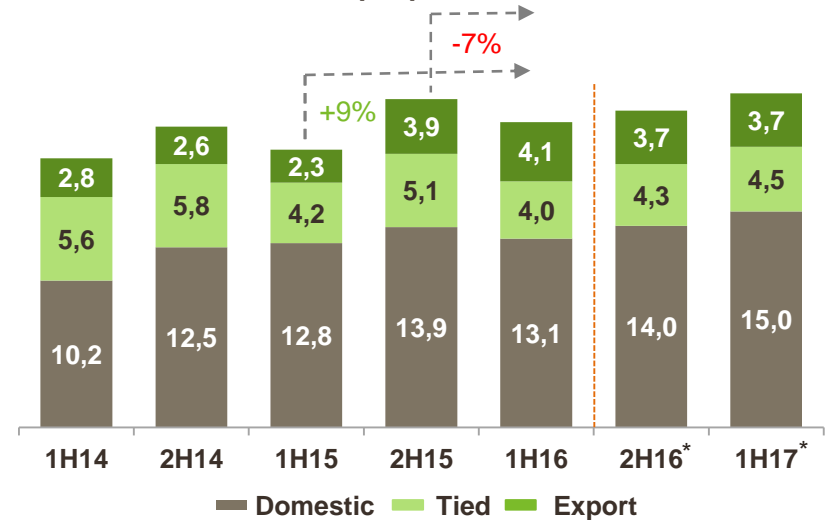
(0,9)

(0,6)

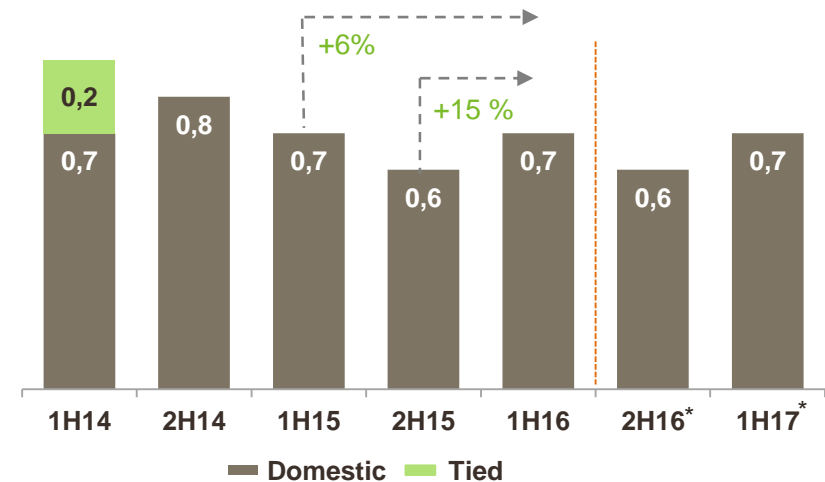
Total coal sales (Mt)



Thermal coal sales (Mt)



Metallurgical coal sales (Mt)



Coal export volumes

Export tonnage movement (Mt) Vs. 2H15

1H16 reduction due to closure (0,5)

• Inyanda (0,5)

1H16 increase due to addition 0,5

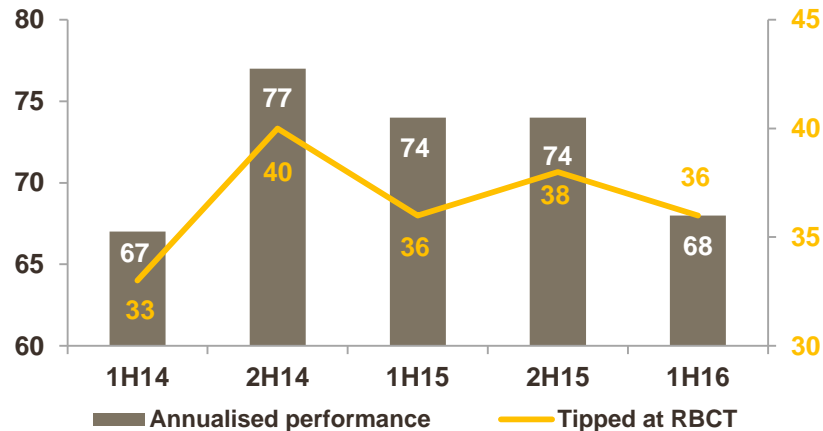
• ECC 0,5

Other power station exports 0,5

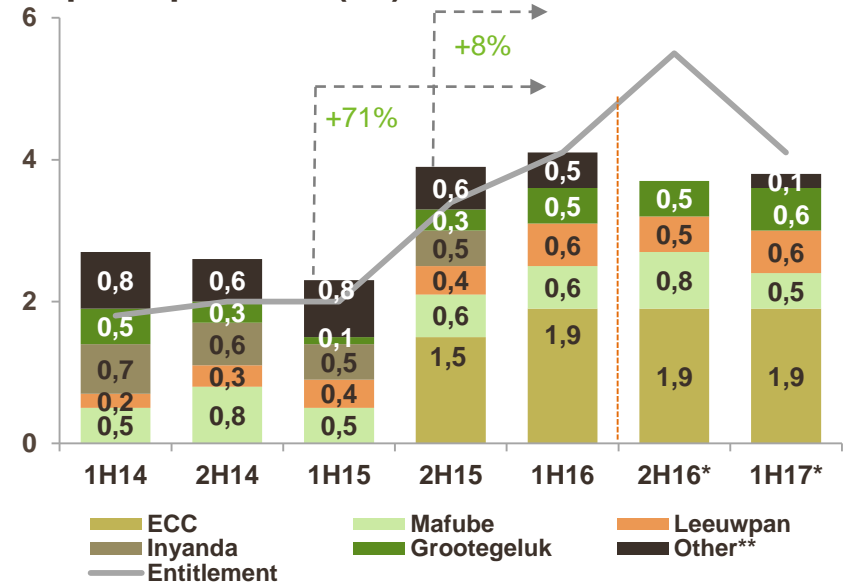
• Leeuwpán 0,2

• Mafube 0,3

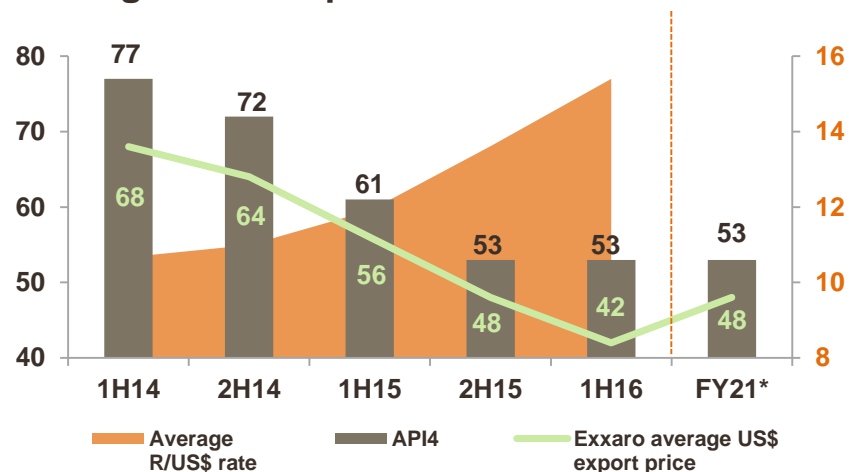
Export coal railed to RBCT by TFR#



Exports per mine (Mt)

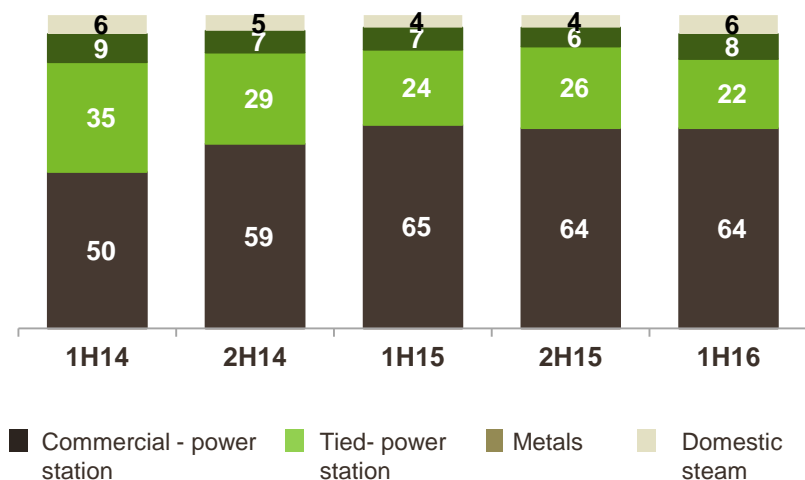


Average realised prices

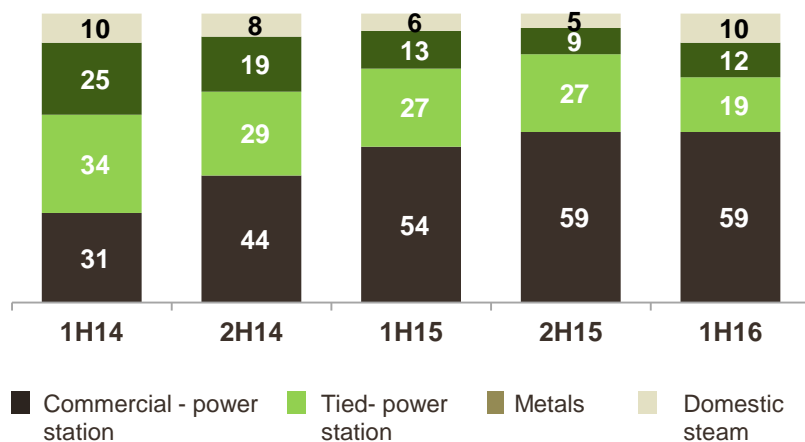


Coal domestic and export markets

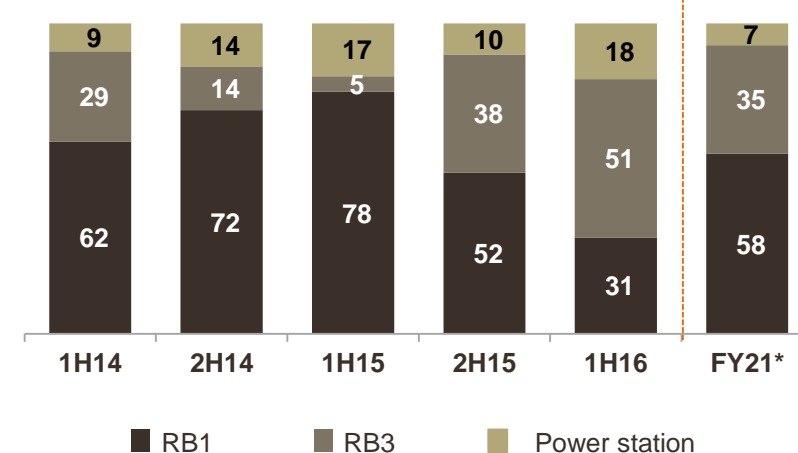
Domestic volumes (%)



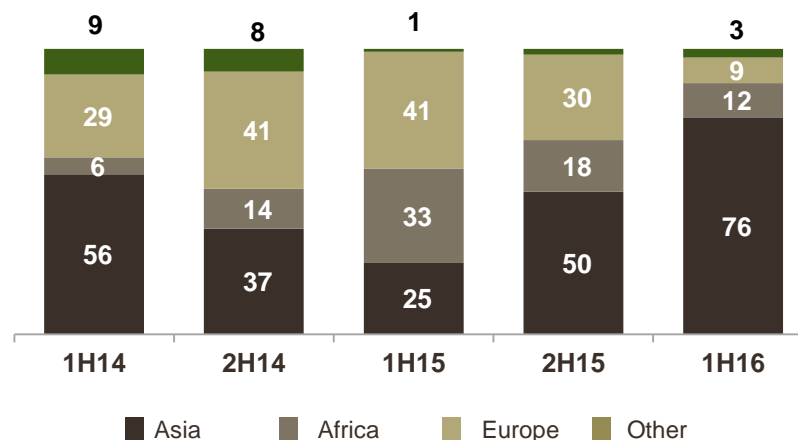
Domestic revenue (%)



Export product mix (%)



Export sales destinations (%)



ECC optimisation

IMPLEMENTED

- **Resource to market optimisation**
 - optimised export product to 4 800 and 5 000 kcal/kg
 - maintained 5 800 kcal/kg domestic product
 - synergies within Exxaro and adjacencies
- **Reserve optimisation**
 - mined through dykes to access available reserves
- **Cost optimisation**
 - closed Illovo office, optimised labour costs
 - contract mining contractor optimisation
 - closed high strip ratio DCME Pit 2
 - alternative asset finance: continuous miner finance lease

SHORT TERM (IN PROGRESS)

- **Resource to market optimisation**
 - install Bivitech DCMW (increase yield)
- **Reserve optimisation**
 - review geological models
 - increase confidence by reducing reserve base
 - review operations under care and maintenance (Forzando and Tumelo)
 - DCME 4 and 2 seam underground mining
 - opencast DCME pit extension
- **Other**
 - capital requirements
 - fit-for-purpose equipment
 - entrench operational excellence

MEDIUM TERM (PLANNED)

- **Resource to market optimisation**
 - Eskom market: 5 000 kcal/kg
 - adjacent reserve synergies

Coal mega projects*

2H16	<ul style="list-style-type: none"> Engagement with Eskom on Medupi Addendum 10 continues Belfast IWUL and rezoning authorised Belfast construction commences Thabametsi coal IPP awaits preferred bidder announcement GG6 phase 2 design investment decision 4Q16 GG rapid load-out station – detail design GG10 commissioning and ramp-up
1H17	<ul style="list-style-type: none"> Belfast construction continues Thabametsi mine phase 1 construction commences GG6 phase 2 construction commences GG rapid load-out station construction commences
2H17 to FY18	<ul style="list-style-type: none"> Belfast construction continues Thabametsi mine phase 1 construction continues GG6 phase 2 construction continues GG rapid load-out station construction continues

Belfast

- Capex: R3,0b
- Product: 2,7Mtpa of thermal coal
- 1st production: 4Q19 (previous guidance: 3Q18) due to re-zoning process, which has now been approved (appeal imminent)

GG10

- Capex: R0,25b
- Product: ~750Ktpa (previous guidance: ~1Mtpa) of thermal/metallurgical coal
- 1st production: 2Q16

GG6 phase 2

- Capex: R4,1b
- Product: 2,7Mtpa of thermal coal
- 1st production: FY19

Thabametsi phase 1

- Capex: R2,8b
- Product: 3,9Mtpa of thermal coal
- 1st production: FY20 EIA approved, but appealed

Rapid load-out station

- Capex: R1,3b
- Load capacity: 12Mtpa
- 1st production: 2Q19

FINANCIAL RESULTS

RIAAN KOPPESCHAAR

Continued resilient performance: 1H16 vs. 2H15

Coal operations

- Core coal NOP of R2b, down 22%
- EBIT margins of 21%

SIOC

- R745m core post-tax equity-accounted income, up 125%
- No dividends declared

Tronox

- R921m core post-tax equity loss
- R233m dividend received

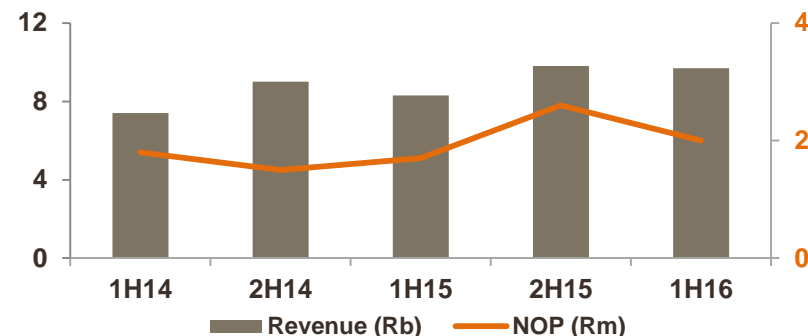
Mafube

- R450m dividend received

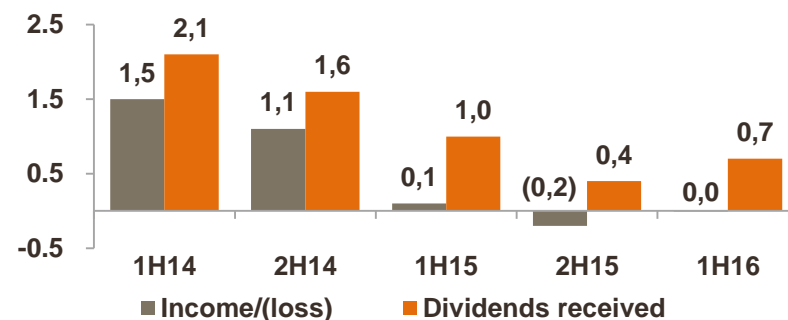
Group

- Net debt : equity of 6,5%
- R217m capex reduction
- Cost savings
 - R110m labour bill savings since VSP
 - R150m reduction in procurement costs
- Higher rehabilitation provision expense
- Interim dividend of 90 cps

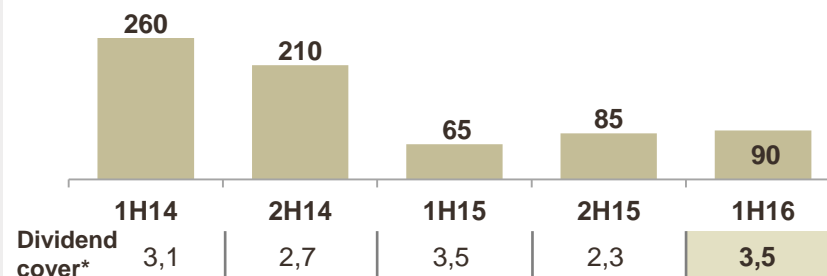
Core coal revenue and NOP



Core contribution from equity-accounted investments (Rb)

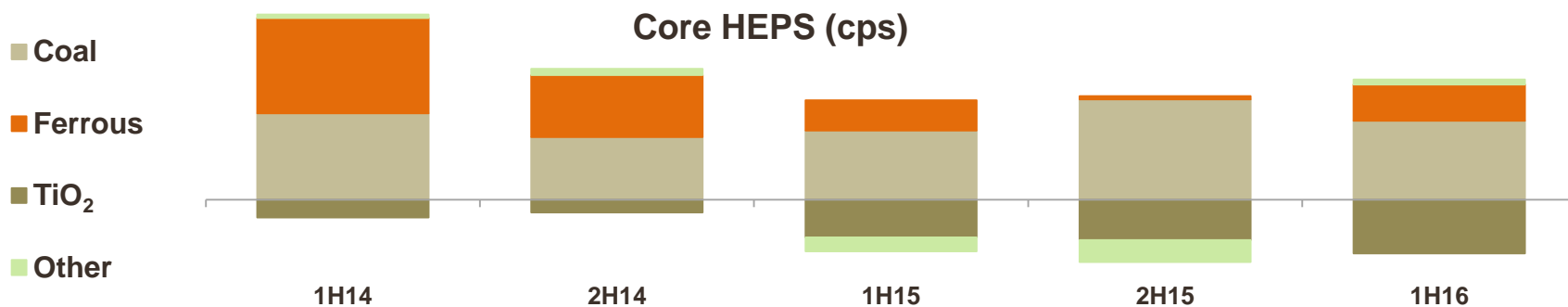


Dividend (cps)



Financial overview: HEPS contribution to group*

	1H16 Cents	Contribution %	2H15 Cents	Contribution %	(Decrease)/ increase % contribution 1H16 vs 2H15	1H15 Cents	Contribution %	Increase/ (decrease) contribution % 1H16 vs 1H15
JSE HEPS	309	100	154	100		303	100	
– Coal	380	123	454	295	(172)	329	109	14
– Ferrous	174	56	7	5	51	146	48	8
– TiO ₂	(262)	(85)	(232)	(151)	66	(186)	(61)	(24)
– Other	17	6	(75)	(49)	55	14	4	2
Core HEPS	319	100	197	100		228	100	
– Coal	380	119	483	245	(126)	332	146	(27)
– Ferrous	174	55	15	8	47	146	64	(9)
– TiO ₂	(259)	(81)	(195)	(99)	18	(183)	(80)	(1)
– Other	24	7	(106)	(54)	61	(67)	(30)	37



Financial overview: group IFRS*

<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Revenue	9 762	10 006	(2)	8 324	17
Operating expenses	(7 603)	(6 895)	(10)	(6 513)	(17)
Impairment charges		(1 749)			
Net operating profit	2 159	1 362	59	1 811	19
Net operating profit margin (%)	22	14	8	22	
Post-tax equity-accounted (loss)/income	(9)	(1 220)	99	83	(111)
Attributable earnings/(loss): owners of parent	1 285	(871)		1 167	10
Headline earnings**	1 096	546	101	1 077	2
Cash generated by operations	2 183	2 196	(1)	2 330	(6)
Capital expenditure	1 172	1 389	(16)	1 001	17
Net debt/(cash)**	2 278	3 012	24	(55)	
Attributable earnings/(loss) per share (cents)	362	(246)		329	10
Headline earnings per share (cents)	309	154	101	303	2
Average R/US\$ rate					
– Realised	14,92	13,46	11	11,94	25
– Spot	15,39	13,64	13	11,91	29

Financial overview: group non-core adjustments

<i>R million</i>	1H16	2H15	1H15
Voluntary severance packages	(21)	(368)	(40)
Impairment charges		(1 749)	
Realised foreign exchange gain on TCSA acquisition price		432	315
Restructuring of offshore companies and sales of other non-core assets	(42)	1 099	94
Profit on restructuring of SDCT	203		
Share of associates' non-core adjustments	17	(1 012)	(13)
Tax and other	(5)	28	
Total non-core adjustment impact on attributable earnings	152	(1 570)	356
– Net operating profit impact	134	(586)	369
– Tax	1	28	
– Share of associates' non-core adjustments net of tax	17	(1 012)	(13)

Non-core

<i>1H16 impact on:</i>	IFRS	NOP	Tax	Core
Net operating profit	2 159	(134)		2 025
Tax on items with impact on NOP			(1)	(1)
Post-tax equity-accounted loss	(9)	(17)		(26)
Headline earnings	1 096	37		1 133

Financial overview: group core*

<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Revenue	9 762	10 006	(2)	8 324	17
Operating expenses	(7 737)	(8 058)	4	(6 882)	(12)
Net operating profit	2 025	1 948	4	1 442	40
Net operating profit margin (%)	21	19	2	17	4
Post-tax equity-accounted (loss)/income	(26)	(208)	88	96	(127)
Headline earnings	1 133	699	62	811	40
Headline earnings per share (cents)	319	197	62	228	40
Capital expenditure	1 172	1 389	(16)	1 001	17
Net debt/(cash)	2 278	3 012	24	(55)	

Financial overview: coal core

<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Revenue	9 718	9 876	(2)	8 217	18
– Tied operations	1 659	1 988	(17)	1 847	(10)
– Commercial operations	8 059	7 888	2	6 370	27
Net operating profit	2 044	2 621	(22)	1 675	22
– Tied operations	122	141	(13)	102	20
– Commercial operations	1 922	2 480	(23)	1 573	22
Net operating margin (%)	21	27	(6)	20	1
Post-tax equity-accounted income	74	119	(38)	132	(44)
– Mafube	84	121	(31)	132	(36)
– RBCT	(10)	(4)	(150)		
– SDCT		2			
Capital expenditure	1 158	1 357	(15)	956	21
Headline earnings contribution to group	1 350	1 713	(21)	1 179	15
HEPS contribution to group (cents)	380	483	(21)	332	15
Average API4 export price (US\$/tonne)	53	53		61	(13)
Average export price realised					
– US\$/tonne	42	48	(13)	56	(25)
– R/tonne	650	614	6	664	(2)

Coal contribution: core (owner-controlled)

Revenue

- 13% decrease in realised US\$ export prices
- 6% decrease in sales volumes (mainly Eskom)

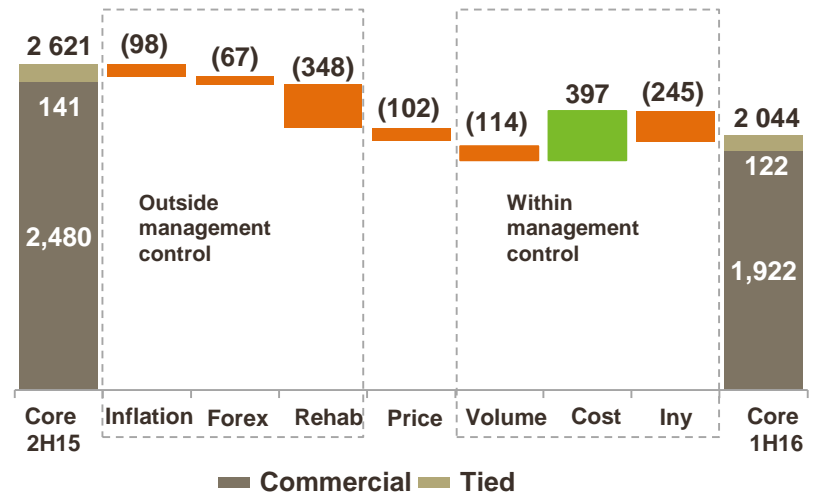
Net operating profit

- 22% decrease
- ECC 1H16 contribution of R110m
- R245m gap due to Inyanda closure
- 6% cost savings
- Lower discount rates resulted in higher rehabilitation expense

Revenue variance analysis (Rb)



Net operating profit variance analysis (Rm)

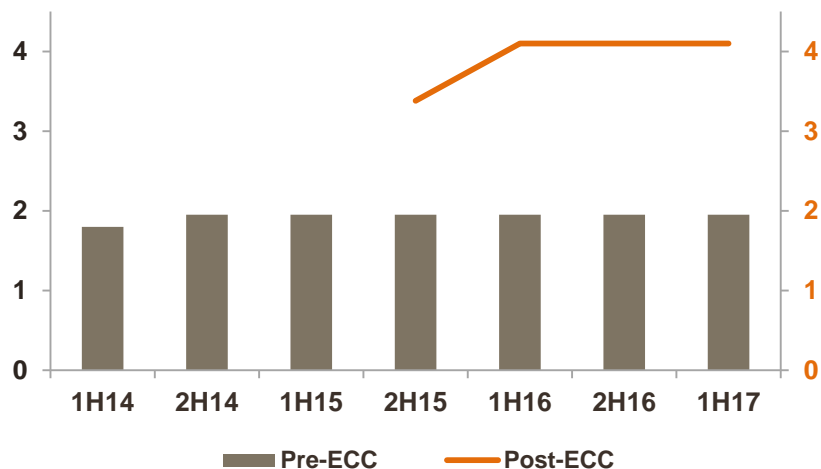


ECC financial contribution to the group

Cost savings

- R2m - Illovo office closure
- R3m - S189 labour optimisation
- R90m - reduction of high strip ratio at DCME Pit 2, which is now closed

RBCT entitlement (Mt)



Key performance

	Unit	1H16	2H15
Volumes			
Production	Mt	2 021	1 365
Sales	Mt	189	98
Exports	Mt	1 879	1 469
Financials			
Revenue	Rm	1 181	827
Net operating profit	Rm	110	17
NOP margin	%	9	2
EBITDA	Rm	131	24
Headline earnings contribution to group	Rm	44	28
HEPS contribution to group	cents	12	8
Sustaining capital expenditure	Rm	83	97

Grootegeeluk 7/8 plants production and sales profile

Sales (Mt)

	Matimba		Medupi		Total	
	P*	C**	P	C	P	C
2013	14,5	14,5			14,5	14,5
2014	12,4	12,4	3,1	3,1	15,5	15,5
2015	12,7	11,0	8,9	8,5	21,6	19,5
2016	12,7	12,7	7,2	7,0	19,8	19,7
– 1H16		6,0		3,3		9,3
– 2H16#		6,7		3,7		10,4
2017	12,7	12,7	9,4	9,4	22,1	22,1
2018	12,7	12,7	12,5	12,5	25,2	25,2
2019 onwards	12,7	12,7	12,5	12,5	25,2	25,2

Addendum 9 settlement

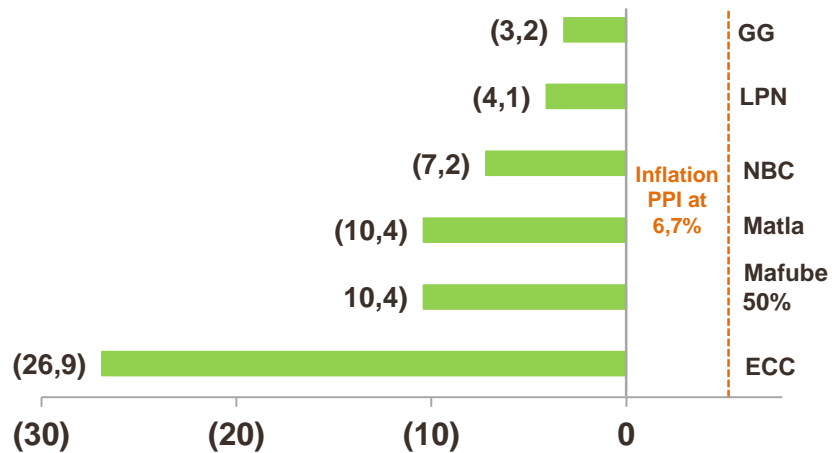
	Production (Mt)	Take-or-pay (Mt)
2014	3,1	3,2
2015	8,9	2,3
2016	7,2	6,9
– 1H16	4,6	3,4
– 2H16#	2,6	3,5
2017	9,4	3,0
2018	12,5	1,7
Total	41,1	17,0

Medupi shortfall

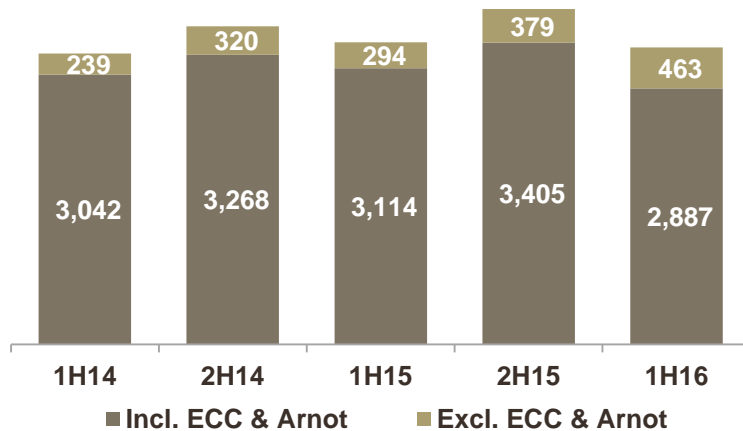
	Mt	Premium (Rm)	Shortfall (Rm)
2013			1 594
2014	3,2	677	1 466
2015	2,3	646	
2016			
– 1H16		625	
– 2H16#		612## plus PPI	

Operational excellence

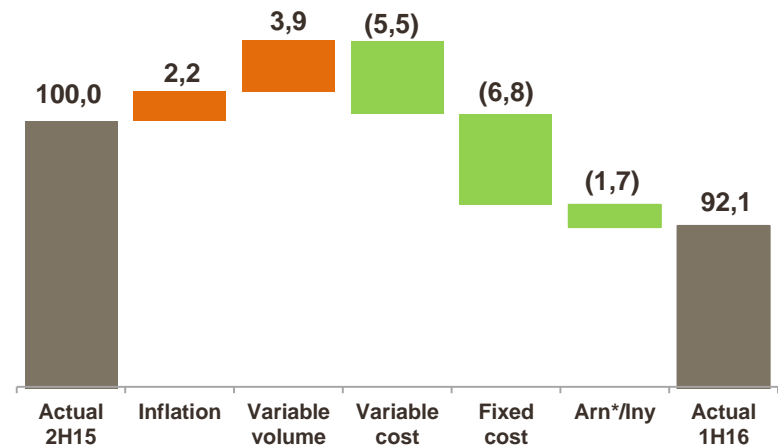
Unit cash cost decrease Dec 2015 vs. June 2016 (%)



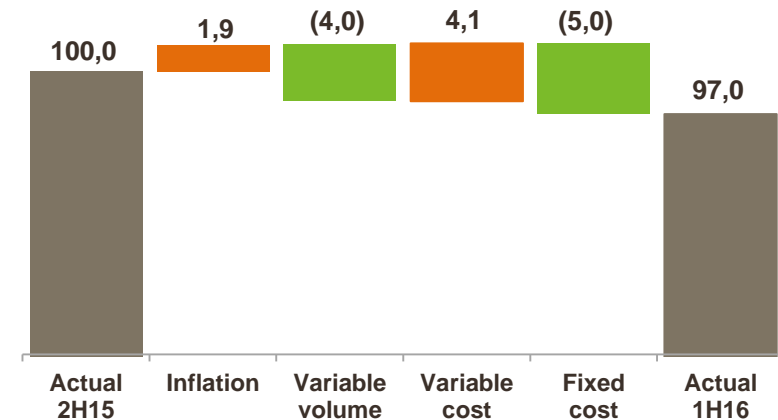
Final product (tonnes per FTE)



Coal cash cost (Rm indexed)



Grootegeeluk cash cost (Rm indexed)



Group net operating profit: core (2H15 vs 1H16)

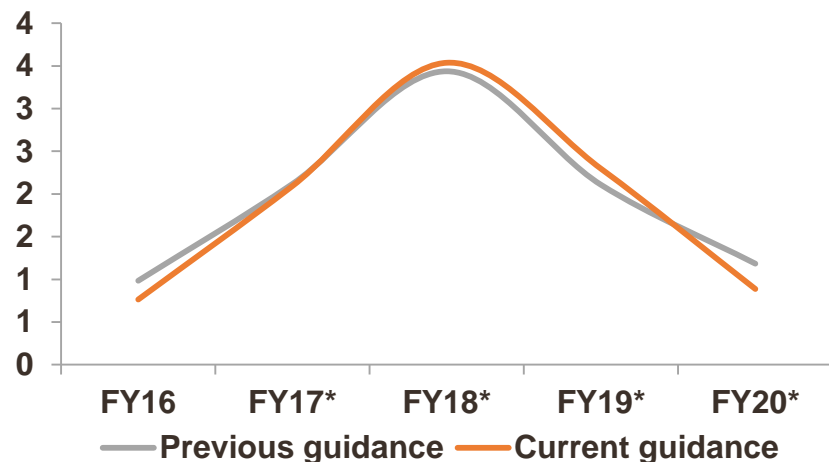
R million



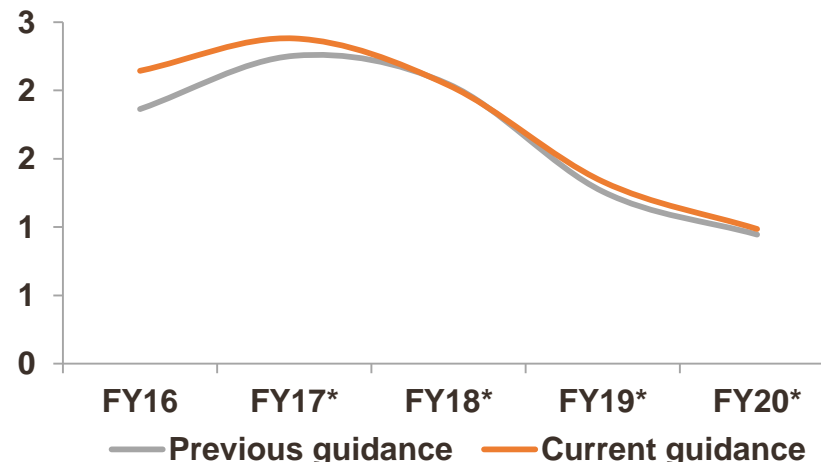
	IFRS 2H15	Non-core items	Core 2H15	Inflation	Forex	Rehab	Price	Volume	Cost	Inyanda	Core 1H16	Non-core items	IFRS 1H16
Coal	910	1 711	2 621	(98)	(67)	(348)	(102)	(114)	397	(245)	2 044	188	2 232
Ferrous	(258)	(21)	(279)	(4)	16	(3)	6	(34)	245		(53)	1	(52)
Other	710	(1 104)	(394)		257	(5)		(4)	180		34	(55)	(21)
Total	1 362	586	1 948	(102)	206	(356)	(96)	(152)	822	(245)	2 025	134	2 159

Coal capital expenditure

Expansion capital profile (Rb)



Sustaining capital profile (Rb)



Total capital expenditure (Rm)

	Actual			Estimate*				
	1H15	2H15	1H16	FY16	FY17	FY18	FY19	FY20
Sustaining	658	939	981	2 144	2 381	2 038	1 333	986
Expansion	298	418	177	764	2 094	3 537	2 295	887
Total	956	1 357	1 158	2 908	4 475	5 575	3 628	1 873
– Waterberg	852	1 119	944	2 179	2 357	3 960	3 083	1 515
– Other	104	238	214	729	2 118	1 615	545	358
Previous guidance March 2016			1 424	2 848	4 372	5 483	3 367	2 129

Mayoko iron ore project update

1H16 performance

- Reduced net operating loss by 83% to R47m
- Net cash outflow of R10m

Project update

- Mining convention not yet ratified
 - passed by council of minister and supreme court
 - await outcome of parliament
- Agreement to sell group of companies that house the project signed in July 2016
 - local Congolese consortium
 - conditions precedent: regulatory approvals to the sale of shares
 - transfer of all assets, liabilities and associated risks

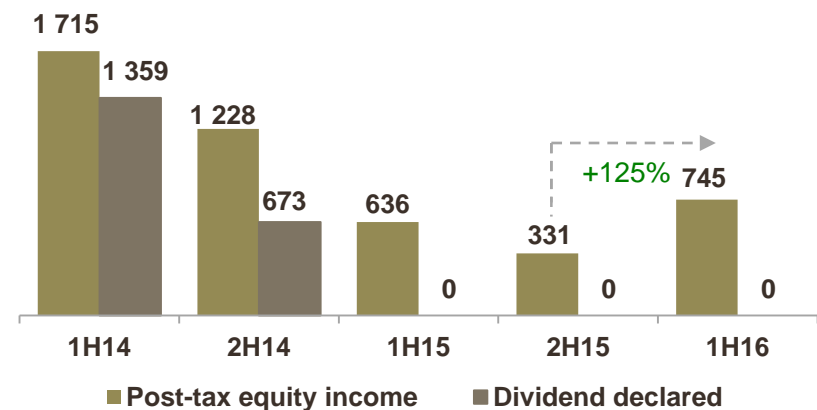
2H16* expected expenditure

- R30m operating expenses
- R33m cash outflow



Non-controlled investments: core

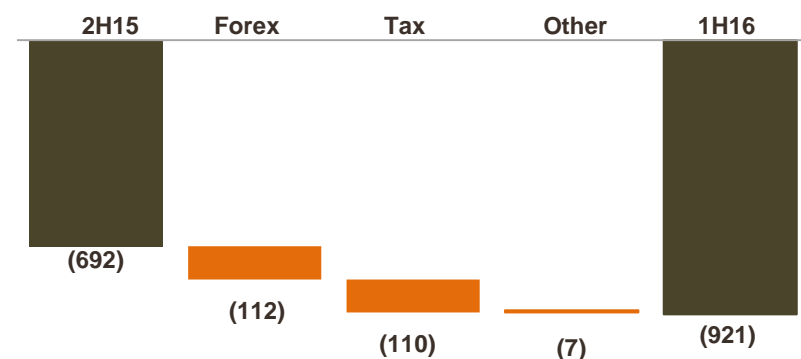
SIOC contribution (Rm)



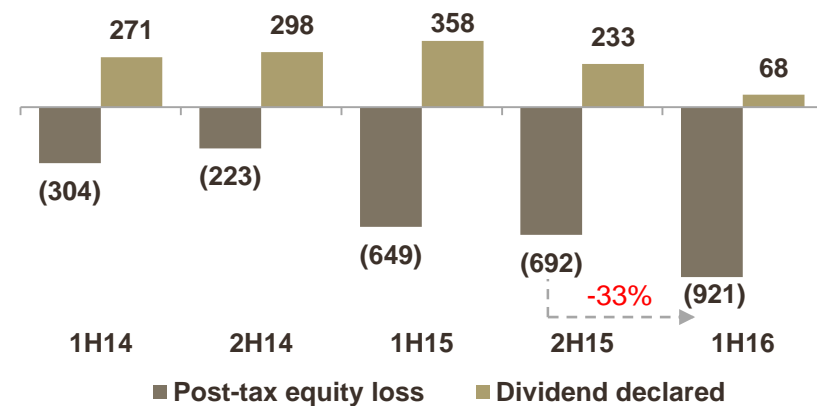
Dividend cover (times)

1,3 | 1,7 | 0 | 0 | 0

Tronox contribution unpacked (Rm)



Tronox contribution (Rm)



US\$ cents dividend*

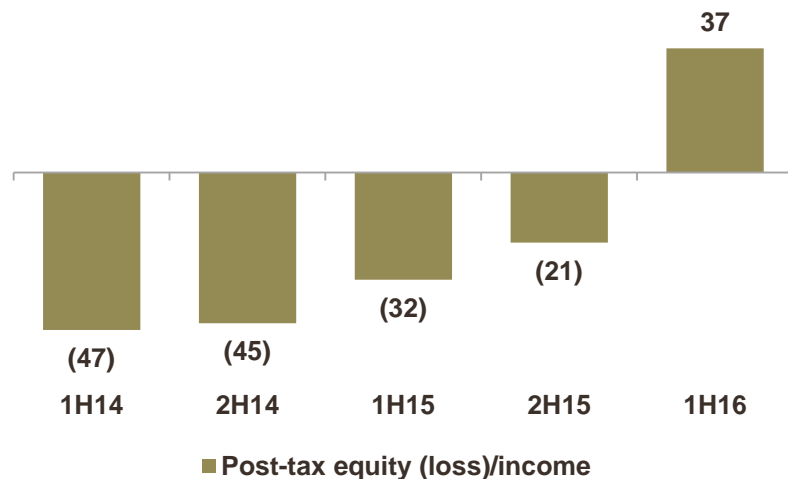
50 | 50 | 50 | 50 | 30

Tronox contribution 1H16 (Rm)

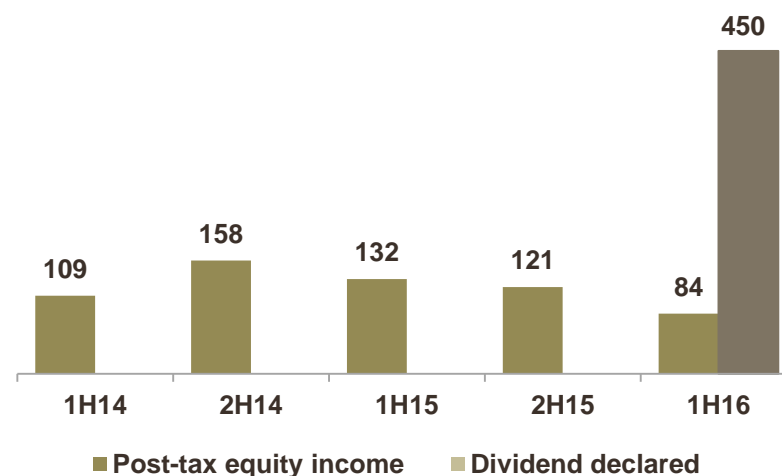
	Effective share	Tronox (remainder)	Tronox SA
Equity-accounted (loss)/income	(921)	(958)	37
Add back PPA	122	67	55
Contribution (excl PPA)	(799)	(891)	92

Non-controlled investments: core (cont.)

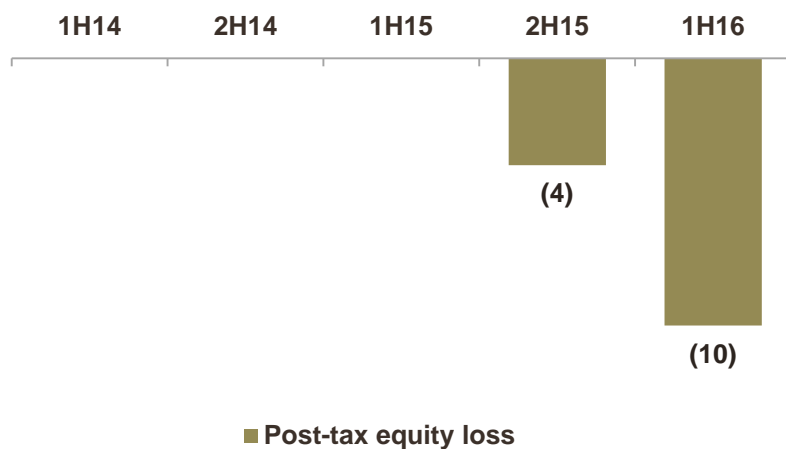
Cennergi contribution (Rm)



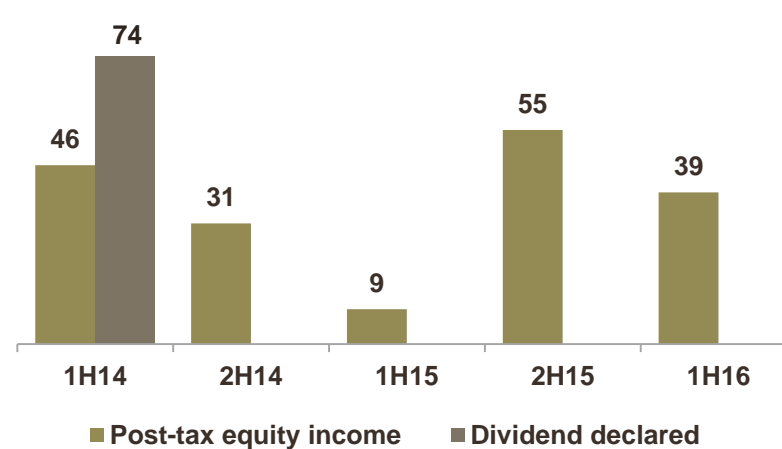
Mafube contribution (Rm)



RBCT contribution (Rm)



Black Mountain contribution (Rm)

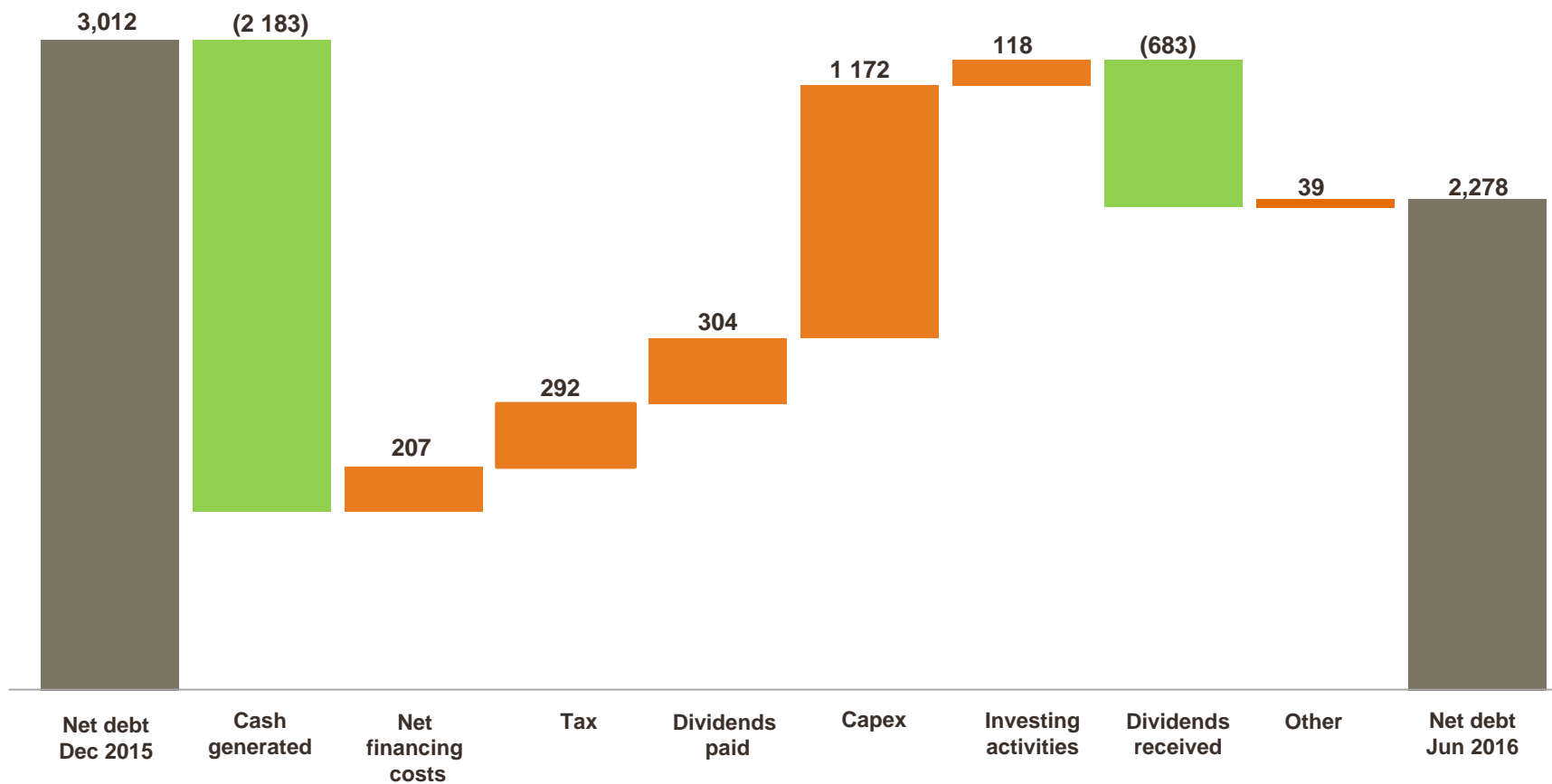


Attributable earnings: core

<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Net operating profit	2 025	1 948	4	1 442	40
Net financing cost	(334)	(342)	2	(326)	(2)
Income from other investments				1	
Post-tax equity-accounted (loss)/income	(26)	(208)	88	96	(127)
– SIOC	745	331	125	636	17
– Tronox	(921)	(692)	(33)	(649)	(42)
– Mafube	84	121	(31)	132	(36)
– Cennergi	37	(21)		(32)	
– Black Mountain	39	55	(29)	9	
– RBCT	(10)	(4)	(150)		
– SDCT		2			
Tax	(566)	(728)	22	(402)	(41)
Non-controlling interests	34	29	14		
Attributable earnings: owners of parent	1 133	699	62	811	40
Attributable earnings per share (cents)	319	197	62	228	40

Net debt variance

R million



Debt and key performance indicators

	Target	1H16	2H15	1H15
Bank covenants*				
– Net debt: equity (%)	<80	21	23	6
– EBITDA interest cover (times) (12 months)	>4	13	12	11
– Net debt: EBITDA (times)** (12 months)	<2,5	1	1	0,2
Internal key performance indicators				
– EBITDA interest cover (times)	>4	8	10	7
– Return on equity: headline earnings (%) (12 months)		5	5	9
– Return on capital employed (%) (12 months)	>20	12	12	11
– Net debt/(cash): market capitalisation exposure (%)		9	19	(0,2)
– Net debt/(cash): equity (%)	<40	6,5	8,8	(0,2)
– Net debt/(cash): EBITDA (times)** (12 months)	<2	0,3	0,4	(0,01)

Capital funding structure

	Facilities available (Rm)			Maturity profile of debt (Rm)	
	<i>Drawn</i>	<i>Undrawn/ committed</i>	<i>Undrawn/ unissued</i>	<i>Repayment year</i>	
Term loan and revolving facility	3 500	4 500		2H16 – 1H17	1 584
DMTN programme	1 000		4 000	2H17 – 1H18	1 012
Interest bearing borrowings	4 500			2H18 – 1H19	1 529
Finance lease liabilities	57			2H19 – 1H20	498
Net interest and capitalised transaction costs	66				<u>4 623</u>
Total interest bearing borrowings	4 623				
– Current	1 584				
– Non-current	3 039				
Net cash and cash equivalents	(2 345)				
Net debt	2 278				

Refinancing of R8b debt facilities subsequent to 30 June 2016

Five year term tranches:

- R3,25 billion bullet term loan facility
- R2,75 billion revolving credit facility

Seven year term tranche:

- R2,00 billion amortised term loan facility

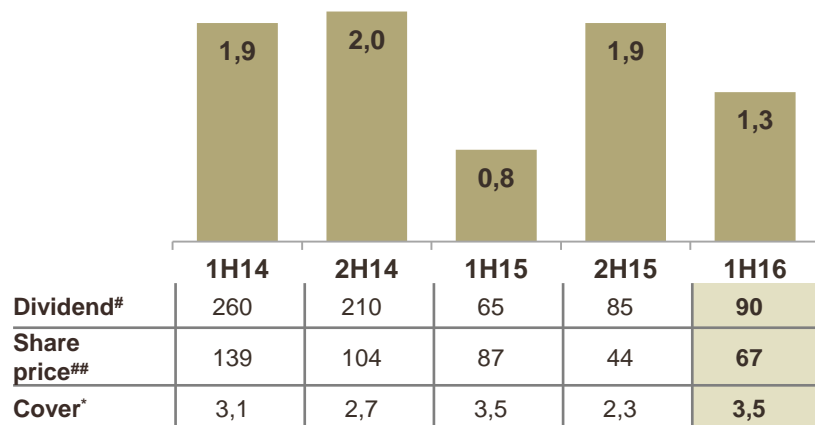
Dividend

Pay-out policy

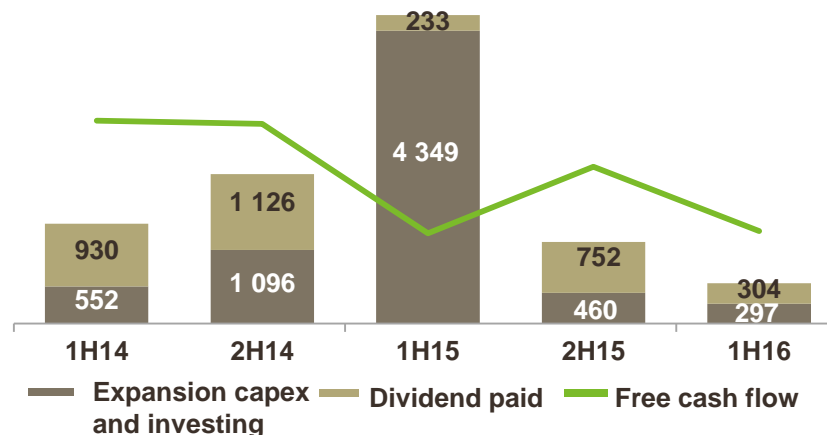
- 2,5 to 3,5 times core attributable earnings cover
- Cognisant of capital requirements and operating environment
- Balancing stakeholder needs with strength of financial position

	Interim 30 Jun		Final 31 Dec	Total 31 Dec
	2016	2015	2015	2015
Attributable earnings per share* (cents)	324	228	197	425
Dividend declared per share (cents)	90	65	85	150
Dividend cover* (times)	3,5	3,5	2,3	2,8
Dividend declared (Rm)	322	233	304	537
– BEE Holdco	167	121	158	279
– Anglo**	32	23	30	53
– Public	120	87	114	201
– Employee empowerment (Mpower 2012)	3	2	2	4

Dividend yield (%)



Free cash flow analysis (Rm)



Black economic empowerment update

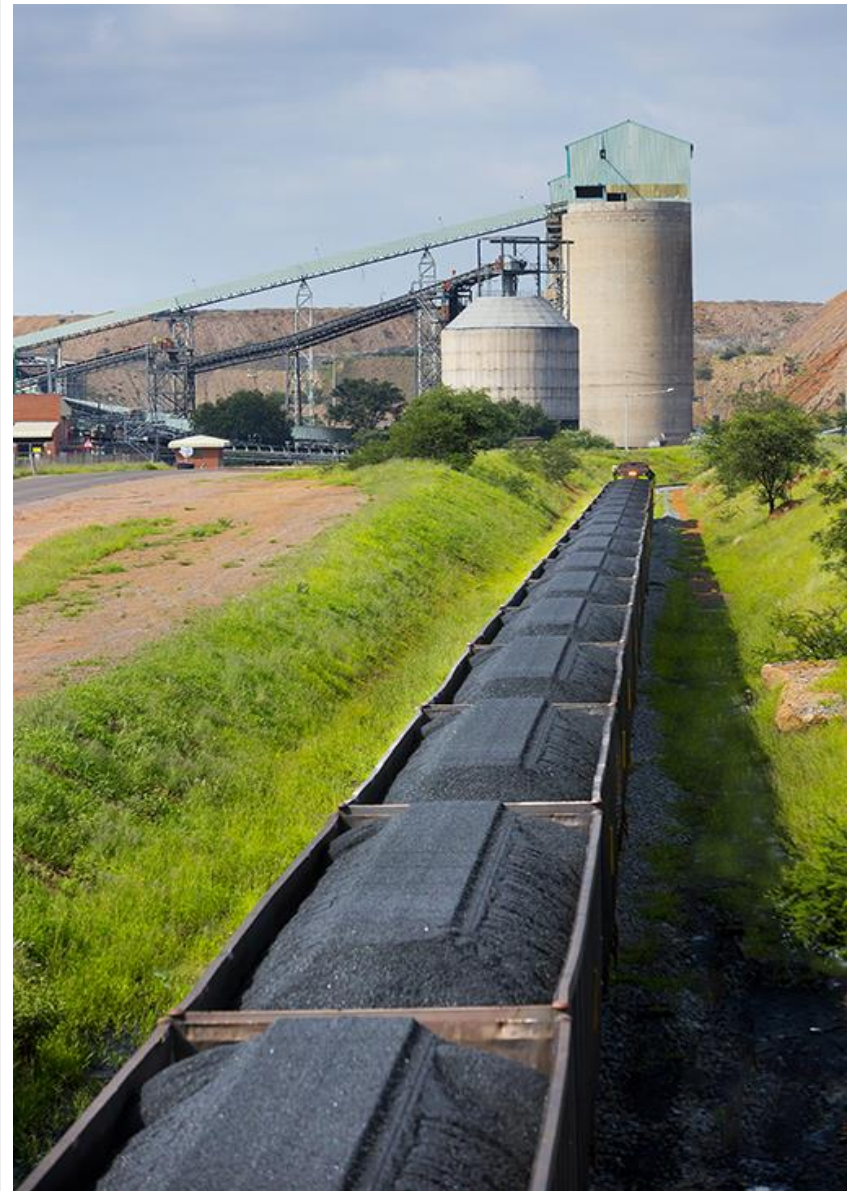
- **Governance structure**
 - independent board sub-committee to oversee unwind and the proposed new structure
 - transaction steering committee to ensure coordination between Exxaro and MS333
- **Unwinding the existing structure**
 - coordinated approach between Exxaro and MS333
 - impact of unwind potentially mitigated by:
 - replacement BEE Transaction
 - buy-back by Exxaro of a portion of the shares
- **Replacement BEE transaction**
 - BEE remains critical element of Exxaro investment thesis
 - regulatory uncertainty impacts process
 - replacement deal terms being pursued:
 - likely to be less than 50%
 - participants - existing MS333 shareholders that wish to reinvest
 - market related facilitation likely required
- **Communication of detail expected in 4Q16**



OUTLOOK AND INVESTMENT CASE MXOLISI MGOJO

Conclusion

- **Deliver on priorities and create shareholder value**
 - continuous cost management
 - grow coal revenue and maximise profits
 - implement cost-effective BEE structure
 - simplify investments and operations portfolio
- **Commendable safety record**
- **Pleasing performance despite challenging economic and market conditions**
 - robust cash generative assets
 - operational excellence programmes deliver cost reductions and increased volumes
 - balance sheet strength distinct in mining industry
- **Stakeholder perspective**
 - deliver on licence to operate
 - deliver stakeholder returns on approximately R15b to R18b of capital expenditure



Outlook

- **Global**

- moderate growth, fuelled by China and US
- positive thermal coal price forecast
- sustainability of strengthening Rand exchange rate following BREXIT uncertainties

- **Domestic**

- implications of political environment post local government elections
- uncertainty around "once empowered, always empowered"
- zero growth forecast
- stable electricity supply, although at above-inflation prices

- **Exxaro**

- complete sustainable BEE transaction
- improve coal business' performance in 2H16 compared to 2H15
- domestic steam coal demand source of stability
- 2H16 domestic thermal volumes to remain at current healthy levels
- volumes in the metals markets to reduce, this is expected to persist until 1Q17
- further growth expected in the African, Pakistani and South East-Asian markets – Exxaro well positioned
- India demand to support growth of exports
- drive our battle-proven OE process to boost our EBIT performance
- digitise our value chain to achieve step-change performance
- pursue robust Grooteegeluk complex growth aspirations

Exxaro's investment case

- **Effectively responding to prevailing market conditions**

- building a resilient business structure (ownership and cost)
- optimising investments and operations portfolio
- cash injection and focused management effort
- stakeholder-orientated

- **Competitive advantages**

- large coal reserve base with multiproduct (diversified)
- established domestic (short and long term contracts) and international customer base
- adequate export and rail allocation to support export growth
- innovative digitised platform

- **Key financial strengths**

- strong balance sheet
- net debt position below 10%
- cash generative operations
- return of cash to shareholders
- dividend policy of 2,5 to 3,5 times core earnings

- **Growth prospects**

- coal production growth – organic (GMEP ramp up, Belfast, Coal IPP – TIPP1)
- domestic and offshore coal revenue growth (new projects and cost management)
- new, stable revenue model from renewables (Cennergi)

- **Leadership and governance**

- experienced leadership team and growth-orientated
- established governance structures – proven ESG model



THANK
YOU

exxaro

POWERING POSSIBILITY

ADDITIONAL INFORMATION

Key transactions and events

	2016	2015
Mar	<ul style="list-style-type: none"> SDCT shareholding restructured for a direct shareholding in RBCT 	
Apr		<ul style="list-style-type: none"> Tronox acquisition of Alkali chemicals
Jun	<ul style="list-style-type: none"> Dilution of Tronox shareholding to 43,71% 	<ul style="list-style-type: none"> Tronox standstill period expired Dilution of Tronox shareholding to 43,84%
Jul	<ul style="list-style-type: none"> R8b facility re-financed Mayoko iron ore project sales agreement signed 	<ul style="list-style-type: none"> R400 million loan to MS333 NCC sale completed
Aug		<ul style="list-style-type: none"> TCSA conditions precedent met and acquisition completed
Sep		<ul style="list-style-type: none"> Notice of termination of Arnot coal supply agreement termination received from Eskom
Oct		<ul style="list-style-type: none"> R700m IDC loan support to MS333
Nov	<ul style="list-style-type: none"> BEE Holdco structure unwinding 	<ul style="list-style-type: none"> Cessation of production at Inyanda
Dec		<ul style="list-style-type: none"> Sishen mine impairment Reductants plant impairment ECC goodwill impairment Dilution of Tronox shareholding to 43,87% Cessation of production at Arnot

Group cash flow

<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Cash generated by operations	2 183	2 196	(1)	2 330	(6)
Net financing cost	(207)	(239)	13	(207)	
– Interest paid	(252)	(270)	7	(230)	(10)
– Interest received	45	31	45	23	96
Tax paid	(292)	(11)		(74)	
Dividends paid	(304)	(232)	(31)	(752)	60
Net cash from operating activities	1 380	1 714	(19)	1 297	6
Capital expenditure	(1 172)	(1 389)	16	(1 001)	(17)
Increase in intangible assets		(34)			
Increase in non-current assets	(34)	(348)	90	(158)	78
Dividend income from investments	683	357	91	985	(31)
Proceeds from disposal of PPE	3	125	(98)	73	(96)
Proceeds from disposal of an operation and joint venture	200	70	186		
Acquisition of subsidiaries		(3 436)			
Increase in investments in joint ventures and associates	(287)	(297)	3	(77)	
Net interest bearing borrowings (repaid)/raised	(443)	(1 350)	67	3 350	(113)
Net increase/(decrease) in cash and cash equivalents	330	(4 588)	107	4 469	(93)

Financial overview: non-core adjustments

R million

	1H16	2H15	1H15
Coal	188	(1 711)	(11)
– Gain/(loss) on disposal of other non-core assets, VSP's and re-imbursement from third parties	188	38	(11)
– Impairment charges		(1 749)	
Ferrous	1	21	73
– Mayoko iron ore project partial reversal of receivables previously written off		11	
– Gain on disposal of other non-core assets and VSPs	1	10	73
Other	(55)	1 104	307
– Realised/unrealised foreign exchange gain on TCSA acquisition price		432	315
– Realised foreign exchange gain on liquidation of foreign entities		1 012	
– VSPs and other	(55)	(340)	(8)
Non-core adjustment impact on net operating profit	134	(586)	369
Tax on items with impact on net operating profit	1	28	
Post-tax equity-accounted income/(loss)	17	(1 012)	(13)
– SIOC	(9)	(860)	(3)
– Tronox	(9)	(152)	(10)
– RBCT	35		
Total non-core adjustment impact on attributable earnings	152	(1 570)	356

Group depreciation, amortisation and EBITDA: Core

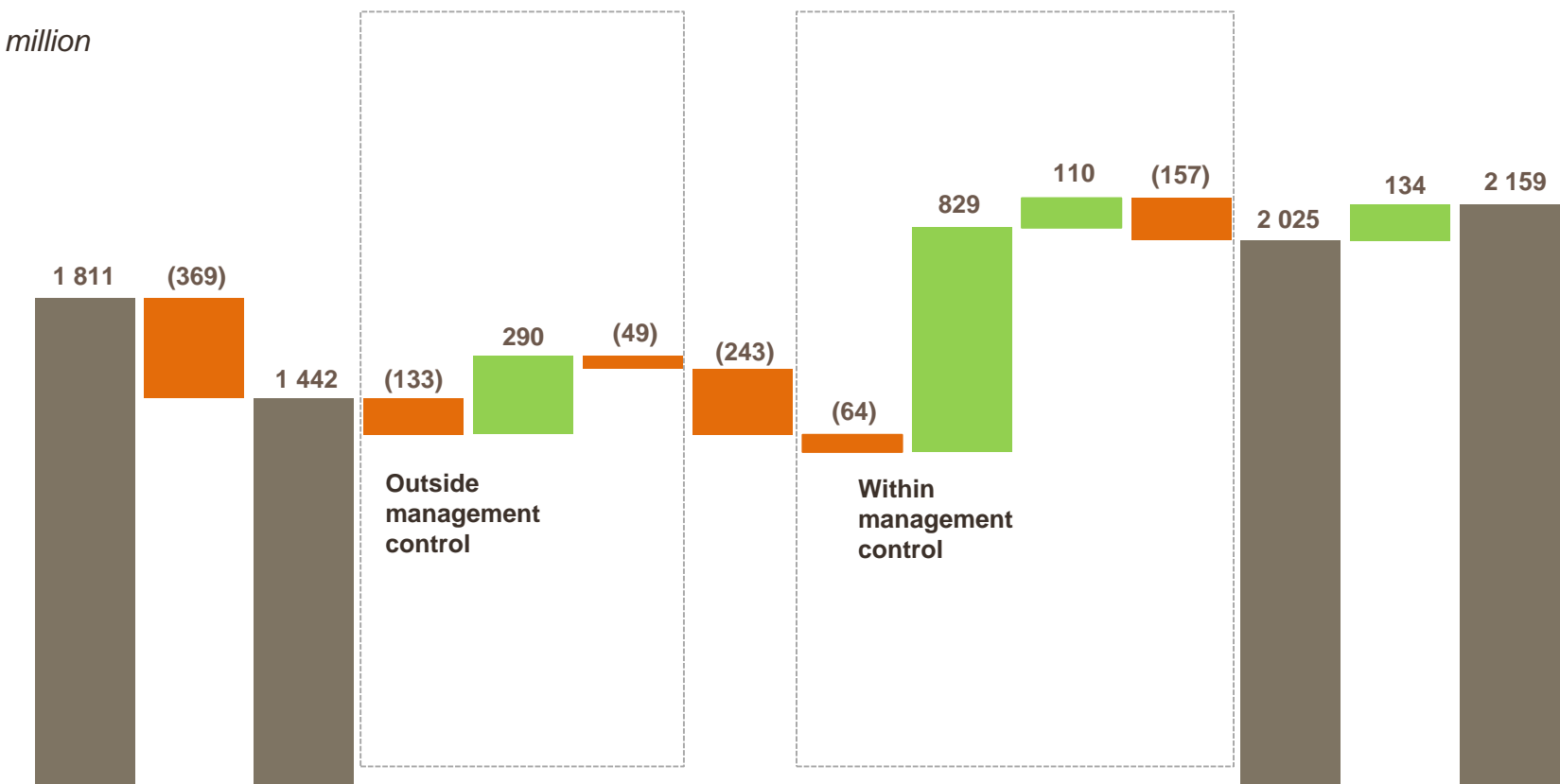
<i>R million</i>	1H16	2H15	% change 1H16 vs 2H15	1H15	% change 1H16 vs 1H15
Depreciation and amortisation					
Coal	517	572	(10)	379	36
– Tied operations	6	12	(50)	12	(50)
– Commercial operations	511	560	(9)	367	39
Ferrous	4	6	(33)	2	100
– FerroAlloys	4	5	(20)	2	100
– Other		1			
Other	43	40	5	30	40
Total depreciation and amortisation	564	618	(9)	411	37

EBITDA

Coal	2 561	3 193	(20)	2 054	25
– Tied operations	128	153	(16)	114	12
– Commercial operations	2 433	3 040	(20)	1 940	25
Ferrous	(49)	(273)	82	(119)	59
– Iron ore	(47)	(351)	87	(40)	(18)
– FerroAlloys	(3)	15	(120)	5	(160)
– Other	1	63	102	(84)	101
Other	77	(354)	122	(82)	194
Total EBITDA	2 589	2 566	1	1 853	40

Group net operating profit: core (1H16 vs 1H15)

R million



	IFRS 1H15	Non-core items	Core 1H15	Inflation	Forex	Rehab	Price	Volume	Cost	ECC	Inyanda	Core 1H16	Non-core items	IFRS 1H16
Coal	1 664	11	1 675	(117)	166	(51)	(249)	(34)	701	110	(157)	2 044	188	2 232
Ferrous	(48)	(73)	(121)	(12)	11	2	6	(35)	96			(53)	1	(52)
Other	195	(307)	(112)	(4)	113			5	32			34	(55)	(21)
Total	1 811	(369)	1 442	(133)	290	(49)	(243)	(64)	829	110	(157)	2 025	134	2 159

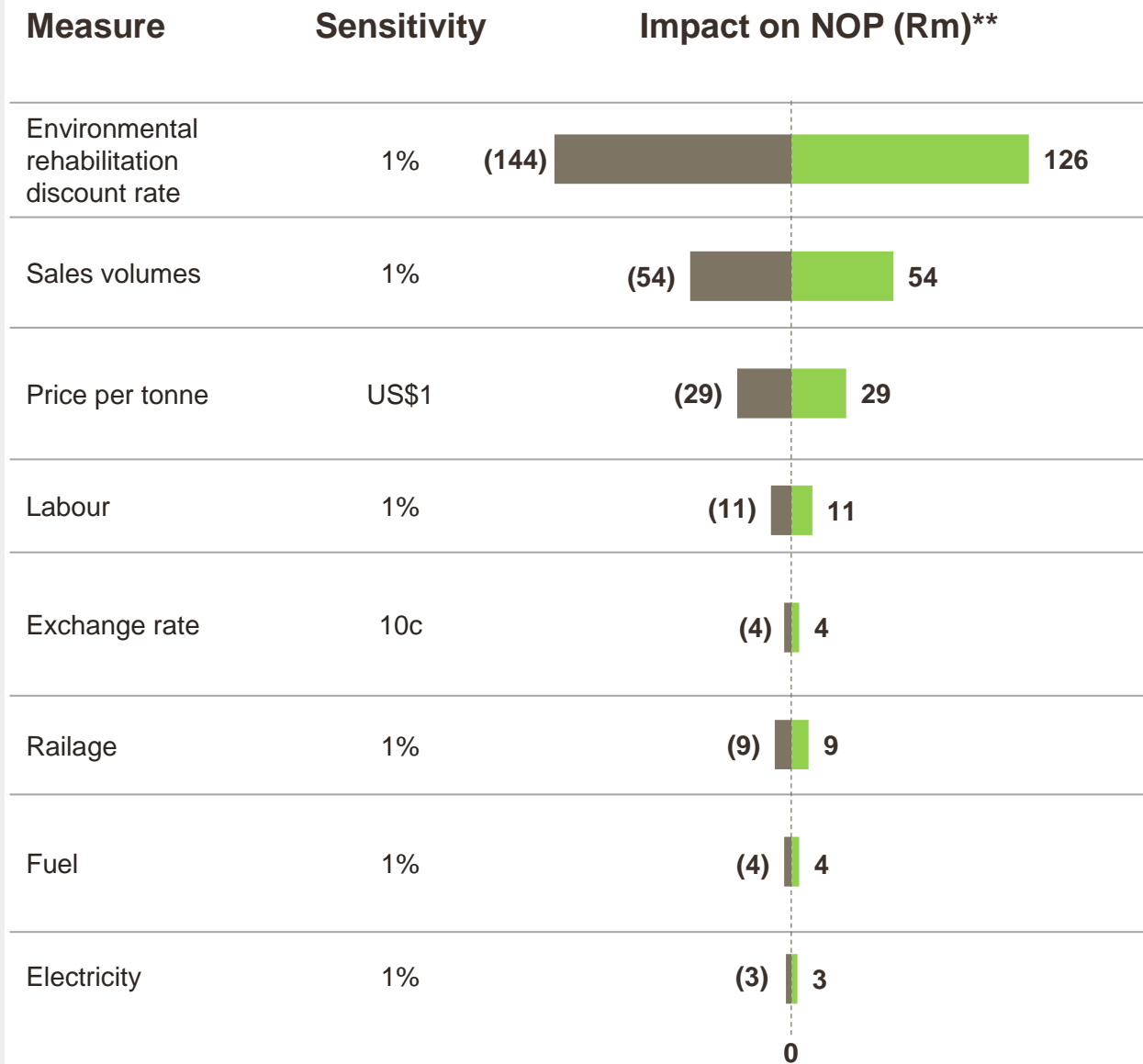
Capital expenditure: coal

R million

	Actual			Estimate*				
	1H15	2H15	1H16	2H16	FY17	FY18	FY19	FY20
Sustaining	658	939	981	1 163	2 381	2 038	1 333	986
– GG load-out station		8	28	99	500	595	140	
– GG trucks, shovels and stacker reclaimers	392	441	259	127	646	586	594	509
– GG backfill phase 2	39	76	187	193	119			
– GG other	146	255	317	281	390	380	238	119
– Leeuwpan OI reserve			33	83	309	74	48	8
– ECC		82	83	128	268	234	176	162
– Other operations	81	77	74	252	149	169	137	188
Expansion	298	418	177	587	2 094	3 537	2 295	887
– GMEP	170	56						
– GG6 phase 2		12	64	94	306	1 682	699	205
– Other GG	100	270	87	440	99	81	78	80
– Thabametsi phase 1		1	2		297	636	1 334	602
– Belfast	23	62	24	53	1 392	1 138	184	
– Other	5	17						
Total coal capital expenditure	956	1 357	1 158	1 750	4 475	5 575	3 628	1 873
– Waterberg	852	1 119	944	1 235	2 357	3 960	3 083	1 515
– Other	104	238	214	515	2 118	1 615	545	358
Previous guidance March 2016				1 424	4 372	5 483	3 367	2 129

*Based on latest internal forecast (blue numbers represent revised numbers since previous guidance)

Coal sensitivities*



Environmental discount rates (%)

Period	PPI (%)	LOM (years)		
		1≤5	6≤15	>15
1H16	5,5	8,85	9,27	9,98
2H15	5,5	9,66	10,01	10,62
1H15	5,5	7,69	8,11	8,75

Tronox: US GAAP reconciliation to IFRS

	1H16		2H15		1H15	
	US\$m	Rm	US\$m	Rm	US\$m	Rm
US GAAP loss after tax as reported by Tronox	(140)		(143)		(164)	
IFRS adjustments	2		(5)		32	
– Reversal of amortisation on intangible asset	11		12		11	
– PPA step-up adjustments	(4)		(50)		(57)	
– Translation differences and other adjustments	(7)		11		21	
– Tax adjustments	2		22		57	
IFRS loss after tax	(138)		(148)		(132)	
– Non-core adjustments*	1		22		2	
Core (loss)/profit after tax	(137)		(126)		(130)	
– Remainder of Tronox	(140)		(154)		(149)	
– SA operations	3		28		19	
Exxaro's share of core (loss)/profit after tax	(59)	(921)	(51)	(692)	(54)	(649)
– Remainder of Tronox	(61)	(958)	(68)	(936)	(65)	(770)
– SA operations	2	37	17	244	11	121
Exxaro's share of PPA adjustments	8	122	19	297	64	760
Exxaro's share of core (loss)/profit after tax and PPA adjustments	(51)	(799)	(32)	(395)	10	111
– Remainder of Tronox	(57)	(891)	(54)	(713)	(11)	(128)
– SA operations	6	92	22	318	21	239

Thermal coal volumes

'000 tonnes	1H15	2H15	1H16	2H16*	FY17*	FY18*
Production	18 579	22 521	20 431	22 516	48 997	47 240
– Grootegeluk	10 144	11 493	10 275	12 047	28 045	26 577
– Matla	3 435	4 424	3 966	4 306	9 072	9 274
– Leeuwpán	1 844	1 942	1 786	1 812	3 773	4 017
– NBC	1 393	1 477	1 517	1 465	2 993	2 484
– Arnot	746	655				
– Mafube**	482	665	866	811	985	824
– ECC#		1 365	2 021	2 075	4 129	4 064
– Inyanda	535	500				
Buy-ins**	559	663	577		338	338
Total thermal production (including buy-ins)	19 138	23 184	21 008	22 516	49 335	47 578
Sales to Eskom	15 664	17 713	15 217	16 718	36 107	36 626
– Grootegeluk	9 288	10 233	9 352	10 128	22 105	25 122
– Matla	3 435	4 434	3 961	4 297	9 054	9 254
– NBC	1 366	1 366	1 488	1 410	3 084	386
– Leeuwpán	829	1 025	416	883	1 720	1 720
– Arnot	746	655				
– ECC					144	144
Other domestic sales	1 287	1 300	1 860	1 568	3 036	3 089
Exports	2 388	3 794	4 084	3 743	7 321	7 500
Total thermal coal sales	19 339	22 807	21 161	22 029	46 464	47 215

Metallurgical coal volumes

'000 tonnes

Production

– Grooteegeluk

Sales

– Domestic

	1H15	2H15	1H16	2H16*	FY17*	FY18*
	923	933	970	1 131	2 239	2 304
	697	644	738	550	1 485	1 522

Salient dates

Last day to trade cum dividend

Tuesday, 6 September 2016

Shares trade ex-dividend

Wednesday, 7 September 2016

Record date

Friday, 9 September 2016

Payment date

Monday, 12 September 2016

Material issues

Issue	Potential impact	Exxaro position	Actions to date	Expected resolution
BEE: "Once empowered always empowered"	<ul style="list-style-type: none"> Non-compliance with Eskom minimum requirements on new contracts 	<ul style="list-style-type: none"> Confident compliance will apply to new contracts No BEE requirements in existing Eskom contracts 	<ul style="list-style-type: none"> Chamber of Mines process 	<ul style="list-style-type: none"> 31 December 2016
Labour relations	<ul style="list-style-type: none"> S189 process 	<ul style="list-style-type: none"> Consultation, interaction and engagement with employees in progress 	<ul style="list-style-type: none"> Eight S189 process consultations held thus far 	<ul style="list-style-type: none"> 4Q16
Regulatory approvals	<ul style="list-style-type: none"> Delays in bringing projects online 	<ul style="list-style-type: none"> 0 Re-zoning appeals 2 IWUL outstanding 1 Section 54 at Matla 9 months delay Belfast 	<ul style="list-style-type: none"> Consultation and engagement with government departments and communities 	<ul style="list-style-type: none"> 1H17 – Belfast
RBCT export entitlement	<ul style="list-style-type: none"> Exxaro not having enough export entitlement at any stage 	<ul style="list-style-type: none"> Portfolio changes and TFR ramp-up are the key drivers Currently adequate 	<ul style="list-style-type: none"> Engagement with TFR Lease entitlement as and when required 	<ul style="list-style-type: none"> TFR ramp-up to 81Mtpa and beyond Entitlement leases if required
TFR export rail capacity and performance	<ul style="list-style-type: none"> Exxaro not having enough export rail capacity from the Waterberg in future 	<ul style="list-style-type: none"> Mpumalanga route satisfactory Waterberg export rail flow remains a challenge but improving 	<ul style="list-style-type: none"> Collaboration and engagement with TFR on future capacity plans 	<ul style="list-style-type: none"> Agreement with TFR to ensure capacity and performance pro-actively
Eskom interaction	<ul style="list-style-type: none"> Medupi power station offtake Ownership of tied mines Eskom liable for Arnot closure cost 	<ul style="list-style-type: none"> Medupi offtake according to Add 9 Tied mines not part of Exxaro balance sheet Matla in need of capital injection 	<ul style="list-style-type: none"> Several capex requests submitted to Eskom by Matla for R3,5b 	<ul style="list-style-type: none"> Continuous engagement and collaboration Arnot arbitration: 1H17 Matla capital injection: 2H16 / 1H17

Exxaro's business: simplified

OWNER-CONTROLLED COAL OPERATIONS

MARKET Eskom
PRODUCT Thermal
GROOTEGLUK
ECC

MARKET Export
PRODUCT Thermal
GROOTEGLUK RB1
LEEUPPAN Power station
MAFUBE RB1 and Power station
ECC RB3 and Power station

MARKET Domestic
PRODUCT Thermal and metallurgical
GROOTEGLUK Thermal and metallurgical
LEEUPPAN Thermal
ECC Thermal
REDUCTANTS Semi-coke

COAL OPERATIONS IN CLOSURE OR CLOSED

MARKET Domestic and export
PRODUCT Thermal
INYANDA Export
ARNOT Eskom

FERROUS PROJECTS IN CLOSURE

MAYOKO

OWNER-CONTROLLED FERROUS PROJECTS

MARKET Domestic
PRODUCTION Iron ore
FERROALLOYS FeSi

INVESTMENT PORTFOLIO

SIOC 20%
shareholding

TRONOX 44%
shareholding

MAFUBE
50:50 JV with Anglo

CENNERGI
50:50 JV with Tata Power

PRODUCT

Iron
ore

Titanium dioxide, pigment and
chemicals

Coal

Wind
energy