2015

SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND NOTICE OF THE ANNUAL GENERAL MEETING

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BOARD RESPONSIBILITY

The board acknowledges its responsibility for the integrity of Exxaro Resources Limited's (Exxaro) summarised group annual financial statements and annual general meeting notice.

The board reviewed and approved the issue of this publication.

Len Konar
Chairman

Mxolisi Mgojo
Chief executive officer

15 April 2016

CERTIFICATE BY GROUP COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act 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, for the year ended 31 December 2015, Exxaro has filed with the Companies and Intellectual Property Commission all such returns and notices as 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.

Carina Wessels
Group company secretary

Pretoria

15 April 2016

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

The following reports, that should be read with this report, and the audited group annual financial statements, will be available on our website on 3 May 2016:
- Integrated report 2015
- Supplementary information 2015
- Mineral resources and reserve statement 2015

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SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

PREPARER AND SUPERVISION

These summarised group annual financial statements have been prepared under the supervision of the group's finance director, Mr WA de Klerk CA(SA).

The summarised group annual financial statements should be read in conjunction with the audited group annual financial statements which are available on Exxaro's website at www.exxaro.com. These summarised group annual financial statements do not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the group, which is provided by the detailed audited group annual financial statements.

The board has used its discretion in determining the material issues to be reported in this summary.

INDEPENDENT EXTERNAL AUDIT CONCLUSION

These summarised group annual financial statements for the year ended 31 December 2015 (from page 2 to page 22) have been audited by the external auditors, PwC, who expressed an unmodified audit opinion thereon. The auditor also expressed an unmodified opinion on the group annual financial statements from which these summarised group annual financial statements were derived.

The full auditors' report is included in the group annual financial statements on the website www.exxaro.com.

Copies of the auditor reports on the summarised group annual financial statements and the audited group annual financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

AUDIT COMMITTEE REPORT

The audit committee report is included in the audited group and company annual financial statements for the year ended 31 December 2015 as published on www.exxaro.com.

AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2015 Rm	2014 Rm
Revenue		18 330	16 401
Operating expenses		(13 408)	(15 197)
Operating profit	4	4 922	1 204
Other income			1 466
Impairment charges of non-current assets	5	(1 749)	(5 962)
Net operating profit/(loss)		3 173	(3 292)
Finance income	6	102	80
Finance costs	6	(770)	(183)
Income from financial assets		1	9
Share of (loss)/income from equity-accounted investments	7	(1 137)	2 515
Profit/(loss) before tax		1 369	(871)
Income tax expense		(1 102)	(13)
Profit/(loss) for the year		267	(884)
Other comprehensive income/(loss), net of tax		2 167	1 190
Items that will not be reclassified to profit or loss		124	(316)
– Remeasurement of post-employment benefit obligation		(17)	
– Share of comprehensive income/(loss) of equity-accounted investments		141	(316)
Items that may be subsequently reclassified to profit or loss		2 043	1 506
– Unrealised gains on translation of foreign operations		329	224
– Revaluation of financial assets available-for-sale		(141)	345
– Share of comprehensive income of equity-accounted investments		1 855	937
Total comprehensive income for the year		2 434	306
Profit/(loss) attributable to:			
Owners of the parent		296	(883)
Non-controlling interests		(29)	(1)
Profit/(loss) for the year		267	(884)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		2 463	307
Non-controlling interests		(29)	(1)
Total comprehensive income for the year		2 434	306
Attributable earnings/(loss) per share (cents)			
Aggregate[1]			
– Basic		83	(249)
– Diluted		83	(249)

[1] *For details of number of shares, refer note 9.*

2014
Shortfall income from customers.

2015
Exxaro Coal Central Proprietary Limited (ECC) goodwill (R1 524 million) and Reductants operation property, plant and equipment (R225 million).

2014
Mayoko iron ore project (R5 760 million) and intellectual property (R202 million).

2015
The Belfast project is classified as a qualifying asset and minimal expenditure was incurred on this project, as such borrowing costs capitalised were limited.

2014
Interest expenses mainly capitalised to the Grootegeluk Medupi expansion project qualifying asset, which was completed.

2015
42% decline in iron ore prices, 24% decline in Titanium dioxide (TiO_2) prices and Exxaro's share of R6 billion impairment charges negatively impacted share of equity-accounted investment (loss)/ income from associates Sishen Iron Ore Company (SIOC) and Tronox Limited (Tronox).

2015
Mainly relating to the derecognition of deferred tax assets which increased the tax expense.

2015
The year-on-year increase relates mainly to Exxaro's share of Tronox's foreign currency translation reserve movements as well Cennergi's financial instruments revaluations.

AUDITED GROUP STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2015 Rm	2014 Rm
ASSETS			
Non-current assets		46 482	41 408
Property, plant and equipment		20 412	18 344
Biological assets		51	84
Intangible assets	11	56	34
Investments in associates	12	19 690	18 588
Investments in joint ventures	13	1 662	966
Financial assets	17	4 067	2 853
Deferred tax		544	539
Current assets		6 016	5 693
Inventories		1 240	998
Trade and other receivables		2 666	2 611
Tax receivable		55	78
Cash and cash equivalents		2 055	2 006
Non-current assets held-for-sale	14	128	328
Total assets		52 626	47 429
EQUITY AND LIABILITIES			
Capital and other components of equity			
Share capital		2 445	2 409
Other components of equity		6 911	6 031
Retained earnings		25 670	25 985
Equity attributable to owners of the parent		35 026	34 425
Non-controlling interests		(800)	
Total equity		34 226	34 425
Non-current liabilities		12 701	9 182
Interest-bearing borrowings	15	4 185	2 976
Provisions		3 112	2 219
Post-retirement employee obligations		217	167
Financial liabilities	17	116	88
Deferred tax		5 071	3 732
Current liabilities		4 655	3 590
Trade and other payables		3 546	3 208
Shareholder loans		21	
Interest-bearing borrowings	15	882	34
Tax payable		48	27
Provisions		158	254
Overdraft	15		67
Non-current liabilities held-for-sale	14	1 044	232
Total equity and liabilities		52 626	47 429

2015
Year-on-year increase mainly due to additional interests acquired (refer note 12) through the Total Coal South Africa Proprietary Limited (TCSA) acquisition in the second half of 2015, share of this subsidiary group's reserve movements and net results in associates and joint ventures.

2015
Mainly due to increased shareholder contribution into the Cennergi joint venture

2015
Includes indemnification asset (R1 044 million) as a result of a contractual agreement between Total S.A. and Exxaro on any claims by a third party in relation to the sale of ECC's interest in a joint operation (refer note 8).

2015
Assets relate to the proposed sale of the corporate office building and liabilities relate to the acquired liabilities of the Ermelo Joint Venture (part of the TCSA group), which was already in the process of sale when Exxaro acquired the TCSA group (refer note 14).

2014
Related mainly to the assets and liabilities of New Clydesdale Colliery (NCC), which were subsequently sold in 2015 (refer note 14).

2015
Includes non-controlling interests arising from the TCSA acquired group (refer note 8)

2015
Increase mainly due to the acquisition of subsidiaries ECC.

2015
We drew R2 billion from our senior loan facility of R8 billion, leaving R3 billion undrawn. We expect to refinance this facility in 2016. We also repaid over R2 billion of interest-bearing debt (including the overdraft recorded in 2014).

AUDITED GROUP STATEMENT OF CHANGES IN EQUITY

At 31 December

		Other components of equity									
	Share capital Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	Equity-settled Rm	Retirement benefit obligation Rm	Available-for-sale revaluation Rm	Other Rm	Retained earnings Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
At 1 January 2014	2 396	3 146	310	1 493	(13)	100	(802)	29 668	36 298	(26)	36 272
Loss for the year								(883)	(883)	(1)	(884)
Other comprehensive income		224				345			569		569
Share of comprehensive income/(loss) from equity-accounted investments		827	(194)	310	(316)	(63)	(6)	63	621		621
Issue of share capital	13								13		13
Share-based payments movement				(108)					(108)		(108)
Dividends paid								(2 055)	(2 055)		(2 055)
Reclassification of equity							808	(808)			
Disposal and liquidation of subsidiaries		(30)							(30)	27	(3)
At 31 December 2014	2 409	4 167	116	1 695	(329)	382		25 985	34 425		34 425
Profit/(loss) for the year								296	296	(29)	267
Other comprehensive income/(loss)[1]		329			(17)	(141)			171		171
Reclassification of equity[2]						(360)		360			
Share of comprehensive income from equity-accounted investments		1 438	125	215	141	64		13	1 996		1 996
Issue of share capital[3]	36								36		36
Share-based payments movement				98					98		98
Dividends paid								(984)	(984)		(984)
Acquisition of subsidiaries										(771)	(771)
Liquidation of subsidiaries[4]		(1 012)							(1 012)		(1 012)
At 31 December 2015	2 445	4 922	241	2 008	(205)	(55)		25 670	35 026	(800)	34 226

[1] *Available-for-sale revaluations comprise the fair value adjustments net of tax, on the investment in Richards Bay Coal Terminal Proprietary Limited (RBCT) R38 million (2014: R344 million) and Chifeng Kumba Hongye Corporation Limited (Chifeng) (refer note 17).*

[2] *Reclassification of equity relating to the RBCT investment which has been transferred out of financial assets available-for-sale and classified as an investment in associate.*

[3] *Vesting of Mpower 2012 treasury shares to good leavers amounted to R36 million (2014: R13 million).*

[4] *Gain on translation differences recycled to profit or loss on the liquidation of a foreign subsidiary (Exxaro Esmore Cooperatief U.A.).*

Final dividend paid per share (cents) in respect of the 2014 financial year	210
Dividend paid per share (cents) in respect of the 2015 interim period	65
Final dividend payable per share (cents) in respect of the 2015 financial year	85

Foreign currency translation

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

Financial instruments revaluation

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

Equity-settled

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

Retirement benefit obligation

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

Available-for-sale revaluation

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

AUDITED GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December

	Notes	2015 Rm	2014 Rm
Cash flows from operating activities		3 011	1 660
Cash generated by operations		4 526	4 083
Interest paid		(500)	(307)
Interest received		54	59
Tax paid		(85)	(120)
Dividends paid		(984)	(2 055)
Cash flows from investing activities		(5 130)	620
Property, plant and equipment to maintain operations	10	(1 663)	(1 460)
Property, plant and equipment to expand operations	10	(727)	(1 737)
Increase in investment in intangible assets		(34)	(25)
Proceeds from disposal of property, plant and equipment		198	8
(Increase)/decrease in investments in other non-current assets		(106)	214
Increase in loans to related parties		(400)	
Proceeds from disposal of operation		70	
Increase in investment in joint ventures		(374)	(108)
Income from investments in associates		1 341	3 719
Acquisition of subsidiaries	8	(3 436)	
Dividend income from financial assets		1	9
Cash flows from financing activities		2 000	(604)
Interest-bearing borrowings raised		4 320	1 000
Interest-bearing borrowings repaid		(2 320)	(1 604)
Net (decrease)/increase in cash and cash equivalents		(119)	1 676
Cash and cash equivalents at beginning of the year		1 939	223
Translation difference on movement in cash and cash equivalents		235	40
Cash and cash equivalents at end of the year		2 055	1 939
Cash and cash equivalents		2 055	2 006
Overdraft			(67)

2015
We re-prioritised and staggered our expenditure projects pipeline to preserve cash in 2015, resulting in the 58% reduction in expansionary capital expenditure, without compromising on "stay-in-business" capital expenditure.

2015
We secured and provided additional funding to support Exxaro's controlling Black economic empowerment (BEE) shareholder, Main Street 333 Proprietary Limited (Main Street 333) in order to provide a longer-term solution to Exxaro's BEE status until the current structure unwinds in 2016.

2015
42% decline in iron ore prices and 24% decline in TiO_2 prices negatively impacted our share of investment income from associates (SIOC and Tronox). SIOC declared no dividends in 2015.

2015
On 20 August 2015, Exxaro acquired a 100% controlling interest of the share capital of TCSA for cash amount of US$262 million from Total South S.A. plus a maximum additional amount of US$120 million structured in a series of deferred payments linked to the performance of the API4 coal price between 2015 and 2019.

2015
We drew R2 billion from our senior loan facility of R8 billion, leaving R3 billion undrawn. We expect to refinance this facility in 2016. We also repaid over R2 billion of interest-bearing debt (including the overdraft recorded in 2014).

AUDITED RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 December

	Gross Rm	Tax Rm	Net Rm
2015			
Profit attributable to owners of the parent			296
Adjusted for:	1 683	(356)	1 327
– IFRS 10 Gain on disposal of an operation	(112)	31	(81)
– IAS 16 Net gains on disposal of property, plant and equipment	(158)	2	(156)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(5)	2	(3)
– IAS 21 Gains on translation differences recycled to profit or loss on liquidation of foreign subsidiaries	(1 012)		(1 012)
– IAS 28 Loss on dilution of investment in associate	10		10
– IAS 28 Share of associates' separate identifiable remeasurements	1 211	(328)	883
– IAS 36 Impairment of property, plant and equipment	225	(63)	162
– IAS 36 Impairment of goodwill acquired in an IFRS 3 *Business combinations*	1 524		1 524
Headline earnings			1 623
2014			
Loss attributable to owners of the parent			(883)
Adjusted for:	6 328	(576)	5 752
– IFRS 10 Loss on disposal of subsidiary	28		28
– IAS 16 Net losses on disposal of property, plant and equipment	27	(6)	21
– IAS 21 Gains on translation differences recycled to profit or loss on the liquidation of foreign subsidiaries	(47)		(47)
– IAS 28 Loss on dilution of investment in associate	58		58
– IAS 28 Share of associates' separate identifiable remeasurements	296	(18)	278
– IAS 36 Impairment of property, plant and equipment	4 740	(552)	4 188
– IAS 36 Impairment of intangible asset	202		202
– IAS 36 Impairment of goodwill acquired in an IFRS 3 *Business combinations*	1 020		1 020
– IAS 38 Loss on the write-off of intangible assets	4		4
Headline earnings			4 869

Headline earnings per share	2015 cents	2014 cents
Aggregate		
– Basic	457	1 372
– Diluted	456	1 372

1. BASIS OF PREPARATION

The summarised group annual financial statements as at and for the year ended 31 December 2015 have been derived from the audited group annual financial statements of Exxaro, which are available on Exxaro's website at www.exxaro.com. These summarised group annual financial statements do not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the group, which is provided by the detailed audited group annual financial statements. These summarised group annual financial statements do not include all the disclosure required for a complete set of annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Selected summarised notes have been included in this report for a better understanding of the relevant transactions during the year.

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

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

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

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the summarised group annual financial statements are consistent with those followed in the preparation of the group annual financial statements as at and for the year ended 31 December 2014. Amendments to IFRS effective for the financial year ended 31 December 2015 have not had an impact on the group.

New accounting standards and amendments issued to accounting standards and interpretations which are relevant to the group, but not yet effective on 31 December 2015, have not been adopted. The group continuously evaluates the impact of these standards and amendments.

3. SEGMENTAL INFORMATION

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

Total operating segment revenue, which excludes value added tax (VAT), represents the gross value of goods invoiced, services rendered and 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 operating expenses, assets and liabilities represent direct or reasonably allocable operating expenses, assets and liabilities. Segment net operating profit equals segment revenue less operating segment expenses, less impairment charges, plus impairment reversals.

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

Coal

The coal operations are mainly situated in the Waterberg and Mpumalanga regions and are split between commercial operations and tied operations, a 50% joint venture interest in Mafube Coal Proprietary Limited (Mafube) as well as a 9,37% effective equity interest in Richards Bay Coal Terminal (RBCT). The newly acquired controlling interest in TCSA, renamed ECC, forms part of the commercial operations . The coal operations produce thermal, metallurgical and semi-soft coking coal.

Ferrous

The ferrous segment comprises the Mayoko iron ore project in the Republic of the Congo (RoC) (iron ore operating segment), a 19,98% equity interest in SIOC (located in South Africa) reported within the other ferrous operating segment as well as the FerroAlloys and Alloystream™ operations (collectively referred to as Alloys). Although the SIOC investment is an investment in an iron ore commodity company and the executive committee classifies the investment as a non-controlled business, it is classified within the other ferrous segment where ferrous investments are reviewed by the executive committee. The Alloystream™ operation was terminated in the first quarter of 2015.

3. SEGMENTAL INFORMATION (continued)

TiO_2 and Alkali chemicals

The TiO_2 and Alkali chemicals segment was previously referred to as TiO_2. It was renamed after Tronox acquired the Alkali chemicals business on 1 April 2015. Tronox now operates two vertically integrated divisions: TiO_2 and Alkali chemicals. Exxaro holds a 43,87% (2014: 43,98%) equity interest in Tronox and a 26% equity interest in each of the South African-based Tronox operations, as well as a 26% member's interest in Tronox UK.

Other

This operating segment comprises the 50% investment in Cennergi Proprietary Limited (Cennergi) (a South African joint venture with Tata Power), 26% equity interest in Black Mountain Mining Proprietary Limited (Black Mountain) (located in the Western Cape province), an effective investment of 11,7% in Chifeng Kumba Hongye Corporation Limited (Chifeng) (located in the People's Republic of China) as well as the corporate office which renders services to customers.

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

	Year ended 31 December				At 31 December			
	Revenue		Net operating profit/(loss)		Assets		Liabilities	
	2015 Rm	2014 Rm	2015 Rm	2014 Rm	2015 Rm	2014 Rm	2015 Rm	2014 Rm
Coal	18 093	16 176	2 574	3 297	30 954	25 124	13 107	9 140
– Tied[1]	3 835	4 577	195	319	1 973	1 887	1 645	1 462
– Commercial[2]	14 258	11 599	2 379	2 978	28 981	23 237	11 462	7 678
Ferrous	173	159	(306)	(6 238)	5 646	5 951	384	328
– Iron ore[3]			(292)	(6 100)	114	138	290	201
– Alloys	173	159	10	(97)	313	247	42	54
– Other			(24)	(41)	5 219	5 566	52	73
TiO_2 and Alkali chemicals					12 270	12 809		
Other	64	66	905	(351)	3 756	3 545	4 909	3 536
– Base metals				(1)	630	624		
– Other[4]	64	66	905	(350)	3 126	2 921	4 909	3 536
Total	18 330	16 401	3 173	(3 292)	52 626	47 429	18 400	13 004

[1] *Mines managed on behalf of and supplying their entire production to Eskom Holdings SOC Limited (Eskom) (2014: Eskom and Arcelor Mittal South Africa Limited) in terms of contractual agreements.*

[2] *Net operating profit includes the 2015 pre-tax impairment of the carrying value of the goodwill recognised on the acquisition of TCSA of R1 524 million and the reductants operation property, plant and equipment of R225 million.*

[3] *2014 net operating loss includes the 2014 pre-tax impairment of goodwill, carrying value of property, plant and equipment and qualifying project costs capitalised to the Mayoko iron ore project of R5 760 million as well as the write-off and impairment of financial assets totalling R43 million.*

[4] *2014 net operating loss includes the pre-tax impairment of intellectual property of R202 million.*

4. SIGNIFICANT ITEMS INCLUDED IN OPERATING PROFIT

	Year ended 31 December	
	2015 Rm	2014 Rm
Depreciation and amortisation	(1 029)	(889)
Net realised foreign currency exchange gains[1]	1 325	97
Net unrealised foreign currency exchange gains	498	7
Net (losses)/gains on derivative instruments held-for-trading	(125)	28
Net impairment charges and write-offs of trade and other receivables	(77)	(40)
Royalties	(119)	(125)
Net gain/(loss) on disposal of property, plant and equipment	158	(27)
Loss on dilution of investment in associate	(10)	(58)
Impairment charges of non-current financial assets		(21)
Gain/(loss) on disposal of operation/subsidiary[2]	112	(28)
Termination benefits[3]	(408)	(138)

[1] *Include R1 012 million relating to the liquidation of a foreign subsidiary.*

[2] *Sale of the NCC operation in 2015 and Botswana underground coal gasification (UCG) project in 2014.*

[3] *Voluntary severance package costs and other termination costs incurred and accrued for.*

	Notes	Year ended 31 December 2015 Rm	2014 Rm
5. IMPAIRMENT CHARGES OF NON-CURRENT ASSETS			
ECC			
Impairment, net of tax		1 524	
– Goodwill	11	1 524	
Reductants			
Impairment, net of tax		162	
– Property, plant and equipment		225	
– Tax effect		(63)	
Mayoko iron ore project			
Impairment, net of tax			5 208
– Property, plant and equipment			4 740
– Goodwill	11		1 020
– Tax effect			(552)
Intellectual property			
Impairment, net of tax			202
– Intangible asset			202
Net impairment charges per statement of comprehensive income		1 749	5 962
Net tax effect		(63)	(552)
Net effect on attributable earnings		1 686	5 410

ECC

Exxaro acquired TCSA on 20 August 2015 and renamed it ECC. The Purchase Price Allocation (PPA) was completed and goodwill of R1 524 million was recognised at acquisition. Refer note 8 and note 11 regarding detail of the business combination and goodwill recognised. ECC forms part of the coal commercial operating segment for chief operating decision maker reporting purposes. The goodwill recognised was allocated to ECC, with all its business units and legal entities, for group reporting purposes. The goodwill was assessed for impairment as required by IAS 36 *Impairment of Assets* on 31 December 2015.

The recoverable amount of ECC, being the fair value less costs of disposal (Level 3 as per IFRS 13 *Fair value Measurements*), exceeds the carrying amount (excluding goodwill) of R1 087 million marginally, and therefore the full amount of goodwill was impaired. The carrying amount of the remaining assets is fully supported by the recoverable amount. This was derived using a discounted cash flow method where the net cash flows taking into account the capital, working capital, operating costs and tax against the revenue generated from sales are discounted over the life of mine (LOM) of the Dorstfontein East and West operations, Forzando North and South operations as well as Tumelo operation. The financial model was performed in nominal terms in South African rand.

Reductants operation

The char plant was commissioned in 2009 and had its first year of full production in 2011. The plant was selling semi-coke to five major customers until September 2015 when the ferrochrome market started to experience difficulties after the demise of steel and stainless steel markets globally. Three of the five customers were put into business rescue and the remaining two customers turned off their furnaces. There is no commercially viable demand for the semi-coke or char products in the current market.

The weakness in the ferrochrome industry and lack of demand resulted in the char plant's four retorts being placed on care and maintenance. This impairment indicator resulted in an impairment assessment being performed at 31 December 2015.

The decline in demand, lower ferrochrome prices and rising production costs have drastically impacted local producers coupled with continued declining imported semi-coke and cheaper market coke prices which has resulted in producers increasing market coke usage and further reducing semi-coke demand. There are no foreseeable sales contracts that will be acquired in 2016. The char plant was fully impaired (R225 million) based on the cessation of production.

5. IMPAIRMENT CHARGES OF NON-CURRENT ASSETS (continued)

Impairments reported in 2014

The Mayoko iron ore project was acquired in 2012 when Exxaro acquired African Iron Limited (AKI). The project is reported within the iron ore operating segment and forms part of the ferrous reportable operating segment, was impaired in 2014. For a detailed analysis of this impairment, refer to the audited group annual financial statements for the years ended 31 December 2014 and 2015 as published on www.exxaro.com.

Other impairment considerations

Impairment indicators, including declining commodity prices, share prices and increased cost pressures, resulted in impairment assessments being performed for the operations and other investments within the Exxaro group on 31 December 2015. Other than the impairments discussed above, recoverable amounts exceeded the carrying value of the respective assets.

Key assumptions and sensitivities

For a detailed analysis of the key assumptions made on the respective valuations as well as the sensitivities, refer to note 9.2 of the audited group annual financial statements 2015 as published on www.exxaro.com.

6. NET FINANCING COSTS

	Year ended 31 December	
	2015 Rm	2014 Rm
Total finance income	102	80
– Interest income	91	66
– Finance lease interest income	11	9
– Interest income from loans to joint ventures		5
Total finance costs	(770)	(183)
– Interest expense	(546)	(323)
– Unwinding of discount rate on rehabilitation cost	(220)	(183)
– Amortisation of transaction costs	(10)	(10)
– Borrowing costs capitalised[1]	6	333
Total net financing costs	(668)	(103)
[1] *Borrowing costs capitalisation rate*	*6,94%*	*6,69%*

7. SHARE OF (LOSS)/INCOME FROM EQUITY-ACCOUNTED INVESTMENTS

	2015 Rm	2014 Rm
Associates	(1 339)	2 339
Listed investments		
– Tronox Limited	(1 646)	(628)
Unlisted investments	307	2 967
– SIOC[1]	104	2 830
– Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited (together referred to as Tronox SA)	40	(38)
– Tronox Sands Limited Liability Partnership (Tronox UK)	103	98
– RBCT[2]	(4)	
– Black Mountain	64	77
Joint ventures	202	176
– Mafube Coal Proprietary Limited (Mafube)	253	267
– South Dunes Coal Terminal SOC Limited (SDCT)	2	1
– Cennergi	(53)	(92)
Share of (loss)/income	(1 137)	2 515

[1] *The reduction in equity-accounted income from SIOC was mainly due to the impairment of property, plant and equipment (Exxaro's pre-tax share of R1,2 billion) and the general decline in the iron ore commodity prices.*

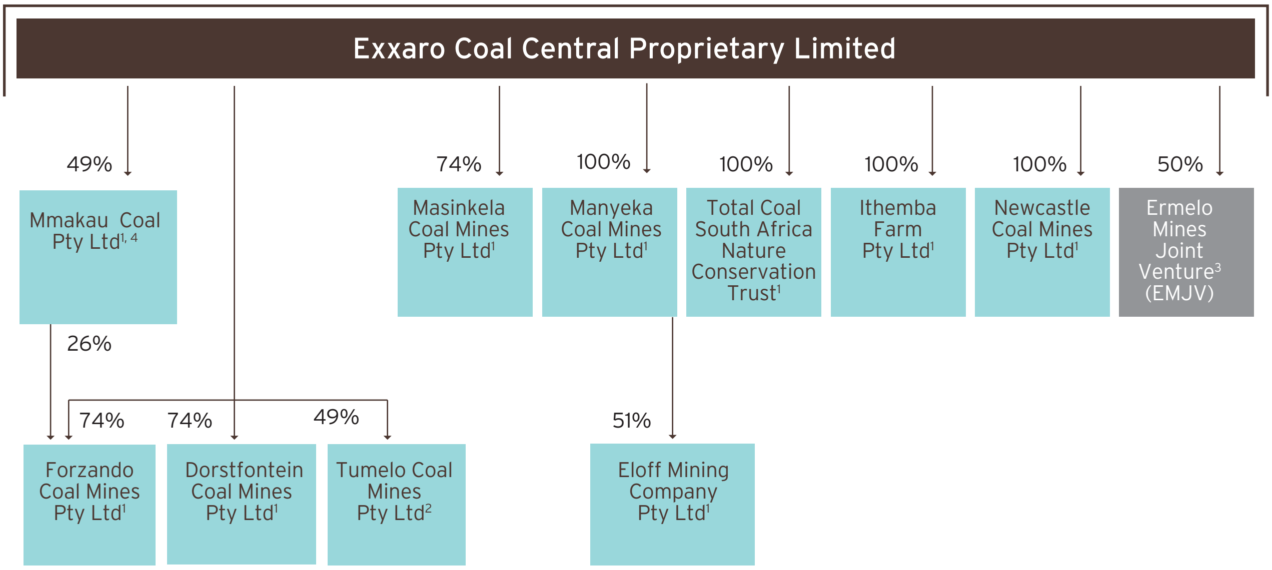
[2] *Previously reported as a financial asset available-for-sale.*

8. BUSINESS COMBINATION

On 20 August 2015, the group acquired a 100% controlling interest of the share capital of TCSA for a cash amount of US$262 million (R3 381 million) from Total S.A. plus a maximum additional amount of US$120 million structured in a series of deferred payments linked to the performance of the API4 price between 2015 and 2019 (contingent consideration). The acquisition was classified as an acquisition of a business, in accordance with IFRS 3 *Business Combinations*.

TCSA was renamed ECC on 20 August 2015, which forms part of the coal commercial operating segment.

The ECC group is shown in the organogram below:



[1] *Consolidated subsidiary of ECC (and effectively Exxaro Resources Limited group) at 31 December 2015.*

[2] *Equity-accounted associate or joint venture of ECC (and effectively Exxaro Resources Limited group) at 31 December 2015.*

[3] *Held-for-sale at 31 December 2015.*

[4] *Although ECC owns less than 50% of the voting rights of Mmakau Coal, it has been conlcuded that ECC controls Mmakau Coal as ECC provided the majority of the funding and is exposed to the downside risk as well as carrying all the operational risk for the Mmakau Coal Company.*

8. BUSINESS COMBINATION (continued)

The following table summarises the consideration paid for the ECC group, the fair value of the assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

	2015 Rm
Consideration	
Cash	3 381
Contingent consideration	33
Consideration	3 414
Less: indemnification asset	(1 044)
Total consideration	2 370
Recognised amounts of identifiable assets acquired and liabilities assumed	
– Property, plant and equipment	1 064
– Intangible assets	2
– Investment in RBCT	1 133
– Deferred tax assets	42
– Financial assets	211
– Inventories	133
– Trade and other receivables	235
– Current tax receivable	25
– Cash and cash equivalents	31
– Current outside shareholder loans	(21)
– Non-current provisions	(878)
– Deferred tax liabilities	(507)
– Trade and other payables	(248)
– Current tax payable	(4)
– Contingent liability	(13)
– Overdraft	(86)
– Non-current liabilities held-for-sale	(1 044)
Net identifiable assets acquired	75
Add: non-controlling interests	771
Add: goodwill	1 524
Net assets acquired	2 370
Purchase consideration – cash flow	
Subsidiary acquired, net of cash:	
Cash consideration	3 381
Add: cash and cash equivalents	55
– Bank	(31)
– Overdraft	86
Net cash outflow investing activities	3 436

Goodwill

The goodwill of R1 524 million arising from the business combination was a result of the purchase price being in excess of the net identifiable assets and assumed liabilities. The goodwill is not deductible for tax purposes. This goodwill was recognised as part of intangible assets, refer to note 11.

Acquisition-related costs

Acquisition-related costs of R39,3 million were charged to operating expenses in profit or loss and included in operating cash flows for the year ended 31 December 2015. Total acquisition-related costs since the inception of the transaction amounts to R71,2 million.

Contingent consideration

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

The fair value of the contingent consideration arrangement of US$2,52 million (R32,51 million) was estimated by applying the discounted cash flow method. The fair value estimates are based on a discount rate of 3,44% and assumed API4 price per tonne between US$51 and US$63. This is a Level 3 fair value measurement.

At 31 December 2015, there was an increase of US$0,03 million (R0,44 million) recognised in profit or loss for the contingent consideration arrangement.

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

The amount to be paid in each of the five years is determined as follows:

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

No additional payment to Total S.A. was required for the 2015 financial year as the API4 price was below the range.

Acquired trade and other receivables

The fair value and gross contractual amount of trade and other receivables acquired was R235 million. The full amount is expected to be collectable.

Indemnification asset

Total S.A. has contractually agreed to indemnify Exxaro for any claims brought by Scinta (the buyer of ECC's interest in the EMJV) or any third party in relation to the sale of ECC's interest in the EMJV to Scinta, including without limitation all liabilities arising out of the mine closure in respect of the EMJV and all environmental liabilities attributable to the mining operations which were subject of the EMJV. EMJV indemnification amounts to R1 044 million. (Refer note 14).

The indemnification asset is deducted from the consideration transferred for the business combination. As is the case with the indemnified liabilities, there have been no changes in the amount recognised for the indemnification asset as at 31 December 2015.

Accounting policy choice for non-controlling interests

Exxaro has elected to measure non-controlling interests at their proportionate share in the recognised amounts of the acquiree's identifiable net assets and assumed liabilities. The non-controlling interest of R771 million represents the proportionate share of net identifiable assets and assumed liabilities attributable to non-controlling interests, arising from the acquisition of ECC.

Revenue and profit contribution (before inter-company eliminations)

The acquired business contributed R827 million revenue (R156 million after eliminating inter-company sales) to the group results. It also contributed no attributable earnings to the group's profits for the period from 21 August 2015 to 31 December 2015. If the date of acquisition had been 1 January 2015, revenue contribution from this business would have been R2 268 million (R1 597 million after eliminating inter-company sales), while losses would have been R1 163 million (R1 834 million after eliminating inter-company sales).

Other judgements, estimates and assumptions applied to the business combination transaction

Contingent liability

A contingent liability of R13 million was recognised in the statement of financial position on the acquisition of ECC for a take-or-pay penalty. The take-or-pay penalty is being finalised by the charging party. There is uncertainty on the probability of the take-or-pay penalty.

Consolidation of entities with less than 50% ownership

It has been concluded that the ECC group controls Mmakau Coal, even though it holds less than half of the voting rights of this subsidiary. This is because the group has provided the majority of the funding, is exposed to the downside risk and carries all the operational risk for the company.

Fair value of material assets acquired

Asset acquired	Valuation technique
Mineral assets (included in property, plant and equipment)	The market approach was used to fair value the mineral assets. A range of indicative market-related values of R/tonne attributed to different coal resources were identified. This was applied to the inside and outside LOM resources.
Investment in RBCT	The income approach was used to fair value the RBCT investment. Discounted cash flow methodology was applied to the free cash flows expected to be generated. The discount rate applied is one which would be applicable to a similar investment. The discount rate was adjusted for a similar size shareholding.

9. DIVIDEND DISTRIBUTION

Total dividends paid in 2015 amounted to R984 million, made up of a 2014 final dividend of R752 million which was paid in April 2015 and a 2015 interim dividend of R232 million, paid in September 2015.

A final dividend for 2015 of 85 cents per share (2014: 210 cents per share) was approved by the board of directors on 2 March 2015. The dividend is payable on 18 April 2016 to shareholders who will be on the register on 15 April 2016. This final dividend, amounting to approximately R304 million (2014: R752 million), has not been recognised as a liability in this summarised group annual financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2016.

The final 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 dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 15% amounts to 72,25000 cents per share. The number of ordinary shares in issue at the date of this declaration is 358 115 505 (2014: 358 115 505). The Exxaro company's tax reference number is 9218/098/14/4.

	At 31 December	
	2015	**2014**
Issued share capital as at declaration date (number)	358 115 505	358 115 505
Ordinary shares (million)		
– Weighted average number of shares	355	355
– Diluted weighted average number of shares	356	355
10. CAPITAL EXPENDITURE		
Incurred	2 390	3 197
– To maintain operations	1 663	1 460
– To expand operations	727	1 737
Contracted	2 162	2 887
– Contracted for the group (owner-controlled)	1 721	1 402
– Share of capital commitments of equity-accounted investments	441	1 485
Authorised, but not contracted	1 376	2 160
11. INTANGIBLE ASSETS		
Goodwill[1]		
Gross carrying amount		
At beginning of the year	1 020	953
Acquisition of subsidiaries	1 524	
Exchange differences		67
At end of the year	2 544	1 020
Accumulated impairment		
At beginning of the year	(1 020)	
Impairment charge	(1 524)	(1 020)
At end of the year	(2 544)	(1 020)
Patents and licences[2]		
Gross carrying amount		
At beginning of the year	258	232
Acquisition of subsidiaries	2	
Additions	34	30
Transfer from other assets		1
Write-offs		(5)
At end of the year	294	258
Accumulated amortisation		
At beginning of the year	(22)	(9)
Scrapping of other intangibles		1
Amortisation charges for the year	(14)	(14)
At end of the year	(36)	(22)
Accumulated impairment		
At beginning of the year	(202)	
Amortisation charge		(202)
At end of the year	(202)	(202)
Net carrying amount at the end of the year	56	34

[1] *2015 goodwill was allocated to ECC (refer note 5 and 8), 2014 goodwill was allocated to AKI with the acquisition in 2012.*

[2] *Includes software licences, intellectual property (which was impaired on 31 December 2014) and an option to receive specific quantities of water from the Eungella water pipeline (Australia) and the right to receive water from the Zeeland Water Treatment Works (Lephalale, South Africa).*

	At 31 December	
	2015 Rm	2014 Rm
12. INVESTMENTS IN ASSOCIATES		
Listed investments		
– Tronox Limited[1]	8 997	9 686
Unlisted investments	10 693	8 902
– SIOC	5 081	5 422
– Tronox SA	1 833	1 786
– Tronox UK	1 440	1 337
– RBCT[2]	1 919	
– Black Mountain	420	357
Total carrying value of investment in associates	19 690	18 588
1. Fair value based on a listed price (Level 1 within the IFRS 13 Fair Value Measurement fair value hierarchy). The recoverable amount (value in use) of this investment was determined based on Exxaro's share of the present value of Tronox's future cash flows, and resulted in no impairment charge being recognised on 31 December 2015.	*3 095*	*14 122*
Listed share price (US$ per share)	*3,91*	*23,88*
2. The investment in RBCT increased as part of the ECC acquisition. This resulted in RBCT being accounted for as an associate. The carrying amount of the investment in RBCT was deemed to be the carrying amount of the previously held interest plus the newly acquired additional cost.		
13. INVESTMENTS IN JOINT VENTURES		
Unlisted investments	1 662	966
– Mafube	1 067	818
– SDCT[1]		
– Cennergi	595	148
Total carrying value of investment in joint ventures	1 662	966
[1] The cost of the investment is below R1 million (R1 333). Loan to SDCT included in financial assets	*105*	*83*

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

EMJV

As part of the TCSA acquisition Exxaro acquired non-current liabilities held-for-sale relating to the EMJV (classified as a joint operation). The sale of the EMJV is conditional on section 11 approval required in terms of the MPRDA for transfer of the new-order mining right to the new owners, Scinta, as well as section 43(2) approval for the transfer of environmental liabilities and responsibilities. The EMJV remains a non-current liability held-for-sale for the Exxaro group.

The EMJV does not meet the criteria to be classified as a discontinued operation since it does not represent a separate major line of business, nor does it represent a major geographical area of operation.

Other

Exxaro concluded a sale of asset agreement relating to the land and buildings situated at the corporate office in Pretoria, with Africorp International Properties Proprietary Limited (Africorp) in November 2015. The sale is conditional to Africorp providing a guarantee issued by a financial institution. The land and buildings situated at corporate office was classified as a non-current asset held-for-sale on 31 December 2015.

NCC

Exxaro concluded a sale of asset agreement of the NCC operation with Universal Coal Development VIII Proprietary Limited (Universal) in January 2014. For details of the sale refer to note 9.3 of the audited group annual financial statements for the year ended 31 December 2015 as published on www.exxaro.com.

On 31 July 2015 all conditions precedent to the NCC sale of asset agreement were met and the sale became effective. The NCC operation did not meet the criteria to be classified as a discontinued operation since it did not represent a separate major line of business, nor did it represent a major geographical area of operation and is reported as part of the coal commercial operating segment.

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

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

	At 31 December	
	2015 Rm	2014 Rm
Assets		
Property, plant and equipment	128	174
Deferred tax		65
Financial assets		73
Inventories		8
Trade and other receivables		8
– Trade receivables		3
– Non-financial instrument receivables		5
Total assets	128	328
Liabilities		
Non-current provisions	(1 027)	(158)
Post-retirement employee obligations	(17)	(4)
Trade and other payables		(21)
– Trade payables		(11)
– Other payables		(3)
– Non-financial instrument payables		(7)
Current provisions		(40)
Current tax payable		(9)
Total liabilities	(1 044)	(232)
Net (liabilities)/assets held-for-sale	(916)	96

15. INTEREST-BEARING BORROWINGS

Loans

Senior loan facility

During April 2012, Exxaro secured a senior loan facility of R8 billion. The senior loan facility comprises a:

- Term loan facility of R5 billion for a duration of 97 months
- Revolving credit facility of R3 billion for a duration of 62 months

Interest is based on JIBAR plus a margin of 2,75% for the term loan, and JIBAR plus a margin of 2,50% for the revolving facility. The effective interest rate for the transaction costs for the term loan is 0,47%. Interest is paid on a six-monthly basis for the term loan, and on a monthly basis for the revolving facility.

The undrawn portion relating to the term loan facility amounts to R1 billion (31 December 2014: R3 billion). The undrawn portion of the revolving facility amounts to R3 billion (31 December 2014: R3 billion). It is expected that this facility will be refinanced in 2016.

Bond issue

In terms of Exxaro's R5 billion Domestic Medium-term Note (DMTN) programme, a senior unsecured floating rate note (bond) of R1 billion was raised in May 2014. The bond comprises a:

- R480 million senior unsecured floating rate note due 19 May 2017
- R520 million senior unsecured floating rate note due 19 May 2019

Interest on the bond is based on JIBAR plus a margin of 1,70% for the R480 million bond and JIBAR plus a margin of 1,95% for the R520 million bond. The effective interest rate for the transaction costs is 0,13% for the R480 million bond and 0,08% for the R520 million bond. Interest is paid on a quarterly basis for both bonds.

15. INTEREST-BEARING BORROWINGS (continued)

Loans (continued)

	At 31 December 2015 Rm	At 31 December 2014 Rm
Summary of loans by financial year of redemption		
2015		34
2016[1]	882	392
2017	1 274	874
2018	795	395
2019	1 317	917
2020 onwards	799	398
Total interest-bearing borrowings	5 067	3 010
– Current interest-bearing borrowings	882	34
– Capital repayments	800	
– Interest capitalised	90	44
– Reduced by the amortised transaction costs	(8)	(10)
– Non-current interest-bearing borrowings[2]	4 185	2 976
Overdraft		
Bank overdraft		67

[1] *During the 2014 year, an addendum to the senior loan facility was signed extending the first capital repayment to 30 January 2016. At date of this report R500 million had been repaid.*

[2] *The non-current portion includes amounts in respect of transaction costs that will be amortised using the effective interest rate method, over the term of the facilities (2015: R15 million and 2014: R34 million).*

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

There were no defaults or breaches in terms of interest-bearing borrowings in 2015.

16. NET DEBT[1]

	2015 Rm	2014 Rm
Net debt is presented by the following items on the face of the statement of financial position (excluding assets and liabilities held-for-sale):	(3 012)	(1 071)
– Cash and cash equivalents	2 055	2 006
– Non-current interest bearing borrowings	(4 185)	(2 976)
– Current interest bearing borrowings	(882)	(34)
– Overdraft		(67)
Calculation of movement in net debt:		
Cash (outflow)/inflow:	(2 119)	2 280
Add:		
– Non-cash flow movement for interest accrued not yet paid	(47)	(4)
– Non-cash flow amortisation of transaction costs	(10)	(10)
– Translation differences of movements in cash and cash equivalents	235	40
(Increase)/decrease in net debt	(1 941)	2 306

[1] *Non-IFRS measure.*

17. FINANCIAL INSTRUMENTS

a) Carrying amounts and fair values

The carrying amounts and fair values of financial assets and liabilities in the statement of financial position, are as follows:

		At 31 December			
		2015		2014	
	Notes	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
ASSETS					
Non-current assets					
Financial assets, consisting of:		3 921	3 921	2 693	2 693
– Environmental rehabilitation funds		1 329	1 329	826	826
– Loans to joint ventures		105	105	83	83
– Kumba Iron Ore (KIO)		4	4	22	22
– Chifeng		210	210	267	267
– RBCT	8			973	973
– Indemnification asset	8;14	1 044	1 044		
– Loan to BEE shareholder[1]		426	426		
– Non-current receivables		803	803	522	522
Current assets[2]		4 411	4 411	4 104	4 104
Trade and other receivables		2 355	2 355	2 090	2 090
Derivative financial instruments		1	1	8	8
Cash and cash equivalents		2 055	2 055	2 006	2 006
Non-current assets held-for-sale				76	76
Total financial instrument assets		8 332	8 332	6 873	6 873
LIABILITIES					
Non-current liabilities		4 224	4 224	2 976	2 976
Interest-bearing borrowings		4 185	4 185	2 976	2 976
Non-current derivative financial liability		39	39		
Current liabilities[2]		3 630	3 630	2 603	2 603
Trade and other payables		2 686	2 686	2 502	2 502
Shareholder loans		21	21		
Derivative financial liabilities		41	41		
Interest-bearing borrowings		882	882	34	34
Overdraft				67	67
Non-current liabilities held-for-sale				14	14
Total financial instrument liabilities		7 854	7 854	5 593	5 593

[1] *In 2015 Exxaro provided Main Street 333 with a loan. The loan is repayable by April 2017 and attracts interest at prime plus 5%.*

[2] *Carrying amounts approximate the fair values due to the short-term nature of the maturities of these financial assets and liabilities.*

b) Fair value hierarchy

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

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

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – input that are not based on observable market data (unobservable input).

17. FINANCIAL INSTRUMENTS (continued)

b) Fair value hierarchy (continued)

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
At 31 December 2015				
Financial assets held-for-trading at fair value through profit or loss				
– Current derivative financial assets		1		1
Financial assets designated at fair value through profit or loss				
– Environmental rehabilitation funds	1 113			1 113
– KIO	4			4
Available-for-sale financial assets				
– Chifeng			210	210
Financial liabilities held-for-trading at fair value through profit or loss				
– Current derivative financial liabilities		(41)		(41)
Financial liabilities designated at fair value through profit or loss				
– Non-current derivative financial liability			(39)	(39)
Net financial assets/(liabilities) held at fair value	1 117	(40)	171	1 248
At 31 December 2014				
Financial assets held-for-trading at fair value through profit or loss				
– Current derivative financial assets		8		8
Financial assets designated at fair value through profit or loss				
– Environmental rehabilitation funds	826			826
– Environmental rehabilitation fund held-for-sale	73			73
– KIO	22			22
Available-for-sale financial assets				
– Chifeng			267	267
– RBCT			973	973
Net financial assets carried at fair value	921	8	1 240	2 169

Reconciliation of assets and liabilities within Level 3 of the hierarchy	Non-current derivative financial liability Rm	Chifeng Rm	RBCT Rm	Total Rm
At 1 January 2014		253	551	804
Movement during the year				
Gains recognised for the year in other comprehensive income (pre-tax effect)[1]		1	422	423
Exchange gains for the year recognised in other comprehensive income		13		13
At 31 December 2014		267	973	1 240
Movement during the year				
Gains recognised for the year in other comprehensive income (pre-tax effect)[1]		(103)	(61)	(164)
Reclassification of loan repayments			(229)	(229)
Acquisition of subsidiaries	(33)			(33)
Exchange gains for the period recognised in other comprehensive income		46		46
Exchange losses for the period recognised in profit or loss	(6)			(6)
Transfers out of Level 3[2]			(683)	(683)
At 31 December 2015	(39)	210		171

[1] *Tax on RBCT amounts to R23 million (2014: R78 million).*

[2] *Relates to the RBCT investment now accounted for as an investment in associate.*

17. FINANCIAL INSTRUMENTS (continued)

b) Fair value hierarchy (continued)

Transfers

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between level 1 and level 2 nor between level 2 and level 3 of the fair value hierarchy during the years ended 31 December 2015 and 2014, as shown in the reconciliation above.

The RBCT investment has been transferred out of Level 3 of the fair value hierarchy, and classified as an investment in associate following the acquisition of additional interests in RBCT through the ECC acquisition.

Valuation process applied by the group

The fair value computations of the investments are performed by the group's corporate finance department, reporting to the finance director, on a six monthly basis.

The valuation reports are discussed with the chief operating decision-maker and the audit committee in accordance with the group's reporting governance.

Current derivative financial instruments

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

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

Chifeng

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

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

Non-current derivative financial liability

The non-current derivative financial liability, arising on the contingent consideration relating to the acquisition of ECC, is classified within a level 3 of the fair value hierarchy as there is no quoted market price or observable price available for this financial instrument. This financial instrument is valued as the present value of the estimated future cash flows, using a discounted cash flow model.

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

For detailed analysis of the sensitivities of the inputs and the fair value measurements refer note 16.2 of the audited group annual financial statements as published on www.exxaro.com.

Inter-relationships

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

RBCT

For 2014, RBCT was classified within Level 3 of the fair value hierarchy as there was no quoted market price or observable price available for this investment. This unlisted investment was valued as the present value of the estimated future cash flows, using a discounted cash flow model. It was not anticipated that the RBCT investment would be disposed of in the near future. The valuation technique was consistent to that used in previous reporting periods.

The significant observable and unobservable inputs used in the fair value measurement of the investment in RBCT were rand/US$ exchange rate, API4 export price, transnet market demand strategy, discount rate and annual utilisation factor.

	At 31 December	
	2015 Rm	2014 Rm

18. CONTINGENT LIABILITIES

	2015 Rm	2014 Rm
	7 378	2 609
– DMC Iron Congo SA	6	
– Pending litigation claims[1]	1 233	445
– Operational guarantees[2]	3 559	1 263
– Share of equity-accounted investments contingent liabilities	2 580	901

[1] *Pending litigation and other claims consist of legal cases as well as tax disputes with Exxaro as defendant. The outcome of these claims is uncertain and the amount of possible legal obligations that may be incurred can only be estimated at this stage.*

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

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

Exxaro's share of contingent liabilities from equity-accounted investments relates mainly to:

- Operational guarantees (to banks and other institutions) amounting to R1 394 million (2014: R901 million)
- Municipality rates and taxes levied but under objection of R87 million (2014: nil)
- Tax assessments under process of objection of R1,1 billion, which includes R739 million of interest and penalties.

For further background and detail of these matters, refer to note 13.3 of the audited group annual financial statements 2015 published on www.exxaro.com.

Mayoko

At 31 December 2015, DMC, a subsidiary of Exxaro is exposed to possible customs import duties as a result of a review by the RoC customs department on assets imported by DMC into the RoC in 2012 under a temporary arrangement, pending the ratification of the mining convention. To date the mining convention has not been ratified, which increases the potential risk. The penalties are deemed reasonably possible, but the level of probability for the outflow of economic resources is considered not probable.

To date, no notification has been issued by the RoC customs department. Exxaro believes that these matters have been appropriately treated by disclosing a contingent liability. The group will be defending any claims for penalties by following due process in the RoC.

SARS

On 18 January 2016, Exxaro received a letter of intent from SARS following an international income tax audit for the years of assessment 2009 to 2013. According to the letter, SARS proposes that certain international Exxaro companies will be subject to South African Income Tax. No assessment has been issued at this stage and Exxaro is following due process to respond to SARS.

As at the date of this report, Exxaro has responded to the letter of intent, disputing the basis for the proposed adjustments. The group is awaiting SARS's response. These matters have been considered in consultation with external tax and legal advisors, who support the group's position set out in its dispute.

Exxaro believes that these matters have been appropriately treated by disclosing a contingent liability.

19. CONTINGENT ASSETS

	At 31 December	
	2015 Rm	2014 Rm
	86	256
– Guarantee on sale of NCC[1]		170
– Share of equity-accounted investments contingent assets[2]	86	86

[1] *Exxaro received a guarantee from Universal as part of the sales transaction of NCC. This transaction was concluded in 2015.*

[2] *Bank guarantee issued in favour of SIOC related to environmental rehabilitation.*

20. RELATED PARTY TRANSACTIONS

The group entered into various sale and purchase transactions with associates and joint ventures during the ordinary course of business. These transactions were subject to terms that are no less, nor more favourable than those arranged with third parties.

Exxaro also granted a loan of R400 million, on commercial arm's length terms, to Main Street 333, Exxaro's majority BEE shareholder during July 2015.

21. GOING CONCERN

Based on the results for the year ended 31 December 2015, and the latest budget for 2016, as well as the available bank facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

22. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend proposed are given in note 9.

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.

23. INDEPENDENT EXTERNAL AUDIT CONCLUSION

These summarised group annual financial statements for the year ended 31 December 2015 (from page 2 to 22) have been audited by the external auditors, PricewaterhouseCoopers Inc, who expressed an unmodified audit opinion thereon. The auditor also expressed an unmodified opinion on the group annual financial statements from which these summarised group annual financial statements were derived. The individual auditor assigned to the audit is Mr TD Shango.

The full auditors' report is included in the group annual financial statements on the website www.exxaro.com. Both copies of the auditor's audit reports are available for inspection at the company's registered office, together with the audited group annual financial statements which have been summarised in this report.

24. KEY MEASURES*

	At 31 December	
	2015	**2014**
Net asset value per share (rand/share)	98	96
Operating lease commitments (Rm)	152	135
Closing share price (rand/share)	44,04	103,50
Market capitalisation (Rbn)	15,77	37,06
Average Rand/US$ exchange rate (for the period ended)	12,76	10,83
Closing Rand/US$ spot exchange rate	15,48	11,56

** Non-IFRS numbers.*

02

ANNUAL GENERAL MEETING NOTICE AND PROXY

Exxaro Resources Limited
(Incorporated in the Republic of South Africa)
Registration number: 2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992
ADR code: EXXAY
(Exxaro or the company)

Notice is hereby given that the 15th (fifteenth) annual general meeting of shareholders of Exxaro will be held (subject to any adjournment, postponement or cancellation) at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa, at 11:00 on Thursday, 26 May 2016 to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

The board of directors of the company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act 71 of 2008, as amended (Companies Act), that the record date for shareholders to receive the notice of the annual general meeting (the notice record date) is Friday, 15 April 2016 and the record date for shareholders to be recorded as such in the shareholders' register, maintained by the transfer secretaries of the company, to be able to attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 13 May 2016. Therefore the last day to trade in the company's shares on the JSE Limited (JSE) to be recorded in the share register on the voting record date is Friday, 6 May 2016.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group audit committee and the independent external auditors, for the year ended 31 December 2015, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in this publication, with the full annual financial statements available on the company's website, www.exxaro.com).

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

A report of the members of the group social and ethics committee for the year ended 31 December 2015, as included in the integrated report 2015 and the supplementary report 2015, will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

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

To elect or re-elect, as the case may be, by separate resolutions the following executive director, Mr MDM Mgojo and non-executive directors: Mrs MW Hlahla, Mr S Mayet, Mr VZ Mntambo and Dr MF Randera. Résumés for these directors appear in the integrated report 2015.

The board has assessed the performance of directors standing for election/re-election, and has found them suitable for appointment/reappointment.

Mrs MW Hlahla and Messrs MDM Mgojo and S Mayet, appointed by the board of directors since the last annual general meeting of the company, are, in accordance with the provisions of clause 6.2 of the company's memorandum of incorporation, obliged to retire at this annual general meeting and, being eligible, offer themselves for election.

Ordinary resolution number 1.1

"RESOLVED that Mrs MW Hhlahla be and is hereby elected as a non-executive director of the company with effect from 26 May 2016."

Ordinary resolution number 1.2

"RESOLVED that Mr S Mayet be and is hereby elected as a non-executive director of the company with effect from 26 May 2016."

Ordinary resolution number 1.3

"RESOLVED that Mr MDM Mgojo be and is hereby elected as an executive director of the company with effect from 26 May 2016."

Mr VZ Mntambo and Dr MF Randera are obliged to retire by rotation at this annual general meeting in accordance with the provisions of clause 6.2 of the company's memorandum of incorporation.

Having so retired and being eligible, they offer themselves for re-election.

Ordinary resolution number 1.4

"RESOLVED that Mr VZ Mntambo be and is hereby re-elected as a non-executive director of the company with effect from 26 May 2016."

Ordinary resolution number 1.5

"RESOLVED that Dr MF Randera be and is hereby re-elected as a non-executive director of the company with effect from 26 May 2016."

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

2. Ordinary resolution number 2: election of group audit committee members

To elect by separate resolutions a group audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of that act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009 (King III) and to perform such other duties and responsibilities as may be delegated by the board of directors for the company, all subsidiary companies and controlled trusts.

The board of directors has assessed the performance of the group audit committee members standing for election and found them suitable for appointment. Résumés for these directors appear in the integrated report 2015.

Ordinary resolution number 2.1

"RESOLVED that Dr CJ Fauconnier be and is hereby elected as a member of the group audit committee with effect from 26 May 2016."

Ordinary resolution number 2.2

"RESOLVED that Mr V Nkonyeni be and is hereby elected as a member of the group audit committee with effect from 26 May 2016."

Ordinary resolution number 2.3

"RESOLVED that Mr J van Rooyen be and is hereby elected as a member of the group audit committee with effect from 26 May 2016."

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

3. Ordinary resolution number 3: election of group social and ethics committee members

To elect by separate resolutions a group social and ethics committee, as provided in section 72(4) of the Companies Act and regulation 43 of the Companies Regulations 2011 (Regulations), appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may be delegated by the board of directors for the company and all subsidiary companies.

The board of directors has assessed the performance of the group social and ethics committee members standing for election and found them suitable for appointment. Résumés for these directors appear in the integrated report 2015.

Ordinary resolution number 3.1

"RESOLVED that Mrs S Dakile-Hlongwane be and is hereby elected as a member of the group social and ethics committee with effect from 26 May 2016."

Ordinary resolution number 3.2

"RESOLVED that Dr CJ Fauconnier be and is hereby elected as a member of the group social and ethics committee with effect from 26 May 2016."

Ordinary resolution number 3.3

"RESOLVED that Dr MF Randera be and is hereby elected as a member of the group social and ethics committee with effect from 26 May 2016."

The election of Dr MF Randera is subject to his re-election as director.

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

4. Ordinary resolution number 4: approval of the remuneration policy

"RESOLVED, through a non-binding advisory vote, that the company's remuneration policy and its implementation, as set out in the remuneration and nomination committee report of the integrated report 2015 and the supplementary report 2015, be and is hereby approved."

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

RESOLUTIONS FOR CONSIDERATION AND ADOPTION (continued)

5. Ordinary resolution number 5: amendment of the Exxaro Resources Limited long-term incentive plan 2006 and Exxaro Resources Limited deferred bonus plan 2006

Approval in terms of schedule 14 of the JSE Listings Requirements and the Exxaro share incentive plan scheme rules is required to reduce the shares available for the plans.

The full amended scheme rules are available for inspection at the company's registered office.

Ordinary resolution number 5.1

"RESOLVED that clause 5.1 of the Exxaro Resources Limited long-term incentive plan 2006 be and is hereby amended by reducing the aggregate number of shares which may be allocated under the plan, when added to the total number of unexercised share appreciation rights previously under this plan and any shares allocated to employees under any other managerial share scheme operated by the company, from 30 000 000 (thirty million) to 18 000 000 (eighteen million)."

For clarity, the new clause will now read:
"5.1 Shares available for the Plan
Subject to the provisions of clause 9, the aggregate number of Shares which may be allocated under the Plan when added to the total number of unexercised SARs allocated previously under this Plan and any Shares allocated to employees under any other managerial share scheme operated by the Company, shall not exceed 18 000 000 (eighteen million) and this number may not be exceeded without shareholders' approval as envisaged in clause 16.2. Notwithstanding the aforegoing, Shares which are not subsequently issued to a Participant for whatever reason, will revert back to the Plan."

Ordinary resolution number 5.2

"RESOLVED that clause 5.1 of the Exxaro Resources Limited deferred bonus plan 2006 be and is hereby amended by reducing the maximum number of matching shares which may be allocated under the plan and any shares allocated to employees under any other managerial share scheme operated by the company, from 30 000 000 (thirty million) to 18 000 000 (eighteen million)."

For clarity, the new clause will now read:
"5.1 Shares available for the Plan
Subject to the provisions of clause 10, the maximum number of Matching Shares which may be allocated under the Plan when added to the total number of unvested Matching Awards allocated previously under this Plan and any Shares allocated to employees under any other managerial share scheme operated by the Company, shall not exceed 18 000 000 (eighteen million) and this number may not be exceeded without shareholders' approval as envisaged in clause 17.2. Notwithstanding the aforegoing, Matching Shares which are not subsequently issued to a Participant for whatever reason, will revert back to the Scheme."

For each of these ordinary resolutions to be passed, under the JSE Listings Requirements, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

6. Ordinary resolution number 6: re-appointment of independent external auditors

As set out in the group audit committee report, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Mr JFM Kotzé, be and is hereby reappointed as independent external auditors of the group for the ensuing year."

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

7. Ordinary resolution number 7: authorise director and/or group company secretary

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

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

8. Special resolution number 1: non-executive directors' fees

Approval in terms of section 66 of the Companies Act is required to authorise the company to remunerate non-executive directors for services as directors. Furthermore, in terms of King III and as read with the JSE Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

"RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the remuneration of non-executive directors for the period 1 June 2016 until the end of the month in which the next annual general meeting is held, be and is hereby approved on the basis set out below:

	Current Rand value	June 2016 to 2017 AGM Proposed Rand value
Chairman of the board	1 400 777	1 449 804
Members of the board	330 968	342 552
Audit committee chairman	279 847	289 642
Audit committee members	147 810	152 983
Chairmen of other board committees	216 791	224 379
Members of other board committees	103 446	107 067
Social and ethics committee chairman	108 389	112 183
Social and ethics committee member	51 729	53 540
Ad hoc meeting fees		
Board meeting	14 016	14 507
Committee meeting	10 516	10 884

The proposed fees equate to a 3,5% increase, and are aligned with 2016 increases for management and specialist category employees. Given the extremely difficult mining industry conditions, this is the second year a very low increase has been proposed. Shareholders should note that, once markets improve, a material adjustment will be required to better align board fees with industry benchmarks.

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

9. Special resolution number 2: general authority to repurchase shares

"RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that, subject to compliance with the JSE Listings Requirements, the Companies Act, and clause 3.1(12) of the memorandum of incorporation of the company, the directors be and are hereby authorised, at their discretion, to instruct that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company, provided that:

- The number of ordinary shares acquired in any one financial year will not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed.
- This must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty.
- This authority will lapse on the earlier of the date of the next annual general meeting of the company or 15 (fifteen) months after the date on which this resolution is passed.
- The price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which a purchase is made."

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

At present, the directors have no specific intention to use this authority and it will only be used if circumstances are appropriate.

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

- After such repurchases, the company passes the solvency and liquidity test as contained in section 4 of the Companies Act and that, from the time the solvency and liquidity test is done, there will be no material changes to the financial position of the group.
- The consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with accounting policies used in the company and group annual financial statements for the year ended 31 December 2015, will exceed the consolidated liabilities of the company and the group immediately after such purchase or 12 (twelve) months after the date of the notice of annual general meeting, whichever is later.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION (continued)

9. Special resolution number 2: general authority to repurchase shares (continued)

- The company and group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the notice of the annual general meeting or a period of 12 (twelve) months after the date on which the board considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is later.
- The issued share capital and reserves of the company and group will be adequate for the purposes of the business of the company and group for a period of 12 (twelve) months after the date of the notice of the annual general meeting of the company.
- The company and group will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of this notice.
- A resolution is passed by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group.
- The company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place, where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation), and which has been submitted to the JSE in writing. The company will instruct an independent third party, which makes its investment decisions on the company's securities independently of, and uninfluenced by, the company, prior to the start of the prohibited period to execute the repurchase programme submitted to the JSE.
- When the company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made.
- The company at any time only appoints one agent to effect any repurchase(s) on its behalf.

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

10. Special resolution number 3: financial assistance for subscription of securities

"RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any 1 (one) or more related or inter-related persons of the company for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, be and is hereby approved, provided that:

1. i) The specific recipient/s of such financial assistance
   ii) The form, nature and extent of such financial assistance
   iii) The terms and conditions under which such financial assistance is provided
   are determined by the board of directors of the company from time to time.
2. The board has satisfied the requirements of section 44 of the Companies Act on providing any financial assistance.
3. Such financial assistance to a recipient is required for a purpose, which in the opinion of the board, is directly or indirectly in the interests of the company.
4. The authority granted in terms of this special resolution will remain valid until a new similar resolution is passed at the next annual general meeting or after the expiry of a period of 24 (twenty-four) months, whichever is later."

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

11. Special resolution number 4: financial assistance to related or inter-related companies

"RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies of the company and/or to any 1 (one) or more juristic persons who are members of, or are related to, any such related or inter-related company, be and is hereby approved, provided that:

1. i) The specific recipient/s of such financial assistance
   ii) The form, nature and extent of such financial assistance
   iii) The terms and conditions under which such financial assistance is provided
   are determined by the board of directors of the company from time to time.
2. The board has satisfied the requirements of section 45 of the Companies Act on providing any financial assistance.
3. Such financial assistance to a recipient is required for a purpose which, in the opinion of the board, is directly or indirectly in the interests of the company.
4. The authority granted in terms of this special resolution will remain valid until a new similar resolution is passed at the next annual general meeting or after the expiry of a period of 24 (twenty-four) months, whichever is later."

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

12. To transact such other business as may be transacted at an annual general meeting

DISCLOSURES REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The following information is provided as per paragraph 11.26 of the JSE Listings Requirements and relates to special resolution number 2:

Directors' responsibility statement

The directors, whose names appear in the integrated report 2015, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief no facts have been omitted that would make any statements false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE Listings Requirements contain all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported in the group and company annual financial statements, and integrated report 2015, there have been no material changes in the affairs, financial or trading position of the group since publication of the summarised group annual financial statements for the year ended 31 December 2015.

Additional disclosures required in terms of the JSE Listings Requirements are set out in:

- The integrated report 2015 – major shareholders of the company
- This publication – share capital of the company.

IDENTIFICATION, VOTING AND PROXIES

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

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

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

To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Tuesday, 24 May 2016.

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

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

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the annual general meeting electronically, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the transfer secretaries, at the address above, to be received by the transfer secretaries at least 7 (seven) business days prior to the annual general meeting (thus Tuesday, 17 May 2016) for the transfer secretaries to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries as per section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative or proxy) with details on how to access the annual general meeting electronically. The company reserves the right not to provide for electronic participation at the annual general meeting if it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to participate in this manner.

By order of the board

Carina Wessels
Group company secretary

Pretoria

15 April 2016

NOTES

NOTES (continued)

FORM OF PROXY

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

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

For completion by registered shareholders of Exxaro unable to attend the 15th (fifteenth) annual general meeting of shareholders of the company to be held at 11:00 on Thursday, 26 May 2016, at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa or at any adjournment or postponement of that meeting.

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

I/We (please print names in full) ______________________________

of (address) ______________________________

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

1 ______________________________ or, failing him/her

2 ______________________________ or, failing him/her

the chairman of the annual general meeting, as my/our proxy to attend, participate in, speak and, on a poll, vote on my/our behalf at the annual general meeting of shareholders to be held at 11:00 on Thursday, 26 May 2016 at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa or at any adjournment or postponement of that meeting, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

			For	Against	Abstain
Ordinary resolutions					
1.	Elect/re-elect directors				
	1.1	Election of Mrs MW Hlahla as a director			
	1.2	Election of Mr S Mayet as a director			
	1.3	Election of Mr MDM Mgojo as a director			
	1.4	Re-election of Mr VZ Mntambo as a director			
	1.5	Re-election of Dr MF Randera as a director			
2.	Elect group audit committee members				
	2.1	Election of Dr CJ Fauconnier as a member of the group audit committee			
	2.2	Election of Mr V Nkonyeni as a member of the group audit committee			
	2.3	Election of Mr J van Rooyen as a member of the group audit committee			
3.	Elect group social and ethics committee members				
	3.1	Election of Mrs S Dakile-Hlongwane as a member of the group social and ethics committee			
	3.2	Election of Dr CJ Fauconnier as a member of the group social and ethics committee			
	3.3	Election of Dr MF Randera as a member of the group social and ethics committee			
4.	Approve, through a non-binding advisory vote, the company's remuneration policy				
5.	Amend the Exxaro Resources Limited long-term incentive plan 2006 and deferred bonus plan 2006				
	5.1	Amendment of long-term incentive plan 2006			
	5.2	Amendment of deferred bonus plan 2006			
6.	Re-appoint PricewaterhouseCoopers Incorporated as independent external auditors				
7.	Authorise directors and/or group company secretary to implement the resolutions set out in the notice convening the annual general meeting				
Special resolutions					
1	Approve non-executive directors' fees for the period 1 June 2016 to the next annual general meeting				
2	Authorise directors to repurchase company shares in terms of a general authority				
3	Authorise financial assistance for the subscription of securities				
4	Authorise financial assistance to related or inter-related companies				

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

Signed at ______________ this day of ______________ 2016

Signature ______________________________

Assisted by me, where applicable (name and signature) ______________________________

Please read the notes that follow.

NOTES TO THE FORM OF PROXY

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

1. A form of proxy is only to be completed by those ordinary shareholders who are:
   - Holding ordinary shares in certificated form; or
   - Recorded on sub-register electronic form in 'own name'.
2. If you have already dematerialised your ordinary shares through a central securities depository participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
3. A shareholder may insert the name of a proxy or the names of two or more persons as alternative or concurrent proxies in the space. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
4. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
5. On a show of hands, a shareholder of the company present in person or by proxy will have one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy will, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, a shareholder who is present in person or represented by proxy will be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of shares held by him/her bears to the aggregate amount of the nominal value of all shares issued by the company.
6. A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the box provided. Failure to comply with this will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or proxy is not obliged to use all the votes exercisable by the shareholder or proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the shareholder or proxy.
7. The proxy appointment is:
   - Suspended at any time and to the extent that the shareholder chooses to act directly and in person in exercising any rights as a shareholder, and
   - Revocable unless the proxy appointment expressly states otherwise; if the appointment is revocable, a shareholder may revoke the proxy appointment by:
     - Cancelling it in writing, or making a later inconsistent appointment of a proxy, and
     - Delivering a copy of the revocation instrument to the proxy, and the transfer secretaries of the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   - The date stated in the revocation instrument, if any, or
   - The date on which the revocation instrument was delivered.
9. If the instrument appointing a proxy or proxies has been delivered, as long as that appointment remains in effect, any notice required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must be delivered to:
   - The shareholder, or
   - The proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.
10. The proxy appointment remains valid only until the end of the annual general meeting or any adjournment or postponement of the meeting, unless it is revoked under paragraph 7 prior to the meeting.
11. Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, to be received not later than 48 hours before the time of the meeting (excluding Saturdays, Sundays and public holidays), thus by 11:00 on Tuesday, 24 May 2016.

For shareholders on the South African register:

Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

www.computershare.com
Tel: +27 11 370 5000

Over-the-counter American depository receipt (ADR) holders:

Exxaro has an ADR facility with The Bank of New York Mellon (BNY Mellon) under a deposit agreement. ADR holders may instruct BNY Mellon how the shares represented by their ADRs should be voted.

American Depository Receipt Facility (ADR)
Bank of New York Mellon
101 Barclay Street
New York, NY 10286
www.adrbnymellon.com

shrrelations@bnymellon.com
Tel: +(00-1) 212 815 2213

12. Completing and lodging this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any appointed proxy.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
14. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
15. Despite these requirements, the chairman of the annual general meeting may, if deemed reasonable, waive any formalities that would otherwise be a prerequisite for a valid proxy.
16. If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the annual general meeting, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.

ADMINISTRATION

Group company secretary and registered office
CH Wessels
Exxaro Resources Limited
Roger Dyason Road
Pretoria West, 0183
(PO Box 9229, Pretoria, 0001)
South Africa
Telephone +27 12 307 5000

Company registration number: 2000/011076/06
JSE share code: EXX
ISIN code: ZAE000084992

Commercial bankers
Absa Bank Limited

Corporate law advisers
EOH Legal Services Proprietary Limited
Roger Dyason Road
Pretoria West
0183

United States ADR Depositary
The Bank of New York Mellon
101 Barclay Street
New York NY 10286
United States of America

Sponsor
ABSA Bank Limited (acting through its Corporate and Investment Bank division)
Barclays Sandton North
15 Alice Lane
Sandton, 2196

Auditors
PricewaterhouseCoopers Incorporated
2 Eglin Road
Sunninghill, 2157

Registrars
Computershare Investor Services Proprietary Limited
Ground floor, 70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

SHAREHOLDER DIARY

Financial year-end	31 December
Annual general meeting	May
Reports and accounts published	Published
Announcement of annual results	March
Integrated 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