POWERING POSSIBILITY

Exxaro Resources Limited

Summarised group annual financial statements for the year ended 31 December 2019 and notice of the annual general meeting

CONTENTS

SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

ANNUAL GENERAL MEETING NOTICE AND PROXY

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

The following reports, which should be read with this report, as well as the audited group and company annual financial statements 2019, will be available on our website on 29 April 2020
- Integrated report
- Supplementary report
- Mineral resources and reserves statement

CONTACT

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

Hanno Olinger
Manager: Sustainability
Tel: +27 12 307 3359
Fax: +27 12 307 5327
Mobile: +27 83 609 1094
Email: hanno.olinger@exxaro.com

EXXARO 2019 PERFORMANCE AT A GLANCE

GROUP FINANCIAL PERFORMANCE

R25.7 billion
Revenue, up 1%

R6.4 billion[1]
NOP[2] up 12%

R30.27 per share
Headline earnings, up 13%

R4.7 billion up 44%
Post-tax equity income

R5.3 billion
Cash generated by operations, down 25%

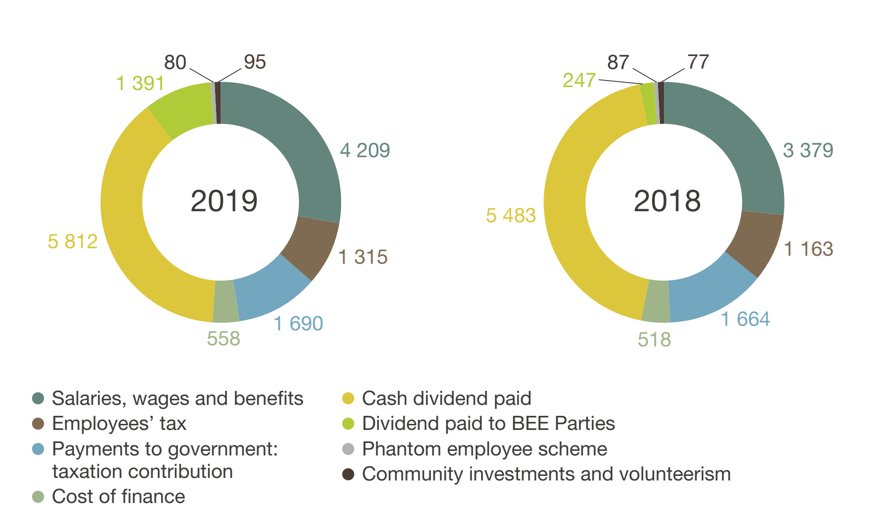
R5.66 per share
Final cash dividend, total dividend of R23.27 per share, for 2019

SIOC

R4.4 billion post-tax equity-accounted income

R4.1 billion Total dividend in 2019

Value distribution (Rm)



[1] Comprises R4.3 billion from continuing operations and R2.1 billion from discontinued operations.
[2] Net operating profit.
[3] External shareholders of Eyesizwe[4] (BEE Parties).
[4] Eyesizwe (RF) Proprietary Limited.

AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2019 Rm	(Re-presented) 2018 Rm
Revenue (note 7)	25 726	25 491
Operating expenses (note 8)	(21 457)	(19 788)
Net operating profit	4 269	5 703
Finance income (note 9)	318	283
Finance costs (note 9)	(355)	(605)
Income from financial assets		6
Share of income of equity-accounted investments (note 10)	4 641	3 189
Profit before tax	8 873	8 576
Income tax expense	(968)	(1 653)
Profit for the year from continuing operations	7 905	6 923
Profit for the year from discontinued operations (note 6)	2 164	139
Profit for the year	10 069	7 062
Other comprehensive (loss)/income, net of tax	(710)	246
Items that will not be reclassified to profit or loss:	71	66
– Remeasurement of retirement employee obligations	19	39
– Changes in fair value of equity investments at fair value through other comprehensive income	50	21
– Share of other comprehensive income of equity-accounted investments	2	6
Items that may subsequently be reclassified to profit or loss:	58	194
– Unrealised exchange differences on translation of foreign operations	(7)	67
– Share of other comprehensive income of equity-accounted investments	65	127
Items that have subsequently been reclassified to profit or loss:	(839)	(14)
– Recycling of exchange differences on translation of foreign operations	(7)	(14)
– Recycling of share of other comprehensive income of equity-accounted investments	(832)	
Total comprehensive income for the year	9 359	7 308
Profit attributable to:		
Owners of the parent	9 809	7 030
– Continuing operations	7 649	6 891
– Discontinued operations	2 160	139
Non-controlling interests	260	32
– Continuing operations	256	32
– Discontinued operations	4	
Profit for the year	10 069	7 062
Total comprehensive income attributable to:		
Owners of the parent	9 108	7 276
– Continuing operations	7 778	7 135
– Discontinued operations	1 330	141
Non-controlling interests	251	32
– Continuing operations	247	32
– Discontinued operations	4	
Total comprehensive income for the year	9 359	7 308
Attributable earnings per share (cents)		
Aggregate[1]		
– Basic	3 908	2 801
– Diluted	3 908	2 156
Continuing operations		
– Basic	3 047	2 746
– Diluted	3 047	2 113
Discontinued operations		
– Basic	861	55
– Diluted	861	43

[1] *In 2020 the BEE Parties will share in the consolidated Eyesizwe results for the 12-month period as opposed to two months in 2019.*

AUDITED GROUP STATEMENT OF FINANCIAL POSITION

At 31 December

	2019 Rm	(Re-presented)[1] 2018 Rm
ASSETS		
Non-current assets	57 106	52 226
Property, plant and equipment	33 562	28 825
Right-of-use assets (note 13)	462	
Inventories	101	
Equity-accounted investments (note 14)	16 630	17 046
Financial assets (note 22)	2 674	2 634
Lease receivables	61	66
Deferred tax	467	523
Other assets (note 15)	3 149	3 132
Current assets	9 121	7 641
Inventories	1 809	1 604
Financial assets (note 22)	272	134
Trade and other receivables	3 241	3 140
Lease receivables	6	5
Cash and cash equivalents	2 695	2 080
Other assets (note 15)	1 098	678
Non-current assets held-for-sale (note 16)	2 613	5 183
Total assets	68 840	65 050
EQUITY AND LIABILITIES		
Capital and other components of equity		
Share capital	1 021	1 021
Other components of equity	2 723	8 028
Retained earnings	31 032	32 797
Equity attributable to owners of the parent	34 776	41 846
Non-controlling interests	8 111	(701)
Total equity	42 887	41 145
Non-current liabilities	19 364	15 745
Interest-bearing borrowings (note 17)	6 991	3 843
Lease liabilities (note 18)	461	
Other payables	121	152
Provisions (note 19)	4 305	3 952
Retirement employee obligations	181	193
Financial liabilities (note 22)		713
Deferred tax	7 138	6 874
Other liabilities (note 21)	167	18
Current liabilities	5 179	6 823
Interest-bearing borrowings (note 17)	50	571
Lease liabilities (note 18)	27	2
Trade and other payables	2 603	2 960
Provisions (note 19)	99	70
Financial liabilities (note 22)	498	757
Overdraft (note 17)	976	1 531
Other liabilities (note 21)	926	932
Non-current liabilities held-for-sale (note 16)	1 410	1 337
Total liabilities	25 953	23 905
Total equity and liabilities	68 840	65 050

[1] *The investments in associates and joint ventures have been aggregated as both are accounted for as equity-accounted investments. In addition, the non-current intangible assets, biological assets and current tax receivables have been reclassified as part of other assets respectively. Similarly the current tax payables have been reclassified as part of other liabilities. These reclassifications have been made to remove these immaterial items from the face of the statement of financial position so as to provide a better presentation of assets and liabilities for the users.*

AUDITED GROUP STATEMENT OF CHANGES IN EQUITY

		Other components of equity		
	Share capital Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	Equity-settled Rm
At 31 December 2017	1 021	2 520	(41)	5 872
Adjustment on initial application of IFRS 9, net of tax				
Adjustment on initial application of IFRS 15, net of tax				
Adjusted balance at 1 January 2018	1 021	2 520	(41)	5 872
Total comprehensive income		171	9	
– Profit for the year				
– Other comprehensive income for the year		171	9	
Transactions with owners of the company				(338)
– Dividends paid[1]				
– Share-based payments movement[2]				(338)
Changes in ownership interest				
– Adjustment to NCI				
– Disposal of subsidiary				
At 31 December 2018	1 021	2 691	(32)	5 534
Adjustment on initial application of IFRS 16, net of tax[3]				
Adjusted balance at 1 January 2019	1 021	2 691	(32)	5 534
Total comprehensive (loss)/income		(785)	(3)	10
– Profit for the year				
– Other comprehensive (loss)/income for the year		(785)	(3)	10
Transactions with owners of the company				(4 483)
– Dividends paid[1]				
– Share-based payments movement[2]				(1 875)
– Reclassifications within equity[4]				(2 608)
Changes in ownership interest				(178)
– Recognition of NCI[5]				
– Loss of control of subsidiary[6]				
– Partial disposal of associate classified as non-current asset held-for-sale[7]				(178)
At 31 December 2019	1 021	1 906	(35)	883

[1] *Refer note 11 for details of the dividends paid.*
[2] *The share-based payments movement includes an amount of R1.391 billion (2018: R247 million) paid to the BEE Parties as a dividend.*
[3] *Refer note 4 for details of the adjustment on initial application of IFRS 16 Leases (IFRS 16).*
[4] *An amount of R2.608 billion was reclassified within equity upon the BEE Parties exercising their option subsequent to the settlement of the preference share liability.*
[5] *Recognition of the non-controlling interests' (NCI) share of Eyesizwe's consolidated net asset value upon the exercise of the option held by the BEE Parties as they are now true equity holders.*
[6] *Derecognition of NCI reserve upon the loss of control of Tumelo Coal Mines Proprietary Limited (Tumelo).*
[7] *Tronox Holdings plc repurchased 14 000 000 Tronox Holdings plc ordinary shares from Exxaro which resulted in a net reclassification within equity from the retirement employee obligations reserve and equity-settled reserve to retained earnings.*

Retirement employee obligations Rm	Available-for-sale revaluation Rm	Financial asset FVOCI revaluation Rm	Other Rm	Retained earnings Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
(158)	(74)		1	30 962	40 103	(738)	39 365
	74	(74)		(11)	(11)		(11)
				314	314		314
(158)		(74)	1	31 265	40 406	(738)	39 668
45		21		7 030	7 276	32	7 308
				7 030	7 030	32	7 062
45		21			246		246
				(5 483)	(5 821)		(5 821)
				(5 483)	(5 483)		(5 483)
					(338)		(338)
				(15)	(15)	5	(10)
				(15)	(15)	15	
						(10)	(10)
(113)		(53)	1	32 797	41 846	(701)	41 145
				(12)	(12)		(12)
(113)		(53)	1	32 785	41 834	(701)	41 133
17		57	3	9 809	9 108	251	9 359
				9 809	9 809	260	10 069
17		57	3		(701)	(9)	(710)
				(3 204)	(7 687)		(7 687)
				(5 812)	(5 812)		(5 812)
					(1 875)		(1 875)
				2 608			
57				(8 358)	(8 479)	8 561	82
				(8 479)	(8 479)	8 479	
						82	82
57				121			
(39)		4	4	31 032	34 776	8 111	42 887

Foreign currency translation
Arises 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 as well as the fair value of the potential benefit to be obtained by the BEE Parties in relation to the Replacement BEE Transaction.

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

Available-for-sale revaluation
Comprises the fair value adjustments, net of tax, on the available-for-sale financial assets (Pre IFRS 9 *Financial Instruments* (IFRS 9)).

Financial asset at fair value through other comprehensive income (FVOCI) revaluation
Comprises the fair value adjustments, net of tax, on the financial assets classified at FVOCI (Post IFRS 9).

AUDITED GROUP STATEMENT OF CASH FLOWS
For the year ended 31 December

	2019 Rm	2018 Rm
Cash flows from operating activities	(2 329)	(54)
Cash generated by operations	5 273	7 024
Settlement of contingent consideration	(344)	(299)
Interest paid	(558)	(518)
Interest received	289	229
Tax paid	(1 177)	(1 007)
Dividends paid	(5 812)	(5 483)
Cash flows from investing activities	2 974	(3 195)
Property, plant and equipment acquired (note 12)	(6 076)	(5 790)
Intangible assets acquired	(5)	(1)
Proceeds from disposal of property, plant and equipment	83	268
Decrease in other financial assets at amortised cost	82	82
Increase in enterprise and supplier development loans	(121)	(125)
Decrease in enterprise and supplier development loans	39	
Deferred consideration paid for acquisition of associates[1]	(306)	
Decrease in loan to joint venture	250	186
Increase in loan to joint venture		(250)
Increase in loan to associate	(40)	
Decrease in lease receivables	15	14
Proceeds from disposal of operation	76	17
Proceeds from disposal of subsidiaries		75
Proceeds from disposal of financial asset		24
Acquisition of associates	(14)	(263)
Dividend income received from equity-accounted investments	4 146	2 627
Proceeds from disposal of associates classified as non-current assets held-for-sale[2]	4 486	
Increase in environmental rehabilitation funds	(148)	(135)
Dividend income received from financial assets and non-current assets held-for-sale[3]	507	76
Cash flows from financing activities	526	(2 861)
Interest-bearing borrowings raised (note 20)	4 250	14
Interest-bearing borrowings repaid (note 20)	(1 622)	(2 161)
Lease liabilities paid	(33)	
Shares acquired in the market to settle share-based payments	(678)	(467)
Dividends paid to BEE Parties	(1 391)	(247)
Net increase/(decrease) in cash and cash equivalents	1 171	(6 110)
Cash and cash equivalents at beginning of the year	549	6 617
Translation difference on movement in cash and cash equivalents	(1)	42
Cash and cash equivalents at end of the year	1 719	549
Cash and cash equivalents	2 695	2 080
Overdraft	(976)	(1 531)

[1] *Relates to deferred consideration paid to Insect Technology Group Holdings UK Limited (Insect Technology) (R263 million) and LightApp Technologies Limited (LightApp) (R43 million).*
[2] *Relates to the redemption of the membership interest in Tronox Sands Limited Liability Partnership in the United Kingdom (Tronox UK) (R1 597 million) and partial disposal of shares in Tronox Holdings plc (R2 889 million).*
[3] *Mainly includes a cash dividend received from Tronox UK of R460 million.*

AUDITED RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interest Rm	Net Rm
For the year ended 31 December 2019				
Profit attributable to owners of the parent				9 809
Adjusted for:	(2 286)	62	14	(2 210)
– IFRS 10 Loss on loss of control of subsidiary	35			35
– IAS 16 Gain on disposal of operation	(76)		17	(59)
– IAS 16 Net gains on disposal of property, plant and equipment		(3)	(3)	(6)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(49)	14	8	(27)
– IAS 21 Net gains on translation differences recycled to profit or loss on partial disposal of associate	(832)			(832)
– IAS 21 Net gains on translation differences recycled to profit or loss on dilution of associates	(1)			(1)
– IAS 21 Net gain on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(10)			(10)
– IAS 21 Net loss on translation differences recycled to profit or loss on deregistration of foreign entity	3		(1)	2
– IAS 28 Losses on dilution of investments in associates	42			42
– IAS 28 Net gains on disposal of associates[1]	(1 504)	65		(1 439)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	71	(14)	(12)	45
– IAS 36 Net impairment of non-current assets	35		5	40
Headline earnings				7 599
Continuing operations				7 437
Discontinued operations				162
For the year ended 31 December 2018 (Re-presented)				
Profit attributable to owners of the parent				7 030
Adjusted for:	(348)	25		(323)
– IFRS 10 Gain on disposal of subsidiaries	(69)			(69)
– IAS 16 Gain on disposal of operation	(102)			(102)
– IAS 16 Net gains on disposal of property, plant and equipment	(122)	13		(109)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(57)	16		(41)
– IAS 21 Net gain on translation differences recycled to profit or loss on liquidation of foreign subsidiary	(14)			(14)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	16	(4)		12
Headline earnings				6 707
Continuing operations				6 568
Discontinued operations				139

[1] *Includes a gain of R1 234 million on the partial disposal of Tronox Holdings plc and a gain of R270 million on the redemption of the membership interest in Tronox UK.*

	2019	(Re-presented) 2018
Headline earnings per share (cents)		
Aggregate		
– Basic	3 027	2 672
– Diluted	3 027	2 057
Continuing operations		
– Basic	2 962	2 617
– Diluted	2 962	2 014
Discontinued operations		
– Basic	65	55
– Diluted	65	43

Refer note 11 for details regarding the number of shares.

NOTES TO THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

1. CORPORATE BACKGROUND

Exxaro, a public company incorporated in South Africa, is a diversified resources group with interests in the coal (controlled and non-controlled), Titanium dioxide (TiO_2) (non-controlled), ferrous (controlled and non-controlled) and energy (non-controlled) markets. These summarised group annual financial statements as at and for the year ended 31 December 2019 (summarised group annual financial statements) comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The summarised group annual financial statements have been derived from the audited group and company annual financial statements 2019 of Exxaro, which are available on Exxaro's website at www.exxaro.com. These summarised group annual financial statements do not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the group, which is provided by the detailed audited group and company annual financial statements 2019. These summarised group annual financial statements do not include all the disclosure required for a complete set of group and company annual financial statements prepared in accordance with IFRS. Selected summarised notes have been included in this report for a better understanding of the relevant transactions during the year.

These summarised group annual financial statements have been prepared under the supervision of the finance director, PA Koppeschaar, in accordance with the JSE Listings Requirements for abridged reports and the requirements of the Companies Act applicable to summary financial statements.

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

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

The summarised group annual financial statements do not include the directors' report, which forms part of the group and company annual financial statements 2019.

2.2 Re-presentation of comparative information

The audited group statement of comprehensive income (and related notes) for the year ended 31 December 2018 has been re-presented as a result of the investment in Black Mountain Proprietary Limited (Black Mountain) being classified as a discontinued operation as described further in note 6.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the summarised group annual financial statements are consistent with those of the group annual financial statements as at and for the year ended 31 December 2018, except for the adoption of new or amended standards as set out below.

3.1 New or amended standards adopted by the group

A number of new or amended standards became effective for the current reporting period.

The group has adopted IFRS 16 for the first time for the year commencing on 1 January 2019. The adoption of IFRS 16 has resulted in the group changing its accounting policies. The impact of the adoption and the new accounting policies are disclosed in note 4.

3. ACCOUNTING POLICIES continued

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

New accounting standards, amendments to accounting standards and interpretations issued which are relevant to the group, but not yet effective on 31 December 2019, have not been adopted. The group continuously evaluates the impact of these standards and amendments.

3.3 Carbon tax

The Carbon Tax Bill has been implemented with an effective date of 1 June 2019. The registration forms were issued in January 2020 but the payment procedures have not yet been finalised. The first payment of the carbon tax levy is due on 31 July 2020, relating to the period 1 June 2019 to 31 December 2019. An accrual of R3.4 million has been recognised during 2019.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 on the summarised group annual financial statements and also discloses the new leases accounting policies that have been applied from 1 January 2019.

Overview of changes resulting from the adoption of IFRS 16

IFRS 16 replaces IAS 17 *Leases* (IAS 17), IFRIC 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4), SIC 15 *Operating Leases-Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard establishes a new definition and criteria to identify whether a contract is, or contains, a lease as well as principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, a single accounting model is introduced that requires lessees to recognise assets and liabilities for all leases. The standard, however, allows an optional exemption to recognise leases with a lease term of less than 12 months (short-term leases) or leases of low value assets in profit or loss on a straight-line basis. For lessor accounting, IFRS 16's approach is substantially unchanged from IAS 17. Lessor's continue to classify leases as either operating leases or finance leases. Subleases are classified with reference to the underlying right-of-use asset of the head lease.

Refer note 4.1 for details of the group's transition to IFRS 16.
Refer note 4.2 for the new accounting policy applied from 1 January 2019.
Refer note 4.3 for the judgements and assumptions made by management in applying the related accounting policies.
Refer note 8, 13 and 18 for the related disclosures of leases.

Leasing activities (as lessee)

The group leases various land, buildings and equipment as the need arises. Lease contracts are typically made for fixed periods between 18 months to 15 years but may have extension options. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease contracts do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the group. These options are used to maximise operational flexibility in terms of managing lease contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition

4.1.1 *Transition method, exemptions and practical expedients applied*

As lessor

The group had no adjustments to its lessor accounting.

As lessee

IFRS 16 has been adopted using the cumulative effect method. In terms of this method, comparative information has not been restated. Instead, the cumulative effect of initially applying IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings on date of initial application (being 1 January 2019).

In applying IFRS 16 for the first time, the group has elected the following practical expedients:

(a) In applying the definition of a lease:
- The group has elected not to re-assess whether a contract is, or contains, a lease at the date of initial application. Instead, the group has applied this standard, at date of initial application, to all contracts previously identified as leases in terms of IAS 17 and IFRIC 4. Therefore the definition of a lease in terms of IFRS 16 will only be applied to contracts entered into or changed on or after 1 January 2019.

(b) In determining the transition adjustments of leases previously classified as operating leases:
- Leases of low value assets were excluded as the group has elected the exemption to not apply lease accounting to these leases from 1 January 2019
- Leases with a lease term of less than 12 months on initial application were excluded and accounted for as short-term leases from 1 January 2019 (i.e. recognised through profit or loss on a straight-line basis)
- Initial direct costs of leases were excluded from the measurement of the right-of-use assets recognised on 1 January 2019; and
- Hindsight was applied to determine the lease term for contracts containing options to extend or terminate the lease.

4.1.2 *Impact on retained earnings at 1 January 2019*

The impact on retained earnings at 1 January 2019 is summarised as follows:

	Note	Rm
Closing balance at 31 December 2018 (IAS 17)		32 797
Adjustments from the adoption of IFRS 16, net of tax		(12)
Adjustment from Exxaro's adoption of IFRS 16, net of tax		(1)
– Portion of gross carrying amount of right-of-use assets recognised relating to the present value of lease payments incurred before 1 January 2019[1]	4.1.4, 4.1.5	10
– Accumulated depreciation on right-of-use assets recognised from commencement date of leases to 1 January 2019	4.1.5	(11)
Share of equity-accounted investments' adjustment from the adoption of IFRS 16		(11)
Opening balance at 1 January 2019 (after IFRS 16 restatement)		32 785

[1] *Calculated as the difference between the gross carrying amount of the right-of-use assets recognised of R76 million (refer note 4.1.5) and the lease liabilities recognised of R66 million (refer note 4.1.4), that relate to leases previously classified as operating leases.*

The IFRS 16 adoption impact, net of tax, has been adjusted by R1 million, compared to the interim results presented for the six month period ended 30 June 2019, as a result of a lease in an offshore entity being remeasured applying a foreign incremental borrowing rate.

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

4.1.3 Impact on the statement of financial position at 1 January 2019

The table below shows the reclassifications and adjustments recognised on initial application of IFRS 16 for each individual line item as per the statement of financial position.

Statement of financial position (extract)	Note	At 31 December 2018 As presented Rm	IFRS 16 adjustment Rm	At 1 January 2019 Restated Rm
ASSETS				
Non-current assets		52 226	54	52 280
Property, plant and equipment	4.1.5	28 825	(14)	28 811
Right-of-use assets	4.1.5		79	79
Equity-accounted investments[1]		17 046	(11)	17 035
Financial assets		2 634		2 634
Lease receivables		66		66
Deferred tax		523		523
Other assets		3 132		3 132
Current assets		7 641		7 641
Inventories		1 604		1 604
Financial assets		134		134
Trade and other receivables		3 140		3 140
Lease receivables		5		5
Cash and cash equivalents		2 080		2 080
Other assets		678		678
Non-current assets held-for-sale		5 183		5 183
Total assets		65 050	54	65 104

[1] *Relates to the group's share of equity-accounted investments' adjustment from the adoption of IFRS 16.*

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

4.1.3 Impact on the statement of financial position at 1 January 2019 continued

Statement of financial position (extract)	Note	At 31 December 2018 As presented Rm	IFRS 16 adjustment Rm	At 1 January 2019 Restated Rm
EQUITY AND LIABILITIES				
Capital and other components of equity				
Share capital		1 021		1 021
Other components of equity		8 028		8 028
Retained earnings		32 797	(12)	32 785
Equity attributable to owners of the parent		41 846	(12)	41 834
Non-controlling interests		(701)		(701)
Total equity		41 145	(12)	41 133
Non-current liabilities		15 745	39	15 784
Interest-bearing borrowings		3 843		3 843
Lease liabilities	4.1.4		39	39
Other payables		152		152
Provisions		3 952		3 952
Retirement employee obligations		193		193
Financial liabilities		713		713
Deferred tax		6 874		6 874
Other liabilities		18		18
Current liabilities		6 823	27	6 850
Interest-bearing borrowings		571		571
Lease liabilities	4.1.4	2	27	29
Trade and other payables		2 960		2 960
Provisions		70		70
Financial liabilities		757		757
Overdraft		1 531		1 531
Other liabilities		932		932
Non-current liabilities held-for-sale		1 337		1 337
Total liabilities		23 905	66	23 971
Total equity and liabilities		65 050	54	65 104

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

4.1.4 Lease liabilities recognised on initial application

Lease liabilities were recognised for leases, previously classified as operating leases under IAS 17, that had commenced prior to 1 January 2019, excluding leases of low-value assets and short-term leases. These liabilities were measured as the present value of the remaining lease payments discounted using the incremental borrowing rate at 1 January 2019 which ranged between 7.85% and 10.42%.

The table below shows the reconciliation between operating lease commitments (disclosed under IAS 17) at 31 December 2018 and lease liabilities recognised on 1 January 2019:

	Rm
Operating lease commitments at 31 December 2018 (adjusted)[1]	1 004
Less: lease commitments relating to leases commencing on or after 1 January 2019	(864)
Less: lease commitments that relate to short-term leases	(13)
Less: lease commitments that relate to leases of low-value assets	(52)
Lease commitments (remaining lease payments) to which initial application of IFRS 16 has been applied	75
Less: discounting impact using the lessee's incremental borrowing rate at 1 January 2019	(9)
Lease liabilities recognised at 1 January 2019	66
Non-current	39
Current	27

[1] *Operating lease commitments at 31 December 2018, previously disclosed as R876 million, has been adjusted to an amount of R1 004 million, to include an additional R128 million worth of lease commitments (in terms of IAS 17 and IFRIC 4) that was erroneously excluded.*

For leases previously classified as finance leases, the group recognised the carrying amount of the lease liability immediately before transition as the carrying amount of the lease liability at the date of initial application. Therefore no adjustment was required for finance lease liabilities at 1 January 2019. The measurement principles of IFRS 16 have been applied since 1 January 2019.

4.1.5 Right-of-use-assets recognised on initial application

Right-of-use assets were recognised for leases, previously classified as operating leases under IAS 17, that had commenced prior to 1 January 2019, excluding leases of low-value assets and short-term leases. These assets were measured as if IFRS 16 had been applied since the commencement date of the leases, but discounted using the incremental borrowing rate at date of initial application. In other words, the gross carrying amount of the right-of-use assets were determined taking into account the present value of all remaining lease payments at the commencement date of the leases, but discounted at the incremental borrowing rate of 1 January 2019. The accumulated depreciation was measured from the commencement date of the leases until 1 January 2019.

The right-of-use assets recognised at 1 January 2019 were considered for impairment in terms of IAS 36 *Impairment of Assets*, however, as the recoverable amounts were in excess of the carrying amounts, no impairment adjustments were required.

For assets acquired in terms of finance leases, as previously classified under IAS 17, the group recognised the carrying amount of these assets immediately before transition as the carrying amount of the right-of-use assets at 1 January 2019. Therefore no adjustment was required except that the carrying amount of these assets has been reclassified from property, plant and equipment to right-of-use assets. The measurement principles of IFRS 16 have been applied since 1 January 2019.

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

4.1.5 *Right-of-use-assets recognised on initial application* continued

The table below shows the right-of-use assets, by class of asset, at 1 January 2019, reconciled to the reclassifications and adjustments made on initial application of IFRS 16:

	Gross carrying amount Rm	Accumulated depreciation Rm	Net carrying amount Rm
Land and buildings	1		1
Residential land and buildings	4		4
Buildings and infrastructure	33	(4)	29
Machinery, plant and equipment	54	(9)	45
Total right-of-use assets	92	(13)	79
Relating to leases previously classified as operating leases recognised retrospectively on 1 January 2019	76	(11)	65
Relating to leases previously classified as finance leases reclassified from property, plant and equipment[1]	16	(2)	14

[1] *Included in machinery, plant and equipment.*

4.2 Accounting policies applied from 1 January 2019

The group has elected as an accounting policy choice not to apply IFRS 16 to leases of intangible assets.

At inception of a contract, the group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly, and must be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the group has the right to direct the use of the asset if either:
  - The group has the right to operate the asset; or
  - The group designed the asset in a way that predetermines how and for what purpose it will be used.

The group has applied this definition to contracts entered into or changed on or after 1 January 2019.

At inception, or on reassessment, of a contract that contains a lease component, the group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

As lessee

(a) Recognition

Leases are recognised as a lease liability and corresponding right-of-use asset at the commencement date of the leases. Each lease payment is allocated between the settlement of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, except, when there is a purchase option which is expected to be exercised, in which case it is depreciated over the asset's useful life.

Non-lease components, contained in a lease, are recognised as an expense in profit or loss when incurred.

4. CHANGES IN ACCOUNTING POLICIES continued

4.2 Accounting policies applied from 1 January 2019 continued

As lessee continued

(b) Measurement

(i) Initial measurement

Right-of-use assets	Lease liabilities
Measured at cost which is: – The amount of the initial measurement of the lease liability – Plus any lease payments made at or before the commencement date – Less any lease incentives received – Plus any initial direct costs – Plus estimated restoration costs.	Measured at the present value of the following lease payments: – Fixed payments (including in-substance fixed payments), less any lease incentives receivable – Variable lease payments that are based on an index or a rate – Amounts expected to be payable by the group, as a lessee, under residual value guarantees – The exercise price of a purchase option if the group, as a lessee, is reasonably certain to exercise that option; and – Payments of penalties for terminating the lease, if the lease term reflects the group, as a lessee, exercising that option. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, an incremental borrowing rate is applied.

(ii) Subsequent measurement

Right-of-use assets	Lease liabilities
After commencement date of the lease, the group measures the right-of-use asset applying the cost model where a right-of-use asset falls within the scope of IAS 16 *Property, Plant and Equipment*. Measured at: – Cost less – Any accumulated depreciation and any accumulated impairment losses; and – Adjusted for any remeasurements or modifications of the lease liability. *Useful lives:* Land and buildings – 15 years Residential land and buildings – 10 years Buildings and infrastructure – three to 10 years Machinery, plant and equipment – two to five years	After commencement date of the lease, the group measures the lease liability by: – Increasing the carrying amount to reflect interest on the lease liability – Reducing the carrying amount to reflect the lease payments made, and – Remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. *Incremental borrowing rates:* Lease term greater than 12 months but less than 18 months – 7.85% Lease term greater than 18 months – 10.42% to 10.44%

4. CHANGES IN ACCOUNTING POLICIES continued

4.2 Accounting policies applied from 1 January 2019 continued

As lessee continued

(c) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis, over the lease term, as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value assets comprise IT equipment, furniture, fittings and appliances as well as tools and other small equipment used at the plants.

As lessor

When the group acts as a lessor, it determines at lease inception whether a lease is a finance lease or an operating lease.

To classify a lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the group applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the group applies IFRS 15 to allocate the consideration in the contract.

Lease income from operating leases is recognised as income on a straight-line basis over the lease term in profit or loss.

The group recognises the net investment in finance leases, which is the aggregate of the minimum lease payments receivable, discounted at the interest rate implicit in the lease, at the commencement of the lease. On conclusion of the lease agreement the leased asset is derecognised and depreciation ceases. Each lease payment received is allocated between the receivable and finance income. The interest element is recognised in profit or loss over the lease period.

4.3 Judgements and assumptions made by management in applying the related accounting policies

(a) Useful lives of right-of-use assets

In determining the useful lives of right-of-use assets, management considers all available information about the lease term as well as the asset's useful life itself. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

(b) Incremental borrowing rates

In determining the incremental borrowing rates, management considers the term of the lease, the nature of the asset being leased and the funding strategy and principles applied by the group's treasury department.

(c) Extensions and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5. SEGMENTAL INFORMATION

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

During the first half of 2019, the chief operating decision maker revised the segment in which the remaining North Block Complex (NBC) assets and liabilities were reported on. These assets and liabilities are reported as part of the coal other operating segment instead of the coal commercial Mpumalanga operating segment. The comparative segmental information has been represented to reflect this change.

The export revenue and related export cost items are allocated between the coal operating segments based on the origin of the initial coal production.

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

Coal

The coal reportable operating segment is split between commercial (Waterberg and Mpumalanga), tied and other operations. Commercial Mpumalanga operations include a 50% (2018: 50%) investment in Mafube Coal Proprietary Limited (Mafube) (a joint venture with Anglo South Africa Capital Proprietary Limited (Anglo)). The 10.36% (2018: 10.82%) effective equity interest in Richards Bay Coal Terminal Proprietary Limited (RBCT) is included in the other coal operations. The 49% equity interest in Tumelo continues to be reported as part of the commercial Mpumalanga operations although it is no longer accounted for as a subsidiary, but as an associate since 1 January 2019. The coal operations produce thermal coal, metallurgical coal and semi-soft coking coal (SSCC).

Ferrous

The ferrous segment mainly comprises the 20.62% (2018: 20.62%) equity interest in Sishen Iron Ore Company Proprietary Limited (SIOC) (located in the Northern Cape province) reported within the other ferrous operating segment as well as the FerroAlloys operation (referred to as Alloys). The Alloys operation manufactures ferrosilicon.

TiO_2

The TiO_2 segment comprises a 10.38% (2018: 23.35%) equity interest in Tronox Holdings plc, which was classified as a non-current asset held-for-sale on 30 September 2017 (refer note 16), and a 26% (2018: 26%) equity interest in Tronox SA (both South African-based operations). The 26% member's interest in Tronox UK was redeemed on 15 February 2019.

Energy

The energy segment comprises a 50% (2018: 50%) investment in Cennergi Proprietary Limited (Cennergi) (a South African joint venture with Tata Power Company Limited), which operates two wind-farms, and an equity interest of 28.59% (2018: 28.98%) in LightApp, as well as an equity interest of 22% in Global Asset Management Limited (GAM) which was acquired in 2019 (refer note 14).

Other

The other reportable segment comprises an equity interest in Curapipe Systems Limited (Curapipe) of 15% (2018: 10.53%), an equity interest in Insect Technology of 25.86% (2018: 26.37%), the Ferroland Grondtrust Proprietary Limited agricultural operation as well as the corporate office which renders services to operations and other customers. The 26% (2018: 26%) equity interest in Black Mountain (located in the Northern Cape province) was classified as a non-current asset held-for-sale and a discontinued operation on 30 November 2019 (refer note 16).

5. SEGMENTAL INFORMATION continued

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

	Coal			
	Commercial			
For the year ended 31 December 2019	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm
External revenue (note 7)	14 012	7 240	4 038	292
Segmental net operating profit/(loss)	5 752	(318)	136	(1 623)
– *Continuing operations*	5 752	(318)	136	(1 623)
– *Discontinued operations*				
External finance income (note 9)	57	21		30
External finance costs (note 9)	(54)	(165)		(27)
Income tax (expense)/benefit	(1 627)	120	(47)	627
– *Continuing operations*	(1 627)	120	(47)	627
– *Discontinued operations*				
Depreciation and amortisation (note 8)	(1 383)	(382)	(23)	(3)
Loss on loss of control of subsidiary		(35)		
Share of income/(loss) of equity-accounted investments (note 10)		127		1
– *Continuing operations*		127		1
– *Discontinued operations*				
Cash generated by/(utilised in) operations	6 062	(253)	201	(1 042)
Capital spend (note 12)	(2 951)	(2 776)		(90)
At 31 December 2019				
Segmental assets and liabilities				
Deferred tax[1]			(107)	340
Equity-accounted investments (note 14)		1 335		2 067
Loans to associates		133		
External assets	28 832	10 499	1 210	3 951
Assets	28 832	11 967	1 103	6 358
Non-current assets held-for-sale (note 16)				
Total assets per statement of financial position	28 832	11 967	1 103	6 358
External liabilities	1 951	2 336	938	2 684
Deferred tax[1]	6 411	715		68
Liabilities	8 362	3 051	938	2 752
Non-current liabilities held-for-sale (note 16)		1 410		
Total liabilities per statement of financial position	8 362	4 461	938	2 752

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2019	Ferrous				Other		
	Alloys Rm	Other ferrous Rm	TiO_2 Rm	Energy Rm	Base metals Rm	Other Rm	Total Rm
External revenue (note 7)	130					14	25 726
Segmental net operating profit/(loss)	(3)	(1)	2 400	(58)		114	6 399
– Continuing operations	(3)	(1)	270	(58)		114	4 269
– Discontinued operations			2 130				2 130
External finance income (note 9)						210	318
External finance costs (note 9)	(1)					(108)	(355)
Income tax (expense)/benefit	3		(65)			(44)	(1 033)
– Continuing operations	3					(44)	(968)
– Discontinued operations			(65)				(65)
Depreciation and amortisation (note 8)	(5)					(116)	(1 912)
Loss on loss of control of subsidiary							(35)
Share of income/(loss) of equity-accounted investments (note 10)		4 413	234	18	52	(152)	4 693
– Continuing operations		4 413	234	18		(152)	4 641
– Discontinued operations					52		52
Cash generated by/(utilised in) operations	1					304	5 273
Capital spend (note 12)						(259)	(6 076)
At 31 December 2019							
Segmental assets and liabilities							
Deferred tax[1]	11					223	467
Equity-accounted investments (note 14)		9 835	2 472	350		571	16 630
Loans to associates							133
External assets	279	25	65			4 136	48 997
Assets	290	9 860	2 537	350		4 930	66 227
Non-current assets held-for-sale (note 16)			1 741		872		2 613
Total assets per statement of financial position	290	9 860	4 278	350	872	4 930	68 840
External liabilities	30	6				9 460	17 405
Deferred tax[1]						(56)	7 138
Liabilities	30	6				9 404	24 543
Non-current liabilities held-for-sale (note 16)							1 410
Total liabilities per statement of financial position	30	6				9 404	25 953

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2018 (Re-presented)	Coal			
	Commercial			
	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm
External revenue (note 7)	13 289	7 984	3 665	364
Segmental net operating profit/(loss)	5 738	1 429	250	(966)
– *Continuing operations*	5 738	1 429	250	(966)
External finance income (note 9)	48	33		19
External finance costs (note 9)	(47)	(164)		(47)
Income tax (expense)/benefit	(1 572)	(302)	(48)	378
– *Continuing operations*	(1 572)	(302)	(48)	378
Depreciation and amortisation (note 8)	(1 204)	(299)	(13)	
Share of income/(loss) of equity-accounted investments (note 10)		114		(36)
– *Continuing operations*		114		(36)
– *Discontinued operations*				
Cash generated by/(utilised in) operations	6 955	1 490	99	(1 366)
Capital spend (note 12)	(3 890)	(1 832)		
At 31 December 2018				
Segmental assets and liabilities				
Deferred tax[1]		35	(53)	135
Equity-accounted investments (note 14)		1 237		2 157
Loans to joint ventures		259		
External assets	26 514	7 709	1 062	4 542
Assets	26 514	9 240	1 009	6 834
Non-current assets held-for-sale (note 16)				
Total assets per statement of financial position	26 514	9 240	1 009	6 834
External liabilities	2 567	2 531	725	2 552
Deferred tax[1]	6 009	866		39
Liabilities	8 576	3 397	725	2 591
Non-current liabilities held-for-sale (note 16)		1 337		
Total liabilities per statement of financial position	8 576	4 734	725	2 591

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2018 (Re-presented)	Ferrous Alloys Rm	Ferrous Other ferrous Rm	TiO_2 Rm	Energy Rm	Other Base metals Rm	Other Other Rm	Total Rm
External revenue (note 7)	169					20	25 491
Segmental net operating profit/(loss)	17	(3)				(762)	5 703
– *Continuing operations*	17	(3)				(762)	5 703
External finance income (note 9)						183	283
External finance costs (note 9)						(347)	(605)
Income tax (expense)/benefit	(4)					(105)	(1 653)
– *Continuing operations*	(4)					(105)	(1 653)
Depreciation and amortisation (note 8)						(66)	(1 582)
Share of income/(loss) of equity-accounted investments (note 10)		2 592	492	61	70	(34)	3 259
– *Continuing operations*		2 592	492	61		(34)	3 189
– *Discontinued operations*					70		70
Cash generated by/(utilised in) operations	60	(2)				(212)	7 024
Capital spend (note 12)						(68)	(5 790)
At 31 December 2018							
Segmental assets and liabilities							
Deferred tax[1]	8	1				397	523
Equity-accounted investments (note 14)		9 511	2 185	473	818	665	17 046
Loans to joint ventures							259
External assets	265	25				1 922	42 039
Assets	273	9 537	2 185	473	818	2 984	59 867
Non-current assets held-for-sale (note 16)			5 183				5 183
Total assets per statement of financial position	273	9 537	7 368	473	818	2 984	65 050
External liabilities	23	5				7 291	15 694
Deferred tax[1]						(40)	6 874
Liabilities	23	5				7 251	22 568
Non-current liabilities held-for-sale (note 16)							1 337
Total liabilities per statement of financial position	23	5				7 251	23 905

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

6. DISCONTINUED OPERATIONS

Tronox Holdings plc

On 30 September 2017, Exxaro classified the Tronox Limited investment as a non-current asset held-for-sale (refer note 16). During March 2019, Tronox Limited redomiciled from Australia to the UK by "top-hatting" Tronox Limited with a new holding company incorporated under the laws of England and Wales called Tronox Holdings plc. Each Tronox Limited shareholder received one share in the newly incorporated company in exchange for each share held in the Australian-incorporated Tronox Limited, which shares are listed on the New York Stock Exchange. On 9 May 2019, Tronox Holdings plc repurchased 14 000 000 shares from Exxaro. The remaining investment in Tronox Holdings plc remains classified as a non-current asset held-for-sale.

It was concluded that the related performance and cash flow information be presented as a discontinued operation as the Tronox Holdings plc investment represents a major geographical area of operation as well as the majority of the TiO_2 reportable operating segment.

Black Mountain

On 30 November 2019, Exxaro classified the Black Mountain investment as a non-current asset held-for-sale (refer note 16). It was concluded that the related performance and cash flow information be presented as a discontinued operation as Black Mountain represents the base metals operating segment which management view to be a separate major operation.

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

	For the year ended 31 December	
	2019 Rm	(Re-presented) 2018 Rm
Financial performance		
Losses on financial instruments revaluations recycled to profit or loss	(1)	
Net gains on translation differences recycled to profit or loss on partial disposal of investment in foreign associate	832	
Indemnification asset movement[1]	65	
Operating profit	896	
Gain on partial disposal of associate[2]	1 234	
Net operating profit	2 130	
Dividend income received from non-current assets held-for-sale	47	69
Share of income of equity-accounted investment[3]	52	70
Profit before tax	2 229	139
Income tax expense	(65)	
Profit for the year from discontinued operations	2 164	139
Other comprehensive (loss)/income, net of tax	(830)	2
Items that have subsequently been reclassified to profit or loss:	(831)	
– Recycling of share of other comprehensive income of equity-accounted investments	(831)	
Items that will not be reclassified to profit or loss:	1	2
– Share of other comprehensive income of equity-accounted investments	1	2
Total comprehensive income for the year	1 334	141
Cash flow information		
Cash flow attributable to investing activities		
Dividend income received from non-current assets held-for-sale	47	69
Proceeds from partial disposal of associate classified as non-current assets held-for-sale	2 889	
Cash flow attributable to discontinued operations	2 936	69

[1] *The indemnification asset movement arose on the repurchase of the Tronox Holdings plc ordinary shares as Tronox Holdings plc has indemnified Exxaro from any tax obligation which may arise on the disposal of any of the Tronox Holdings plc ordinary shares held by Exxaro since the redomicile.*
[2] *Comprises proceeds of R2 889 million and carrying value of R1 655 million.*
[3] *Relates to Black Mountain.*

7. REVENUE

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

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

[1] *Relates mainly to the rendering of export freight services over time (in terms of incoterm cost and freight (CFR)) and separate transport requests from customers.*
[2] *Determined based on the customer supplied by Exxaro.*

7. REVENUE continued

For the year ended 31 December 2018 (Re-presented)[1]	Coal – Commercial – Waterberg Rm	Coal – Commercial – Mpumalanga Rm	Coal – Tied Rm	Coal – Other Rm	Ferrous – Alloys Rm	Other – Other Rm	Total Rm
Segmental revenue reconciliation							
Segmental revenue based on origin of coal production	13 289	7 984	3 665	364	169	20	25 491
Export sales allocated to selling entity	(1 796)	(6 254)		8 050			
Total revenue from contracts with customers	11 493	1 730	3 665	8 414	169	20	25 491
By timing and major type of goods and services[1]							
Sale of goods at a point in time[1]	11 493	1 730	3 145	8 050	163	16	24 597
Coal[1]	11 493	1 730	3 145	8 050			24 418
Ferrosilicon					163		163
Biological goods						16	16
Rendering of services over time[1]			520	364	6	4	894
Stock yard management services			224				224
Project engineering services[1]			296				296
Other mine management services				364			364
Other services					6	4	10
Total revenue from contracts with customers	11 493	1 730	3 665	8 414	169	20	25 491
By major geographic area of customer[2]							
Domestic	11 493	1 730	3 665	364	169	15	17 436
Export				8 050		5	8 055
Europe				4 920		2	4 922
Asia				2 455		3	2 458
Other				675			675
Total revenue from contracts with customers	11 493	1 730	3 665	8 414	169	20	25 491
By major customer industries							
Public utilities	9 101	301	3 665	701			13 768
Merchants	141	835		6 458			7 434
Steel	1 557	165		36			1 758
Mining	88	43		747	144		1 022
Manufacturing	291	33		101	22		447
Food and beverage	89						89
Chemicals		96					96
Cement	156	202					358
Other	70	55		371	3	20	519
Total revenue from contracts with customers	11 493	1 730	3 665	8 414	169	20	25 491

[1] *Represented for a separate performance obligation identified in the sale of coal contract, being the project engineering services. There has been no impact on the amount of revenue recognised as both performance obligations have been fulfilled during the year.*
[2] *Determined based on the customer supplied by Exxaro.*

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

	For the year ended 31 December	
	2019 Rm	2018 Rm
The following (expense)/income items are included, amongst others, in operating expenses:		
Raw materials and consumables	(3 760)	(3 175)
Staff costs[1]	(5 248)	(4 622)
Royalties	(459)	(427)
Contract mining	(2 308)	(1 818)
Repairs and maintenance	(2 251)	(2 213)
Railage and transport	(2 353)	(1 787)
Movement in rehabilitation provisions	(127)	194
Depreciation and amortisation	(1 912)	(1 582)
– Depreciation of property, plant and equipment	(1 849)	(1 579)
– Depreciation of right-of-use assets	(59)	
– Amortisation of intangible assets	(4)	(3)
Fair value adjustments on contingent consideration[2]	296	(357)
Legal and professional fees	(742)	(776)
Net gains on disposal of property, plant and equipment		122
Loss on loss of control of subsidiary[3]	(35)	
Gain on disposal of operation[4]	76	102
Loss on dilution of investment in associates[5]	(42)	
Gain on disposal of associate[6]	270	
Expected credit losses[7]	(165)	(64)
Net impairment charges of non-current assets[8]	(35)	
Expenses relating to short-term leases	(180)	
Expenses relating to leases of low value assets	(11)	
Gain on termination of lease	1	
Operating lease income	39	37
Operating lease rental expense		(232)
Insurance recoveries for:	148	57
– Business interruption	99	
– Property, plant and equipment	49	57

[1] *Includes an amount of R459 million relating to targeted voluntary severance packages (TVPs).*
[2] *Relates to the Exxaro Coal Proprietary Limited (ECC) acquisition.*
[3] *On 1 January 2019 Exxaro lost control over the management function of Tumelo. This resulted in Tumelo being accounted for as an associate at an initial carrying value of nil.*
[4] *2019 relates to the disposal of the Paardeplaats mining right which formed part of the NBC operation. 2018 relates to the sale of certain assets and liabilities of the NBC operation.*
[5] *Relates to the dilution of Insect Technology and LightApp (refer note 14).*
[6] *Relates to the redemption of membership interest in Tronox UK.*
[7] *Mainly relates to expected credit losses (ECLs) recognised for non-performing other receivables and the loan to Tumelo.*
[8] *Includes an impairment charge of the equity-accounted investment in GAM (R58 million) and an impairment reversal on the Reductants plant (R23 million).*

9. NET FINANCING COSTS

	For the year ended 31 December	
	2019 Rm	**2018 Rm**
Finance income	318	283
Interest income	292	256
Finance lease interest income	9	10
Commitment fee income	6	1
Interest income from loan to joint venture	11	16
Finance costs	(355)	(605)
Interest expense	(506)	(514)
Unwinding of discount rate on rehabilitation costs	(414)	(408)
Recovery of unwinding of discount rate on rehabilitation costs	167	158
Interest expense on lease liabilities	(36)	(1)
Amortisation of transaction costs	(14)	(27)
Borrowing costs capitalised[1]	448	187
Total net financing costs	(37)	(322)
[1] *Borrowing costs capitalisation rate:*	*9.98%*	*10.13%*

10. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

	For the year ended 31 December	
	2019 Rm	**(Re-presented) 2018 Rm**
Associates	4 468	3 009
SIOC	4 413	2 592
Tronox SA	234	382
Tronox UK[1]		110
RBCT	1	(36)
Curapipe	(4)	(3)
Insect Technology	(148)	(31)
LightApp	(28)	(5)
Joint ventures	173	180
Mafube	127	114
Cennergi	46	66
Share of income of equity-accounted investments	4 641	3 189

[1] *Application of the equity method ceased on 30 November 2018 when the investment was classified as a non-current asset held-for-sale.*

11. DIVIDEND DISTRIBUTIONS

A final cash dividend, number 34, for 2019 of 566 cents per share, was approved by the board of directors on 10 March 2020. The dividend is payable on 28 April 2020 to shareholders who will be on the register on 24 April 2020. This final dividend, amounting to approximately R1 420 million (to external shareholders), has not been recognised as a liability in these condensed annual financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2020.

The final dividend declared will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of dividend withholding tax. The net local dividend payable to shareholders, subject to dividend withholding tax at a rate of 20% amounts to 452.80000 cents per share.

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

	For the year ended 31 December	
	2019 Rm	**2018 Rm**
Dividends paid	5 812	5 483
Final dividend (relating to prior year)	1 393	1 004
Special dividend	2 251	3 149
Interim dividend (current year)	2 168	1 330
	cents	**cents**
Dividend per share	2 316	2 185
Final dividend (relating to prior year)	555	400
Special dividend	897	1 255
Interim dividend (current year)	864	530

	At 31 December	
	2019	**2018**
Issued share capital (number of shares)	358 706 754	358 706 754
Ordinary shares (millions)		
– Weighted average number of shares	251	251
– Diluted weighted average number of shares	251	326

12. CAPITAL SPEND AND CAPITAL COMMITMENTS

	At 31 December	
	2019 Rm	**2018 Rm**
Capital spend		
To maintain operations	2 502	2 847
To expand operations	3 574	2 943
Total capital spend	6 076	5 790
Capital commitments		
Contracted	2 225	4 508
Contracted for the group (owner-controlled)	1 985	3 533
Share of capital commitments of equity-accounted investments	240	975
Authorised, but not contracted	3 119	2 914

13. RIGHT-OF-USE ASSETS

At 31 December 2019	Land and buildings Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Total Rm
Gross carrying amount					
Transfer from property, plant and equipment[1]				16	16
Recognised on initial application of IFRS 16	1	4	33	38	76
Balance at 1 January 2019	1	4	33	54	92
Additions		1	457	2	460
Remeasurement adjustments[2]			7		7
Lease terminations				(18)	(18)
Transfer to property, plant and equipment[3]				(16)	(16)
At end of the year	1	5	497	22	525
Accumulated depreciation					
Transfer from property, plant and equipment[1]				(2)	(2)
Recognised on initial application of IFRS 16			(4)	(7)	(11)
Balance at 1 January 2019			(4)	(9)	(13)
Charges for the year		(1)	(44)	(14)	(59)
Lease terminations				7	7
Transfer to property, plant and equipment[3]				2	2
At end of the year		(1)	(48)	(14)	(63)
Net carrying amount at end of the year	1	4	449	8	462

[1] *Assets acquired in terms of finance leases transferred from property, plant and equipment on adoption of IFRS 16.*
[2] *Relates to remeasurements arising from changes in consumer price index (CPI).*
[3] *Transfer to property, plant and equipment as there was a transfer in legal ownership of the underlying asset.*

14. EQUITY-ACCOUNTED INVESTMENTS

	At 31 December	
	2019 Rm	2018 Rm
Associates	15 056	15 477
SIOC	9 835	9 511
Tronox SA	2 472	2 185
RBCT[1]	2 067	2 157
Black Mountain[2]		818
Curapipe[3]	37	22
Insect Technology[4]	534	643
LightApp[4]	111	141
Tumelo[1]		
GAM[5]		
Joint ventures	1 574	1 569
Mafube	1 335	1 237
Cennergi	239	332
Total carrying value of equity-accounted investments	16 630	17 046

[1] *On 1 January 2019 Exxaro lost control over the management function of Tumelo. This resulted in Tumelo being accounted for as an associate and a dilution in the effective interest in RBCT.*
[2] *The investment in Black Mountain was classified as a non-current asset held-for-sale on 30 November 2019 (refer note 16).*
[3] *An additional 4.47% interest was acquired in Curapipe.*
[4] *The interests in Insect Technology and LightApp have diluted during the year.*
[5] *A 22% equity interest in GAM was acquired in exchange for settlement of the Lebonix Proprietary Limited debt. The investment in GAM has since been impaired to a net carrying value of nil.*

15. OTHER ASSETS

	At 31 December	
	2019 Rm	2018 Rm
Non-current		
Reimbursements[1]	1 648	1 723
Indemnification asset: Total S.A.[2]	1 410	1 337
Biological assets	24	30
Intangible assets	16	15
Other	51	27
Total non-current other assets	3 149	3 132
Current		
Indemnification asset: Tronox Holdings plc[3]	65	
Value added tax	501	480
Royalties	114	46
Prepayments	120	110
Current tax receivables	265	23
Other	33	19
Total current other assets	1 098	678
Total other assets	4 247	3 810

[1] *Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matla and Arnot mines at the end of life of these mines.*
[2] *Upon the acquisition of ECC in 2015, Total S.A. indemnified Exxaro from any obligations relating to the Ermelo joint venture (EMJV).*
[3] *Indemnification asset which arose on the repurchase of the Tronox Holdings plc ordinary shares as Tronox Holdings plc has indemnified Exxaro from any tax obligation which may arise on the disposal of any of the Tronox Holdings plc ordinary shares held by Exxaro subsequent to the redomicile.*

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

Tronox Holdings plc

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

Subsequently, Exxaro sold 22 425 000 Class A Tronox Limited ordinary shares during October 2017. During May 2019, Tronox Holdings plc repurchased 14 000 0000 Tronox Holdings plc ordinary shares from Exxaro after Tronox Limited had redomiciled to the UK. On 31 December 2019, management concluded that the remaining investment in Tronox Holdings plc continues to meet the criteria to be classified as a non-current asset held-for-sale in terms of IFRS 5. Exxaro continues to assess market conditions for further possible sell downs of the remaining 14 729 280 Tronox Holdings plc ordinary shares.

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

Black Mountain

During the second half of 2019, the Exxaro board of directors approved a decision to divest from its 26% interest in Black Mountain. A non-binding offer from an interested party was received. On 30 November 2019 the investment was classified as a non-current asset held-for-sale as all the criteria in terms of IFRS 5 were met and the application of the equity method ceased.

The Black Mountain investment is presented within the total assets of the other reportable operating segment and is presented as a discontinued operation (refer note 6).

EMJV

As part of the ECC acquisition in 2015, Exxaro acquired non-current liabilities held-for-sale relating to the EMJV. The sale of the EMJV business is conditional on section 43 consent required in terms of the Mineral and Petroleum Resources and Development Act 28 of 2002 (MPRDA) for transfer of the environmental liabilities and rehabilitation obligations of the EMJV to Scinta Energy Proprietary Limited. The liabilities remain classified as non-current liabilities held-for-sale for the Exxaro group as at 31 December 2019 as the required approvals were still pending. Subsequent to 31 December 2019, the required approvals have been obtained (refer note 26).

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.

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

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

	At 31 December	
	2019 Rm	2018 Rm
Assets		
Investments in associates	2 613	5 183
– Tronox Holdings plc	1 741	3 396
– Tronox UK		1 787
– Black Mountain	872	
Non-current assets held-for-sale	2 613	5 183
Liabilities		
Non-current provisions[1]	(1 393)	(1 320)
Retirement employee obligations[1]	(17)	(17)
Non-current liabilities held-for-sale	(1 410)	(1 337)
Net non-current assets held-for-sale	1 203	3 846

[1] *Relates to the EMJV.*

17. INTEREST-BEARING BORROWINGS

	At 31 December	
	2019 Rm	2018 Rm
Non-current[1]	6 991	3 843
Loan facility	5 991	3 233
Bonds[2]	1 000	
Preference share liability[3]		610
Current[4]	50	571
Loan facility	46	47
Bonds	4	525
Preference share liability		(1)
Total interest-bearing borrowings	7 041	4 414
Summary of interest-bearing borrowings by period of redemption:		
Less than six months	54	576
Six to 12 months	(4)	(5)
Between one and two years	2 744	(10)
Between two and three years	3 605	3 242
Between three and four years	(1)	611
Between four and five years	643	
Total interest-bearing borrowing	7 041	4 414
[1] Has been reduced by the amortisation of transaction costs of:	*(9)*	*(20)*
[2] New bonds issued during May 2019.		
[3] Capital redemption on preference share liability of:	*602*	*1 889*
[4] The current portion represents:	*50*	*571*
– Capital repayments		*520*
– Interest capitalised	*59*	*61*
– Reduced by the amortisation of transaction costs	*(9)*	*(10)*
Overdraft		
Bank overdraft	976	1 531

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

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

17. INTEREST-BEARING BORROWINGS continued

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

		Loan facility		
	Year	**Bullet term loan**	**Amortised loan**	**Revolving facility**
Aggregate nominal amount (Rm)	31 December 2019	3 250	1 750	2 750
	31 December 2018	3 250	1 750	2 750
Issue date or draw date		29 July 2016	29 July 2016	29 July 2016
Maturity date		29 July 2021	29 July 2023	29 July 2021
Capital payments		The total outstanding amount is payable on final maturity date	Four consecutive semi-annual instalments commencing on the date occurring 18 months prior to the final maturity date	The total outstanding amount is payable on final maturity date
Duration (months)		60	84	60
Secured or unsecured		Unsecured	Unsecured	Unsecured
Undrawn portion (Rm)	31 December 2019	nil	1 750	nil
	31 December 2018	nil	1 750	2 750
Interest				
Interest-payment basis		Floating rate	Floating rate	Floating rate
Interest-payment period		Three months	Three months	Monthly
Interest rate		JIBAR plus a margin of 325 basis points (3.25%)	JIBAR plus a margin of 360 basis points (3.60%)	JIBAR plus a margin of 325 basis points (3.25%)
Effective interest rates for transaction costs	31 December 2019	0.17%	N/A	N/A
	31 December 2018	0.17%	0.17%	N/A
Closing rate of interest	31 December 2019	10.04%	nil	9.63%
	31 December 2018	10.28%	nil	nil

17. INTEREST-BEARING BORROWINGS continued

		Domestic Medium-Term Note (DMTN) Programme (bonds)	
	Year	R357 million senior unsecured floating rate note	R643 million senior unsecured floating rate note
Aggregate nominal amount (Rm)	31 December 2019	357	643
Issue date or draw date		13 June 2019	13 June 2019
Maturity date		13 June 2022	13 June 2024
Capital payments		No fixed or determinable payments, the total outstanding amount is payable on final maturity date	No fixed or determinable payments, the total outstanding amount is payable on final maturity date
Duration (months)		36	60
Secured or unsecured		Unsecured	Unsecured
Interest			
Interest-payment basis		Floating rate	Floating rate
Interest-payment period		Three months	Three months
Interest rate		JIBAR plus a margin of 165 basis points (1.65%)	JIBAR plus a margin of 189 basis points (1.89%)
Closing rate of interest	31 December 2019	8.45%	8.69%

18. LEASE LIABILITIES

	At 31 December	
	2019 Rm	2018 Rm
Non-current	461	
Current	27	2
Total lease liabilities	488	2
Summary of lease liabilities by period of redemption:		
Less than six months	15	2
Six to 12 months	12	
Between one and two years	28	
Between two and three years	34	
Between three and four years	34	
Between four and five years	43	
Over five years	322	
Total lease liabilities	488	2
Analysis of movement in lease liabilities		
At beginning of the year – IAS 17	2	
Recognised on initial application of IFRS 16	66	
Balance at 1 January 2019	68	
New leases	458	
Lease terminations	(12)	
Lease remeasurement adjustments	7	
Capital repayments	(33)	
– Lease payments	(69)	
– Interest charges	36	
At end of the year	488	

The lease liabilities relate to the right-of-use assets disclosed under note 13. Interest is based on incremental borrowing rates ranging between 7.85% and 10.44%.

19. PROVISIONS

	Environmental rehabilitation				
	Restoration Rm	Decommis-sioning Rm	Residual impact Rm	Other site closure costs Rm	Total Rm
At 31 December 2019					
At beginning of the year	2 516	451	975	80	4 022
Charge to operating expenses (note 8)	(244)	52	301	18	127
– Additional provision	374	56	403	19	852
– Unused amounts reversed	(618)	(4)	(102)	(1)	(725)
Unwinding of discount rate on rehabilitation costs (note 9)	228	47	139		414
Provisions capitalised to property, plant and equipment		(4)			(4)
Utilised during the year	(58)			(15)	(73)
Reclassification to non-current liabilities held-for-sale	(4)		(69)		(73)
Loss of control of subsidiary	(6)	(2)	(1)		(9)
Total provisions at end of the year	2 432	544	1 345	83	4 404
– Current provision	66		11	22	99
– Non-current provision	2 366	544	1 334	61	4 305
At 31 December 2018					
At beginning of the year	2 473	450	956	80	3 959
Charge to operating expenses (note 8)	(133)	(29)	(32)		(194)
– Additional provision	35		45		80
– Unused amounts reversed	(168)	(29)	(77)		(274)
Unwinding of discount rate on rehabilitation costs (note 9)	219	42	124	23	408
Provisions capitalised to property, plant and equipment		(12)			(12)
Utilised during the year	(35)			(23)	(58)
Reclassification to non-current liabilities held-for-sale	(8)		(73)		(81)
Total provisions at end of the year	2 516	451	975	80	4 022
– Current provision	46			24	70
– Non-current provision	2 470	451	975	56	3 952

20. NET DEBT

	At 31 December 2019 Rm	At 31 December 2018 Rm
Net debt is presented by the following items on the statement of financial position:		
Non-current interest-bearing debt	(7 452)	(3 843)
Interest-bearing borrowings	(6 991)	(3 843)
Lease liabilities	(461)	
Current interest-bearing debt	(77)	(573)
Interest-bearing borrowings	(50)	(571)
Lease liabilities	(27)	(2)
Net cash and cash equivalents	1 719	549
Cash and cash equivalents	2 695	2 080
Overdraft	(976)	(1 531)
Total net debt	(5 810)	(3 867)

Analysis of movement in net cash/(debt):

	Cash and cash equivalents/ (overdraft) Rm	Liabilities arising from financing activities: Non-current interest-bearing debt Rm	Liabilities arising from financing activities: Current interest-bearing debt Rm	Total Rm
Net cash at 31 December 2017	6 617	(6 480)	(68)	69
Cash flows	(6 110)	2 139	8	(3 963)
Operating activities	(54)			(54)
Investing activities	(3 195)			(3 195)
Financing activities	(2 861)	2 139	8	(714)
– Interest-bearing borrowings raised	14		(14)	
– Interest-bearing borrowings repaid	(2 161)	2 139	22	
– Shares acquired in the market to settle share-based payments	(467)			(467)
– Dividends paid to BEE Parties	(247)			(247)
Non-cash movements	42	498	(513)	27
Amortisation of transaction costs			(27)	(27)
Preference dividend accrued		(1)		(1)
Interest accrued			5	5
Lease terminations		5	3	8
Transfers between non-current and current liabilities		494	(494)	
Translation difference on movement in cash and cash equivalents	42			42
Net debt at 31 December 2018	549	(3 843)	(573)	(3 867)

20. NET DEBT continued

Analysis of movement in net cash/(debt) continued:

		Liabilities arising from financing activities		
	Cash and cash equivalents/ (overdraft) Rm	Non-current interest-bearing debt Rm	Current interest-bearing debt Rm	Total Rm
Net debt at 31 December 2018	549	(3 843)	(573)	(3 867)
Cash flows	1 171	(3 148)	553	(1 424)
Operating activities	(2 329)			(2 329)
Investing activities	2 974			2 974
Financing activities	526	(3 148)	553	(2 069)
– Interest-bearing borrowings raised	4 250	(3 750)	(500)	
– Interest-bearing borrowings repaid	(1 622)	602	1 020	
– Lease liabilities paid	(33)		33	
– Shares acquired in the market to settle share-based payments	(678)			(678)
– Dividends paid to BEE Parties	(1 391)			(1 391)
Non-cash movements	(1)	(461)	(57)	(519)
Amortisation of transaction costs			(14)	(14)
Preference dividend accrued		13		13
Interest accrued			2	2
Lease remeasurements		(7)		(7)
New leases (including IFRS 16 adoption adjustment)		(524)		(524)
Lease terminations			12	12
Transfers between non-current and current liabilities		57	(57)	
Translation difference on movement in cash and cash equivalents	(1)			(1)
Net debt at 31 December 2019	1 719	(7 452)	(77)	(5 810)

21. OTHER LIABILITIES

	At 31 December 2019 Rm	At 31 December 2018 Rm
Non-current		
Termination benefits[1]	144	
Income received in advance	23	18
Total non-current other liabilities	167	18
Current		
Termination benefits[1]	305	17
Leave pay	203	171
Bonuses	241	305
VAT	21	86
Royalties	9	50
Current tax payables	50	209
Other	97	94
Total current other liabilities	926	932
Total other liabilities	1 093	950

[1] *During 2019, Exxaro announced the implementation of TVPs. Under this policy, employees that qualified would receive a severance package in exchange for termination of employment. Offers made by Exxaro to the targeted employees (who accepted the agreements) were signed by the end of 2019.*

22. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	At 31 December 2019 Rm	At 31 December 2018 Rm
Non-current		
Financial assets		
Financial assets at fair value through other comprehensive income	235	185
Equity: unlisted – Chifeng	235	185
Financial assets at fair value through profit or loss	2 039	1 432
Debt: unlisted – environmental rehabilitation funds	2 039	1 432
Financial assets at amortised cost	400	1 017
Loans to associates and joint ventures[1]		250
Enterprise and supplier development (ESD) loans[2]	124	80
Other financial assets at amortised cost	276	687
– Environmental rehabilitation funds		351
– Deferred pricing receivable[3]	279	336
– Impairment allowances	(3)	
Financial liabilities		
Financial liabilities at amortised cost	(7 112)	(4 220)
Interest-bearing borrowings	(6 991)	(3 843)
Other payables	(121)	(152)
Deferred consideration payable[4]		(225)
Financial liabilities at fair value through profit or loss		(488)
Contingent consideration		(488)

22. FINANCIAL INSTRUMENTS continued

The group holds the following financial instruments continued:

	At 31 December 2019 Rm	At 31 December 2018 Rm
Current		
Financial assets		
Financial assets at amortised cost	6 208	5 354
Loans to associates and joint ventures	133	9
Associates[5]	133	
– Gross	182	
– Impairment allowances	(49)	
Joint ventures[1]		9
– Gross		9
ESD loans[2]	82	45
– Gross	83	45
– Impairment allowances	(1)	
Other financial assets at amortised cost	57	80
– Deferred pricing receivable[3]	57	52
– Deferred consideration receivable[6]	1	29
– Employee receivables	5	4
– Impairment allowances	(6)	(5)
Trade and other receivables	3 241	3 140
Trade receivables	2 928	2 971
– Gross	3 023	3 052
– Impairment allowances	(95)	(81)
Other receivables	313	169
– Gross	464	223
– Impairment allowances	(151)	(54)
Cash and cash equivalents	2 695	2 080
Financial liabilities		
Financial liabilities at amortised cost	(3 936)	(5 457)
Interest-bearing borrowings	(50)	(571)
Deferred consideration payable[4]	(307)	(395)
Trade and other payables	(2 603)	(2 960)
– Trade payables	(1 164)	(1 456)
– Other payables	(1 439)	(1 504)
Overdraft	(976)	(1 531)
Financial liabilities at fair value through profit or loss	(191)	(362)
Derivative financial liabilities		(1)
Contingent consideration	(191)	(361)

[1] *Loan granted to Mafube in 2018. The loan bears interest at JIBAR plus a margin of 4%, is unsecured and repayable within five years (ending 2023), unless otherwise agreed by the parties. The loan was settled in 2019.*
[2] *Interest-free loans advanced to successful applicants in terms of the ESD programme.*
[3] *Relates to a deferred pricing adjustment which arose during 2017. The amount receivable will be settled over seven years (ending 2024) and bears interest at Prime Rate less 2%.*
[4] *Relates to deferred consideration payable in relation to the acquisition of the investment in Insect Technology and LightApp.*
[5] *Loan granted to Tumelo. The loan is interest free, unsecured and repayable on demand, unless otherwise agreed by the parties.*
[6] *Relates to deferred consideration receivable which arose on the disposal of a mining right.*

22. FINANCIAL INSTRUMENTS continued

The group has granted the following loan commitments:

	At 31 December	
	2019 Rm	2018 Rm
Total loan commitment	1 206	1 221
Mafube[1]	500	500
Insect Technology[2]	706	721
Undrawn loan commitment	1 206	971
Mafube	500	250
Insect Technology	706	721

[1] *Revolving credit facility available for five years, ending 2023.*
[2] *A US$50 million term loan facility available from 2020 to 2025.*

22.1 Fair value hierarchy

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

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

Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.

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

At 31 December 2019	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets at fair value through other comprehensive income	235			235
Equity – unlisted: Chifeng	235			235
Financial assets at fair value through profit or loss	2 039		2 039	
Non-current debt – unlisted: environmental rehabilitation funds	2 039		2 039	
Financial liabilities at fair value through profit or loss	(191)			(191)
Current contingent consideration	(191)			(191)
Net financial assets held at fair value	2 083		2 039	44

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

At 31 December 2018	Fair value Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets at fair value through other comprehensive income	185			185
Equity – unlisted: Chifeng	185			185
Financial assets at fair value through profit or loss	1 432		1 432	
Non-current debt – unlisted: environmental rehabilitation funds	1 432		1 432	
Financial liabilities at fair value through profit or loss	(849)			(849)
Non-current contingent consideration	(488)			(488)
Current contingent consideration	(361)			(361)
Derivative financial liabilities	(1)		(1)	
Net financial assets/(liabilities) held at fair value	767		1 431	(664)

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

	Contingent consideration Rm	Chifeng Rm	Total Rm
At 31 December 2017	(723)	152	(571)
Movement during the year			
Gains recognised in other comprehensive income (pre-tax effect)[1]		33	33
Losses recognised in profit or loss	(357)		(357)
Settlements	299		299
Exchange losses recognised in profit or loss	(68)		(68)
At 31 December 2018	(849)	185	(664)
Movement during the year			
Gains recognised in other comprehensive income (pre-tax effect)[1]		50	50
Gains recognised in profit or loss	296		296
Settlements	344		344
Exchange gains recognised in profit or loss	18		18
At 31 December 2019	(191)	235	44

[1] *Tax on Chifeng amounts to nil (31 December 2018: R12 million).*

Transfers

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 nor between Level 2 and Level 3 of the fair value hierarchy.

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

Valuation process applied

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

Current derivative financial instruments

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

Environmental rehabilitation funds

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

22.2 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

Contingent consideration

The potential undiscounted amount of the remaining future payments that the group could be required to make under the ECC acquisition is between nil and US$35 million. The amount of future payments is dependent on the API4 coal price.

At 31 December 2019, there was a decrease of US$20.4 million (R296 million) (31 December 2018: an increase of US$25.4 million (R357 million)) recognised in profit or loss for the contingent consideration arrangement.

	API4 coal price range (US$/tonne)		Future payment
Reference year	**Minimum**	**Maximum**	**US$ 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.

An additional payment to Total S.A. amounting to R344 million was required for the 2018 reference year, R299 million was required for the 2017 reference year and R74 million was required for the 2016 reference year as the API4 price was within the agreed range. No additional payment to Total S.A. was required for the 2015 reference year as the API4 price was below the range.

The contingent consideration is classified within 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 the rand/US$ exchange rate, API4 export price and the discount rate.

23. CONTINGENT LIABILITIES

	At 31 December 2019 Rm	2018 Rm
Pending litigation and other claims[1]	1 103	1 155
Operational guarantees[2]	4 506	3 062
– Financial guarantees ceded to the Department of Mineral Resources	3 994	2 971
– Other financial guarantees	512	91
Total contingent liabilities	5 609	4 217

[1] *Consists of legal cases with Exxaro as defendant. Tax disputes with SARS have been settled.*
[2] *Includes guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.*

SARS

As previously reported, on 30 March 2016, SARS had issued additional assessments to the amount of R442 million (R199 million tax payable, R91 million interest and R152 million penalties) to which Exxaro formally objected. The matter was settled outside of the Tax Court. A settlement agreement was concluded and signed on 30 September 2019 in terms of which SARS must refund Exxaro an amount of R24 million.

Share of equity-accounted investments' contingent liabilities

	At 31 December 2019 Rm	2018 Rm
Share of contingent liabilities of equity-accounted investments[1]	1 060	726

[1] *Mainly operational guarantees issued by financial institutions relating to environmental rehabilitation and closure costs.*

24. RELATED PARTY TRANSACTIONS

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

25. GOING CONCERN

Based on the latest results for the year ended 31 December 2019, the latest board approved budget for 2020, as well as the available banking facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

26. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend are provided in note 11.

Subsequent to 31 December 2019, the following notable events occurred:
- On 17 January 2020, the outstanding conditions for the sale of the EMJV business to Scinta Energy Proprietary Limited were met (refer note 16).
- On 31 January 2020, the Arnot operation was transferred to Arnot OpCo Proprietary Limited Consortium.
- On 20 February 2020, Exxaro announced its intention to divest from the ECC group as well as the Leeuwpan operation.
- As announced on 17 September 2019, Exxaro has concluded an agreement with Khopoli Investments Limited (Khopoli), a wholly owned subsidiary of Tata Power, to acquire Khopoli's 50% shareholding in Cennergi for an amount of R1 550 million, subject to normal working capital adjustments. Post the conclusion of the agreement, Exxaro will have 100% ownership of Cennergi. The last condition precedent was met in March 2020.

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.

26. EVENTS AFTER THE REPORTING PERIOD continued

COVID-19

Subsequent to year end and at the time of finalising the financial statements, the COVID-19 (the virus) pandemic required us to support government protocols and directives to contain the spread of the virus.

We have undertaken to act responsibly in preventing the further spread of the virus.

Therefore, we have implemented our crisis management plan (CMP) and business continuity plan (BCP) across the breadth of our businesses that include health and safety controls and preventative measures. These measures are necessary to sustain our business to ensure that we continue to serve stakeholders, as well as protect and support our employees and their families.

Additionally, it is important to recognise the impact on the South African economy and the cumulative negative impact of the lockdown period, which commenced on midnight, 26 March 2020 and is foreseen to last longer than anticipated (the lockdown).

Key considerations for this lockdown period include the following business and disease prevention guidelines from the Department of Mineral Resources and Energy (DMRE) Minister, Mr Gwede Mantashe:

- The need for energy security to ensure the availability of essential services during the lockdown and hence we will maintain our coal supplies to Eskom and other energy generating customers
- The need to minimise the economic impact of the lockdown by continuing with the generation of foreign exchange which will provide the financial capacity for the state to respond to the crisis by continuing, to the extent it is possible, with our coal exports to offshore customers. However, this will be subject to the COVID-19 responses in those markets which may prevent the delivery of coal
- The above production activities to be carried out with the minimum staff levels in order to maintain the guidelines of social distancing and safe health practices to prevent the transmission of the virus both inside and outside work areas.

We have received the necessary approval to continue with our production activities, albeit at varying reduced levels in terms of volumes and people, as these activities are considered to be essential services and the necessary measures have been taken to prevent possible infections.

Exxaro's head office, the ConneXXion, was closed from 26 March 2020 and most employees have been enabled to work from home. Arrangements are in place for business continuity and the necessary protocols have been activated across all operations and business units, ensuring efficient and safe ways of working. Additional preventative disease transmission protocols have been implemented in all our coal mining operations.

We are closely monitoring all updates and advice from relevant organisations, including the National Department of Health, the Department of Minerals Resources and Energy and Minerals Council South Africa.

Additionally, all essential operating teams are working across the organisation and together with key stakeholders to continuously assess the situation. This is a rapidly evolving situation and the company will keep shareholders updated.

At 31 December 2019, the group's net debt was R5.8 billion, with R1.8 billion of undrawn, committed debt facilities. In addition, the group has access to uncommitted working capital facilities. In light of measures implemented by us to combat the spread of the virus, further downside scenarios have been used to stress test our solvency and liquidity position. As a result, management and our board of directors believe that the group has sufficient liquidity to withstand an interruption to our operations and will remain a going concern for the foreseeable future.

27. KEY MEASURES[1]

	At 31 December	
	2019	2018
Closing share price (rand per share)	131.14	137.87
Market capitalisation (Rbn)	47.04	49.45
Average rand/US$ exchange rate (for the year ended)	14.44	13.24
Closing rand/US$ spot exchange rate	14.13	14.43

[1] *Non-IFRS numbers.*

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

To the shareholders of Exxaro Resources Limited

Opinion
The summarised group financial statements of Exxaro Resources Limited, set out on pages 2 to 44 of the *Summarised group annual financial statements for the year ended 31 December 2019 and the notice of the annual general meeting*, which comprise the summarised group statement of financial position as at 31 December 2019, the summarised group statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited group financial statements of Exxaro Resources Limited for the year ended 31 December 2019.

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

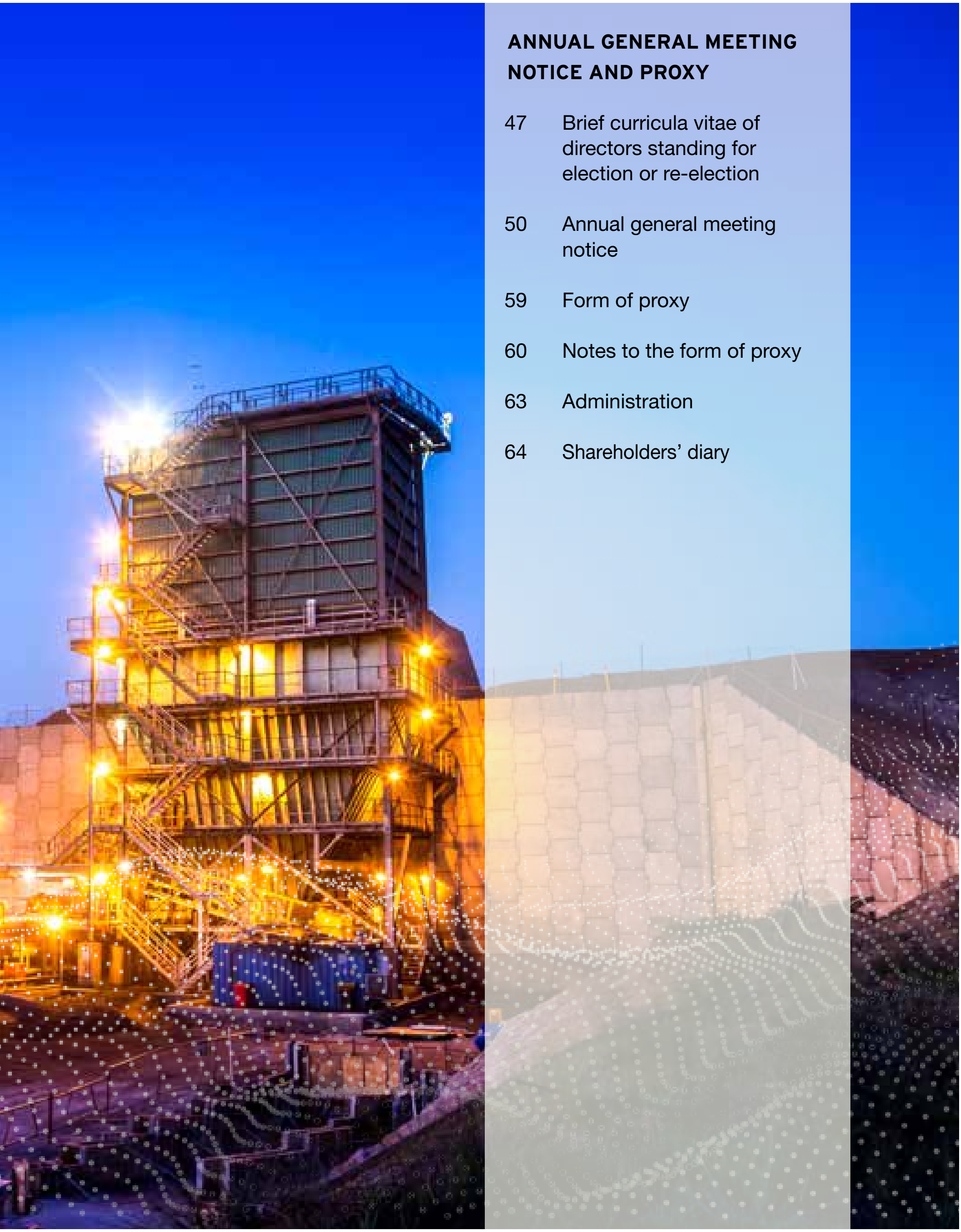
Summarised group financial statements
The summarised group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised group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

The audited group financial statements and our report thereon
We expressed an unmodified audit opinion on the audited group financial statements in our report dated 20 April 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period.

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

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

PricewaterhouseCoopers Inc
Director: TD Shango
Registered auditor
Waterfall City
20 April 2020



ANNUAL GENERAL MEETING NOTICE AND PROXY

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

J van Rooyen – Jeff (69)

Chairman of the board, member of the remuneration and nomination committee and chairperson of the nomination committee

Director since 13 August 2008

BCom, BCompt (Hons), CA(SA)

Skills and experience:
Jeff is a director of various companies in the Uranus Group, non-executive director of Pick n Pay Stores Limited. He is a former chairman of the Financial Reporting Standards Council (FRSC), a former trustee of the International Accounting Standards Foundation and member of the University of Pretoria's faculty of economic and management sciences' oversight board. He was a partner at Deloitte, chairman of the Public Accountants and Auditors Board, CEO of the Financial Services Board and advisor to the former Minister of Public Enterprises during the Mandela administration. Jeff is a founder member and former president of the Association for the Advancement of Black Accountants of South Africa.

GJ Fraser-Moleketi – Geraldine (59)

Lead Independent non-executive director, member of the remuneration and nomination committee, chairperson of the social and ethics committee

Director since 23 May 2018

DPhil Honoris Causa (Nelson Mandela University), Masters in Administration (University of Pretoria), Leadership Programme (Wharton), Fellow of the Institute of Politics (Harvard)

Skills and experience:
Geraldine was special envoy on gender at the African Development Bank from 2013 through 2016. She served as director of the United Nations Development Programme's Democratic Governance Group from 2009 – 2019. She served as member of the South African Parliament for three consecutive parliaments (1994 – September 2008). She was Minister of Public Service and Administration for two consecutive terms (1999 – 2008). She served as Minister of Welfare and Population Development (1996 – 1999), having occupied the portfolio of Deputy Minister of Welfare and Population Development. During her tenure as Minister of Public Service, she occupied the chair of the Pan African Ministers of Public Service for three consecutive terms. Geraldine serves on various boards across academia: she is the chancellor of Nelson Mandela University, previously member of the Institute for the Study of International Development at McGill University in Montreal, Canada, and chairperson of the Advisory Council of the Mapungubwe Institute for Strategic Reflection (MISTRA), chair of the Committee of Experts on Public Administration (CEPA) – an expert body of the United Nations Economic and Social Council (ECOSOC). She served on the Africa Advisory Committee on Women's World Banking until 2018. She is a non-executive board member of the Standard Bank Group and Standard Bank South Africa.

VZ Mntambo – Zwelibanzi (62)

Non-executive director and member of remuneration and nomination committee

Director since 28 November 2006

BJuris, LLB (North West University), LLM (Yale)

Skills and experience:
Zwelibanzi is executive chairman of Moabi Capital. He was previously senior lecturer at the University of Natal, executive director of the Institute of Mine Surveyors of Southern Africa, director-general of Gauteng and chairman of the Commission for Conciliation, Mediation and Arbitration. He is chairman of Main Street 333. He is also a director of Eyesizwe Holdings, Eyesizwe Mining and a trustee of the Paleo-Anthropological Scientific Trust.

MJ Moffett – Mark (60)

Independent non-executive director and member of the audit, investment and sustainability, risk and compliance committees

Director since 18 May 2018

BCom, (CTA), CA(SA)

Skills and experience:
Mark has more than five years of public company board exposure and over 25 years of financial and commercial experience in the mining industry with a number of leading global mining companies. He has wide exposure to a number of commodities, including diamonds, thermal coal, ferrochrome and platinum group metals, and has a deep understanding of the South African mining landscape and the strategic imperatives going forward. He has held a variety of senior financial positions, operational and corporate, in a number of different countries with Anglo American/De Beers, as CFO of Xstrata Alloys and subsequently as group controller of Xstrata. He currently serves as an independent non-executive director of Royal Bafokeng Platinum as a member of its audit committee. He served as chairman of Fraser Alexander until his resignation from its board in March 2018.

LI Mophatlane – Isaac (46)

Independent non-executive director and chairman of investment committee and member of audit committee and social and ethics committee

Director since 23 May 2018

Skills and experience:
He is co-founder, shareholder and director of Randvest Group with core focus on leveraged acquisitions and strategic investments mainly in technology companies. Isaac is chairman of Bothomed, which is currently a shareholder with the Public Investment Corporation in Dischem Pharmacies. He is also a member of the Black Management Forum, the Electronics Industries Federation of South Africa, the Black Information Technology Forum and non-executive deputy chairman of the Catholic Education Investment Company.

EJ Myburgh – Ras (61)

Independent non-executive director and chairman of remuneration and nomination committee member of audit committee and investment committee

Director since 1 September 2016

BEng (Electrical) (Pretoria), BSc (Hons) (Energy Studies) (Johannesburg), MBL (Stellenbosch), Executive Programme (Virginia)

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

V Nkonyeni – Vuyisa (50)

Independent non-executive director and chairman of audit committee and member of investment committee

Director since 3 June 2014

BSc (Hons), Postgraduate Diploma in Accounting, CA(SA)

Skills and experience:
Vuyisa has over 20 years' experience in investment banking and private equity. He served his training contract as a chartered accountant with PricewaterhouseCoopers and then joined Deutsche Bank in 1997 where he gained investment banking experience, primarily in corporate and project finance advisory over four years. He serves on the boards of Emira Property Fund, and Momentum Metropolitan Holdings. He has served as financial director of Worldwide African Investment Holdings and director at Actis in the black economic empowerment funding units. He was appointed CEO of Kagiso Tiso Holdings in January 2012 and resigned on 31 December 2017.

PCCH Snyders – Peet (59)

Independent non-executive and chairman of sustainability, risk and compliance committee and member of investment committee and social and ethics committee

Director since 1 July 2016

BEng (Mining), Diploma in Marketing Management and MCom in Business Management, Mine Manager's Certificate of Competence (Coal and Metalliferous)

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

Exxaro Resources Limited
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 OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 19th (nineteenth) annual general meeting (AGM) of shareholders of Exxaro will be held by electronic meeting participation (subject to any adjournment or postponement) at the ConneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa, with strictly limited in-person attendance at 11:00 on Thursday, 28 May 2020 to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of this meeting is to:

- Present the audited annual financial statements (AFS) of the company and the group for the year ended 31 December 2019 (including the directors' report, the report of the audit committee and the report of the independent auditors) to shareholders;
- Present the social and ethics committee report to shareholders;
- Consider any matters raised by shareholders; and
- Consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions which form part of this meeting notice.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the AGM electronically, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the Registrar, via email at proxy@tmsmeetings.co.za and at the address below, to be received by the Registrar at least 7 (seven) business days prior to the AGM (thus 19 May 2020) for the Registrar to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act 71 of 2008, as amended (Companies Act) and for the Registrar to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. The written notification should contain the following:

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

Such participants, who have complied with the notice requirement above, will be contacted between 21 May 2020 and 26 May 2020, by no later than 24 (twenty-four) hours before the AGM of the relevant connection details as well as the passcodes through which you or your proxy/ies can participate via electronic communication and of the process for participation via a unique link to the email/cellphone number provided in the notification.

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

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

For administrative purposes, to participate completed notices for electronic participation must be received by the Registrar via email at proxy@tmsmeetings.co.za before 11:00 on 19 May 2020.

IMPORTANT DATES

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

Record date for receipt of notice purposes	Friday, 17 April 2020
Notice of meeting distributed to shareholders	Thursday, 30 April 2020
Last date to trade to be eligible to vote	Tuesday, 19 May 2020
Record date for voting purposes	Friday, 22 May 2020
For administration purposes, forms of proxy to be lodged by 11:00 on	Tuesday, 26 May 2020
Meeting to be held 11:00 on	Thursday, 28 May 2020
Results of meeting released on SENS	Thursday, 28 May 2020

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 licences and passports.

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

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

For effective administrative purposes, completed forms of proxy must be received by the Registrar of the company, The Meeting Specialist Proprietary Limited, via email to proxy@tmsmeetings.co.za, by no later than 11:00 on 26 May 2020. Any forms of proxy not lodged by this time must be handed to the Chairman prior to the start of the meeting.

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

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

QUORUM

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

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group audit committee and the independent external auditors, for the year ended 31 December 2019 will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act (abbreviated versions have been included in this publication).

The AFS (https://www.exxaro.com/investor/integrated-reports2019/financials/index.php) of the company and the group, are available on the company's website, www.exxaro.com or can be requested from the group company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4384

PRESENTATION OF THE SOCIAL AND ETHICS COMMITTEE REPORT

A report of the members of the group social and ethics committee for the year ending 31 December 2019, as included in the integrated report 2019, will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011 (Regulations).

The group social and ethics report is included in the integrated report (https://www.exxaro.com/investor/integrated-reports2019/index.php) and available on the company's website, www.exxaro.com or can be requested from the group company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4384

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

ORDINARY RESOLUTIONS

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

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

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

At this meeting and in accordance with these requirements, Messrs VZ Mntambo, V Nkonyeni, J van Rooyen and Ms A Sing are obliged to retire by rotation.

Messrs VZ Mntambo, V Nkonyeni, and J van Rooyen indicated that they are available for re-election.

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

The board has considered the proposals of the Committee and recommends the re-election of Messrs VZ Mntambo, V Nkonyeni, and J van Rooyen by way of separate resolutions

Brief curricula vitae in respect of the abovementioned directors are set out on pages 47 to 49 of this booklet.

Ordinary resolution number 1.1
"RESOLVED that Mr J van Rooyen, be and is hereby elected as an independent non-executive director of the company with effect from 28 May 2020."

Ordinary resolution number 1.2
"RESOLVED that Mr VZ Mntambo, be and is hereby elected as a non-executive director of the company with effect from 28 May 2020."

Ordinary resolution number 1.3
"RESOLVED that Mr V Nkonyeni, be and is hereby elected as an independent non-executive director of the company with effect from 28 May 2020."

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

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

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

Brief curricula vitae in respect of the abovementioned directors are set out on pages 47 to 49 of this booklet.

Ordinary resolution number 2.1
"RESOLVED that Mr MJ Moffett be and is hereby elected as a member of the group audit committee with effect from 28 May 2020."

Ordinary resolution number 2.2
"RESOLVED that Mr LI Mophatlane be and is hereby elected as a member of the group audit committee with effect from 28 May 2020."

Ordinary resolution number 2.3
"RESOLVED that Mr EJ Myburgh be and is hereby elected as a member of the group audit committee with effect from 28 May 2020."

Ordinary resolution number 2.4
"RESOLVED that Mr V Nkonyeni be and is hereby elected as a member of the group audit committee with effect from 28 May 2020, subject to his re-election as director."

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

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

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

Brief curricula vitae in respect of the abovementioned directors are set out on pages 47 to 49 of this booklet.

Ordinary resolution number 3.1

"RESOLVED that Dr GJ Fraser-Moleketi be and is hereby elected as a member of the group social and ethics committee with effect from 28 May 2020."

Ordinary resolution number 3.2

"RESOLVED that Ms L Mbatha be and is hereby elected as a member of the group social and ethics committee with effect from 28 May 2020."

Ordinary resolution number 3.3

"RESOLVED that Mr LI Mophatlane be and is hereby elected as a member of the group social and ethics committee with effect from 28 May 2020."

Ordinary resolution number 3.4

"RESOLVED that Mr PCCH Snyders be and is hereby elected as a member of the group social and ethics committee with effect from 28 May 2020."

4 **Ordinary resolution number 4: reappointment of independent external auditors**

As set out in the group audit committee report of the integrated report 2019, 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 general meeting.

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

5 **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."

SPECIAL RESOLUTIONS

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

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

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

Due to the current economic climate locally and internationally, the Board recommends to shareholders that the fees for the period 1 July 2020 to the next annual general meeting, safe for the inclusion of an annual fee to be paid to the Lead Independent Director.

"RESOLVED as a special resolution in terms of the Companies Act, that the remuneration of non-executive directors for the period 1 June 2020 until the end of the month in which the next annual general meeting is held, be and is hereby approved on the basis set out below:

	Current R	June 2020 to 2021 AGM Proposed R
Chairman of the board	1 817 336	1 817 336
Lead independent Director		300 000
Members of the board	417 681	417 681
Audit committee chairman	356 466	356 466
Audit committee members	188 278	188 278
Investment committee chairman	265 919	265 919
Investment committee	129 329	129 329
Remuneration committee chairman	273 590	273 590
Remuneration committee member	130 550	130 550
Sustainability, risk and compliance committee chairman	265 919	265 919
Sustainability, risk and compliance committee member	129 329	129 329
Social and ethics committee chairman	265 919	265 919
Social and ethics committee member	129 329	129 329
Ad hoc meeting fees		
Board meeting	17 656	17 656
Committee meeting	13 247	13 247

7 SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE FOR SUBSCRIPTION OF SECURITIES

"RESOLVED as a special resolution in terms of the Companies Act, that the provision by the company of any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any one or more 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 interrelated 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; and
  (iii) the terms and conditions under which such financial assistance is provided are determined by the board of directors of the company from time to time.
2 The board of directors has satisfied the requirements of section 44 of the Companies Act on the provision of any such financial assistance.
3 Such financial assistance to a recipient is, in the opinion of the board of directors of the company, required for a purpose, which in the opinion of the board, is directly or indirectly in the interests of the company.
4 Financial assistance for the subscription of securities will not be provided for directors or prescribed officers or employees of the company.
5 The authority granted in terms of this special resolution will remain valid until a new or similar resolution is passed at the next annual general meeting or after the expiry of a period of 24 (twenty-four) months, whichever is the latter."

8 SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO REPURCHASE SHARES

The proposed general authority would enable the company or any subsidiary of the company to repurchase up to a maximum of 71 741 351 ordinary shares (20% (twenty percent)) of 358 706 754 shares in issue by the Company as at 31 December 2019.

"RESOLVED as a special resolution in terms of the Companies Act, that, subject to compliance with the JSE Listings Requirements, the Companies Act, and clause 3.1(12) of the memorandum of incorporation of the company, 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.
- The repurchase 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 and in the interest of the company, to instruct that the company or its subsidiaries acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in this special resolution.

At present, the directors have no specific intention to use this authority, and the authority will thus 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 are 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 2019, exceed the consolidated liabilities of the company and the group immediately following such purchase or 12 (twelve) months after the date of the notice of annual general meeting, whichever is the later.
- 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 the 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.
- The company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and has been submitted to the JSE in writing. The company will instruct an

independent third party, which makes its investment decisions on the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

- 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 the purposes of considering this special resolution and in compliance with paragraph 11.26 of the JSE Listings Requirements, certain information is either listed below or has been included in the following reports for 2019:
(a) Directors and management – refer to the integrated report on page 22
(b) Major shareholders – refer to the integrated report on page 17
(c) Directors' interests in securities – refer to the annual financial statements on page 121
(d) Share capital of the company – refer to the annual financial statements on page 109

9 Non-binding advisory vote number 1: the remuneration policy

"RESOLVED, through a non-binding advisory vote that the company's remuneration policy, as set out in the remuneration and nomination committee report of the integrated report 2019, be and is hereby approved."

The remuneration and nomination committee report is included in the integrated report https://www.exxaro.com/investor/integrated-reports2019/home.php, and available on the company's website, www.exxaro.com or can be requested from the company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4384.

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

10 Non-binding advisory vote number 2: non-binding advisory note on the implementation of the remuneration policy

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

An explanation of the implementation of the company's remuneration policy is included in the integrated report https://www.exxaro.com/investor/integrated-reports2019/home.php, and available on the company's website, www.exxaro.com or can be requested from the company secretary at information.officer@exxaro.com or telephonically on +27 12 307 4384.

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

11 SEVERABILITY

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

DIRECTORS RESPONSIBILITY STATEMENT

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

NO MATERIAL CHANGES TO REPORT

Other than the facts and developments reported on in the AFS, which are available on the company's website www.exxaro.com, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 December 2019.

By order of the board

SE van Loggerenberg
Group company secretary

Pretoria
2020

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 19th (nineteenth) annual general meeting of shareholders of the company to be held at 11:00 on Thursday, 28 May 2020, at The conneXXion, 263B West Avenue, Die Hoewes, Centurion, South Africa or at any adjournment or postponement of that meeting.

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

I/We (please print names in full)

of (address)

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

1 or, failing him/her

2 or, failing him/her

3 the chairman of the annual general meeting

as my/our proxy to attend, participate in, speak and, on a poll, vote on my/our behalf at the annual general meeting of shareholders to be held by electronic meeting participation at 11:00 on Thursday, 28 May 2020 with strictly limited in-person attendance at the ConneXXion, 263B West Avenue, Die Hoewes, Centurion, Gauteng, South Africa or at any adjournment or postponement of that meeting, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

	For	Against	Abstain
Ordinary resolutions			
1 Resolution to re-elect non-executive directors			
1.1 Election of J van Rooyen as a director			
1.2 Election of VZ Mntambo as a director			
1.3 Election of V Nkonyeni as a director			
2 Resolution to elect group audit committee members			
2.1 Election of MJ Moffett as a member of the group audit committee			
2.2 Election of LI Mophatlane as a member of the group audit committee			
2.3 Election of EJ Myburgh as a member of the group audit committee			
2.4 Election of V Nkonyeni as a member of the group audit committee			
3 Resolution to elect group social and ethics committee members			
3.1 Election of Dr GJ Fraser-Moleketi as a member of the group social and ethics committee			
3.2 Election of L Mbatha as a member of the group social and ethics committee			
3.3 Election of LI Mophatlane as a member of the group social and ethics committee			
3.4 Election of PCCH Snyders as a member of the group social and ethics committee			
4 Resolution to reappoint PricewaterhouseCoopers Incorporated as independent external auditors			
5 Resolution to authorise directors and/or group company secretary to implement the resolutions set out in the notice convening the annual general meeting			
Special resolutions			
1 Special resolution to approve non-executive directors' fees for the period 1 June 2020 to the next annual general meeting			
2 Special resolution to authorise financial assistance for the subscription of securities			
3 Special resolution for a general authority to repurchase shares			
Non-binding advisory votes			
1 Resolution through non-binding advisory note to approve the remuneration policy			
2 Resolution through non-binding advisory note to endorse the implementation of the remuneration policy			

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

Signed at this day of 2020

Signature

Assisted by me, where applicable (name and signature)

Please read the notes that follow.

NOTES TO THE FORM OF PROXY

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

1 A form of proxy is only to be completed by those ordinary shareholders who are:
- Holding ordinary shares in certificated form; or
- Recorded on sub-register electronic form in 'own name'.

2 If you have already dematerialised your ordinary shares through a central securities depository participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement between yourself and your CSDP or broker.

3 A shareholder may insert the name of a proxy or the names of two or more persons as alternative or concurrent proxies in the space. The person whose name appears first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.

4 A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.

5 On a show of hands, a shareholder of the company present in person or by proxy will have one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy will, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, a shareholder who is present in person or represented by proxy will be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of shares held by him/her bears to the aggregate amount of the nominal value of all shares issued by the company.

6 A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the box provided. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or proxy is not obliged to use all the votes exercisable by the shareholder or proxy, but the total of votes cast and for which abstention is recorded may not exceed the total of votes exercisable by the shareholder or proxy.

7 The proxy appointment is:
- Suspended at any time and to the extent that the shareholder chooses to act directly and in person in exercising any rights as a shareholder; and
- Revocable unless the proxy appointment expressly states otherwise. If the appointment is revocable, a shareholder may revoke the proxy appointment by:
  - Cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - Delivering a copy of the revocation instrument to the proxy, and to the transfer secretaries of the company.

8 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
- The date stated in the revocation instrument, if any, or
- The date on which the revocation instrument was delivered.

9 If the instrument appointing a proxy or proxies has been delivered, as long as that appointment remains in effect, any notice required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must be delivered to:
- The shareholder; or
- The proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.

10 The proxy appointment remains valid only until the end of the annual general meeting or any adjournment or postponement, unless it is revoked, in accordance with paragraph 7, prior to the meeting.

11 In the interest of administrative purposes it is advisable that forms of proxy be lodged at or posted to The Meeting Specialist Proprietary Limited, to be received not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays), thus by 11:00 on Tuesday, 26 May 2020. This does not preclude proxies to be handed in at the meeting.

For shareholders on the South African register:
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
Gwen Lane
Sandown, 2196
PO Box 62043
Marshalltown
2107
proxy@tmsmeetings.co.za
Tel: +27 11 520 7951/0/2

Over-the-counter American depositary 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 Depositary Receipt Facility (ADR)
Bank of New York Mellon
101 Barclay Street
New York, NY 10286
www.adrbny.com
shareowners@bankofny.com
Tel: +(00-1) 888 815 5133

12 Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any appointed proxy.

13 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

14 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

15 Despite these requirements, the chairman of the annual general meeting may, if deemed reasonable, waive any formalities that would otherwise be a prerequisite for a valid proxy.

16 If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the annual general meeting, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO WISH TO PARTICIPATE ELECTRONICALLY IN THE EXXARO GENERAL MEETING

THE GENERAL MEETING

- Shareholders or their proxies who wish to participate in the general meeting via electronic communication (Participants), must deliver the form below (the application) to TMS Proprietary Limited via email to proxy@tmsmeetings.co.za
- Participants will be able to vote during the general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the general meeting, must provide TMS Proprietary Limited with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 21 May and 26 May 2020 via email/mobile with a unique link to allow them to participate in the virtual meeting.
- The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- The cut-off time, for administrative purposes, to participate in the meeting will be 11:00 on 19 May 2020.
- The Participant's unique link will be forwarded to the email/cell number provided below.

APPLICATION FORM

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

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

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

Shareholder name:

Signature:

Date:

ADMINISTRATION

Group company secretary and registered office
SE van Loggerenberg
Exxaro Resources Limited
The conneXXion
263B West Avenue, Die Hoewes, Centurion, 0157
(PO Box 9229, Pretoria, 0001)
South Africa
Telephone +27 12 307 5000

Sponsor
Absa Bank Limited (acting through its corporate and investment bank division)
Absa Sandton North Campus
15 Alice Lane
Sandton, 2196

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

Auditors
PricewaterhouseCoopers Incorporated
2 Eglin Road
Sunninghill, 2157

Commercial Bankers
Absa Bank Limited

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

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

Registrars
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
Gwen Lane
Sandown, 2196
(PO Box 2043, Marshalltown, 2107)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual general meeting	May
Reports and accounts published	
Announcement of annual results	March
Integrated report	April
Interim report for the half-year ended 30 June	August
Distributions	
Final dividend declaration	March
Payment	April
Interim dividend declaration	August
Payment	September/October

POWERING POSSIBILITY

www.exxaro.com