2015
INTEGRATED REPORT

exxaro

POWERING POSSIBILITY

CONTENTS

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ABOUT THIS REPORT

Exxaro produces an integrated report each year, covering our financial and operational, governance, social and environmental performance as well as the challenges and opportunities ahead.

We have taken a different approach this year by segmenting the report into three perspectives:

- The board – as the ultimate custodian of the company's strategy – comments on the strategic context for material issues and key governance aspects, including the focus of board committees during the year
- The executive review details salient features of the year and how the group performed against its targets, our stakeholder engagements and associated strategic risks (operational performance context).
- Outlook.

In line with our corporate value of honest responsibility, this report reflects our commitment to sustainable development, given the South African socio-economic and environmental context, and determination to entrench global best practices in all operations. It also reflects maturing reporting processes and confidence in our ability to set and measure progress towards targets, as disclosed on the performance dashboard. We now disclose key performance indicators across the six sustainability capitals, with targets and actual performance, for an informed evaluation of our progress.

This report (only available online) covers the financial year to 31 December 2015, as well as key subsequent developments, and follows the 2014 report. It should be read with the comprehensive supplementary report, mineral resources and reserves statement and the annual report of the Exxaro Chairman's Fund and Exxaro Foundation on our website.

Notice of the annual general meeting, form of proxy and summarised financial statements were mailed to shareholders as per statutory requirements.

Content is guided by our strategic objectives, legislative and regulatory requirements, including the Companies Act of South Africa, 71 of 2008, as amended (Companies Act), the Mining Charter and the JSE Limited Listings Requirements, as well as global best-practice standards, including the International Integrated Reporting Council's framework for integrated reporting, United Nations Global Compact, Global Reporting Initiative (GRI), and the King Report on Governance for South Africa 2009 (King III) and AccountAbility 1000SES.

The audited group annual financial statements are prepared according to International Financial Reporting Standards (IFRS).

Materiality is determined by careful analysis of our risks, strategic goals and ongoing consultation with stakeholders. The top risks facing our group are detailed throughout the report where the applicable material issue is discussed.

Under the reporting requirements of the Department of Mineral Resources (DMR) for the mining charter scorecard, Exxaro discloses its performance per mining right for the review period post the end-March 2016 deadline on its website. Group performance against the scorecard is disclosed in this report (annexure).

This report, produced in English, has been prepared in accordance with the GRI's 'core' application level, and the GRI G4 index is on the website. The supplementary report provides detailed disclosure on key aspects of our operations. Methods for determining specific indicators are summarised in the text or detailed in our glossary.

Each year, key indicators are selected for external assurance. Where possible, we present comparable information for trend analysis. Corporate activity since Exxaro's inception makes data comparability challenging in some areas; this is explained where it will aid understanding.

This report includes data for our Mayoko (Republic of the Congo) iron ore project. It also includes limited information on operations where we do not have management control but have a significant equity interest or joint control, namely Cennergi Proprietary Limited (Cennergi), Sishen Iron Ore Company Proprietary Limited (SIOC) and Tronox Limited (Tronox). As our acquisition of Total Coal South Africa Proprietary Limited (TCSA), renamed Exxaro Coal Central Proprietary Limited (ECC) was only effective August 2015, we include limited data on these operations while the process of standardising systems and indicators is under way.

DISCLAIMER

Opinions expressed in this report are, by nature, subject to known and unknown risks and uncertainties. Changing information or circumstances may cause Exxaro's actual results, plans and objectives to differ materially from those expressed or implied in any forward-looking statements. Financial forecasts and data in this report are estimates which at times are based on reports prepared by experts who, in turn, may have relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made on the completeness or correctness of opinions, forecasts or data in this report. The company and its affiliates, advisors or representatives accept no responsibility for loss arising from the use of any opinion, forecast or data in this report. Forward-looking statements apply only from the date on which they are made and the company does not undertake any obligation to publicly update or revise its opinions or forward- looking statements to reflect new data or future events or circumstances. The financial information on which the forward-looking statements are based has not been audited nor reported on by Exxaro's independent external auditors.

CONTACT

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

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BOARD RESPONSIBILITY

The board acknowledges its responsibility for the integrity of Exxaro's integrated and supplementary reports. Although the process of integrated reporting is still evolving, we have integrated all the elements of our business and aligned this report with the international integrated reporting framework. Continuous efforts are made to incorporate best practice and improve our level of reporting, including an independent assessment of key aspects of sustainability reporting and disclosure by PricewaterhouseCoopers Incorporated (PwC).

The board reviewed and approved the content of the integrated report and accompanying statutory information (mailed to shareholders) prior to publication.

Len Konar
Chairman

15 April 2016

Mxolisi Mgojo
Chief executive officer

CERTIFICATE BY GROUP COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended (Companies Act), I, CH Wessels, in my capacity as group company secretary, confirm that, to the best of my knowledge, for the year ended 31 December 2015, Exxaro Resources Limited (Exxaro) has filed with the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

Carina Wessels
Group company secretary

Pretoria

15 April 2016

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GROUP PROFILE

GROUP PROFILE

PROFILE

Exxaro is one of the largest and foremost black-owned, South Africa-based diversified resources companies, with current business interests in South Africa, Europe, Republic of the Congo and United States of America. It is listed on the JSE and has long been part of the Socially Responsible Investment (SRI) index, which was reconstituted as the FTSE/JSE Responsible Investment index in 2015.

Exxaro produced 42 million tonnes of coal per annum (Mtpa) (2014: 39Mtpa), reflecting contributions from the completed expansion of our flagship Grootegeluk mine and acquisition of TCSA, renamed ECC.

At 31 December 2015, Exxaro had assets of R52,6 billion and a market capitalisation of R15,8 billion (US$10 billion). Although just nine years old, Exxaro's pedigree and skills were built over decades as a company rooted in South Africa and respected by its peers for its innovation, ethics and integrity.

Based on a well-executed strategy, solid returns, access to funds and quality resources, Exxaro is a unique listed investment opportunity into its chosen commodities.

Dreamvision Investments Proprietary Limited	Morningtide Investments 168 Proprietary Limited (KagisoTiso)	Capital Consortium Proprietary Limited (Eyabantu)	Basadi Ba Kopane Investments Proprietary Limited	Industrial Development Corporation Limited
54,1%	9,7%	9,7%	11,2%	15,3%

OUR OWNERSHIP STRUCTURE

Main Street 333 Proprietary Limited (BEE Holdco)	Anglo American plc[1]	Exxaro Mpower	Minorities (free- float)	Other non-public shareholders
52,09%	9,70%	0,77%	37,27%	0,17%

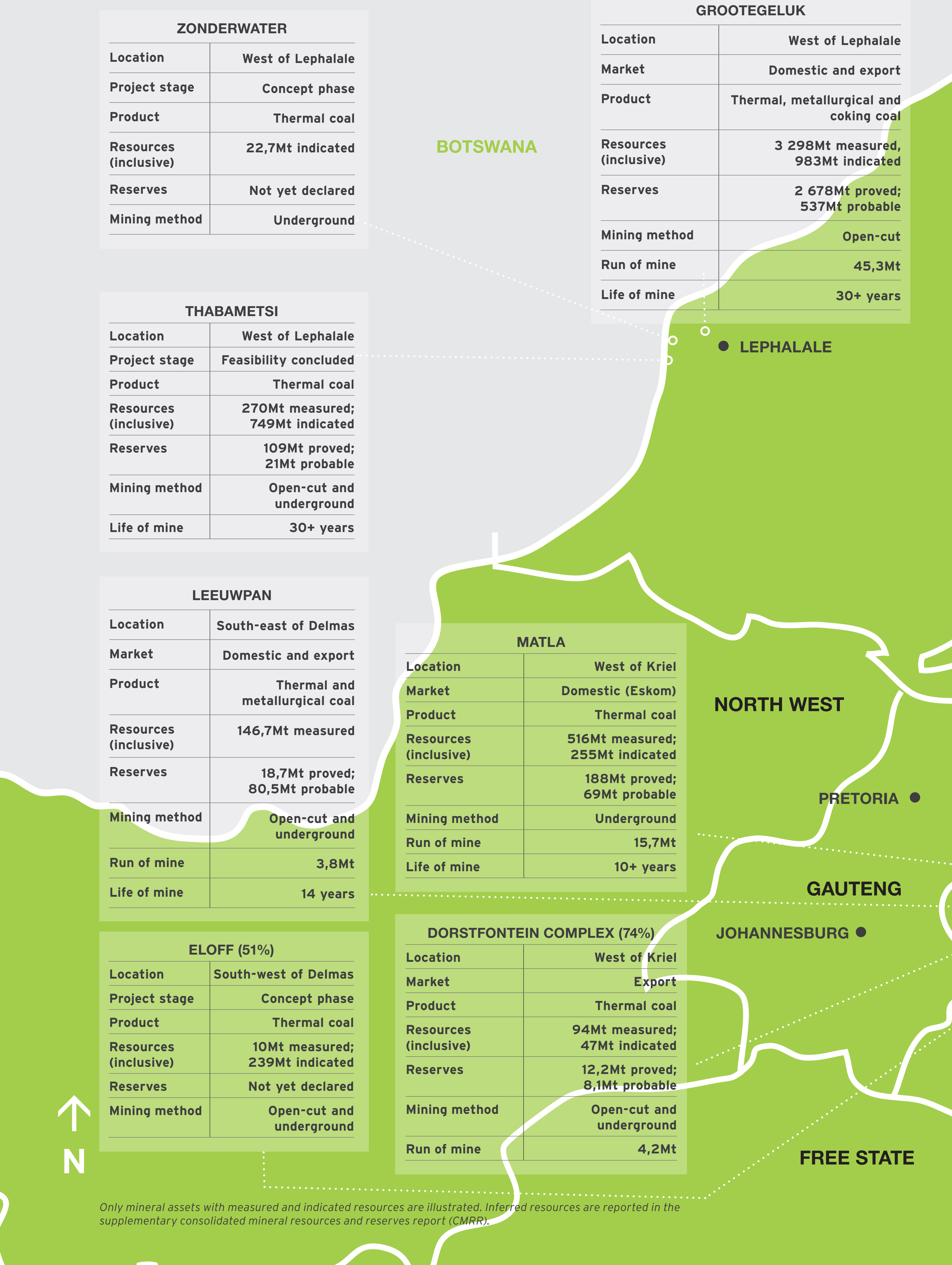
POWERING POSSIBILITY

INVESTMENT PORTFOLIO

	SIOC 20%	TRONOX 44%	MAFUBE 50:50 with Anglo	CENNERGI 50:50 with Tata Power	BLACK MOUNTAIN 26%
PRODUCTION	Iron ore	Titanium dioxide, pigment and Alkali chemicals	Coal	Wind energy	Zinc

1. *Held through Anglo South Africa Capital Proprietary Limited.*

OUR COAL ASSETS BASE



ZONDERWATER

Location	West of Lephalale
Project stage	Concept phase
Product	Thermal coal
Resources (inclusive)	22,7Mt indicated
Reserves	Not yet declared
Mining method	Underground

GROOTEGELUK

Location	West of Lephalale
Market	Domestic and export
Product	Thermal, metallurgical and coking coal
Resources (inclusive)	3 298Mt measured, 983Mt indicated
Reserves	2 678Mt proved; 537Mt probable
Mining method	Open-cut
Run of mine	45,3Mt
Life of mine	30+ years

THABAMETSI

Location	West of Lephalale
Project stage	Feasibility concluded
Product	Thermal coal
Resources (inclusive)	270Mt measured; 749Mt indicated
Reserves	109Mt proved; 21Mt probable
Mining method	Open-cut and underground
Life of mine	30+ years

LEEUWPAN

Location	South-east of Delmas
Market	Domestic and export
Product	Thermal and metallurgical coal
Resources (inclusive)	146,7Mt measured
Reserves	18,7Mt proved; 80,5Mt probable
Mining method	Open-cut and underground
Run of mine	3,8Mt
Life of mine	14 years

MATLA

Location	West of Kriel
Market	Domestic (Eskom)
Product	Thermal coal
Resources (inclusive)	516Mt measured; 255Mt indicated
Reserves	188Mt proved; 69Mt probable
Mining method	Underground
Run of mine	15,7Mt
Life of mine	10+ years

ELOFF (51%)

Location	South-west of Delmas
Project stage	Concept phase
Product	Thermal coal
Resources (inclusive)	10Mt measured; 239Mt indicated
Reserves	Not yet declared
Mining method	Open-cut and underground

DORSTFONTEIN COMPLEX (74%)

Location	West of Kriel
Market	Export
Product	Thermal coal
Resources (inclusive)	94Mt measured; 47Mt indicated
Reserves	12,2Mt proved; 8,1Mt probable
Mining method	Open-cut and underground
Run of mine	4,2Mt

Only mineral assets with measured and indicated resources are illustrated. Inferred resources are reported in the supplementary consolidated mineral resources and reserves report (CMRR).

INYANDA*	
Location	North of eMalahleni
Market	Export
Product	Thermal coal
Resources (inclusive)	Resources depleted
Reserves	Reserves depleted
Mining method	Open-cut
Run of mine	1,5Mt
Life of mine	Reached end of life in 2015

TSHIKONDENI*	
Location	East of Mutale
Product	Coking coal
Market	Domestic (ArcelorMittal)
Resources (inclusive)	28,8Mt
Reserve	0 mine closure
Mining method	Underground
Run of mine	0,3Mt
Life of mine	Reached end of life in 2014

NORTH BLOCK COMPLEX	
Location	West of Belfast
Market	Domestic
Product	Thermal coal
Resources (inclusive)	23,4Mt measured
Reserves	9,2Mt proved
Mining method	Open-cut
Run of mine	2,8Mt
Life of mine	2 years

MAFUBE (50%)	
Location	East of Middelburg
Market	Domestic and export
Product	Thermal coal
Resources (inclusive)	164Mt measured; 13Mt indicated
Reserves	2,5Mt proved; 120Mt probable
Mining method	Open-cut
Run of mine	3,7Mt
Life of mine	17 years

TUMELO (49%)	
Location	North-west of Hendrina
Market	Export
Product	Thermal coal
Resources (inclusive)	6Mt measured
Reserves	Not yet declared
Mining method	Underground

The mine is under care and maintenance.

GLISA SOUTH	
Location	West of Belfast
Project stage	Prefeasibility phase
Product	Thermal coal
Resources (inclusive)	20Mt measured; 47Mt indicated
Reserves	Not yet declared
Mining method	Open-cut

FORZANDO COMPLEX (74%)	
Location	North of Bethal
Market	Export
Product	Thermal coal
Resources (inclusive)	57Mt measured; 38Mt indicated
Reserves	7Mt proved; 4,5Mt probable
Mining method	Underground
Run of mine	2,1Mt

ARNOT*	
Location	South of Middelburg
Market	Domestic (Eskom)
Product	Thermal coal
Resources (inclusive)	138,5Mt measured; 64,3Mt indicated
Reserves	17,9Mt probable
Mining method	Open-cut and underground
Run of mine	1,4Mt
Life of mine	8 years

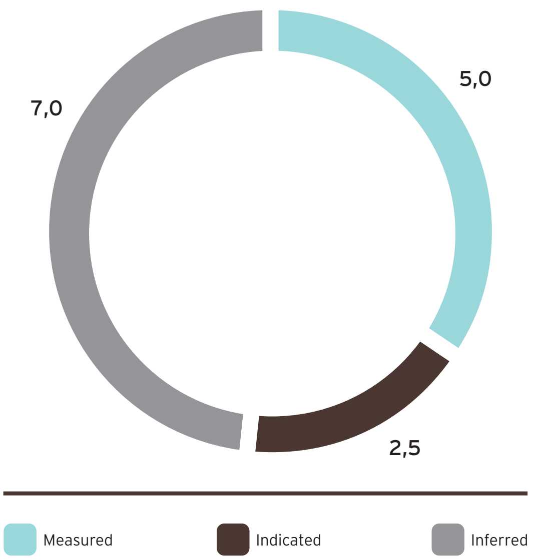
The coal supply agreement with Eskom was terminated on 31 December 2015.

BELFAST	
Location	South of Belfast
Project stage	Feasibility concluded
Product	Thermal coal
Resources (inclusive)	81Mt measured; 22,4Mt indicated
Reserves	45,7Mt proved
Mining method	Open-cut
Life of mine	17 years

*In closure

Coal

- Eight managed coal mines produced 42Mtpa of power station, steam and coking coal, up 7% on 2014. Most power station coal is supplied to the national power utility, Eskom
- In current market conditions, our char plant has been placed on care-and-maintenance
- Robust pipeline of greenfield and brownfield expansion projects:
  - The R3 billion Belfast mine is scheduled to be commissioned by 2018, depending on the water tribunal's progress with a current licence appeal and rezoning objection to enable construction to begin mid-2016. At full capacity the mine will deliver around 2,2Mtpa of export steam coal and 500 kilo tonnes per annum (ktpa) of power station coal
  - The bankable feasibility study for the opencast Thabametsi mine was completed by the end of 2014, and the integrated water use licence approved in January 2016, although an appeal has been lodged. Construction of the coal independent power-station plant by partners from Korea and Japan is planned for 2016. Thabametsi mine is projected to produce an average of 4Mtpa in power station coal for the independent power plant which, in turn, is expected to produce 600 megawatts (MW) by 2021.



Exxaro attributable resources – 14,5 billion tonnes

Strong South African presence and market:
- **Solid resource base – the biggest locally**
- **Resources in the Waterberg provide many growth opportunities and play a major part in our plans**

Grootegeluk is one of the most efficient mining operations in the world, and runs the world's largest coal-beneficiation complex. It is the only producing mine in the coal-rich Waterberg, adjacent to Eskom's existing Matimba and new Medupi power stations

Ferrous

- FerroAlloys produces gas-atomised ferrosilicon for use in dense medium separation plants
- Mayoko iron ore project remains on care-and-maintenance and current actions are limited to security of the mining convention

Investment portfolio

- Iron ore: 20% of SIOC, a leading supplier of high-quality iron ore to the global steel industry, and a subsidiary of the listed Kumba Iron Ore Limited (KIO)
- Titanium dioxide, pigments and chemicals: 26% direct interest in both KZN Sands and Namakwa Sands, as well as 44% of US-listed Tronox, a global leader in mining, production and marketing inorganic minerals and chemicals. Tronox operates two vertically integrated businesses: titanium dioxide (TiO_2) and Alkali chemicals. Tronox owns the balance in KZN Sands and Namakwa Sands, other titanium dioxide interests outside South Africa and the Alkali chemicals business in the USA
- Renewable energy: Exxaro will be contributing to national energy supply through Cennergi, its joint venture with Tata Power. Two wind projects are under way in the Eastern Cape, both on track and in line with budget:
  - Amakhala Emoyeni near Bedford (139MW) – completion planned for mid-2016, with commercial operation in the third quarter of 2016
  - Tsitsikamma Community wind farm on Mfengu community land (95MW) – construction completed in the final quarter of 2015, with commercial operation beginning once the Eskom grid connection is completed
- Coal: Mafube – 50/50 coal joint venture with Anglo American in Mpumalanga
- Zinc: 26% of Black Mountain, subsidiary of Vedanta in the Northern Cape.

EXXARO'S BUSINESS MODEL

PURPOSE: STAKEHOLDER VALUE CREATION

STRATEGY: MAXIMISE OPERATIONAL OUTPUT OPTIMISE INVESTMENT PORTFOLIO MINIMISE COSTS

INPUTS: NATURAL | HUMAN | SOCIAL | INTELLECTUAL | MANUFACTURED | FINANCIAL

MINING VALUE CHAIN

RESOURCE »»» CLOSURE »»» REHABILITATION

MINERAL RESOURCE ACQUISITION › MINING AND RESOURCE MANAGEMENT › METALLURGICAL AND BENEFICIATION › MARKET › MINE REHABILITATION

ENABLERS: Management and leadership, technology and innovation, project management, mineral resource management, sustainability beyond life of mine, hire to retain, procure to pay, record to report

OUTCOMES: NATURAL | HUMAN | SOCIAL | INTELLECTUAL | MANUFACTURED | FINANCIAL

PHILOSOPHY: VALUES, CULTURE, ETHICS, GOVERNANCE, STAKEHOLDERS

VEHICLES: OWNERSHIP, INVESTMENTS, PARTNERSHIPS

BUSINESS MODEL PDF AVAILABLE ON THE WEB

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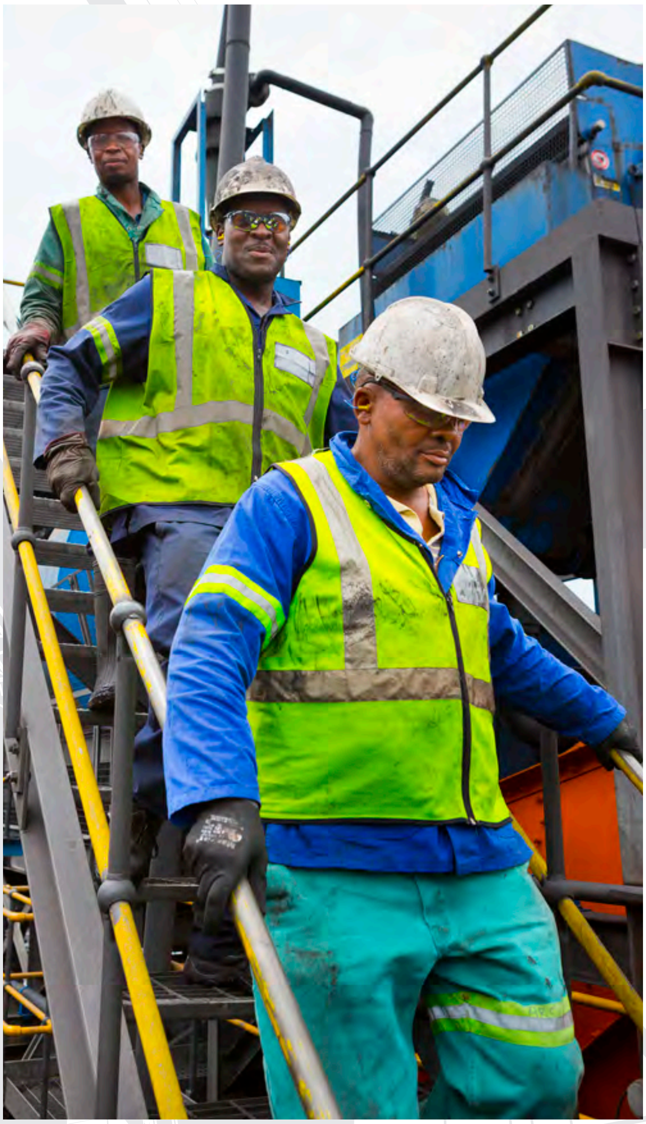
BOARD REVIEW



BOARD REVIEW

As the board we have ultimate accountability for the company's strategy and oversight of the business and we collectively report to our stakeholders.

In this board review for 2015, we highlight the material issues we grappled with in the period and some of our key deliberations and developments, while the executive review deals with our performance during the period.

Executive

MDM Mgojo – Mxolisi (55)

Chief executive officer from 1 April 2016

Director since 4 June 2015

BSc (hons) (energy studies), MBA, advanced management programme (Wharton)

Experience: Previously at Eyesizwe Coal, Mxolisi was responsible for marketing and logistics. After Exxaro's formation, he managed the base metals and industrial minerals commodity business before being appointed to head our coal operations from 2008. He was appointed CEO (designate) from 1 May 2015 and CEO from 1 April 2016.

SA Nkosi – Sipho (61)

Chief executive officer until 31 March 2016

Director since 28 November 2006

BCom (hons) (economics), MBA (Mass, USA), diploma in marketing management (Unisa), advanced management leadership programme (Oxford)

Experience: After 20 years in the industrial and mining sectors, Sipho was a founder of Eyesizwe Holdings and served as chief executive officer before its merger into Exxaro in 2006. He was appointed CEO of Exxaro in September 2007. Sipho is a director of a number of companies, including Sanlam Limited, and served as president of the Chamber of Mines from 2007 to 2010.

WA de Klerk – Wim (52)

Finance director

Director since 1 March 2009

BCom (hons) (accounting), CA(SA), executive management programme (Darden), strategic marketing diploma (Harvard)

Experience: Wim joined Iscor in 1996, managing Iscor Quarries and the Grootegeluk Coal mine before joining the executive team as group general manager for strategy and continuous improvement in 1999. After Kumba's inception in 2001, he headed the mineral sands operations and, when Exxaro listed in 2006, he was executive general manager for mineral sands and base metals until his appointment as finance director in 2009. Wim will be separating from the company in August 2016 to take over as CEO for ArcelorMittal South Africa Limited (AMSA).

Non-executive

S Dakile-Hlongwane – Salukazi (65)

Independent non-executive director, member of social and ethics, and sustainability, risk and compliance committees

Director since 21 February 2012

BA (economics and statistics), MA (development economics)

Experience: Salukazi is chairman of Nozala Investments, which she co-founded in 1996. She has extensive experience in development finance, structured and specialised finance. She is a non-executive director of Nozala investee companies including Basadi Ba Kopane Proprietary Limited, Woodlands Dairy Proprietary Limited and Tsebo Outsourcing Group Proprietary Limited. She is also a non-executive director of MultiChoice South Africa Holdings Limited and a trustee of Nozala Trust, Chancellor House Trust and the National Movement of Rural Women.

Dr CJ Fauconnier – Con (68)

Independent non-executive director, chairman of sustainability, risk and compliance and remuneration and nomination committees, member of audit and social and ethics committees

Director since 1 November 2013

BSc (eng) (mining), BSc (hons) (engineering), MSc (eng), DEng (Pretoria), MBA (Oregon), DSc (honoris causa)(Free State), strategic leadership programme (Oxford), senior executive finance programme (Oxford), registered international professional engineer

Experience: For 32 years, Con worked for various mining companies, lastly as managing director of Iscor Mining. In 2001, he was appointed chief executive of Kumba Resources Limited and, in 2006, as CEO of Exxaro Resources Limited. He served on the executive council of the Chamber of Mines of South Africa and was president from 2003 to 2005. He is a fellow of the South African Institute of Mining & Metallurgy, Institute of Directors of Southern Africa and South African Academy of Engineering. Con has been an honorary professor in the department of mining engineering at the University of Pretoria and a fellow at the Gordon Institute of Business Science since 2007. He was an independent non-executive director at Xstrata plc from 2010 to 2013.

MW Hlahla – Monhla (52)

Non-executive director

Director since 4 June 2015

MA (urban planning) (UCLA School of Architecture and Planning), advanced management programme (Insead), certificate in accounting and finance (Wits Business School)

Experience: Monhla spent the larger part of her career in the infrastructure sector starting in 1994 at the Development Bank of Southern Africa. The DBSA subsequently seconded her to the Municipal Infrastructure Investment Unit and was appointed to serve as a non-executive Chairperson of Johannesburg Water utility, followed by an appointment as the Managing Director of Airports Company South Africa in November 2001. She previously served as chairman of the Industrial Development Corporation and currently she is chairman of Royal Bafokeng Holdings Limited and a non-executive director of Liberty Holdings and Stanlib Limited.

Dr D Konar – Len (62)

Independent non-executive director, chairman of the board and member of remuneration and nomination committee (chairs nomination matters)

Director since 28 November 2006

BCom, CA(SA), MAS, DCom, CRMA

Experience: After completing his articles at EY, Len was an academic at the University of Durban-Westville. He spent six years with the Independent Development Trust as head of investments and internal audit, prior to becoming a professional director of companies and consultant. Len is chairman of Steinhoff International and Mustek Limited and a member of the boards of Illovo Sugar, Sappi and Alexander Forbes. He is a past member of the ad hoc ethics panel of the United Nations, safeguards panel of the International Monetary Fund in Washington, co-chairman of the risk implementation oversight panel of the World Bank, and past chairman and member of the external audit committee of the International Monetary Fund.

S Mayet - Saleh (59)

Non-executive director

Director since 18 August 2015

BCom, BCompt (hons), CA(SA), advanced management programme (GIBS)

Experience: Saleh is a financial professional with over 30 years' experience in the Anglo American group in South Africa and the United Kingdom. He has been head of finance for Anglo American South Africa Limited since 2008. He has extensive experience on a wide range of corporate activities and currently serves on the boards of Anglo American South Africa and its strategic subsidiaries and trusts, as well as various senior management committees tasked with strategy, driving value initiatives and engaging with key stakeholders. Saleh is also a non-executive director of Distribution and Warehouse Network Limited where he chairs the audit and risk committees and serves on the remuneration and nominations committees.

VZ Mntambo - Zwelibanzi (59)

Non-executive director and member of remuneration and nomination committee

Director since 28 November 2006

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

Experience: Zwelibanzi is executive chairman of Xalam Performance. He was previously senior lecturer at the University of Natal; executive director of IMSSA; director-general of Gauteng Province and chairman of the Commission for Conciliation, Mediation and Arbitration. He is chairman of Main Street 333 Proprietary Limited. He is also a director of SA Tourism Proprietary Limited and a trustee of the Paleo-Anthropological Scientific Trust.

RP Mohring - Rick (67)

A director since 28 November 2006, sadly passed away in March 2016.

V Nkonyeni – Vuyisa (47)

Independent non-executive director and member of audit committee

Director since 3 June 2014

BSc (inf proc), BSc (hons), postgraduate diploma in accounting, CA(SA)

Experience: Vuyisa has over 15 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 work over four years. He serves on the boards of Emira Property Fund and Idwala Industrial Holdings Proprietary Limited. He has served as finance director of Worldwide African Investment Holdings Proprietary Limited and director at Actis llp in their black economic empowerment funding unit. He was appointed chief executive officer of Kagiso Tiso Holdings in January 2012.

Dr MF Randera - Fazel (66)

Non-executive director and chairman of social and ethics committee

Director since 13 June 2012

MRCS, LRCP, DRCOG

Experience: Globally, Fazel has served as board and council member of the World Medical Association (1997-2000), and chaired the global initiative on HIV/Aids reporting (2004). In South Africa, he sat on the Truth and Reconciliation Commission (1995-1998), founded the Ethics Institute and served as chairman (1997-2000), and served on the Human Rights Commission (1997-1999). Working in hospitals and facilities in the UK and South Africa, he specialised in a range of medical disciplines, including occupational health and HIV/Aids. Fazel chaired the Private Healthcare Forum (2004-2007) and was the health advisor at the Chamber of Mines. He is chairman of Nehawu Investment Holdings and MediTech South Africa.

J van Rooyen – Jeff (66)

Independent non-executive director and chairman of audit committee

Director since 13 August 2008

BCom, BCompt (hons), CA(SA)

Experience: Jeff is a director of various companies in the Uranus Group, non-executive director of MTN Group Limited, Pick 'n Pay Stores Limited and Pick 'n Pay Holdings Limited. He is a former chairman of the Financial Reporting Standards Council, 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 & Touche, chairman of the Public Accountants and Auditors Board, CEO of the Financial Services Board and advisor to the 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.

D Zihlangu - Rain (50)

Independent non-executive director and member of sustainability, risk and compliance committee

Director since 28 November 2006

BSc (eng)(mining) (Wits), MDP (SBL, Unisa), MBA (WBS, Wits)

Experience: Rain is CEO of Eyabantu Capital Consortium. Between 1989 and 1994 he was a stoper/developer and shift boss at Vaal Reefs Gold Mining Company. From 1995 to 2002 he progressed to mine manager at Impala Platinum Limited, and served as CEO of Alexkor Limited from 2002 to 2005. From 2006 to 2012, he was an independent non-executive director of the South African National Oil and Gas Company (PetroSA) and served on its business performance monitoring committee. He also serves on the board, audit, remuneration, nominations and investment committees of Sentula Mining Limited.

Mining is a cyclical industry and, since 2008, we have been dealing with a combination of factors that have produced the proverbial perfect storm. While a resurgent dollar has pushed most commodity prices to decade lows, commodity markets remained oversupplied after significant investment in new capacity at the height of the commodity boom in the early 2000s. At the same time, a strengthening American economy is dwarfed by slowing demand in China, which still consumes around half of the world's minerals and metals such as iron ore, aluminium and zinc.

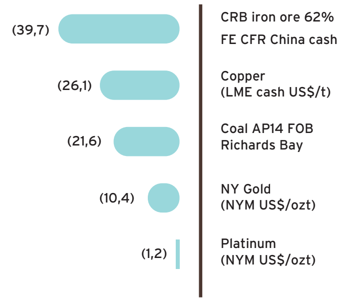
The continuing global oversupply has caused average US$ coal and iron ore prices to decline further, by around 22% and 40%, respectively, since 1 January 2015.

In South Africa, this negative global impact is heightened by a contracting economy, weakening rand and higher input costs. There has also recently been much activism against coal as a source of energy due to the associated environmental impact from carbon dioxide (CO_2) and methane (CH_4) emissions. However, given the state of South Africa's energy requirements, coal remains a relevant source of affordable energy for the economy and Exxaro is partially hedged against falling coal export prices as domestic US$ prices remained relatively stable. The weak rand also supported stable export volumes.

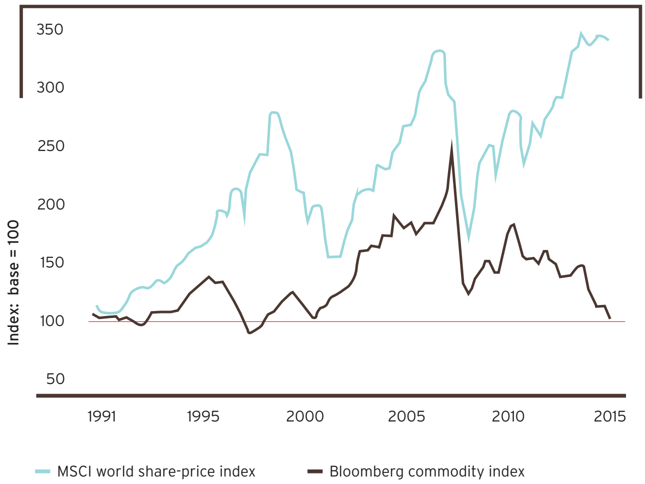
Against this background, Exxaro and other mining groups have had to review their approach to almost every facet of the business.

Summary of key economic changes

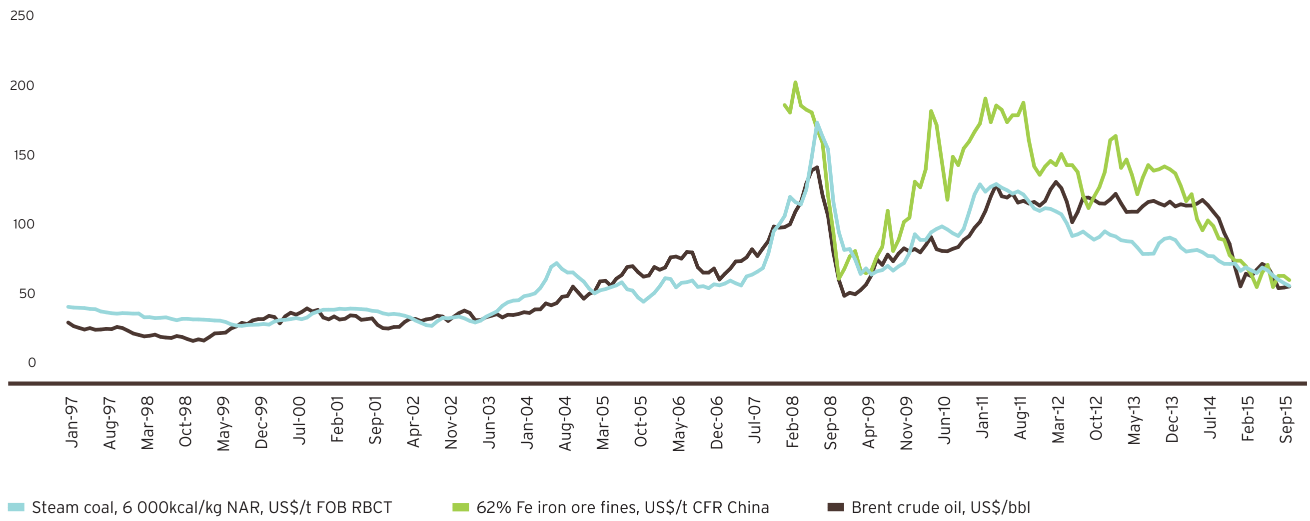
- 25,3% depreciation in the R/US$ exchange rate
- 1,3% GDP growth in South Africa, with 0,9% growth forecast in 2016
- 21,6% decrease in coal API4 prices, averaging US$57 over FY15 and US$50 at year end
- 39,7% decrease in iron ore prices, averaging US$57 over FY15 and US$42 by end 2015



2015 depressed commodity prices



Share prices and commodity index (April 1991 = 100)



Average monthly commodity prices

Commodity price volatility has been one of our top five risks over the past two years, although the extent of the downturn was probably underestimated by all. Our mitigating steps have supported our resilience in these trying times, while emphasising the importance of an effective enterprise risk management process.

Our strategic objectives continued to guide our actions over this period (the diagram below reflects the addition of the sixth capital – intellectual). The changing environment has called for some tough decisions and a firm commitment to action to weather the subdued outlook for our commodity exposure. Consequently, one of the most material issues the board and management dealt with in 2015 was business resilience: a new issue since 2014 in response to the challenging environment and falling income from our equity investments in SIOC and Tronox. We define business resilience as our ability to withstand the economic and commodity market downturn. An absence of resilience would result in a destruction of value and our ultimate demise.

In the integrated report 2014, we detailed the process followed by the board to determine material issues. This remained constant over the review period, although the materiality of some issues increased in response to the worsening operating environment.

The executive review provides a more expansive discussion and our performance on material issues in 2015. In this review, we provide a high-level context for the six material issues relative to our strategic discussions.

The impact of decisions and actions on our stakeholders was considered and we engaged extensively with them on our response to material issues, as detailed in the executive review.

2015 material issues

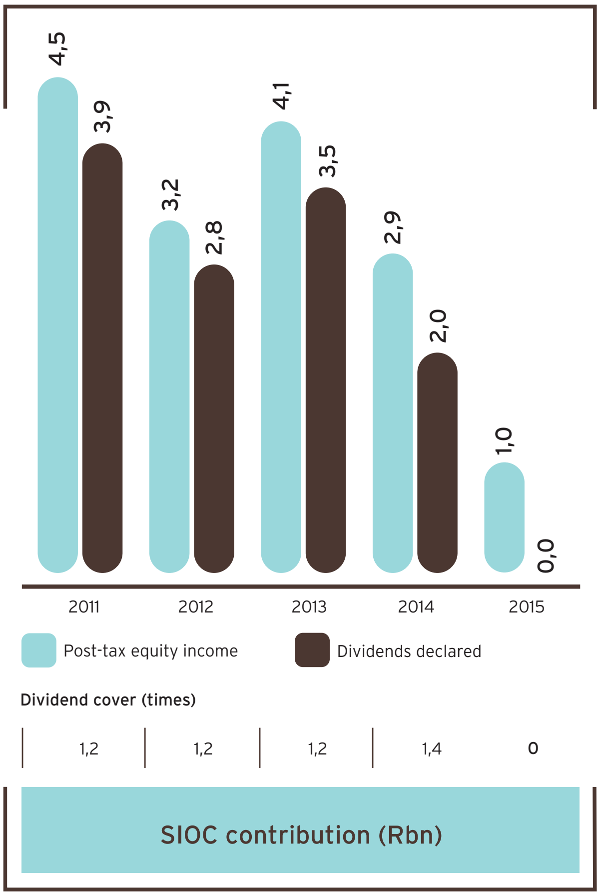
- Business resilience (new)
- Dependency on Eskom
- Licence to operate
- Capital projects
- Operating efficiencies
- Employees

Business resilience

Given the context of the global economy and commodity markets, the short to medium-term strategy was to focus on growing and securing the sustainability of our coal business and maintaining our strategic investments.

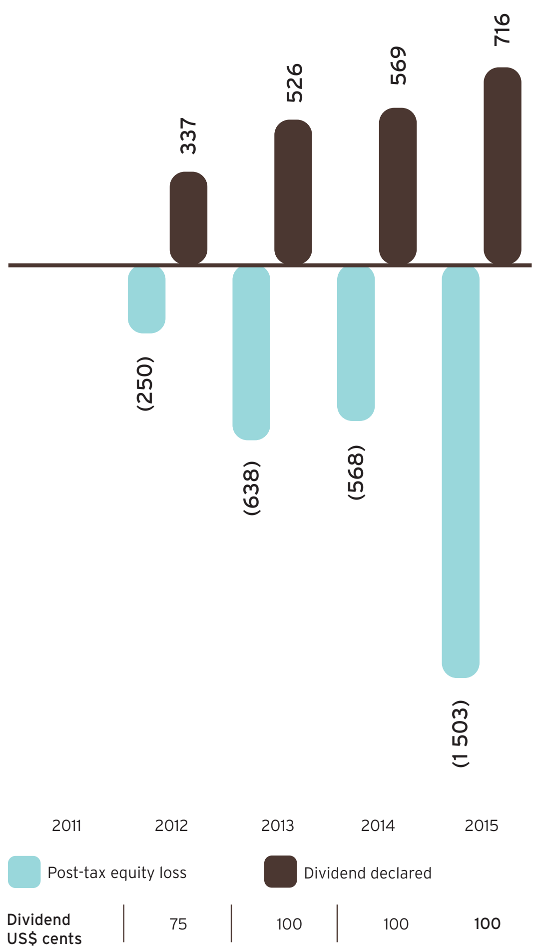
As a result of its declining performance, for the first time we requested the KIO management team to present its investment thesis during our strategic review in 2015. We also commissioned a detailed external review of the fundamentals of ferrous and its global outlook (to also guide decision-making on our Mayoko and other ferrous projects and businesses). We will keep monitoring the global outlook, particularly the performance of iron ore commodity prices, and will be considering the future of this investment in the context of Anglo American plc's intention to dispose of its controlling interest in KIO, as well as the impending black economic empowerment (BEE) (project Pangolin) unwind in November 2016, after which we no longer have a legal obligation to empower SIOC.

The audit committee and board have noted recent tax assessments received by SIOC from the South African Revenue Services (SARS) for tax years 2006 to 2010 of R5,5 billion, including interest and penalties of R3,7 billion. We will closely monitor progress on this and the potential impact it may have on Exxaro.



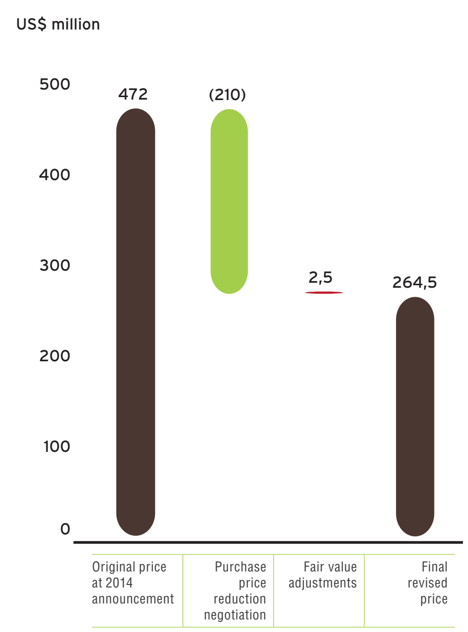
Our intention with the investment in Tronox has been questioned by shareholders for a number of years and although we continued to receive stable dividends at US$0,25 cents per share per quarter in 2015, the TiO_2 market is taking strain.

We expect to receive lower dividends from this investment in 2016 as Tronox recently communicated a revised quarterly dividend payout policy of US$0,045 cents per share. Given prevailing market conditions, we will maintain our investment in Tronox, but as with SIOC, the investment thesis of both significant investments will receive much attention from the board in 2016.



Tronox contribution (Rm)

An aspect we are very pleased with, and which we also spent considerable time on in 2015, is the finalisation of the TCSA (now ECC) acquisition at a much-reduced purchase price (in response to the severe decline in commodity prices). Securing additional export allocation at RBCT and further entrenching ourselves as a premier coal producer in South Africa has been a strategic imperative for a number of years and a diversification priority to counteract our dependency on Eskom. The financial impact of the transaction is discussed in more detail in the audit committee report, while detailed information on ECC's optimisation and performance is included in the executive review.



ECC negotiated purchase price reduction

Dependency on Eskom

The impact of this material issue was definitely more prevalent in 2015, compared to previous years. On the positive side, our coal business is considered defensive given the long-term offtake agreements with Eskom for 92% of coal produced.

However, our dependency on Eskom to deliver in line with coal supply and offtake agreement (CSA) conditions, especially for the tied operations, required the board to take some tough decisions this year.

The sustainability, risk and compliance (SRC) committee report discusses the decision to close Matla mine 1 due to safety concerns stemming from a delay by Eskom to spend the requisite capital, as well as Eskom's decision to terminate the Arnot CSA and the unfortunate impact on employees and communities.

In addition, resulting from further delays to commission Medupi power station, negotiations on a potential tenth addendum to the Medupi CSA have started. The board will monitor the relationship with Eskom in 2016 and continue attempts to work with the utility to ensure electricity supply to South Africa.

Licence to operate

For this material issue, we focused on protecting Exxaro's BEE status and planning for the BEE unwind in November 2016.

Following announcements in 2015, we secured additional funding to support our controlling BEE shareholder, Main Street 333. This provided a medium-term solution to the group's BEE status until the structure unwinds. The Main Street 333 preference share balance at 31 December 2015 is R2,8 billion (IDC supported – R621 million, Exxaro loan R426 million and other R175 million).

The lock-in restrictions originally imposed on Main Street 333 as part of Exxaro's current empowerment scheme expire on 30 November 2016, when it is free to trade its shares in Exxaro. We are working with Main Street 333 to assess alternative solutions to address our empowerment strategy including:

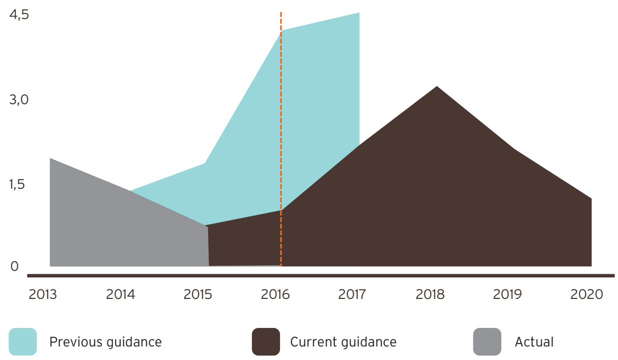
- Formulating a proposed mechanism for a potential unwind of Exxaro's existing BEE structure
- Managing all risks, particularly market risk, associated with unwinding
- Evaluating the requirements and potential alternatives of a subsequent BEE structure/scheme.

An independent board sub-committee was established to actively engage Main Street 333 on these matters to find a sustainable and satisfactory solution for all stakeholders. We are working to implement this solution prior to the November 2016 deadline.

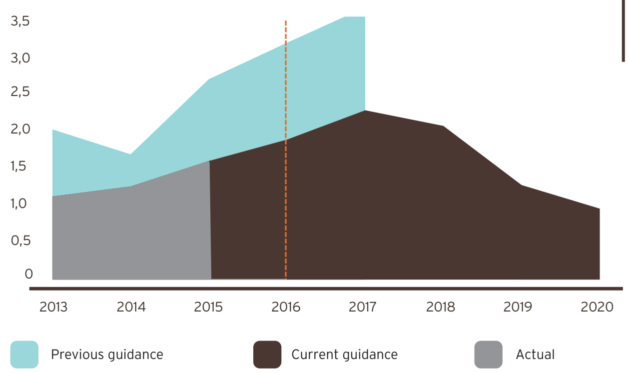
Capital projects

The board's focus centred on a critical review of the overall capital profile and need to postpone and reduce capital expenditure in response to the business resilience material issue. Our revised capital allocation profile is also testament to our short to medium-term strategic focus on coal as discussed earlier (refer graphs). The executive review provides more operational detail on current and planned projects.

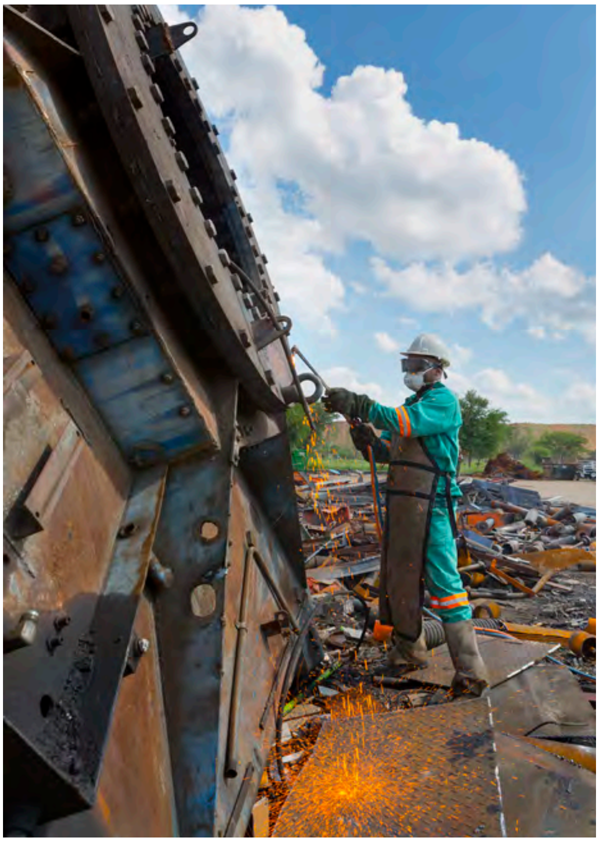
We continued monitoring progress in securing our Mayoko mining convention and the reduction of activities and expenditure in the RoC. The audit committee will closely monitor progress on the RoC-related tax and customs potential contingent liability and, as previously indicated, we will rigorously object and defend our position.



Expansion capital (Rbn)
2016 to 2020 based on latest internal forecast



Sustaining capital (Rbn)
2016 to 2020 based on latest internal forecast



Operating efficiencies and employees

We reviewed progress and related strategies in these areas during 2015 and operational excellence remains a key response to the current market downturn. However, we recognise that economic and market changes are structural and hence our strategy will adapt through innovation. The impact on employees is a of concern under these challenging conditions. We regarded headcount reduction as a last resort, but it became inevitable as conditions worsened in 2015 (details of voluntary and other separations are discussed in the executive review).

The table highlights our strategic initiatives and response to market conditions in addressing our material issues.

STRATEGIC INITIATIVES

SHORT-TERM FOCUS *(started in 2015)*	PORTFOLIO IMPROVEMENT	BEE OWNERSHIP	CAPITAL PROJECT GOVERNANCE *(decision-making criteria)*
• Preserve cash • Reduce overhead costs • Maximise operational output and performance • ECC optimisation • Optimise and restructure group • Customer relationships	• Portfolio optimisation • Expedite disposals and mine closures • Obtain Mayoko mining right • Take advantage of cleaner energy opportunities • Growth through innovation • Develop coal independent power producer in the Waterberg • Evaluate current Tronox and SIOC shareholding	• Achieve DMR's BEE conditions on ECC • BEE restructuring	• Investment rate of return and net present value • Affordability assessment and ranking • Payback period • Risk balance and mitigation • Maximise shareholder returns

Execution of our overall strategy, supported by these key initiatives, will remain paramount in 2016. The strategic performance dashboard will assist us in monitoring effective responses. In 2014, we introduced you to the Exxaro strategic performance dashboard by providing an extract in the integrated report with full detail on our website.

We believe the dashboard is one of the best industry examples of true integration between strategy, material issues, the six-capital framework, risk and risk appetite, assurance and measurable performance metrics. The dashboard forms the basis of how the board and executive committee manage the company's strategy and performance. Each board committee reviews specific sections of the dashboard applicable to its scope. Performance on dashboard metrics is extensively discussed in the executive review and supplementary report, but we include a summary with brief comments below.

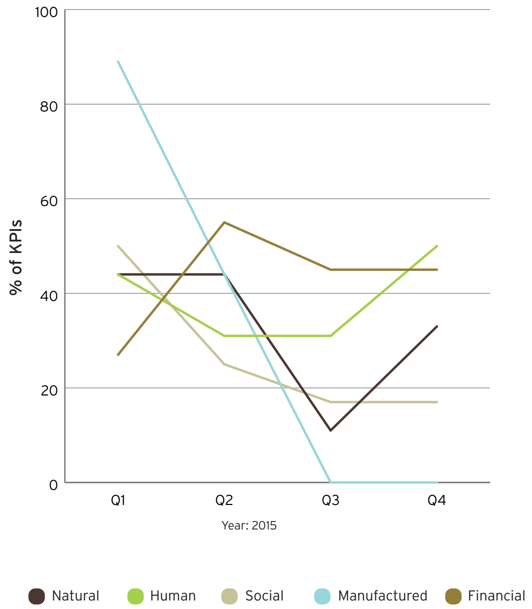
STRATEGIC PERFORMANCE DASHBOARD

Exxaro measured 58 key performance indicators (KPIs) in 2015:

- 16 (28%) were out of appetite
- The number of KPIs rated as out of appetite in our financial capital increased during the year, as we continued to weather the commodity down cycle
- The manufactured capital KPIs performed better as we improved operating efficiencies and business processes to counteract the impact of deteriorating financial KPIs
- Our integrated focus to risk and compliance management started paying dividends to bring our natural capital within the required thresholds
- We continued to perform exceptionally well against mining charter targets and several initiatives during the year addressed our social licence to operate requirements, which further improved performance on social capital KPIs
- Some human capital KPIs were out of appetite, due to cost-containment initiatives implemented to counter the economic downturn, and these will be addressed once circumstances improve and the labour force stabilises.

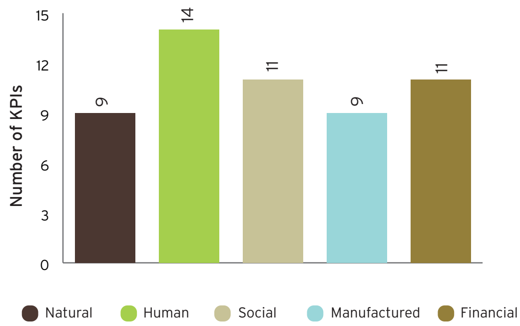
The following graphs provide a visual summary of the performance on these 58 KPIs in 2015 and summarise KPI performance in each of the capitals.

CONSOLIDATED STRATEGIC PERFORMANCE DASHBOARD



Out-of-appetite trend per capital

Out-of-appetite and possible waste/opportunity KPIs

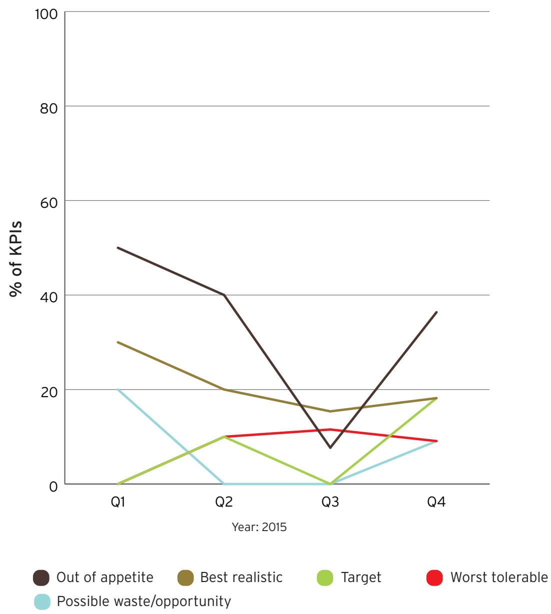


Total KPIs (%)

PERFORMANCE PER SUSTAINABILITY CAPITAL

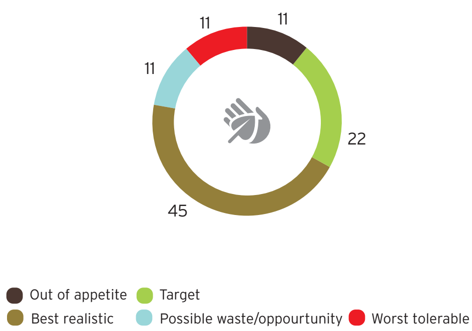
NATURAL CAPITAL

We measure nine KPIs in natural capital. Good progress has been made over the last year to ensure we focus on licence-to-operate requirements at every operation and ensure project teams apply for and obtain the requisite mining rights, environmental authorisations and licences timeously.



Threshold trend per quarter

Out-of-appetite and possible waste/opportunity KPIs

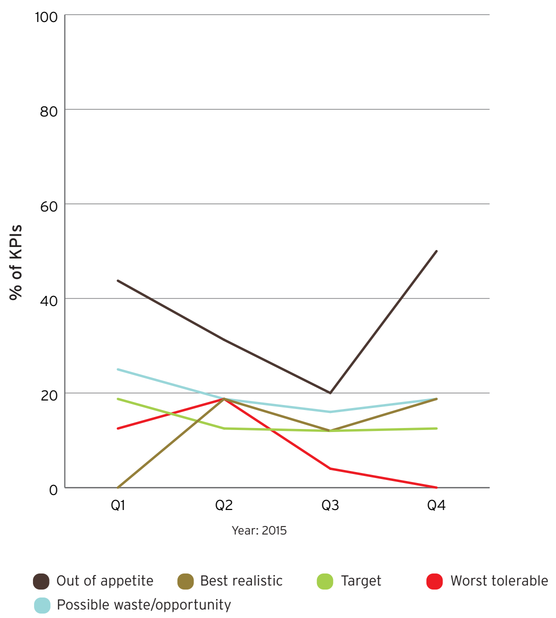


Total KPIs (%)

HUMAN CAPITAL

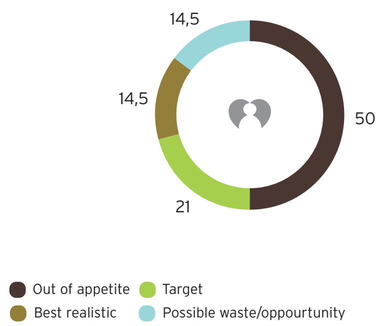
Although the percentage out-of-appetite KPIs for human capital is quite high at 50%, this is mainly due to a budget reduction (in response to the economic circumstances) on, inter alia, HIV initiatives (some of which have been deferred).

Offering voluntary severance packages (VSPs) to employees also resulted in sub-optimal performance on succession-related metrics, which will be refined once our group-wide improvement initiative has been finalised.



Threshold trend per quarter

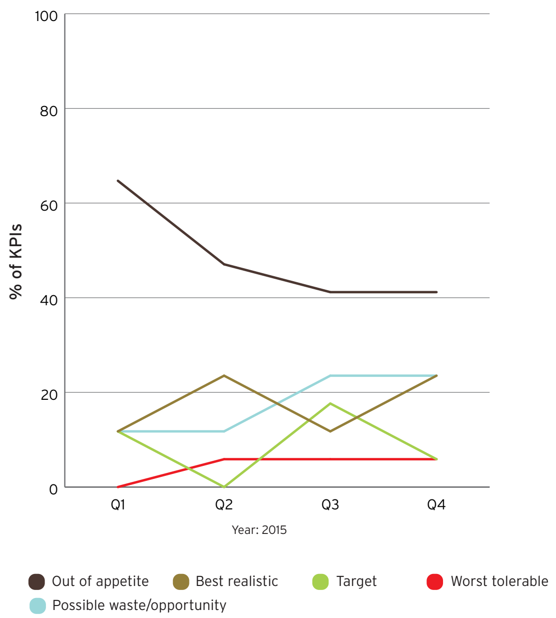
Out-of-appetite and possible waste/opportunity KPIs



Total KPIs (%)

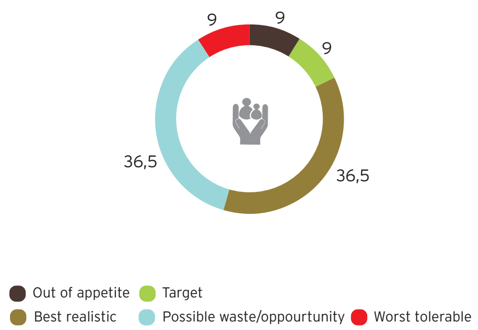
SOCIAL CAPITAL

The high number of KPIs indicating possible waste/opportunity in this capital needs to be contextualised. The mining charter targets (against which we primarily measure our performance in this capital) are less stringent than elements in the amended Department of Trade and Industry (DTI) codes. Expectations are that a new mining sector code will follow requirements set by the DTI codes. Exxaro is proactively preparing to align with anticipated code targets, while improving our performance against dti codes (necessary due to our Eskom exposure) and hence we seem to be over-performing compared to the lower Mining Charter metrics.



Threshold trend per quarter

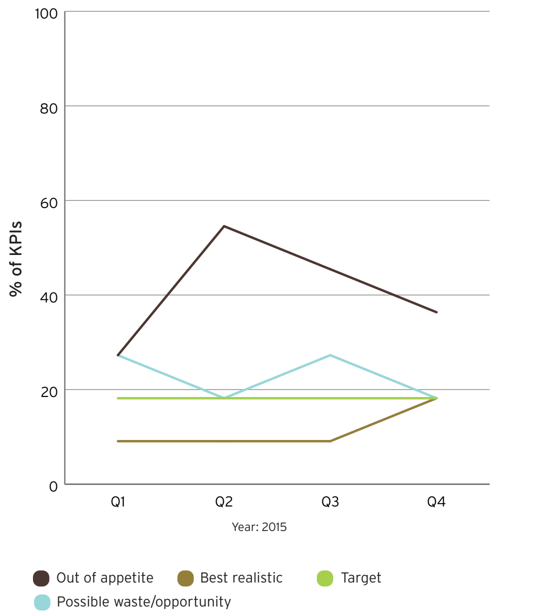
Out-of-appetite and possible waste/opportunity KPIs



Total KPIs (%)

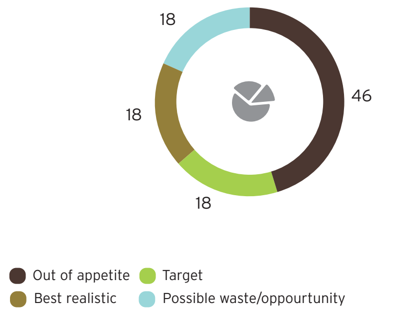
FINANCIAL CAPITAL

Arguably, 2015 has been one of the most challenging since Exxaro's formation. There has been a general decline in commodity prices (specifically those Exxaro is exposed to: coal, iron ore, mineral sands and pigments). This decline has affected the owner-controlled business (coal) and the performance of our investments (SIOC and Tronox). As a result, our financial capital KPIs were under strain in 2015, hence the notable increase in the percentage of out-of-appetite KPIs.



Threshold trend per quarter

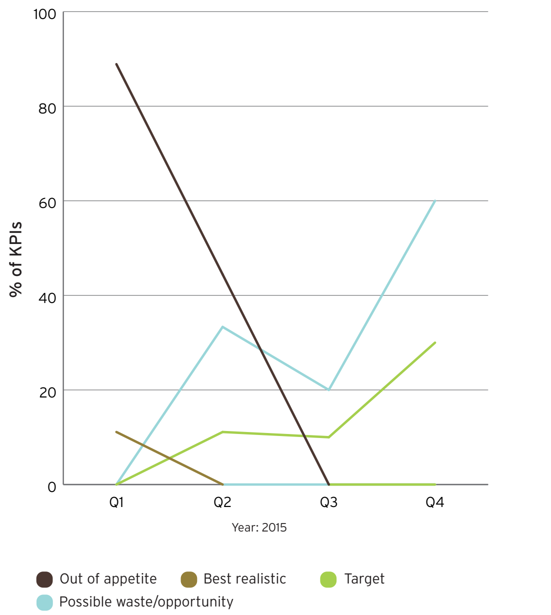
Out-of-appetite and possible waste/opportunity KPIs



Total KPIs (%)

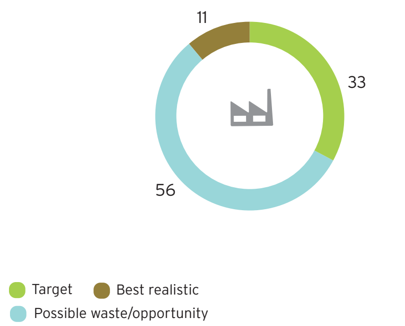
MANUFACTURED CAPITAL

Exxaro has embarked on several initiatives to improve the reliability of priority 1 operating systems that support our business. Moreover, a dedicated focus on board-approved capital projects, to ensure they remain on time and within budget, has resulted in no KPIs being out of appetite at year end.



Threshold trend per quarter

Out-of-appetite and possible waste/opportunity KPIs



Total KPIs (%)

The strategic dashboard journey

We constantly hear buzzwords like strategy, risk management, compliance KPIs, licence to operate, audits, assurance, performance measurement ... and how they should be linked to reflect an integrated approach to sustainability and value creation for stakeholders.

This is theoretical until one develops practical tools to help pursue stated goals.

Four years ago, Exxaro embarked on a journey to ensure we manage our strategy in an integrated and holistic way with the key steps including:

- Implementing an integrated risk management framework, ensuring everyone clearly understands what is material to the company and why
- Establishing a sustainability framework
- Identifying KPIs aligned with material issues, risks and sustainability framework and the board setting a tolerance level or appetite for each metric
- Linking the combined assurance plan with risks, material issues and KPIs.

The result of this process is a fully integrated strategic performance dashboard that gives the board and executive the most critical information required to measure and manage the company's strategy and performance. This also provides a transparent and consolidated view to stakeholders on our drivers of value and sustainability.

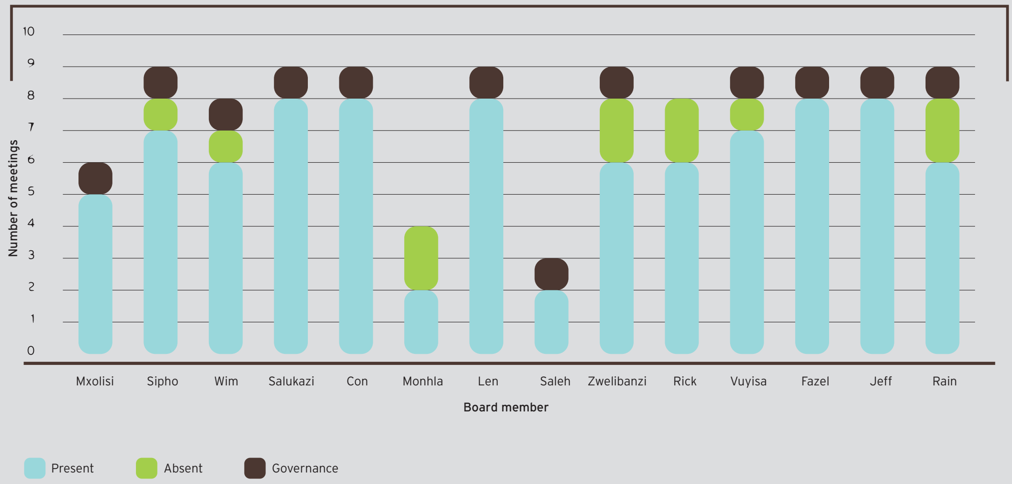
As a board, governance is intertwined in all we do and it underpins our decision-making process and oversight role. It is not an event, an initiative or a policy, it is a culture that drives us as an ethical, values-based and proudly South African black-owned resources company. We are driven by the firm belief that our licence to operate and sustainability depend on being a responsible and accountable corporate citizen.

Over the past three years, we have explained our governance processes to stakeholders in detail. This information remains available in our supplementary report in our detailed application of King III.

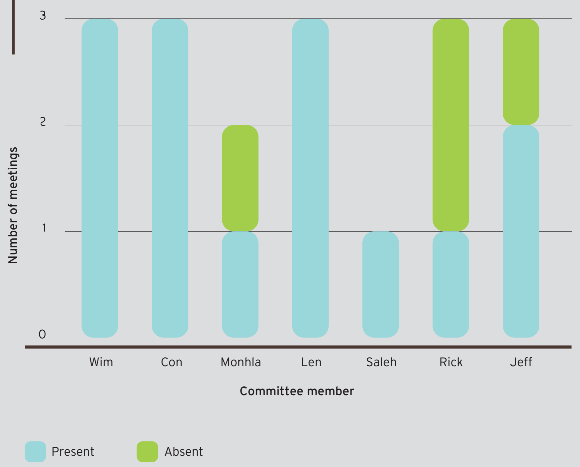
Below we highlight key board-related governance developments in 2015 and some plans for 2016.

Board meetings

- Four standard meetings.
- Four special meetings.
- Three committee meetings (to deal with Main Street 333 funding and the new BEE structure): the committee comprises Drs Fauconnier and Konar and Messrs De Klerk, Mohring (now deceased) and Van Rooyen, although some sessions were attended by Ms Hlahla and Mr Mayet (in instances where they were not regarded as conflicted).
- One governance session.



Board meeting attendance



BEE unwind and new structure board sub-committee meeting attendance

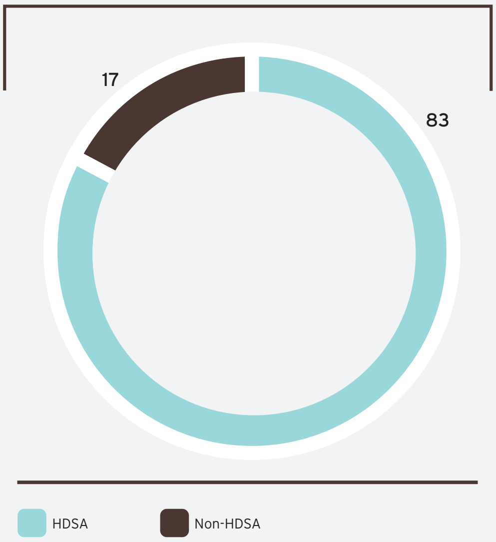
Board and committee composition, director classification and succession

- Ms Monhla Hlahla was appointed an independent non-executive director on 4 June 2015 (however, after the board independence evaluation in early 2016, she was reclassified as a non-executive director).
- Mr Mxolisi Mgojo was appointed CEO (designate) on 1 May 2015, and as executive director on 4 June 2015. After a transition period of 12 months, Mxolisi succeeded Mr Sipho Nkosi as CEO (a position that remains separate from that of the independent chairman of the board, Dr Len-Konar) on 1 April 2016.
- Mr Norman Mbazima resigned as a non-executive director on 18 August 2015 and was replaced by Mr Saleh Mayet on the same day. Saleh did not replace Norman on the remuneration and nomination committee which, therefore, comprised only four members for the rest of the period.
- Sadly, Mr Rick Mohring, an independent non-executive director since 28 November 2006, chairman of the remuneration and nomination (Remco) committee and member of the audit, social and ethics and sustainability, risk and compliance committees, passed away on 14 March 2016. Rick had an illustrious career of 37 years in the mining industry on his retirement in December 2003, after which he continued providing guidance and advice to the industry through Mohring Mining Consulting. In 2012, he received the South African Institute of Mining and Metallurgy's prestigious Brigadier Stokes award. This award is made to an individual for the very highest achievement in the South African mining and metallurgical industry. Rick will be missed by Exxaro and the entire mining industry.
- As a result of Rick's passing, Dr Con Fauconnier was elected chairman of Remco and Mrs Salukazi Dakile-Hlongwane appointed as an additional member of the social and ethics committee, on 5 April 2016.

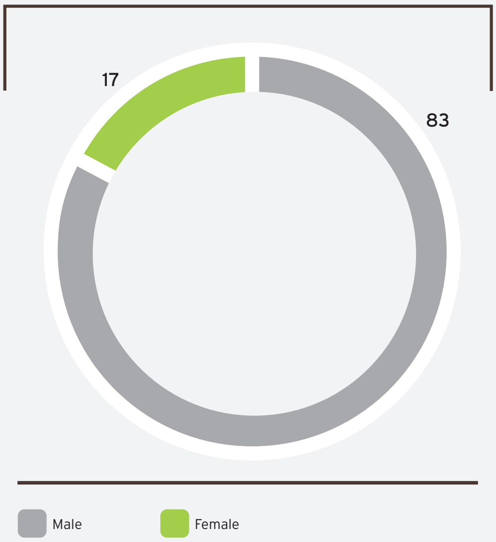
As per our standard practice, the chairpersons of the board and committees were again re-elected in 2015 based on an assessment of their performance and continued suitability. Dr Len, Rick and Rain reached nine-year tenure in November 2015 and resultantly underwent a rigorous review of their independence, in addition to the standard review for classification of directors. As two of these individuals served on Remco, the review process was facilitated by Dr Con and Mrs Carina Wessels.

Director tenure

<2 years (33%)	2 – 5 years (17%)	5 – 9 years (17%)	>9 years (33%)
Monhla Mxolisi Saleh Vuyisa	Con Salukazi	Jeff Wim	Fazel Len Rain Zwelibanzi



Director equity status at 1 April 2016 (%)



Director gender status at 1 April 2016 (%)

Board and committee composition, director classification and succession	Rick's passing and the company's BEE restructuring (which could affect board composition due to the impending project Pangolin agreement unwind) has again highlighted the importance of board succession planning and, as emphasised through the Remco KPIs, will continue to receive significant focus in 2016. However, we are confident that, despite succession steps being required, and the level of skills and experience reducing in some areas (below), we still have the depth and breadth of skills and experience to effectively and strategically guide the company. In the integrated report 2014, we provided an overview of the board's skills and experience in years and categories (new board nominations are assessed against gaps identified in this matrix). Due to the changes above, noteworthy changes to the skills and experience profile are shown below. Overall the total years of experience reduced to 1 123 (2014: 1 160). The table indicates in green those areas where years of experience have increased and those in yellow or red where it reduced year on year. Most of these increases and reductions are minimal, however, areas where the largest reductions have occurred are technology, engineering, underground and opencast mining and, to a lesser extent, coal. A number of areas, although we still monitor against them for inclusiveness, are less critical as they do not currently form part of our strategic focus areas (such as copper, platinum and zinc).

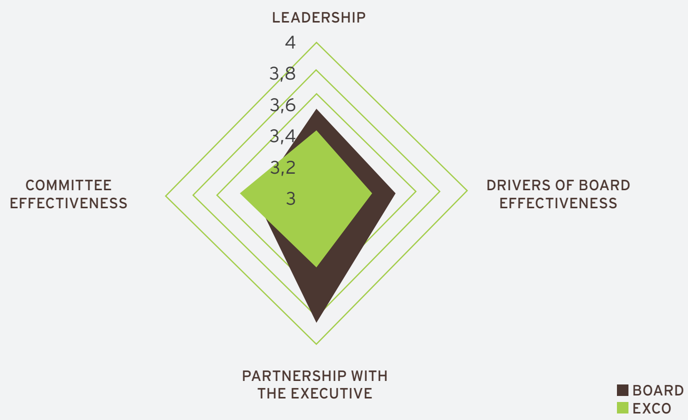
Law	Iron ore
Health and safety	Copper
Information technology	Platinum
Government relations	Zinc
Technology	Mineral sands
Engineering	Renewable energy
Underground mining	Water technology
Opencast mining	Rest of Africa
Coal	International

Application of King III	We maintained our application of the principles and practices in King III at the same levels as reported in 2014, although many processes continued to mature and improve based on new best practices and recent developments. Full details of our application of King III are on our website. We eagerly awaited the release of the draft King IV report on 15 March 2016 and, although our group company secretary contributed to the process and our chairman serves on the task team, we will assess it in detail and intend to submit comments to fulfil our role in assisting to shape the future of governance in South Africa.

Key board policies, board charter and committee terms of reference	There were no changes to board policies and processes on nomination to the board, the separation of power and authority and division of responsibilities between the board chairman and CEO, nor the detailed delegation of authority, separating the powers of management and the board, during the year. As per standard practice, the board and committees reviewed their charters, committee terms of reference and annual plans during the year and these were updated to incorporate latest best practices. In response to the November 2015 Listings Requirements amendments on the implementation and disclosure of a policy on gender diversity at board level, we have decided to early-adopt reporting on this policy (despite the effective date of this amendment only being 1 January 2017) and have made the following changes to the board charter and Remco terms of reference to reflect our policy position: **Board charter** In identifying and considering potential candidates, the remuneration and nomination committee and the board will, among skills, experience, race and age diversity, suitability and the specific requirement to be addressed, take gender diversity into consideration. In addition, shareholders entitled to nominate directors in terms of the implementation agreement will also be requested to take gender diversity into consideration when nominating directors for appointment. **Remco terms of reference** In terms of nominations, the committee will: • Regularly review the structure, size and composition (including diversity – gender, race, age, skills and experience) of the board, together with the board's balance of skills, knowledge and experience and make recommendations on any adjustments deemed necessary to the board. In further response to the amended Listings Requirements, the board approved improvements to the securities dealing and information policy to ensure full compliance.
Board and committee key performance indicators	In 2015, for the first time, we developed specific KPIs for the board and committees, in addition to aspects dealt with in our annual plans. This was a first attempt at setting objective measures for directors for a particular year in assisting management to achieve Exxaro's strategic objectives. We recognise these are more quantitative in nature, but view this as a maturing process that will lead the board and its committees to more meaningful qualitative measures over time to give stakeholders a more in-depth understanding of the performance of the board and its committees. Committee KPIs and their achievement are discussed in each committee report. The board set the following KPIs for 2015: • Improved use of the strategic dashboard to manage and monitor the strategy • Involved and active board, taking accountability for strategic guidance and advice: attendance of standard meetings and governance sessions, preparation and participation • Attendance and participation in strategic session and approval of short, medium and long-term strategy • Engagement with key stakeholders • Sharing best practice. During the board evaluation, the board and invitees concurred that these KPIs were achieved in 2015, with examples discussed in different areas of this report. No material changes were made to KPIs for 2016, although some measures were adjusted to redirect focus.

Board evaluation	The board and committee evaluations for 2015 differed substantially from prior years and focused much more on performance than conformance; hence a comparison of year-on-year results would be misleading. Overall, a score of 3,52 (moving towards exceeding expectations) was achieved, with no aspect identified as requiring attention.

BOARD EVALUATION



Economic, social and governance (ESG) roadshow	In prior years, we primarily engaged with shareholders and proxy advisors on governance-specific matters retroactively and specifically in preparation for annual general meeting voting. As part of the 'engagement with key stakeholders' KPI referred to above, we undertook a bespoke ESG roadshow early in 2016. This was a significant success, enabling us to provide deeper insights to stakeholders on critical ESG matters, and to solicit their opinions proactively, particularly on our remuneration and other key policies, as well as on the manner of disclosure in the integrated report 2015. We intend to continue with these transparent engagements in future.
Induction and continued professional development	New directors appointed during the year underwent a detailed induction process that included: • Overview of duties, role, governance, key policies, memorandum of incorporation (MoI), board operation, strategy and material issues by the group company secretary • Meeting with the chairman, key executives and visits to business units. In addition, the CEO (designate) also received additional induction, specifically on his role as director. As in previous years, directors were given daily industry updates and quarterly detailed governance and legislative updates. Due to budget constraints, only one full-day governance session was held, which dealt with: • Global mining industry research and trends • Emergence of class actions and their impacts • Mineral resources and carbon tax-related legislative developments and administrative licensing and permitting reviews • Competition law developments • Directors' and officers' insurance update • Global business risk reviews • Overview of key Listings Requirements and corporate broking initiatives.
Group company secretary	We select and appoint the group company secretary and recognise the individual's pivotal role in entrenching good corporate governance. Carina Wessels was appointed group company secretary on 1 July 2011. All directors have access to her advice and services. The board has an established procedure for directors to obtain independent professional advice at the group's cost and Carina assists directors, board committees and their members in obtaining such professional advice. As stipulated by the Listings Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of Carina's competence, qualifications and experience. The detailed process followed is included in the supplementary report.
Board and statutory committees	There were no changes to the number of committees or their responsibilities during the year: all committees therefore comprised a majority of independent non-executive directors. All committees continued to have a group focus with no subsidiaries having their own board committees. The committees' detailed reports are included in our supplementary report, and summarised versions in this report. These reports include significantly more information than in the past to give stakeholders a better understanding of how committees have assisted the board in executing (without abdicating) its duties, powers and authorities.

AUDIT COMMITTEE REPORT

Jeff van Rooyen
Committee chairman

Purpose	Key issues that received attention during the year included
Apart from statutory duties set out in the Companies Act, Listings Requirements and King III, the ambit of this committee has been expanded to include financial risk management, financial compliance, combined assurance and aspects of integrated reporting. In terms of this mandate, its key objectives are to: • Examine and review the group's annual financial statements, reports and results • Oversee the internal and external audit functions and their cooperation and serve as a link between the board and these functions • Evaluate the qualification, appropriateness, eligibility and independence of the external auditor • Ensure effective internal financial controls are in place • Review the integrity of financial risk control systems and policies • Evaluate the competency of the finance director and finance function • Oversee the effectiveness of the combined assurance plan and outcome.	• Given the continued decline of global commodity prices and the performance of the mining industry as a whole, the committee debated the valuation of the company's investments, particularly ECC, Tronox and SIOC when impairment indicators were discussed. Extensive advice and guidance were obtained from management and the external auditors. Following this rigorous review, we are pleased to advise that, except for impairments at ECC of R1,5 billion (goodwill recognised on acquisition) and reductants of R225 million (carrying value of property, plant and equipment), as well as the impact of R866 million (net after tax) on Exxaro after KIO's decision to impair the Sishen mine by R6 billion, no other assets were impaired. We view this as a strong indicator of Exxaro's decisive response to current commodity industry fundamentals • In addition, negative market conditions meant a rapid decline in Exxaro's share price during 2015. This, in turn, required granting financial assistance to our BEE shareholder consortium, Main Street 333 to remedy a default of its debt covenants to avoid risking Exxaro's BEE status. This matter was debated extensively by both the committee and an independent sub-committee of the board. While we acknowledge that some shareholders viewed this intervention negatively, Exxaro regarded providing this loan (on commercial, arm's-length terms) as the most appropriate risk-mitigating course of action to protect our BEE status and confirm that the company, without difficulty, passed the solvency and liquidity test when this decision was made.

Effectiveness against 2015 KPIs and committee evaluation

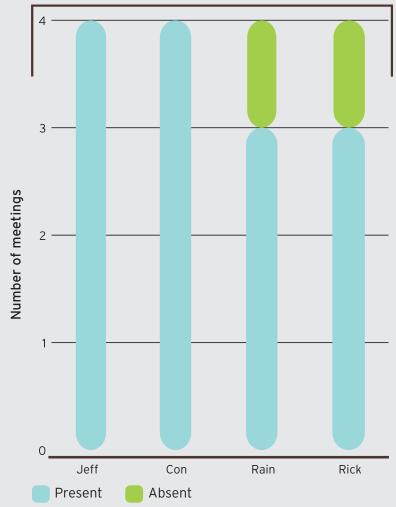
The 2015 KPIs were:

- Greater oversight over information technology (IT) governance and its maturity
- Greater oversight over implementation of the combined assurance model
- Improved use of the strategic dashboard to manage and monitor the strategy
- Sharing best practice.

The committee and invitees concurred that these KPIs were achieved in 2015.

In respect of the overall committee evaluation, an average score of 3,88 out of 5 (close to exceeding expectations) was achieved, with no aspect identified as requiring attention.

To fully entrench the KPIs and related objectives in 2016, no changes were made to KPIs for 2016.



Committee meeting attendance

SOCIAL AND ETHICS COMMITTEE REPORT

Dr Fazel Randera
Committee chairman

Purpose	Key issues that received attention during the year included
Monitor the group's activities, taking account of relevant legislation, other legal requirements or prevailing codes of best practice on: • Social and economic development • Good corporate citizenship • The environment, health and public safety, including the impact of our activities, products or services • Consumer relationships, including our advertising, public relations and compliance with consumer protection laws • Labour and employment • Anti-bribery and corruption. The committee interrogates and provides independent oversight over the Remco and SRC committees' ambit (ie discussing the associated moral imperative of operational issues dealt with at these committees)	• As in previous years, discussions on the efficacy of proactive processes and systems used to safeguard employees and their health and safety received significant focus • The risks female employees are exposed to underground, including unacceptable sexual advances that have seemingly become standard in many underground areas: in 2016, the committee will specifically investigate this issue and consider appropriate remedial actions • The negative impact from Eskom terminating the Arnot CSA on employees and the surrounding community (refer SRC committee report) • The committee was especially concerned about lengthy delays in receiving environmental regulatory approvals, and constraints in tied business units where full regulatory compliance depended on and was influenced by Eskom • Increased pressure from various stakeholders to decrease carbon emissions and our carbon disclosure programme: the committee specifically considered the impact these aspects should have on the long-term strategy and Exxaro's sustainability. This will remain a serious consideration for the board as a whole (refer SRC committee report and COP21 section) • R56,3 million was spent on community development projects and corporate donations and projects in 2015. To better understand the impact and benefits of these projects, the committee visited the Botleng housing/hydroponics project, multipurpose centre and TVET College. Such visits assure the committee of the effectiveness and sustainability of projects, in addition to the social return on investment toolkit evaluation, now proactively used to predict the sustainability of projects • Ethics: In 2015, 457 cases of alleged unethical behaviour (2014: 448) were reported for investigation, 57 of these via the ethics line (2014: 49). In total, 201 people were subjected to disciplinary hearings, with 175 arrests made by the South African Police Service (SAPS) for criminal prosecution based on the results of referred investigations (2014: 164). The direct value of cases reported and investigated was R18,5 million (2014: R16,6 million) with R11 million (2014: R10,5 million) being recovered/saved due to the investigations. Copper cable theft has increased dramatically and impacted negatively on the company's loss-recovery rate, despite the successes in concluding investigations and disciplinary actions.

Effectiveness against 2015 KPIs and committee evaluation

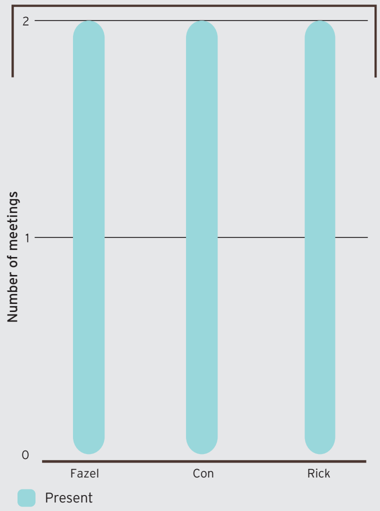
The 2015 KPIs were:

- Evaluating the impact of Exxaro's activities specifically on public safety, in addition to the standard mine health and safety discussions at the SRC committee
- Evaluating the impact of Exxaro's activities on contractors, treatment of contractors and the contractor philosophy
- Increased understanding of the impact of the company's social and labour plans and projects, specifically by visiting projects
- Sharing best practice
- Evaluate and approve 2016 and medium-term anti-bribery and fraud risk maturity initiatives.

The committee and invitees concurred that these KPIs were achieved in 2015.

In the overall committee evaluation, an average score of 3,04 out of 5 (meeting expectations) was achieved, with no aspect identified as requiring attention.

After a thorough review of the medium-term anti-bribery and fraud risk maturity initiatives, the committee agreed that the achieved level of maturity did not warrant a specific KPI for 2016, but it will continue to receive focus as part of the standard annual plan. The other KPIs will remain the same for 2016, although some measures were adjusted to redirect focus.



Committee meeting attendance

SUSTAINABILITY, RISK AND COMPLIANCE COMMITTEE REPORT

Dr Con Fauconnier
Committee chairman

Purpose

- Provide oversight on three important aspects influencing strategy and the long-term viability of the company – sustainability, risk and compliance
- Oversee and coordinate all risk and compliance activities (although the audit committee remains accountable for financial risk and compliance)
- Ensure Exxaro reports annually through an integrated report and provide oversight over the integrated report.

Key issues that received attention during the year included

- Regular reviews of safety performance: we are pleased with the LTIFR of 0,17. Although still above the target of 0,15, this is a significant milestone and the lowest rate in Exxaro's nine-year history
- We have again reported no fatalities in 2015 – our second 12-month fatality-free period. We will continue to emphasise the objective of zero harm through visible-felt leadership initiatives in 2016: safety always, all the way!
- As discussed elsewhere, the SRC portion of the strategic dashboard is discussed at every meeting: the KPIs deal with material items in each of the capitals, including energy consumption, water withdrawal and discharge, air quality, occupational diseases and exposure, lost-time injuries, social and labour plan performance, preferential procurement and enterprise development, top risks and licence-to-operate legislative compliance.

Specialist and business unit reports are presented to the committee by rotation. In 2015, the most material discussions included:

- Matla mine 1 cessation of operations in the first quarter of 2015. After much deliberation, we approved halting operations at Matla mine 1 because of safety concerns (refer detailed discussion in executive review). Mine 1 will remain closed until the required capital for shaft development and safety-improvement initiatives is obtained from Eskom
- Following the instruction by Eskom to stop producing and supplying coal for Arnot power station, significant time was spent on reviewing planned closure activities and social impacts which will remain a focus in 2016. The committee and board specifically debated whether to publically respond to allegations made in the press and decided not to engage in such a manner. However, when we published results on 3 March 2016, a detailed position paper was posted on our website and stakeholders are encouraged to refer to this for full information
- Mine-closure strategies generally, but specifically plans for Inyanda's scheduled closure
- A summary of ECC's top 50 risks in preparation for the transaction closure in August 2015
- An overview of Exxaro's water-liability estimation model: regarded as a first for the industry and a significant step in quantifying water liabilities (previously excluded from closure rehabilitation provisions) and appropriately accounting for this
- Carbon disclosure performance and commitments. In preparation for the Paris United Nations Framework Convention on Climate Change Congress of Parties (COP21), the board supported an international agreement between governments on climate change to limit the global temperature rise to below 2°C from pre-industrial levels. Exxaro also supports the activities of South Africa's National Business Initiative (NBI), Business Unity South Africa and the industry task team on climate change. This will naturally continue to inform our strategic process and our portfolio improvement strategic objective.

Effectiveness against 2015 KPIs and committee evaluation

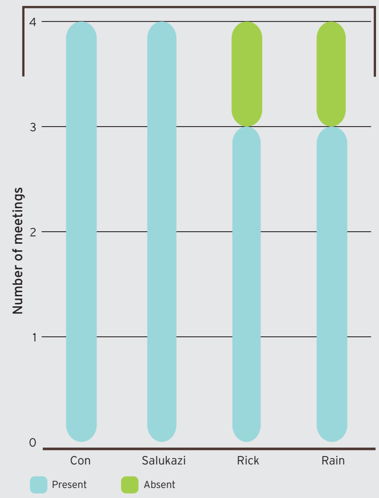
The 2015 KPIs were:

- Entrenching oversight of the risk management framework
- Visibility, support and understanding of material issues
- Active stakeholder engagement by committee members
- Improved use of the strategic dashboard to manage and monitor the strategy
- Sharing best practice.

The committee and invitees concurred that these KPIs were achieved in 2015.

In the committee evaluation, an average score of 3,72 out of 5 (close to exceeding expectations) was achieved, with no aspect identified as requiring attention.

We approved fewer KPIs for 2016, mainly because the KPI 'visibility, support and understanding of material issues' was fully entrenched through numerous visits to business units in 2015 and has become a standard part of the annual plan. The KPI 'stakeholder engagement' was specifically elevated to the board for increased focus in 2016. The other KPIs will remain the same for 2016, although some measures were adjusted to redirect focus.



Committee meeting attendance

REMUNERATION AND NOMINATION COMMITTEE REPORT

Dr Con Fauconnier
Committee chairman (since 5 April 2016)

Purpose

Oversees remuneration matters for all controlled subsidiaries and nomination matters for Exxaro Resources Limited only.

The committee's key objectives are to:

- Make recommendations on remuneration policies and practices, including Exxaro's employee share schemes, for all controlled companies
- Ensure effective executive and board succession planning
- Review medical aid and retirement fund performance
- Review compliance with all statutory and best-practice requirements on labour and industrial relations management in collaboration with the SRC committee.

Key issues that received attention during the year included

- As reported in 2014, retrenchments due to mine closure remained a feature, specifically at Inyanda, AlloyStream and Tshikondeni. Exxaro paid retrenchment packages to the value of two weeks for every completed year of service to all retrenched employees, in addition to providing employee assistance and other support services. The same retrenchment packages and support were extended to ECC employees early in 2016 after the ECC optimisation process. As discussed elsewhere the section 189 retrenchment process at Arnot will continue in 2016 and the committee will focus on the impact of mine closure on employees and the community
- The cost of labour and the need to reduce overhead costs received significant focus in 2015, resulting in a below-CPI increase to non-bargaining unit employees (detailed in the supplementary report), and 464 employees (minimal in the critical and scarce skills categories) accepting voluntary severance packages and leaving the company by latest March 2016
- As flagged last year, 2015 was a bargaining-unit wage negotiation year, and the risk of protracted negotiations, industrial action and unrest was extensively discussed: the Chamber of Mines wage negotiation process, in which Exxaro participates, was concluded post a nine-day wage strike ending on 13 October 2015
- The remuneration philosophy and principles have been under review. This process will continue in 2016 and we intend having a dedicated session to consider the wage gap in Exxaro.

We have approved the following changes to the remuneration policy for implementation in 2016:

- A special resolution to be considered at the 2016 annual general meeting to reduce the aggregate number of shares that may be allocated under all management share schemes from 30 000 000 (some 10% of issued share capital) to 18 000 000 (some 6% of issued share capital)
- Annual remuneration adjustment for executive directors and senior management of 3,5% to be implemented effective 1 April 2016
- Change in performance conditions for the 2016 long-term incentive plan (LTIP) grants:
  - 34% total shareholder return against a peer group
  - 33% headline earnings per share
  - 33% retention with specific environmental, safety and governance (ESG) modifiers (one-third each).

Effectiveness against 2015 KPIs and committee evaluation

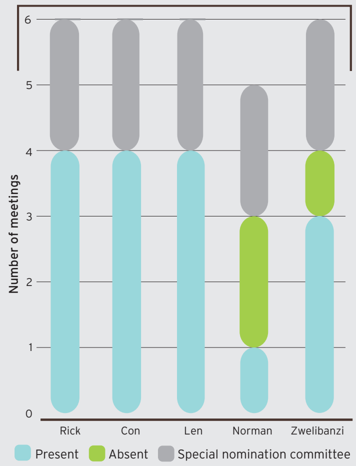
The 2015 KPIs were:

- Assess executive capacity on board
- Enhanced board succession planning
- Improved use of the strategic dashboard to manage and monitor the strategy
- Sharing best practice.

The committee and invitees concurred that these KPIs were achieved in 2015.

In the committee evaluation, an average score of 3,29 out of 5 (meeting expectations) was achieved. One item was identified as requiring attention, namely Remco mix and depth of capacity, skills and experience: undoubtedly impacted by the decision not to appoint an additional committee member on the resignation of Norman. Board and committee succession will continue to receive significant attention in 2016.

All 2016 KPIs will remain the same, except for 'support to new executive head: human resources' replacing 'assess executive capacity on board'.



Committee meeting attendance

Our detailed remuneration philosophy and framework is included in the supplementary report. No material changes occurred over the reporting period. This summarised version of our report only includes performance scorecards and short-term incentive information for the CEO, and finance director (FD) (disclosed for the first time in response to requests from stakeholders). Refer following pages.

Information on the remuneration of executive and non-executive directors, as well as prescribed officers (which also includes the salaries of the three most highly paid employees as required by King III) is included in an annexure to this report.

REMUNERATION AND NOMINATION COMMITTEE REPORT (CONTINUED)

CHIEF EXECUTIVE OFFICER (SIPHO NKOSI): PERFORMANCE SCORECARD GUARANTEED PAY 2015

		Performance		
Key performance areas	**Weight**	**Target**	**Actual**	**Performance rating**
Operational excellence	**25**			
Target setting	5	Top-down, bottom-up stretched targets for coal: budgeted NOP increase with/cost reduction	% improvement	Full performance
Rand per tonne	15	Rand per tonne budgeted	7,5% above budget	Under performance
Cash flow	5	Budgeted cash flow	ECC excluded, % improvement	Full performance
Sustainability	**10**			
Safety	5	LTIFR 0,15	0,17	Under performance
SRI and risk management	5	Exxaro between median and upper quartile of mining sector of global standard ESG rating	Exxaro rated 78%	Above full performance
Portfolio improvement	**10**			
HEPS improvement against peers	6	1 467 cents over three years 2013-2015	594 cents over three years	Under performance
Alignment with strategy	4	Manage portfolio in line with strategy	Board assessment of execution in a changing market and political environment	Above full performance
Corporate governance	**10**	Comply with all compliance regulations: King III, JSE, Companies Act, etc	Best ethical boardroom magazine award, mining Africa region AAA+ King III external assurance	Above full performance
Exxaro brand and reputation	**5**	Well-managed brand and positive stakeholder engagement	Well-acknowledged brand constructive stakeholder engagements	Above full performance
Strategy development and implementation	**15**	Strategy development, execution, alignment	Obtained board approval and executed	Above full performance
Group services add value	**5**	All support functions services achieve all service delivery targets	All support functions services achieved and exceeded their targets	Above full performance
Leadership and people	**20**			
Employment equity and procurement	5	Comply with all targets in mining charter and employment equity plans	Exceeded all targets except employment equity on senior management level and for people with disability	Full performance
Culture and leadership	15	People strategy developed and targets set for implementation	Exceeded all targets for people strategy	Above full performance
Overall performance	**100**			**Full performance**

CEO (SIPHO NKOSI) SHORT-TERM INCENTIVES 2015

SCHEME			PERFORMANCE		
SPECIAL PERFORMANCE REWARD	Weight (%)	Max % of NCOE	Target	Actual	Actual % of NCOE accrued
Individual target	33,44	18,50			18,50
Mayoko specific steps			100	90%	
Executive transition			100	100%	
Group target					18,50
Group NOP	33,44	18,50			
90% threshold			R2 688m	R3 173m	
100% target			R2 987m		
TWO-TIER SHORT-TERM INCENTIVE					
TIER 1 Coal NOP 70%; CSD 30%	15,06	8,33			8,02
90% threshold			R1 722m	R2 769m	
100% budget			R1 914m		
TIER 2 Coal consolidated NOP	18,06	10,00			
101% threshold above budget			R1 915m	R3 173m	
130% target			R2 805m		9,63
Total	**100,00**	**55,33**			**54,65**
Individual/company performance split	*34/66*				

REMUNERATION AND NOMINATION COMMITTEE REPORT (CONTINUED)

FINANCE DIRECTOR (FD): PERFORMANCE SCORECARD GUARANTEED PAY 2015

		Performance		
Key performance areas	**Weight**	**Target**	**Actual**	**Performance rating**
Vision and strategy	**35**			
Strategy development and implementation	15	Lead formulation, communication and implementation of strategy	Strong leadership in developing and executing strategy	Full performance
Funding strategy supports Exxaro strategy	20	Lead formulation and implementation of funding strategy	Funding strategy supports execution of Exxaro strategy	Full performance
Sustainability	**20**			
Risk management	20	Total business integrated risk management and assurance against all governance principles	Best-practice risk management and assurance implemented	Above full performance
Portfolio improvement	**10**			
Functional cost	6	Own functional cost on budget	Finance functional actual spend below budget	Full performance
Alignment with strategy	4	Support services NPV >3 times historical cost and 80% of resource allocation aligned with ranking	Services NPV >3 times historical cost and resource allocation aligned with ranking	Full performance
Exxaro brand and reputation	**20**			
Exxaro brand	10	Positive contribution to Exxaro brand	Positive Exxaro brand	Full performance
Internal and external	10	Spokesperson for Exxaro Contribution to Exxaro image	Effective engagement with all stakeholders	Full performance
Operational excellence	**10**	Consolidated services quality on full performance and cost on budget	Service delivery achieved >90% of set targets	Full performance
Leadership and people	**5**	Ensure compliance with all diversity succession, with ready succession candidates	Comply with targets in employment equity plan except disability	Full performance
	100			**Full performance**

FD SHORT-TERM INCENTIVES 2015

SCHEME			PERFORMANCE		
SPECIAL PERFORMANCE REWARD	**Weight (%)**	**Max % of NCOE**	**Target**	**Actual**	**Actual % of NCOE accrued**
Individual target	33,44	18,50			18,50
Executive team transition			100% of plan	100%	
Group target					18,50
Group NOP	33,44	18,50			
90% threshold			R2 688m	R3 173m	
100% target			R2 987m		
TWO-TIER SHORT-TERM INCENTIVE					
TIER 1 Coal NOP 70%; CSD 30%	15,06	8,33			8,02
90% threshold			R1 722m	R2 769m	
100% budget			R1 914m		
TIER 2 Coal consolidated NOP	18,06	10,00			
101% threshold above budget			R1 915m	R3 173m	
130% target			R2 805m		9,63
Total	**100,00**	**55,33**			**54,65**
Individual/company performance split	*34/66*				

Tribute to Sipho Nkosi

Sipho Nkosi
Chief executive officer until 31 March 2016

Sipho Nkosi has served Exxaro with absolute diligence and dedication since November 2007, a year after the company listed on the JSE, following the unbundling of Kumba Resources Limited.

Sipho was instrumental in forming Exxaro, which involved merging Kumba's coal, mineral sands and base metals assets with Eyesizwe Coal Proprietary Limited, a company he had founded earlier with Mxolisi Mgojo, our new CEO, and others.

Under his leadership, Exxaro has developed into one of the largest and foremost black-owned, South African-based resources companies. Arguably one of the most 'operational' chief executives in the industry, Sipho's leadership style was characterised by gentle humour, a willing ear through countless conversations with people in open pits or boardrooms, and a pervasive humility that resonated with Exxaro's people. In his own words: "this was the defining period of my career".

He steered the group through its formative years, in good markets and bad. Despite the recent and unprecedented commodity market volatility, Exxaro's net asset value per share has risen 250% to R98 per share at 31 December 2015 from R28 in 2007 when he took office. As a board, we sincerely thank you Sipho, and we wish you good health and fulfilment in your new life stage.

03

EXECUTIVE REVIEW

EXECUTIVE REVIEW

We have been entrusted and mandated by the board to execute the group's approved strategy. To best elaborate on how we have achieved this in 2015, we have structured this discussion around the board's strategic focus areas, material issues and the respective indicators used to track our performance. We also include in our review the relevant board-approved risks, to describe how we have responded to threats and opportunities that may have impacted the performance of the business in creating (or destroying) stakeholder value.

We collectively hereby report to our stakeholders.

Executive

MDM Mgojo – Mxolisi (55)
Chief executive officer from 1 April 2016

Refer board review

SA Nkosi – Sipho (61)
Chief executive officer until 31 March 2016

Refer board review

WA de Klerk – Wim (52)
Finance director

Refer board review

AW Diedericks – Wim (48)
Executive head, growth and portfolio management

B Eng (mining) (Pretoria), executive development programme (Darden)

Experience: Wim started his career as an Iscor bursar from 1986-1990 and was appointed as an engineer-in-training at Thabazimbi Mine in 1992. He was further employed at Durnacol, Tshikondeni, SIOC, Rosh Pinah and Kumba Resources head office. Since Exxaro's formation he has held senior leadership positions at KZN Sands, Grootegeluk, Mpumalanga Coal Commercial Region and Corporate Office. He assumed his current role on 1 April 2015.

Vanisha Balgobind (43)
Executive head: human resources

BA (hons)(industrial psychology), MA (ind psych), management development programme (GIBS)

Experience: Vanisha is a registered industrial psychologist with 18 years' experience in the mining industry. She was appointed as an HR assistant at Mondi Kraft in Richardsbay in 1996 and joined Iscor Mining in 1997 as an HR trainee. She was further employed at Kumba Resources as an HR consultant and Talent Management consultant between 1998 and 2006. In Exxaro she has fulfilled the following roles manager: talent management and staffing for five years, manager for corporate projects and HR optimisation for two years, and prior to her current role group manager: talent and learning. She assumed her current role on 1 January 2016.

Johan Meyer (47)

Executive head: business technology

BEng (metallurgy) (Pretoria), MBA (Stellenbosch) and advanced management programme (Insead)

Experience: Johan started his career in the steel and stainless steel industry at Iscor Pretoria Steel Works in 1987. From 1997 – 2005 he was part of the heavy minerals management team in designing, commissioning and implementing the KZN Sands business. He spent two years as research and development manager for Kumba Resources before his appointment as Zincor BU manager in 2009. Following the successful closure of Zincor, he fulfilled the role of general manager: technology prior to assuming his current role on 1 April 2015.

Mzila Mthenjane (46)

Executive head: strategy and stakeholder engagement

BSc (eng) (mining), senior management development programme (GIMT)

Experience: Mzila is a mining engineer with over 20 years' experience in mining and investment banking. This includes seven years in deep-level gold mining at AngloGold Ashanti and Gold Fields in senior mine management and corporate development roles, respectively; and six years in investment banking at RMB and Deutsche Bank. His knowledge of business sustainability was honed over six years as executive: business sustainability at Royal Bafokeng Holdings and Royal Bafokeng Platinum. He assumed his current role in 2013.

Retha Piater (61)

Executive head: human resources (voluntary severance on 31 December 2015)

Dr Nombasa Tsengwa (51)

Acting executive head: coal operations

PhD (agronomy) (Maryland, US), executive development programme (Insead)

Experience: Nombasa has over 15 years of executive management and board experience in the public and private sector. In 2003 she joined Kumba Resources as general manager: safety, health, and environment. In 2007 she was appointed executive general manager: safety and sustainable development. In 2010, she became directly involved in the coal operations, as general manager of tied mines, and general manager of Mpumalanga operations. She has been acting in her current role since 1 May 2015.

Mongezi Veti (52)

Executive head: sustainability

National higher diplomas in metalliferous mining and coal mining (Technikon Witwatersrand), MBL (Unisa), advanced management programme (Wharton), mine overseer's certificate and mine manager's certificate of competency for fiery mines

Experience: In the early 1980s, Mongezi worked for AngloGold at Western Deep Levels and joined Sasol Mining in 1994. In 2002, he became mine manager at Arnot, and was appointed an area general manager in Exxaro soon after the merger, before assuming his current role in 2010.

Carina Wessels (38)

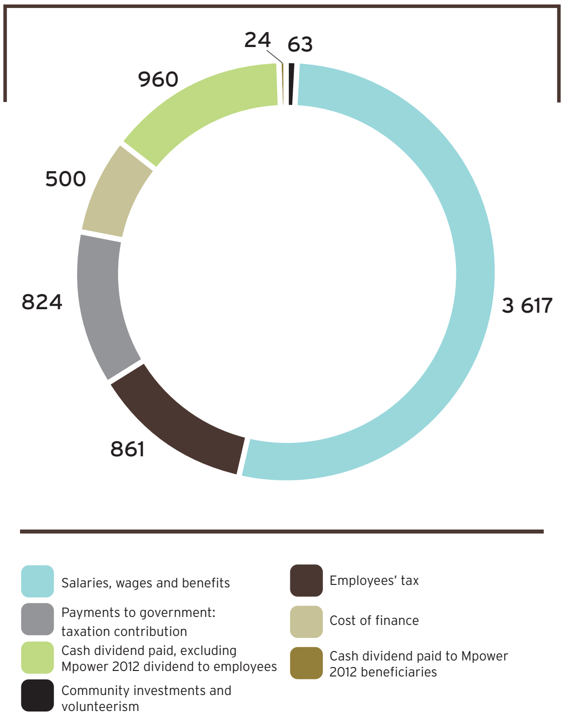
Group company secretary and legal

LLB, advanced labour law (Pretoria), LLM (labour law) (Unisa), management development programme (GIBS), FCIS (CSSA)

Experience: Carina is an admitted advocate of the High Court of South Africa and a fellow and past president of Chartered Secretaries Southern Africa. She is also a past president of the Corporate Secretaries International Association and remains on that executive committee. Carina spent nine years with De Beers in various operational and head-office positions, including human resources, business improvement and corporate secretariat, as well as a period with Investec as corporate secretariat legal advisor. She assumed her current role in 2011.

The year in brief

- 11% improvement in LTIFR at 0,17
- 18 months without a mining-related loss of life
- Owner-controlled operations
  - Coal sales at 43Mt, up 5%
  - Core coal net operating profit of R4,3 billion, up 29%
- Net debt: equity of 8,8%
- 15% capital expenditure reduction
- Sustainable reduction in input costs of R288 million
- 464 people (6% of total workforce) elected voluntary separation and other termination packages at a cost of R408 million
  - Expected annual labour-bill saving of R250 million
- Wage negotiations settled without significant labour unrest
- Final dividend of 85 cents, 2015 total of 150 cents per share
- Progress on refining the company's AA1000SES-based approach to stakeholder engagement and finalising a stakeholder charter
- Regular engagements with various stakeholders: industry bodies, DMR, communities, local and provincial government.



Value distribution in 2015 (Rm)

Broad-based value created for stakeholders in brief

The cash value added statements (unaudited) show the wealth the group has created through mining and investing operations.

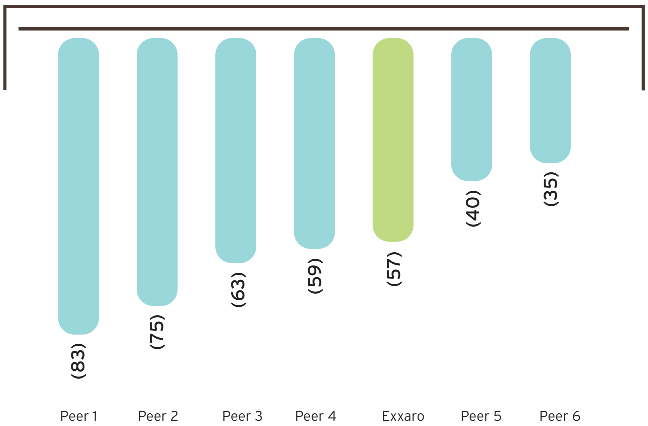
Exxaro generates and creates value as follows:

- Employees receive salaries/wages, share-based payments as well as bonuses (where certain performance conditions are met) and distributions from Mpower 2012
- The governments of the countries where Exxaro has operations receive tax and royalty payments
- Suppliers and contractors are supported through the procurement of consumables, services and capital goods
- Shareholders receive a return on their investment through dividends and capital growth in the share price
- Providers of finance receive a return through interest and other loan costs paid
- Exxaro has corporate social investment initiatives which benefit communities surrounding the operations
- Continuous reinvestment into the group to ensure sustainability and expansion.

Despite the challenging environment, we were still able to create significant value for our stakeholders and contribute meaningfully to the South African economy.

Lowlights in brief

- The dual impact of low commodity prices and higher overhead and input costs
- Impairing the ECC goodwill and reductants operation property, plant and equipment, totaling R1,7 billion
- Losing people through voluntary separation and other termination packages in 2015, after the closure of Tshikondeni, Inyanda, AlloyStream and our remaining offshore offices
- The impact of the reduction in the Exxaro share price (R214 peak in 2012 to R44 in 2015) on our BEE partner's (Main Street 333) debt covenant requirements, which threatened our BEE status.



Challenges in the mining environment reflected in share price performance across the sector (% reduction)

EXECUTING ON OUR STRATEGY GIVEN MACROECONOMIC AND OPERATIONAL CHALLENGES

In the context of integrated reporting, this table illustrates our perspective and approach to managing the business as an integrated entity (refer board review for a discussion on the strategic performance dashboard). Our mandate to execute the strategy is guided by strategic focus areas, which we have maintained for the past three years. Material issues that emerged in this financial year (briefly described in the board review) are detailed here.

Strategic focus areas	Material issue	KPI used to track achievement of strategic priority and response to material issue (looking back)	Risk (looking to the future)	Combined assurance level
Improve Exxaro's portfolio	**Business resilience**	Core operating margin (%) – financial capital People productivity (total tonnages handled/full-time employee (FTE) average) – manufactured capital People productivity (production tonnes/FTE) – manufactured capital Growth from coal commodities (percentage deviation from budget) – manufactured capital Successful criminal/civil liability claims – human capital	Cost competitiveness of products	Tier 2, 3
			Commodity price volatility	Tier 3
	Dependency on Eskom	Core operating margin (%) – financial capital	Dependency on Eskom as key customer	Tier 2, 3
		Commodity diversification – manufactured capital	Product substitution	Tier 1, 2
	Capital projects	Project delivery measure (time and cost variance from plan) – manufactured capital	Capital project execution	Tier 1, 2, 3
Demonstrate responsibility and accountability	**Licence to operate** (refers to all rights, licences and authorisations needed before a prospecting and mining operation can begin. This includes the health and safety of workers and contractors)	Fatalities (months without a fatality) – human capital LTIFR – human capital Stoppage directives – human capital Occupational health injury-frequency rate (OHIFR) – human capital Reportable cases of occupational diseases – human capital HIV/AIDS prevalence rate – human capital Valid mining rights – percentage in place (%) – mine works plan, environmental management plan, social and labour plans – natural capital Enforceable mining rights – based on conditions – percentage in place (%) – natural capital	Safety concerns	Tier 1, 2, 3
		Environmental authorisations percentage in place (validity) (IWUL, EIA, waste) – natural capital Environmental authorisations compliance to conditions (%) – natural capital Water intensity – natural capital Carbon footprint – natural capital	Compliance to environmental legislation	Tier 1, 2, 3
		BBBEE level – social capital Mining charter elements (detailed in supplementary report) – social capital	Maintain a social licence to operate	Tier 1, 2 ,3
Achieving operational and financial excellence	**Operating efficiencies**	Fraud and corruption – human capital Project delivery measure (time and cost variance from plan) – manufactured capital Annualised return on capital employed (ROCE) (%) – financial capital Growth from coal commodities (% deviation from budget) – manufactured capital	Fraud and corruption	Tier 2, 3
			Infrastructure access and capacity	Tier 2,3
		People productivity (total tonnages handled/FTE average) – manufactured capital People productivity (production tonnes/FTE) – manufactured capital Growth from coal commodities (% deviation from budget) – manufactured capital	Unable to meet production demands	Tier 2,3
Develop Exxaro's leadership and people	**Employees**	Talent bench – human capital Skills provision – human capital Skills retention – human capital Organisational culture assessment – human capital HIV awareness training and testing – human capital HIV prevalence rate – human capital	Labour unrest	Tier 2,3

The tool we use to determine whether we are on track to achieve our objectives is the Exxaro strategic performance dashboard. As explained in the board review, this dashboard has built-in risk appetite thresholds to ensure the company's decisions in pursuing its strategic objectives are in line with the risk threshold which, as a whole, makes up the risk appetite of the group.

How to interpret the dashboard

The dashboard lists all key performance indicators linked to a strategic priority/sustainability capital/strategic objective and material issue. Current performance and the status of the indicator (shown as a bulb in legend column) reflects whether the KPI is within our risk appetite thresholds. We aim to be within the target threshold: anything outside worst tolerable and target means we act outside our defined risk appetite in pursuing our strategic objectives. This will require additional treatment or improving existing controls.

An example of a KPI measure below

Exxaro has a strategic objective of improving our portfolio; one of many KPIs linked to this objective is core operating margin. Anything outside of worst tolerable and target will mean that we act outside our defined risk appetite in the pursuance of our strategic objectives and this will require additional control or improving existing controls.

KPI current performance

KPI	Current Performance	Legend (indicator)
Core operating margin (%)	18%	Best realistic

KPI threshold

KPI	Threshold: Out of appetite	Worst tolerable	Best realistic	Target	Possible waste/ opportunity
Core operating margin	Less than 15%	15%	Between 15% and 20%	20%	More than 20%

Legend

Out of appetite | Worst tolerable | Best realistic | Target | Possible waste/opportunity

REVIEW OF PERFORMANCE AGAINST MATERIAL ISSUES

The board introduced the material issues in its review, while we detail our performance against material KPIs (from our strategic performance dashboard) linked to each material issue. We also expand on our stakeholder engagement during the year for each material issue and on the main risks we encountered and associated identified controls in responding to these issues.

How to understand the discussion

- Consolidated table summarising performance
- Discussion of material issue, expanding on performance and our response during the year
- Referencing stakeholder engagement initiatives and interventions in response to the material issue
- Extract from risk register applicable to the material issue

Although the discussion of each material issue refers to performance in the associated/linked KPIs, it is broader than merely KPI performance. Equally, drawing a direct correlation between a material issue and KPI may not be possible in all cases and some KPIs also refer to more than one material issue.

The associated KPIs do, however, give our stakeholders a holistic view of the metrics that inform strategic performance management in each of the areas.

Business resilience

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Business resilience	Core operating margin (%)	Financial	18	
	Funds from operations to net debt (%)	Financial	2	
	Annualised return on capital employed (ROCE) (%)	Financial	6	
	Annualised return on equity based on core headline earnings (%)	Financial	4	
	Annual core HEPS (cents per share short-term target)	Financial	425c	
	Net debt to equity (%)	Financial	23	
	Net debt to annualised earnings before interest tax, depreciation and amortisation (EBITDA) (times)	Financial	1	
	EBITDA interest cover (times)	Financial	12	
	People productivity (total tonnages handled/FTE average) (% improvement from a base)	Manufactured	18	
	People productivity (production tonnes/FTE) (% improvement from a base)	Manufactured	16	
	Growth from coal commodities (percentage deviation from budget)	Manufactured	(4)	
	Core assets (priority 1 operating solutions) overall performance against service-level agreement (% availability)	Manufactured	99	
	Asset availability of enterprise resource planning (%)	Manufactured	99	

The primary KPIs and general performance under this material issue relate to financial capital, although our responses also impacted operational efficiencies and employees and therefore broader capitals, as discussed later.

Despite the difficult environment, the group recorded a net operating profit for the period of R3 173 million compared to a net operating loss of R3 292 million in 2014, mainly due to the Medupi power station ramp-up and non-recurrence of pre-tax impairments of the carrying value of the Mayoko iron ore project non-current assets and intellectual property asset of R5 962 million in 2014, offset by 2015 pre-tax impairments of the carrying value of goodwill recognised on the acquisition of TCSA (R1 524 million) and the reductants operation's property, plant and equipment of R225 million (as also discussed in the audit committee report).

Earnings attributable to owners of the parent, which include Exxaro's equity-accounted investments in associates and joint ventures, were R296 million (2014: attributable losses of R883 million) or 83 cents earnings per share (2014: 249 cents losses per share), an increase of 134% mainly due to non-recurring post-tax impairment losses in 2014.

Headline earnings, excluding the impact of any impairment, impairment reversals and profits or losses realised on the sale of subsidiaries and other non-core assets, were 67% lower at R1 623 million (2014: R4 869 million) or 457 cents per share (2014: 1 372 cents per share), mainly due to a R3 652 million (145%) reduction in post-tax equity-accounted income from associates (primarily SIOC and Tronox).

Also noted in the board review, in 2015, we received 96% lower equity-accounted income and 78% lower dividends compared to 2014, largely attributable SIOC to the deteriorating iron ore price which necessitated reconfiguring the Sishen pit. This, together with the significant impact of a weaker iron ore price outlook, resulted in an impairment charge (both pre-tax) for Sishen mine of R6 billion and Exxaro's share is R1,2 billion. Equity-accounted losses from the Tronox investment were R1 503 million, compared to R568 million in 2014. This was mainly due to our share of stock write-downs to the lower of cost or net realisable value and higher consulting fees and financing costs on the Alkali chemicals business acquisition in 2015.

Equity-accounted losses of R53 million from Cennergi for 2015 improved by 42% compared to the R92 million loss in 2014, mainly due a successful cost-reduction initiative focused on both labour and non-labour cost.

An extract from our summarised annual financial statements provides further context.

Audited group statement of comprehensive income

For the year ended 31 December 2015

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

2014
Shortfall income from customers

2015
ECC goodwill (R1 524 million) and Reductants operation property, plant and equipment (R225 million)

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

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

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

2015
42% decline in iron ore prices, 24% decline in TiO_2 prices and Exxaro's share of R6 billion impairment charges negatively impacted share of equity-accounted (loss)/income from associates SIOC and Tronox

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

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

Coal (also refer dependency on Eskom)

Coal revenue rose 12% from 2014, mainly from commercial mines, on a combination of higher export sales volumes (including ECC since September) at weaker rand exchange rates and international prices, higher Medupi power station coal sales and lower domestic steam volumes at lower prices.

This first-class performance from our coal team saw the business realise a 29% increase in core net operating profit at a 24% margin, albeit at 23% lower average US$/tonne realised prices. The group realised an average export price of US$50 per tonne in 2015 compared to US$65 in 2014.

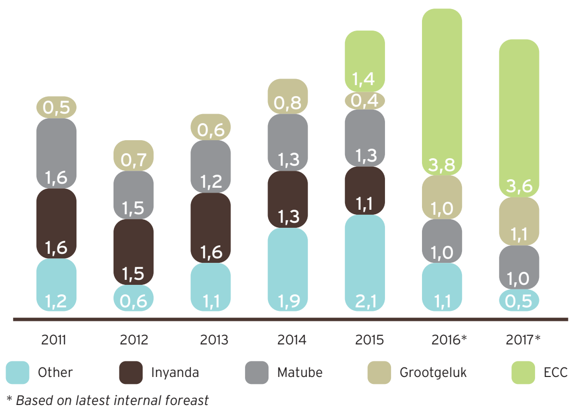
We were forced to cancel trains to RBCT due to low coal demand from the Indian market, but on the positive side continued to develop new markets and, in 2015, we succeeded in delivering some coal to North Africa and the Middle East.

Domestic coal trading conditions remained challenging in 2015. Despite an oversupplied export thermal coal market, we recorded good demand for our export coal. Export volumes rose from 5,3Mt to 6,2Mt, mainly on additional volumes from ECC.

Sales volumes were 1,95Mt higher (5%), also due to increased Medupi offtake and the inclusion of ECC.

Production volumes (excluding buy-ins) were 2,66Mt (7%) higher than 2014, mainly due to the ramp-up on Medupi supply and inclusion of ECC from September 2015 (1,37Mt).

Transnet Freight Rail (TFR) performance from our Mpumalanga mines to RBCT remained on schedule. However, rail performance on the North-West corridor remains a key concern as it impacts materially on Grootegeluk's ability to dispatch trains to RBCT and AMSA. Active engagement with TFR has confirmed its commitment to ensuring adequate rail performance levels are reached and maintained. We will continue to align our Waterberg production with TFR's rail ramp-up schedule.



* Based on latest internal foreast

Exports per mine (Mt)

On the export-allocation profile, we expect Inyanda tonnes to be replaced by ECC, Belfast and Grootegeluk tonnes in future.

The local metals and reductants markets struggled to compete with Chinese imports, weak demand and low international metals prices.

In the reductants markets, various companies in the ferroalloy industry continued to face financial difficulty as they struggled to compete globally due to low ferroalloy prices and high local electricity prices. Given the impact of poor demand on the offtake of semi-coke from our Reductants operation, we have placed the char plant on care-and-maintenance.

Ferrous

Considerably improved financial results from this division are not comparable given that they primarily reflect the non-recurring pre-tax impairment loss recorded in 2014 for the Mayoko iron ore project (R5,7 billion). Net operating losses reduced 95% from R6 238 million in 2014 to R306 million in 2015, mainly due to the non-recurring pre-tax impairment loss recorded in 2014 for the Mayoko project, reduced operational activities at Mayoko (R69 million) and closure of the loss-making AlloyStream operation in the first quarter of 2015 (R108 million). Included in 2015 net operating loss is a once-off tax expense provision relating to non-income-based taxes of R156 million recorded after receipt of the assessment. Exxaro will vigorously contest this assessment by following the appropriate process.

Case study

ENHANCING CUSTOMER RELATIONS

Coal markets, alongside broader commodity markets, have undergone material changes in the past five years. Earlier in the decade, we saw the exuberant rise in commodity prices on the back of unprecedented Chinese demand amid infrastructure-led growth, allowing this country to become the dominant consumer of nearly every bulk commodity. 'Stronger for longer' became the new mantra for commodity producers and massive amounts of capital have been invested in production expansions and new projects to feed the proverbial dragon.

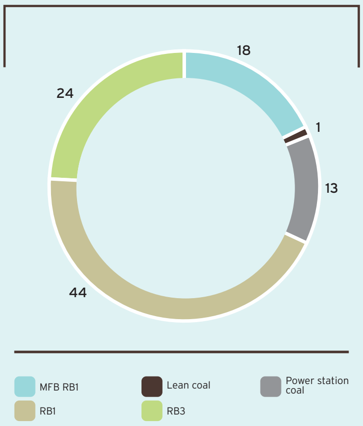
This situation has reversed in the past three years as China moves towards a greener, consumption-driven economy and reduces its demand for commodities. In coal alone, imports into China have declined by 31% year on year, while Europe has scaled down on coal consumption materially as renewables satisfy the energy baseload.

We are now witnessing an oversupply in most commodities as demand remains largely stagnant, with Indian and south-east Asian growth not yet compensating for lower Chinese demand. Specifically in coal, seaborne supply from producers has not been reduced in response to the oversupply, except for the USA and Indonesia. Australia, Colombia and Russia are still expanding their coal exports, cushioned against lower dollar-based prices by depreciating home currencies.

Changing customer behaviours in export markets

Until 2012, Exxaro sold the bulk of its export coal via traders and end-consumers into the European market. These transactions were dominated by term agreements based on long-standing relationships.

Since then, the portfolio of export products has changed and, in line with our strategic decision to diversify our markets geographically, new export markets were developed.



2015 export product mix (%)

New markets, combined with oversupply in global coal markets, have changed consumer behaviour: it is now a buyer's market with buyers spoilt for choice.

As Exxaro edges closer to Eastern and Pacific markets, the more apparent it becomes that customer relationships are short term and typically based on the next deal or vessel. Excellence in customer relationships and service does not necessarily directly translate into more sales.

However, sustaining customer relationships remains vital to ensure we are given an opportunity to compete. As such, Exxaro is focused on maintaining very healthy relationships with both end-consumers and trading companies to ensure effective channels to market.

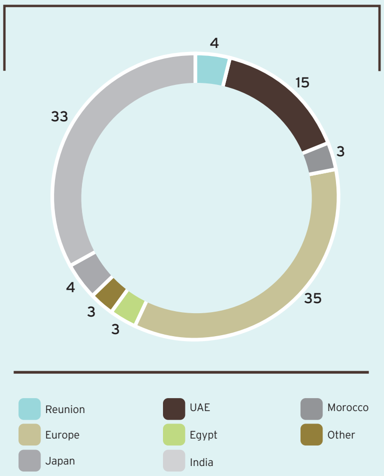
Customer relationships in the domestic market

Exxaro has long-established relationships in the domestic market. In the metals segment in particular these are regarded as strategic partnerships as all parties accept the symbiotic nature of the relationship.

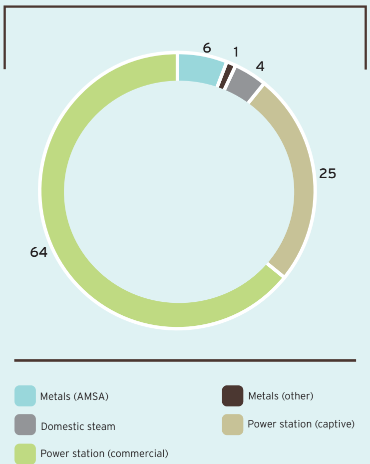
Since the fall in commodity prices worldwide, local markets have come under immense pressure. This is best demonstrated by ArcelorMittal as it deals with low-priced Chinese imports. The Exxaro/AMSA relationship has weathered many commodity cycles over the years, and each is fundamentally aware of the other's business drivers and collateral impact of any negative event. This has allowed us to develop a solid partnership, demonstrated by interaction at all levels of both businesses in the current commodity crisis.

Similarly, relationships in the domestic steam coal segment are very valuable. This is especially evident in the kiln sub-segment (mostly the cement market), where Exxaro has a dominant market share. The boiler sub-segment is a more opportunistic market, requiring more interaction and maintenance in terms of customer relationship management.

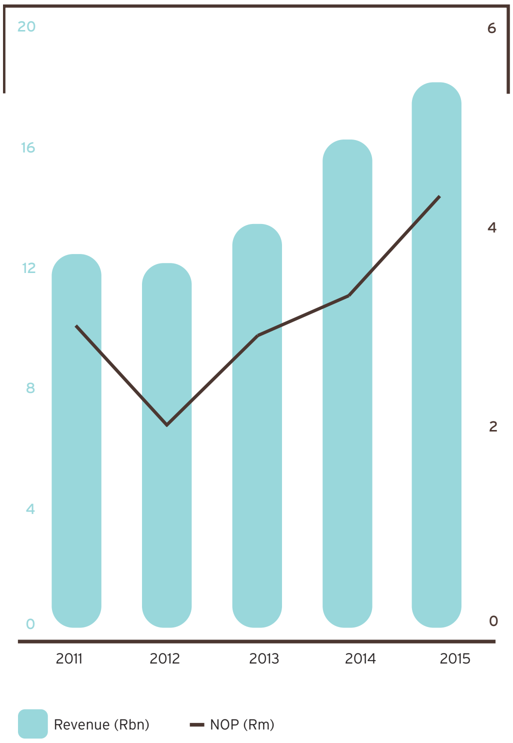
Eskom remains a key customer, with complex business and governance processes. Exxaro is the largest supplier to Eskom and it is essential to maintain this relationship, given the power utility's volume of offtake of our coal production and therefore contribution to total revenue.



2015 export sales destinations (%)



2015 domestic sales volumes (%)



Core coal revenue and net operating profit

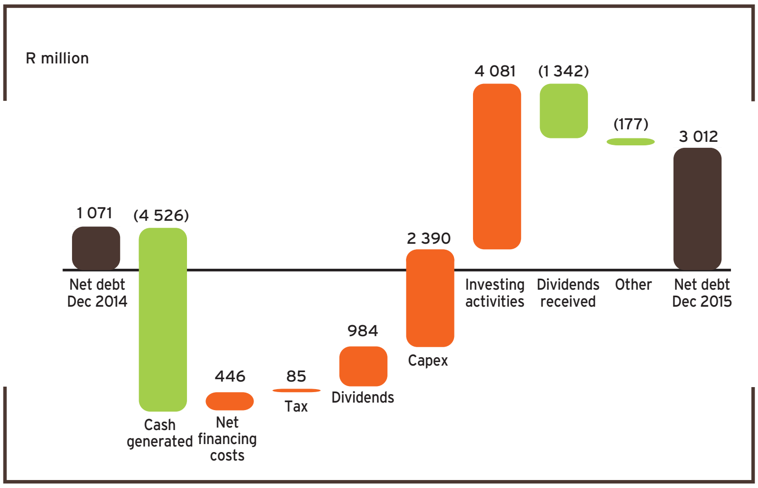
Cash flow and net debt

Cash preservation remained key to managing our business through this challenging period. As noted in the board review and elsewhere, we continued to critically assess our overall project pipeline and the timing of cash flows to prioritise and preserve capital. Cash flow generated from operations was R443 million higher at R4 526 million (2014: R4 083 million), used to pay for capital expenditure of R2 390 million, dividends of R984 million, net financing charges of R446 million and taxation of R85 million.

Net debt increased to R3 012 million, up 181% on R1 071 million in 2014, reflecting a net debt to equity ratio of 8,8% (at 31 December 2014: 3,1%). The increase was mainly due to funding the TCSA acquisition in August 2015. We remain within our financial covenants terms. This is, again, testimony to the success of immediate steps we took to ensure our business resilience and place us in a much better position to continue weathering difficult market conditions.

Our South African credit rating was downgraded in the first half of 2015 by Standard and Poor's Ratings Services from A- to BBB+. We began a process to refinance our R8 billion debt facilities and have received sufficient expressions of interest from potential lenders, confirming there is an appetite to refinance the facility, which we intend to close in the second quarter of 2016.

Changes in net debt



We have engaged with employees specifically on the need for change and Exxaro's sustainability (see R1 billion challenge, discussed under operating efficiencies). As noted in the board review, reducing our headcount was a last resort, culminating in the voluntary separation initiative also discussed under employees.

Shareholder concerns focused on Exxaro's cash-generating capacity and ability to maintain growth and consistent dividend payouts. The cost and capex management programme and the performance of the coal business have enabled Exxaro to remain cash positive, maintain low levels of debt as well as the dividend payout ratio.

We held discussions with the DMR in 2015 to secure the section 11 transfer of the ECC mining licences to Exxaro. As discussed elsewhere, we were required to commit to further empowering the ECC assets to secure this transfer.

An extract from our summarised annual financial statements provides further context.

Audited group statement of financial position
At 31 December 2015

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

2015
Year-on-year increase mainly due to additional interests acquired through the TCSA acquisition in the second half of 2015, share of this subsidiary group's reserve movements and net results in associates and joint ventures

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

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

2015
Assets relate to the proposed sale of the corporate office building and liabilities of the acquired liabilities of the Ermelo joint venture (part of the TCSA group), which was already in the process of sale when Exxaro acquired the TCSA group

2014
Related mainly to the assets and liabilities of NCC, which were subsequently sold in 2015

2015
Includes non-controlling interests arising from the TCSA acquired group

2015
Increase mainly due to the acquisition of subsidiaries ECC

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

To ensure we remain resilient for the foreseeable future, we need to address the cost competitiveness of our products and consider how best (for aspects within our control) to respond to commodity price volatility.

The table below expands on these risks, our critical controls and the year-on-year trend, based on the residual risck score.

As commodity markets remained in surplus (low demand and oversupply), prices where subdued, resulting in related risks increasing, despite controls and mitigating actions.

Risk number	Strategic objective	Risk and source	Long/ medium/ short-term risk	Critical controls	Residual risk score 2014		Trend	Residual risk score 2015	
					Impact	Probability		Impact	Probability
4	Achieve operational and financial excellence	Cost competitiveness of products External and Internal	Short/ medium	• Create strategic joint ventures to optimise economies of scale • Focus on sustainable cost reduction • Business improvement initiatives/ programmes • Investigate and divest non-core assets • Re-optimise capital fleet – mine haul trucks, light vehicles, shovels etc • Review and monitor the performance of suppliers and service providers	Possible	Catastrophic	↑	Likely	Very high
3	Achieve operational and financial excellence	Commodity price volatility External	Short	• Develop a communication plan that quickly communicates changes to operations • Consider how changes to the above affect risk appetite • Improve the speed of mine planning to match price volatility • Match commodity prices to customer base • Negotiate long-term fixed-price contracts	Likely	Major	↑	Likely	Very high

Dependency on Eskom

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Dependency on Eskom	Core operating margin (%)	Financial	18	
	Commodity diversification	Manufactured	CCR, ferrous, mineral sands, energy	

The group relies on two major customers (AMSA and Eskom) for its revenue, at 13% and 53% (2014: 15% and 49%) respectively. Exxaro's sales volumes to Eskom were 92% of total sales, supporting close to a third of Eskom's power-generation capacity.

In 2015, several deliberations between the board and the executive committee were held on the group's dependency on Eskom as a major customer. The outcome focused on positioning our coal business to deliver coal cost-efficiently to customers. As noted by the board, we continue to work with Eskom to ensure electricity supply to South Africa, while maximising export revenue to benefit from the weaker exchange rate.

The board review noted that the materiality of this issue had increased in 2015, largely due to three factors:

- The SRC committee's decision to cease production at Matla mine 1 (after Eskom's delays in spending the requisite capital)
- As part of our continued engagement with Eskom on later dates to commission Medupi power station's next five units, we had initial discussions on a possible addendum 10 to the GMEP CSA, to review options available to both parties to reduce future take-or-pay obligations. Deliveries to Eskom were, however, in line with addendum 9
- Eskom's notice to terminate the Arnot CSA.

Eskom issued Exxaro with a notice that the offtake of coal from Arnot mine would stop after 31 December 2015 (refer SRC committee report). Since then, all production has ceased and an official retrenchment procedure (section 189 process under the Labour Relations Act) was declared. Discussions continue with Eskom on the closure and rehabilitation of this mine (Exxaro owns the mining right while Eskom owns the assets and is responsible for the ultimate mine rehabilitation and post-closure obligations).

Exxaro acknowledges and recognises the long-term relationship we have developed with Eskom over the 40-year tenure of the CSA. We continue to value this relationship, which we anticipate will continue in terms of our remaining coal supplies from other operations.

Our response is firstly to protect the relationship with Eskom through continuous engagement at both operational and corporate levels. Further ensuring a consistent and reliable supply through existing CSA's is critical to fostering a mutually beneficial relationship. Secondly the acquisition of extra export entitlement will provide access to more offshore customers in regions that are growing through coal-based electricity generation.

Completion of ECC transaction

On 20 August 2015, the group acquired 100% of the share capital of TCSA (now ECC) for cash of US$262 million (R3 381 million) from Total Societé Anonyme plus a maximum additional amount of US$120 million structured in a series of deferred payments linked to the performance of the API4 price between 2015 and 2019 (contingent consideration).

As noted in the board review, our strategic rationale for this acquisition was to increase the scale of the group's export allocation and coal portfolio and further entrench Exxaro as a premier coal producer in South Africa. ECC also complements our strategic imperative to focus on our coal business in the short to medium-term and provides access to primary RBCT export entitlement – an opportunity that seldom arises.

The board review and audit committee report dealt with our ability to negotiate a reduced purchase price (following market volatility), as well as the unfortunate need to impair the goodwill.

Since acquisition, we have focused on improving the profitability and cash flow of these assets, producing mainly for lower-grade export markets. Opportunities include different quality grades and volumes, as well as cutting overheads (following due process, retrenchments were limited to 33 people and concluded early in 2016).

To optimise ECC, we are implementing our operating philosophy and the Exxaro operational excellence methodology by:

- Adding a fifth 4-seam section at Forzando South which is expected to contribute 200kt to 2016 production
- Optimising the resource-to-market value chain through plant and product-mix adjustments, taking the acquired export entitlement into account (evaluating 4 800kcal and 5 300kcal option combinations for 2016)
- Rolling out cost-saving initiatives across all operations (R80 million)
- Exploring available adjacent reserves to extend the current life of mine
- Exploring the Eskom market as a potential customer
- The capital expenditure plan is continuously being reviewed and only critical capital expenditure is approved until the actions above have been finalised.

As part of the DMR's conditions for approving the transfer of ECC mineral rights to Exxaro, we are required to include additional BEE participation in the shareholding of ECC assets. This has been combined with the broader empowerment ownership project currently under way at group level.

We remain confident about the long-term strategic value of acquiring the ECC assets, especially the export entitlement.

Exxaro's integrated risk management approach, linked to our strategic focus areas, has helped us to address our reliance on Eskom as a key customer. In our last integrated report, we highlighted that one of our control measures to mitigate this risk was to increase our export allocation. This was fully implemented on completing the ECC transaction.

The table below expands on these risks, critical controls and the year-on-year trend, based on the residual risk score.

Risk number	Strategic objective	Risk and source	Long/ medium/ short-term risk	Critical controls	Residual risk score 2014		Trend	Residual risk score 2015	
					Impact	probability		Impact	probability
1	Achieve operational and financial excellence	Dependency on Eskom as key customer External	Short/ medium	• Broadening local and international customer base (incl acquisition of ECC) • Establishment of bespoke rehabilitation trust fund • Cessation of operational activities at Arnot (develop a detailed closure plan for Arnot) • Conduct studies for environmental programme report • Conduct social impact studies for Arnot • Renegotiate Medupi CSA (addendum 10) • Oppose the payment of penalties • Terminate discussions on commercialisation of Matla	Likely	Catastrophic	↑	Almost certain	Catastrophic
6	Achieve operational and financial excellence	Competition and product substitution External	Medium	• Early alerts on regulatory changes • Implement diversification strategy • Proactive engagement with stakeholders • Monitor interdependent sectors	Possible	Major	↑	Likely	Major

Licence to operate

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Licence to operate	Ownership overall group (%) – mining charter	Social	52	
	Employment equity (%) in top, senior and middle management at every business unit – mining charter	Social	60	
	People living with disabilities (%) – mining charter	Social	1,2	
	Human resources development (% of payroll excl levies, incl internal and external training) – mining charter	Social	6,8	
	Woman in mining (%) (internal target as mining charter does not have specific targets)	Social	20	
	Preferential procurement (%) – capital	Social	40	
	Preferential procurement (%) – services	Social	70	
	Preferential procurement (%) – goods	Social	77	
	BBBEE level (BBBEE measures group performance against targets – new codes effective 1 May 2015) – BBBEE codes	Social	Level 2	
	Skills development – learning programmes for black people and people living with disabilities – target set as % of payroll to accommodate for exclusion of mandatory sectoral training – BBBEE codes	Social	2	
	Project delivery measure (%) – local economic development (LED) projects per social and labour plan (SLP)	Social	70	
	Fatality frequency rate (FFR) per 200 000 man hours*	Human	0	
	Lost time injury frequency rate (LTIFR) per 200 000 man hours*	Human	0,17	
	Lost time injuries (LTIs)	Human	29	
	Occupational health incident frequency rate (OHIFR)* – rate per 200 000 man hours. Includes chronic obstructive airways disease (COAD), pneumoconiosis, noise-induced hearing loss (NIHL), silicosis, occupational TB	Human	0,36	
	Number of reportable cases of environmental incidents*	Natural	18x level 2 and 0x level 3 incidents	
	Valid mining rights – % in place – mine works plan (MWP), environmental management plan (EMP) and SLP	Natural	97	
	Enforceable mining rights – based on conditions – % in place	Natural	98	
	Environmental authorisations (%) in place (validity) (IWUL), environmental impact assessment (EIA), waste)	Natural	>90	
	Environmental authorisations compliance to conditions (%)	Natural	<90	
	Number of stoppage directives (includes section 54 under MHSA, section 93 under MPRDA and stoppage directives under NWA and NEMA)	Natural	2	
	(%) environmental liability provisions in place (gap between immediate closure cost and rehabilitation funds available, incl guarantees)	Natural	67 ave	
	Material compliance to King III, full compliance to JSE Listings Requirements and Companies Act	Financial	100	

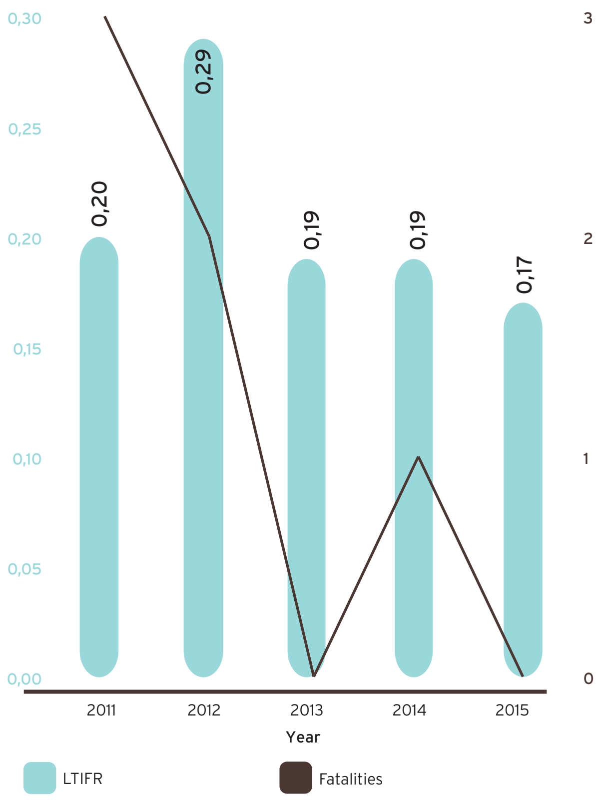
* *PwC external assurance. Refer to supplementary report.*

The safety of our people is fundamental to our business, and we will not rest until we consistently achieve our safety goals through collective responsibility, commitment and ongoing focus. As part of this focus, all operational business units, including ECC mines, have international health and safety accreditation (OHSAS 18001).

By December 2015, Exxaro had recorded another outstanding performance by operating for over 18 months without a mining-related fatality. This followed our first fatality-free year in 2013, and a rolling 12-month fatality-free period in 2014 – proof that our target of zero fatalities is attainable and that no death is acceptable.

As noted by the SRC committee, a material achievement in 2015 was our lowest LTIFR of 0,17. This is an 11% improvement on the LTIFR reported for 2014 and significantly below the peak of 0,39 in 2008 (56% improvement).

Our LTIFR also remains about 30% lower than our coal-industry peers and although still out of appetite, the improving trend is extremely encouraging.



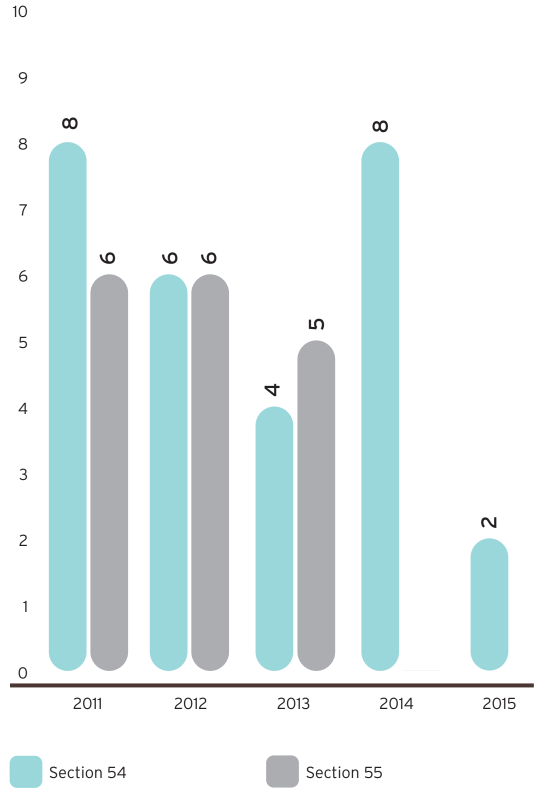
Safety performance

We recorded 29 LTIs against an aspiration of zero harm.

The most common incidents were leg and ankle injuries followed by hand injuries. The highest number of LTIs were recorded at Matla, Grootegeluk and Arnot.

We have focused programmes to empower safety, health and environmental representatives with the knowledge to identify risks better and contribute more effectively to reducing safety risks in the workplace.

In 2015, only two Mine Health and Safety Act 29 of 1996, as amended, (MHSA) section 54 directives were issued by the DMR at Arnot and Matla for identified unsafe practices. These were both resolved immediately to the satisfaction of the DMR. There were no section 55 directives issued by the DMR for any contraventions of the MHSA. We have had a positive trend since 2010 in reducing directives issued after rolling out an internal section 54 inspectorate programmes at all business units, authorising appointed employees to stop unsafe activities and, in time, prevent accidents.



Safety stoppage directives

In engaging with employees on safety, we focused on visible felt leadership (VFL), hazard identification, and response training and leadership empowerment in the workplace. The early benefits of more stringent safety practices are evident in fewer section 54 directives (safety stoppages) issued by the DMR.

Exxaro aims to have every mining right valid and to comply with all conditions and stipulations for each licence and right granted. We define the validity of a mining right by having its three pillars in place: the MWP, EMP, and SLPs.

Our analysis shows our mining rights are 98% valid, with the variance largely due to Strathrae, which has not started mining yet and has therefore not implemented its MWP and SLP.

Every right, licence and permit granted has detailed compliance stipulations. These have been recorded in a central tracking system for every mine and are being actively monitored. In 2015 we focused on improving our compliance to the stipulations.

We define the enforceability of our mining rights by section 93 and section 47 directives issued, any section 102 to request amendments to MWPs, EMPs or SLPs. In addition, it includes submitting reports to the DMR describing future mining activities.

We achieved an overall enforceability score of 98%, largely due to resubmitting the Leeuwpan SLP after an amendment.

Exxaro measures environmental authorisations on two levels: IWULs granted, and environmental impact assessments approved. The reasons for this KPI being below tolerable levels are mainly delays in water use licences, but also include:

- The Arnot and Matla rehabilitation provisions were initially lagging, but steadily improved through 2015. The gap between immediate closure costs and provisions made by Eskom still needs to be closed further
- Delays in obtaining environmental licences for new projects for the Glisa water treatment plant
- Delays in finalising appeals lodged against the Thabametsi and Belfast projects.

Delays and appeals against IWULs granted by the Department of Water and Sanitation have become a risk for new projects and are becoming part of the critical path of projects. To mitigate these long lead times in receiving the necessary permits and licences, we are engaging early with the respective regulators. Stakeholder engagement with every interested and affected party impacted by projects is also being proactively undertaken.

Our greenhouse gas (GHG) emissions are currently not an immediate risk to our licence to operate. However, the outcomes of COP21 held in 2015, also known as the Paris agreement, will have an impact on every country's management and reduction of carbon emissions. Expectations are that initiatives will become more stringent and eventually a compliance requirement.

Paris COP21 and its impact on South Africa

Progress at the 2015 United Nations (UN) climate change conference (COP21 or the Paris agreement) has important (potential) ramifications for the mining industry in South Africa stemming from the national climate action plan submitted by our government.

Broadly, the Paris agreement reflects a hybrid approach, blending bottom-up flexibility to achieve wide participation, with top-down rules to promote accountability and goals.

South Africa pledged to reduce GHG emissions by 42% by 2025 compared to the business-as-usual scenario. The country's plan goes further than most by committing to quantified emissions levels in specific years and by announcing a peak year for emissions.

We have analysed the potential implications for Exxaro, summarised below:

Impact	Implication	Timeline
South Africa will push forward with legislative reforms on GHG mitigation (eg carbon tax, offsets and budgets as well as GHG reporting). This reflects the country's ambition to lead the Africa group and assumes a permanent seat on the UN security council. More onerous GHG reporting and mitigation initiatives will be required.	Exxaro will need new skill sets: climate change scientist, energy efficiency engineers, environmental engineers and environmental strategist.	1-2 years
South Africa is likely to use climate change adaptation as part of broader social redress and development in poor and vulnerable communities.	• SLPs might require climate-change adaptation projects • Corporate social investment contribution to climate-change adaptation projects will be expected • Licence conditions could become more stringent (eg water and atmospheric emissions)	1-5 years
International financing for new coal projects is likely to come under pressure as investors may not be willing to make funds available or be pressured by their governments to stop supporting coal projects.	Self-funding for new coal projects	5-10 years
Long-term coal exports to mainly European countries could come under immense pressure, eg high import tariffs.	Diversifying the portfolio into other commodities	10-15 years

A pending cost element to these emissions is the introduction of a carbon tax which will impact most companies, including Exxaro.

Exxaro has not met its carbon reduction target for 2015 specifically, but has performed well over the last four years. These targets will be reviewed in 2016.

As discussed in the board review, there has recently been much shareholder activism against coal as a source of energy. Exxaro has responded to shareholder enquiries on our strategy to reduce emissions, transition to renewable energy and adapt to the so-called 2ºC climate environment (limiting the increase in global temperature to below pre-industrial levels).

Given the current and expected outlook for South Africa's electricity requirements, we believe coal remains a relevant source of affordable electricity generation for the economy and Exxaro is well positioned to supply this energy source to Eskom. We do, however, regard this as a medium to longer-term risk and it therefore forms part of our diversification imperative.

South Africa is a water-scarce country and Exxaro recognises that water-reduction initiatives are crucial to sustainable operations. Our prime focus is optimising the use of recycled water and developing innovative passive water treatment systems for operations.

Expansions at our operations had a direct impact on the amount of water abstracted and hence our water intensity reduction targets for 2015 have not been met.

We are implementing water treatment plants to reuse and recycle as much water as possible.

BEE amended codes of good practice

The amended codes of good practice have been promulgated after being revised to five elements with more stringent targets. Exxaro has analysed its anticipated performance against the new codes and is putting measures in place to improve on elements where we are not performing well at present. Under current economic conditions, we expect that the target of the ownership element under net value will not be met. We are also focusing on enterprise and supplier development (ESD) which has new compliance requirements.

We have also fallen short of the skills development target as the amended codes have removed all mandatory skills training. We will work towards reaching the targets as soon as possible.

A challenge in the amended codes is the target set for people with disabilities at 2% of the workforce. We are currently 40% below this target and actively driving disability awareness campaigns to identify employees with verifiable disabilities who have not declared these. In advertising careers, we emphasise the fact that a disability is not a barrier. (The limited to no external recruitment, in response to the business resilience material issue, has further negatively impacted our progress against this target).

Case study

NEW WATER TREATMENT PLANT IMPROVES SAFETY, BENEFITS THE ENVIRONMENT AND LOCAL WATER USERS

A new R250 million water treatment plant at Matla reduces the safety risk of water-filled mined-out cavities while benefiting the environment and local water users. The plant treats 10 mega litres (10 million litres) per day, and is part of our holistic strategy to manage our water stewardship by reducing, reusing and recycling water.

Water flows into Matla's underground mining operations from the surface, leading to flooding risks that affect the safety of workers. This could also affect the environment if contaminated water is released to the surface without prior treatment.

After discussions with the national departments responsible for water, environmental affairs and mineral resources, Exxaro mapped out a sustainable solution. Underground water is pumped to the surface where innovative filtration processes remove contaminants and purify the water. Of the 10 mega litres treated each day, two thirds is discharged into the Olifants River and the balance is used at Matla operations or for drinking water at the mine.

The Matla water treatment plant is a prime example of our approach to water stewardship and one of three in our Mpumalanga region forming part of our long-term water management strategy.

Benefits of the water treatment plant

By actively managing and limiting the volume of water underground, Matla has:

- Improved the safety levels of employees and the underground working environment
- Reduced its daily intake of fresh water, thus reducing its water footprint
- Provided high-quality water for farmers and other users by discharging clean water into the Olifants River.

In addition, 200 temporary jobs were created during construction and 14 permanent jobs to operate the water treatment plant.

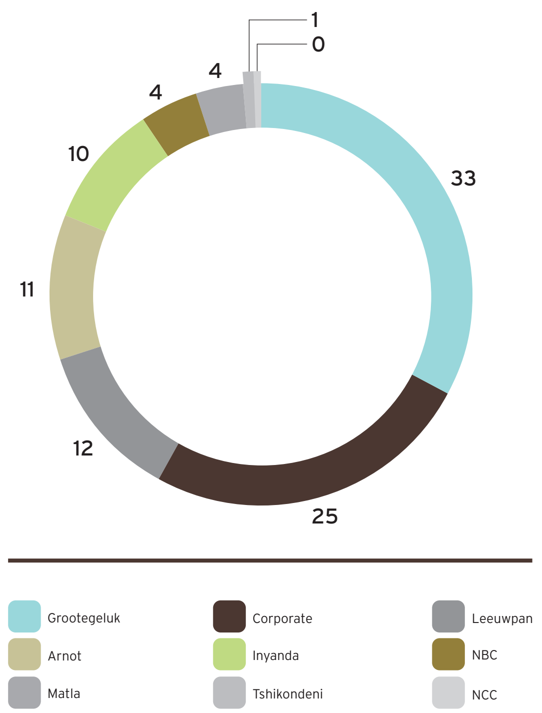
As noted in the board review, minority shareholders responded negatively to the financial assistance provided to Main Street 333 to maintain our BEE status.

We have also responded to general enquiries from shareholders on our approach to climate-change risks and heightened activism against coal as an energy source. A key concern for shareholders was the potential risk of stranded coal assets, given the scale of coal resources held by Exxaro. Although we are exploring business opportunities beyond coal, in the medium term, the South African energy mix remains dominated by coal and coal is thus a key element of our strategy. As also discussed earlier, given the outlook for the country's electricity requirements, we believe coal remains a relevant source of affordable electricity generation for the economy and Exxaro is well positioned to supply this energy source to Eskom.

Community development projects are implemented by each operation in terms of its SLP, under the broad mandate of the Exxaro Chairman's Fund and Exxaro Foundation. Total expenditure is detailed in the social and ethics committee report. We also responded to our communities' needs by refining our social return on investment (SROI) methodology to improve the quality and sustainability of projects to better meet community expectations (see Exxaro Chairman's Fund and Exxaro Foundation annual report for 2015 on the Exxaro website).

Senior management, led by the CEO, engaged with provincial and local government leaders about regulatory and local development issues. Key to these discussions was the role of Exxaro as a mining company in contributing to socio-economic and environmental development in each region.

Investment per focus area 2015 – total R56,3 million



Socio-economic spend per operation (%)

Exxaro's integrated risk, compliance and assurance framework has enabled us to meaningfully improve our performance in this area over the past three years. Our safety risk management process has been fully integrated into our enterprise risk management framework and both operate from an integrated systems platform.

The table below expands on the risks, critical controls and the year-on-year trend, based on the residual risk score.

Risk number	Strategic objective	Risk and source	Long/ medium/ short-term risk	Critical controls	Residual risk score 2014		Trend	Residual risk score 2015	
					Impact	probability		Impact	probability
2	Demonstrate responsibility and accountability	Safety concerns Internal	Short/ medium	• Analyse historical incident data to identify trends and root causes • Conduct compliance awareness training • Continuously review industry safety benchmark • Continuous reporting of incidents • Incident management • Establish compliance-based committees to manage, educate and communicate safety programmes • Integrate reporting system (plant maintenance, safety, HR) • Implement safety, health, environment and community risk management tool • Invest in education, training, communication and behaviour-based safety programmes • Review operational processes to capitalise on advances in technology	Likely	Catastrophic	↑	Likely	Catastrophic
7	Demonstrate responsibility and accountability	Maintain a social licence to operate External	Medium	• Adhere to commitments in SLPs as a minimum • Conduct SLP audits • Proactive involvement in sustainable socio-economic development initiatives • Pursue identified initiatives to progressively improve Exxaro's BBBEE rating • Regular engagement with government • Reporting on mining charter requirements (external and internal) • Reporting on SLP requirements (external and internal)	Possible	Major	↑	Possible	Major

Capital projects

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Capital projects	Capital project delivery measure (time and cost variance)	Manufactured	On target	
	Country risk as per assessment criteria (key drivers are physical security and security of tenure)	Manufactured	Achieved: • Security of tenure • Physical security • Board-approved countries	

In terms of capital management, we remained prudent by striking a balance between returning cash to shareholders, managing debt, and selectively reinvesting in Exxaro for growth. Through cutbacks and deferrals, we have reduced our expansion capital expenditure (capex) by 15% over the next five years while critically evaluating sustaining capex to preserve cash flow in this period (refer graphs in the board review).

- At R2 390 million, capital expenditure decreased by 25% in 2015 compared to 2014. R727 million (2014: R1 737 million) was invested in new capacity (expansion capital)
- R1 663 million (2014: R1 460 million) was applied to sustaining and stay-in-business capital
- Of the funds spent on stay-in-business capital, R833 million was for Grootegeluk's replacement of trucks, shovels and stacker reclaimers.

The Waterberg capex programme extending to 2020 has also been revised to R15 billion (sustaining and expansion).

With every growth and sustaining project now reviewed, our disciplined decision-making approach to allocating capital considers the expected investment rate of return; net present value; cost curve position; payback period; risk and mitigation balance; as well as overall impact on shareholder returns.

The most notable coal project delays include:
- Moranbah South
- Mafube (Nooitgedacht)
- Grootegeluk 6
- Grootegeluk load-out station.

The impact of these delays on production growth and operating profit is expected to be mainly on projects already approved for implementation (primarily Belfast, which has been delayed by appeals).

Project higlights:
- **Grootegeluk:** To date, the ramp-up of coal supply to Medupi power station has progressed as scheduled (addendum 9) and coal stockpiles are being built.
- **Thabametsi:** The timing of certain future phases depends largely on progress with infrastructure (rail, water and roads) developments in the Waterberg. In the fourth quarter, we completed the bankable feasibility study of phase 1 to supply 3,9Mtpa of coal to the Thabametsi independent power producer (IPP), and the IWUL was approved in January 2016. An appeal was lodged and Exxaro is following due legal process.

  The mining right approval is imminent and first run-of-mine coal production to the Grootegeluk beneficiation complex could therefore be achieved by 2018. The subsequent rate of production ramp-up will depend on the IPP procurement programme for its coal baseload and Waterberg infrastructure development schedules.
- **Thabametsi IPP:** A bid was submitted by the Thabametsi IPP in the first bid window under the Department of Energy's coal baseload IPP procurement programme on 2 November 2015 for a 630MW coal-fired power station. Marubeni Corporation is the lead developer and Korea Electric Power Corporation the co-developer on this project. Preferred bidders are expected to be announced in the first quarter of 2016. Based on this, we expect early construction works to begin in the second quarter of 2016.
- **Belfast:** Following authorisation of the integrated water use licence in 2014, an appeal was lodged and the licence suspended. We expect the appeal case to be heard by the water tribunal in the second quarter of 2016. We also expect the tribunal hearing on the objection against the project's rezoning application received in 2015 to be heard in the second quarter of 2016. Only 7% of the approved project start-up capital budget has been released to date, primarily for detail engineering designs and activities beginning in 2016, until we have more certainty on the regulatory process for this project.
- **Mafube Nooitgedacht:** This project has been delayed by 12 months with first coal now forecast in first-quarter 2018, mainly due to environmental permits required to mine the Springboklaagte pans.
- **Mayoko:** Our iron ore project in the RoC has been placed on care-and-maintenance until we see signs of improving market conditions and developments in the logistics infrastructure. We continued to drive down operating labour costs (the labour force was reduced from 140 to 15 employees in 2015) and we halted all capital expenditure.

  Despite submitting all documents to the RoC parliamentary authorities in 2015, the mining convention has not yet been ratified.

  Given the delays in ratifying the mining convention, our efforts in 2016 will remain limited to maintaining the Mayoko mining right while finalising future options. We expect to spend R60 million in 2016 on this project to protect the mining right, maintain stakeholder relations and our reputation, while finalising the disposal of rolling stock and completing environmental impact assessments. Through these disposals we aim to be cash neutral in 2016.

  Most of the rolling stock on the Mayoko project, except for two locomotives, was sold in 2015.

Capital allocation has been a key concern for our shareholders as commodity markets weakened. Opportunities for commodity diversification (such as our Mayoko project and increasing interest in Tronox) were constrained by the weaker investment outlook. As discussed in the board review, in addressing our business resilience and in response to this stakeholder concern, our capital profile was materially amended by postponing, reducing and reprioritising projects after prudent review.

Capital project execution has remained on the top ten strategic risks of not only Exxaro, but most mining companies internationally. The importance of managing time and budget overruns is even more vital under current economic circumstances, with the resultant need for cash preservation.

The table below expands on these risks, critical controls and year-on-year trend, based on the residual risk score.

Risk number	Strategic objective	Risk and source	Long/ medium/ short-term risk	Critical controls	Residual risk score 2014		Trend	Residual risk score 2015	
					Impact	probability		Impact	probability
5	Improve Exxaro's portfolio	Capital project execution Internal	Medium	• Asset portfolio review and management • Disciplined execution of the value engineering study review encourage a culture to report both successes and failures (lessons learnt) • Ensure project and supply chain performance is monitored and managed • Establish a contingency plan (plan b) • Establish a robust governance structure • Implement advanced assurance frameworks (independent review and oversight) • Implement an effective risk management process • Improve capex forecast accuracy • Monitoring and tracking the progress of capital projects. • Project role clarification and accountability • Secure contractor's commitment to assigning a strong and experienced management team • Standardise design and construction methodologies	Possible	Catastrophic	↑	Possible	Catastrophic

Operating efficiencies

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Operating efficiencies	People productivity (% improvement of total tonnages handled/FTE from base)	Manufactured	18	
	People productivity (% improvement of production tonnages/FTE from base)	Manufactured	16	
	Growth from coal commodities (% deviation from budget)	Manufactured	(4)	
	Core assets (priority 1 solutions) overall performance against SLA (%)	Manufactured	99	
	Asset availability of enterprise resource planning system (ERP) (%)	Manufactured	99	
	Data loss prevention (physical data loss, not intellectual property, ie enterprise backup success rate) (%)	Manufactured	99	

The wide-ranging cost reductions of 2015 will continue in future, aimed at managing what is in our control, namely the coal business and our operating costs. Initiatives to date include:

- In February 2015, the CEO asked Exxaro's people to 'find me R1 billion' (to improve our 2015 results through cost saving and revenue-generating initiatives) although rapidly changing economic conditions soon meant more was required. Key achievements during the year included a R504 million improvement in profitability from the coal business, and R288 million in value realised from supply chain management teams.

  Despite the exceptional efforts of our people across the organisation, we were unable to achieve the full R1 billion target.
- In July, the phased Exxaro improvement initiative was launched to deliver maximum value through operational improvements, consolidation, exploiting synergies, increased throughput and embracing a continuous improvement culture. Results from the diagnostic phase indicated areas for improvement, summarised below:
  - We analysed our corporate office and support function costs, including external spend, and compared these (including a benchmark study) to our peers (similar-sized resources/mining companies in South Africa). Our costs, overall, were higher than our peers.
  - Through a comprehensive activity analysis, we have identified areas where we can consolidate duplicated costs and streamline processes.

- We also assessed our flagship Grootegeluk (by far, our largest operation) to identify potential improvement opportunities. The assessment reviewed Grootegeluk's operational excellence status across a number of dimensions: mining operations and planning processes, maintenance, sourcing and procurement, as well as people performance and culture. The study concluded that Grootegeluk's operational excellence process is very mature and confirmed the improvement initiatives already identified by mine management for 2016.
- In the next phase of the Exxaro improvement initiative, we will further investigate areas identified for possible improvement and finalise the review of our operating model.
- As discussed elsewhere, optimisating ECC and rolling out cost-savings across its operations achieved savings of R80 million in the latter part of 2015.

As with our improved safety performance, operational efficiency improvements would have been impossible without continually engaging with employees. While the most significant employee engagements are discussed under business resilience and employees, specific employees and departments were targeted to address this material issue (including the ECC workforce, even prior to transaction closure, resulting in the significant turnaround at ECC in a very short period of time and the savings noted above).

As Exxaro increases its export allocation, even greater emphasis will be required on managing risks from infrastructure access and capacity, which explains the increase of this risk's residual score in 2015.

The risk of being unable to to meet production demands has decreased in 2015, following the decline in demand from customers.

Risk number	Strategic objective	Risk and source	Long/medium/short-term risk	Critical controls	Residual risk score 2014 Impact	Residual risk score 2014 probability	Trend	Residual risk score 2015 Impact	Residual risk score 2015 probability
8	Achieve operational and financial excellence	Infrastructure access and capacity External	Medium/long	• Collaborate with government stakeholders to improve and initiate new infrastructure • Identify other stakeholders to co-develop a solution and to extend infrastructure • Regular liaison with TFR, RBCT and water stakeholders • Understand the return on infrastructure and consider appropriate funding.	Likely	Major	↑	Likely	Major
10	Achieve operational and financial excellence	Unable to meet production demands Internal	Medium	• Accelerate business improvement (BI) projects under way – Conduct more accurate geological studies • Develop and implement a communication plan • Develop condition-based budget model feeding from life-of-mine plan • Implement consequence management • Implement skills development programmes (professionals-in-training and bursaries) • Improve maintenance and asset management • Maintain the stockpile threshold • Ongoing capital infrastructure planning aligned to strategy • Regular interaction with unions, Eskom, TFR, RBCT and government	Likely	Catastrophic	↓	Possible	Catastrophic

Employees

Material issue	Key performance indicator	Sustainability capital	Current performance	Legend (indicator)
Employees	Organisational culture assessment	Human capital	Level 4	
	% of people who received HIV/AIDS awareness training	Human capital	18	
	% of employees who received awareness training and voluntarily tested for HIV/AIDS	Human capital	50	
	% of people tested positive and enrolled in HIV management programme and receiving ARV treatment	Human capital	26	
	HIV/AIDS prevalence rate (%) compared to country prevalence rate	Human capital	4	
	Talent bench (%) – senior management	Human capital	20	
	Talent bench (%) – middle management	Human capital	18	
	Skills provision (% of internet appointment of critical skills)	Human capital	82	
	Skills retention (% turnover)	Human capital	4,7	

Given the importance of skills in our industry, we invest an appropriate amount of total salaries and wages each year on developing our people. In 2015, we spent R184 million on industry-related training, or 6% of total payroll (2014: 6,8% or R221 million) ranging from adult education and training to postgraduate studies.

To achieve our strategic objectives, we need a healthy internal pipeline of specialist and leadership talent. In 2015, the benefit of our integrated succession-planning process was evident in the internal appointment of three executives and our new CEO. In addition, our talent pipeline and feeder schemes enabled over 750 jobless youth to obtain occupational qualifications, in-service training and employment.

We have met our employment equity targets for top, middle and junior management, and we are close to the target for senior management. As mentioned in the licence to operate material issue, we are below target on employing people with dissabilities, which remains an industry-wide challenge.

In October, we opened a process of voluntary separation as an additional initiative to reduce longer-term costs while being mindful of the need to retain critical and scarce skills. We also lost people through the closures of Tshikondeni (279), Inyanda (15), AlloyStream (4) and our remaining offshore offices. In total, 464 people accepted voluntary or other packages at a once-off cost of R408 million, but sustainable savings of R250 million per annum. For business units where retrenchments ocurred, we paid retrenchment packages to the value of two weeks for every completed year, in addition to providing employee assistance and other support services.

The same retrenchment packages and support were extended to ECC employees early in 2016 after the ECC optimisation process. As discussed elsewhere in this report, the section 189 retrenchment process at Arnot will continue in 2016 and we will focus on the impact of mine closure on employees and the community.

These changes and one of our business resilience responses, which included the freezing of a large number of vacancies, affected our succession processes, but as noted elsewhere, this will receive focus in 2016 once the labour force has stabilised.

We are pleased that our coal business' wage negotiations were settled without material unrest, reflecting the benefits of constructive engagement at industry and company level.

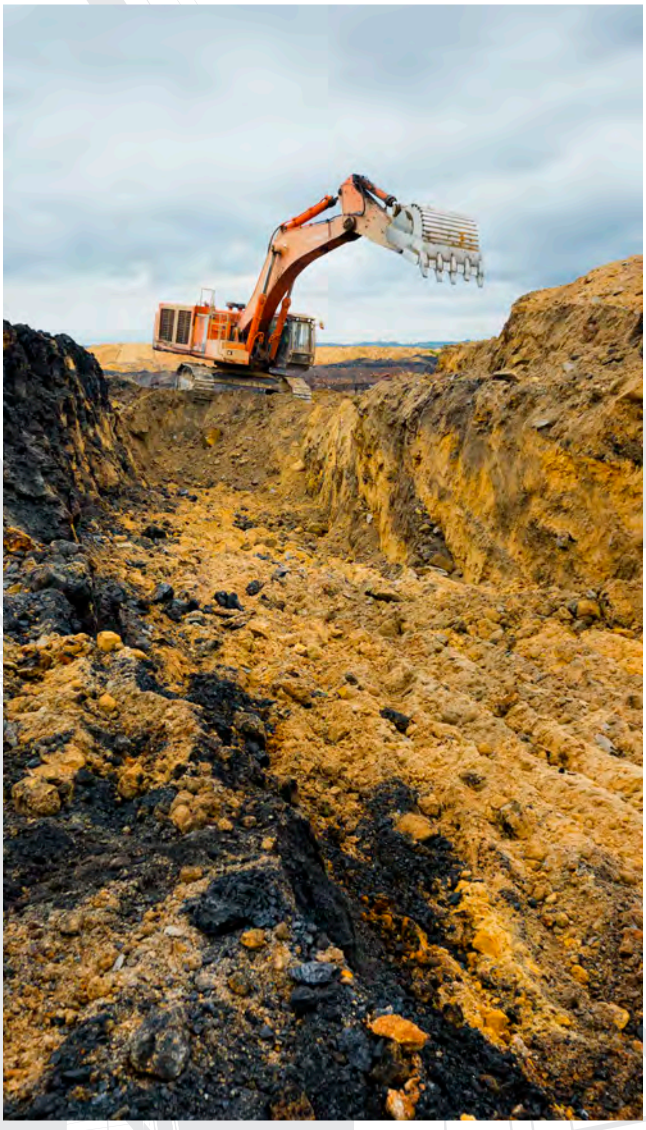
Labour unrest will remain a top risk in the mining industry for the forseeable future. This is largely due to South Africa's high unemployment, union rivalry and community frustration with insufficient government infrastructure and support, spilling over into the labour force.

This risk increased in 2015, which was a wage-negotiation year. As discussed earlier, this was not manifested as negatively as it could have, partly due to limited industrial action as well as preventative and corrective measures in place to proactively mitigate the impact (ie stockpile management to counteract the impact of strikes).

Risk number	Strategic objective	Risk and source	Long/ medium/ short-term risk	Critical controls	Residual risk score 2014		Trend	Residual risk score 2015	
					Impact	probability		Impact	probability
9	Demonstrate responsibility and accountability	Labour unrest External and internal	Medium	• Ensure proper leadership and a high-performance culture • Ensure emergency stockpile is maintained (business continuity management plan) • Establish a strike emergency response plan and team • Intelligence system on ground level • Monitoring execution of SLP • Participate in Chamber of Mines forum • Regular communication to employees and communities • Regular labour and union liaison	Possible	Catastrophic	↑	Possible	Catastrophic

04

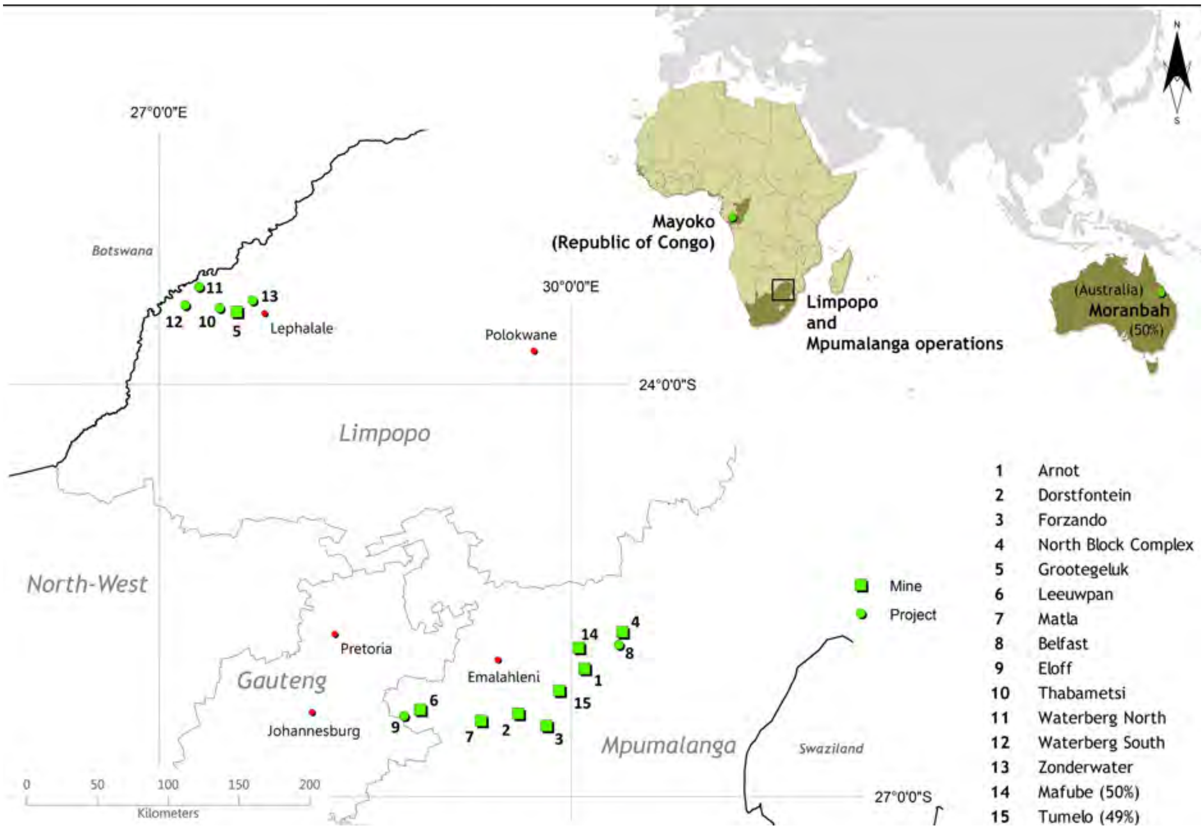
MINERAL RESOURCES AND RESERVES



MINERAL RESOURCES AND RESERVES STATEMENT

Location of Exxaro's declared mineral resources and ore reserves

LOCALITY MAP FOR EXXARO'S COAL RESOURCES AND RESERVES



Exxaro is committed to the principles of transparency, materiality and competence and continuously strives to enhance the level of estimating and reporting mineral resources and ore reserves.

The reported mineral resources and reserves presented here are a summarised introduction of governance, assurance and methodologies applied as well as an overview of significant mineral tenure items for the reporting period. This summary is supported by the Consolidated Exxaro Resources Limited, Mineral Resource and Reserve Report (CMRR) on our website. The content of the CMRR report is compiled from detailed independent reports received from appointed competent persons at the various operations and projects. Competent persons have sufficient relevant experience and consented to the inclusion of the information in the form and context in which it appears in the CMRR, which also includes their particulars. The CMRR report is aligned with Listings Requirements (section 12) and provides comprehensive information on reporting governance, competence, tenure, risk, assurance, auxiliary descriptions of applicable properties and the mineral resources and ore reserves estimates underpinning Exxaro's current operations and growth projects.

FULL MINERAL RESOURCES AND RESERVES REPORT ON THIS WEBSITE

Exxaro reports mineral estimates that are directly under its management control and includes estimates for entities in which we hold a 25% interest or more. Mineral resources and ore reserves were estimated on an operational or project basis and in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code – 2007 edition; July 2009 amended version) for African properties, except for Vedanta's property, and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code – 2012) for Australian and Vedanta properties.

The annual estimation and reporting process is managed through the Exxaro geosciences policy and associated mineral resource and reserve reporting procedure. The documents dictate technical requirements for estimation and reporting, and include guidelines on methodologies, templates and assurance. Both the policy and procedures are aligned with the guidelines of the SAMREC Code and, for South African coal reporting, SANS 10320:2004. The processes and calculations associated with the estimation process have been audited by internal competent persons and are audited by external consultants when deemed essential. For mines or projects in which Exxaro does not hold the controlling interest, figures have been compiled by competent persons from the applicable companies and have not been audited by Exxaro.

Resource estimations are based on the latest available resource models. For Exxaro operations and projects, we use a systematic review process that measures several resource-modifying factors to establish an eventual extraction outline (EEO). The outline reflects the boundary within which mineral occurrences are considered to have reasonable and realistic prospects for eventual economic extraction. Exxaro continuously examines various aspects of the mineral resource estimation process and, in the year ahead, we will continue to confer specifically on the concepts put forward by the yet-to-be-ratified SAMREC (2016) and SANS 10320:2004 rewrites.

Ore reserves have the same meaning as mineral reserves as defined in the applicable reporting codes. Ore reserves are estimated using the relevant reserve modifying factors at the time of reporting. Changes in the market, increased awareness of protecting the natural environment and changing legislation requirements demand a change in the utilisation strategy and execution of mining operations. Exxaro continuously assesses the various life-of-mine strategic plans to consider the best way of addressing these challenges.

Mineral resources and ore reserves quoted fall within existing Exxaro mine or prospecting rights. Rights are of sufficient duration (or convey a legal right to convert or renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules. The only exceptions are the Grootegeluk (executed March 2011 for 30 years) and Matla (executed March 2015 for ten years) operations where adequate ore reserves exist for lives of mine (LoM) extending well beyond the period for which they were granted.

The decline in both coal price and demand exerted pressure on economic viability assumptions for our operations and projects and subsequent definition of the reserve base. Two of the company's operations, Tshikondeni and Inyanda, are in the process of mine closure and a third operation, Arnot, is re-evaluating its operating model after termination of the Eskom CSA. As discussed elsewhere in the report, in reaction to these challenges, the company has embarked on several cost-saving initiatives to preserve cash and minimise cost. The emphasis on operational excellence and a strategic focus to realise key projects allowed us to re-evaluate the strategic fit of projects in the portfolio.

As a result, section 11 applications were submitted and approvals are pending for the Arnot South and Kranspan (resources not declared) and Waterberg South project areas.

Exxaro has a world-class coal resource portfolio consisting of fully-owned operations and projects and a number of jointly-owned operations and projects in South Africa and Australia (section 01). Coal operations and projects in South Africa are located in both the large and highly prospective Waterberg coalfield in Limpopo province and the more mature Highveld and Witbank coalfields in Mpumalanga province.

Estimated to contain 40-50% of South Africa's remaining coal resources, the Waterberg can truly be viewed as the future of South African coal mining. Exxaro holds an estimated 5,2 billion tonnes of measured (3,5 billion tonnes) and indicated (1,7 billion tonnes) coal resources in the Waterberg primarily within the Grootegeluk mine and adjacent project of Thabametsi. Grootegeluk secures thermal coal reserves to Eskom's Matimba and newly commissioned Medupi power stations, and produces semi-soft coking and metallurgical coal through eight beneficiation plants (annual production of 23,6Mt). The Grootegeluk complex is continuously evolving, illustrated by commissioning an in-pit mobile crusher system, ramp-up of the GG7 and GG8 beneficiation plants and commissioning a first-of-its-kind cyclic-operated coal slimes ponds facility.

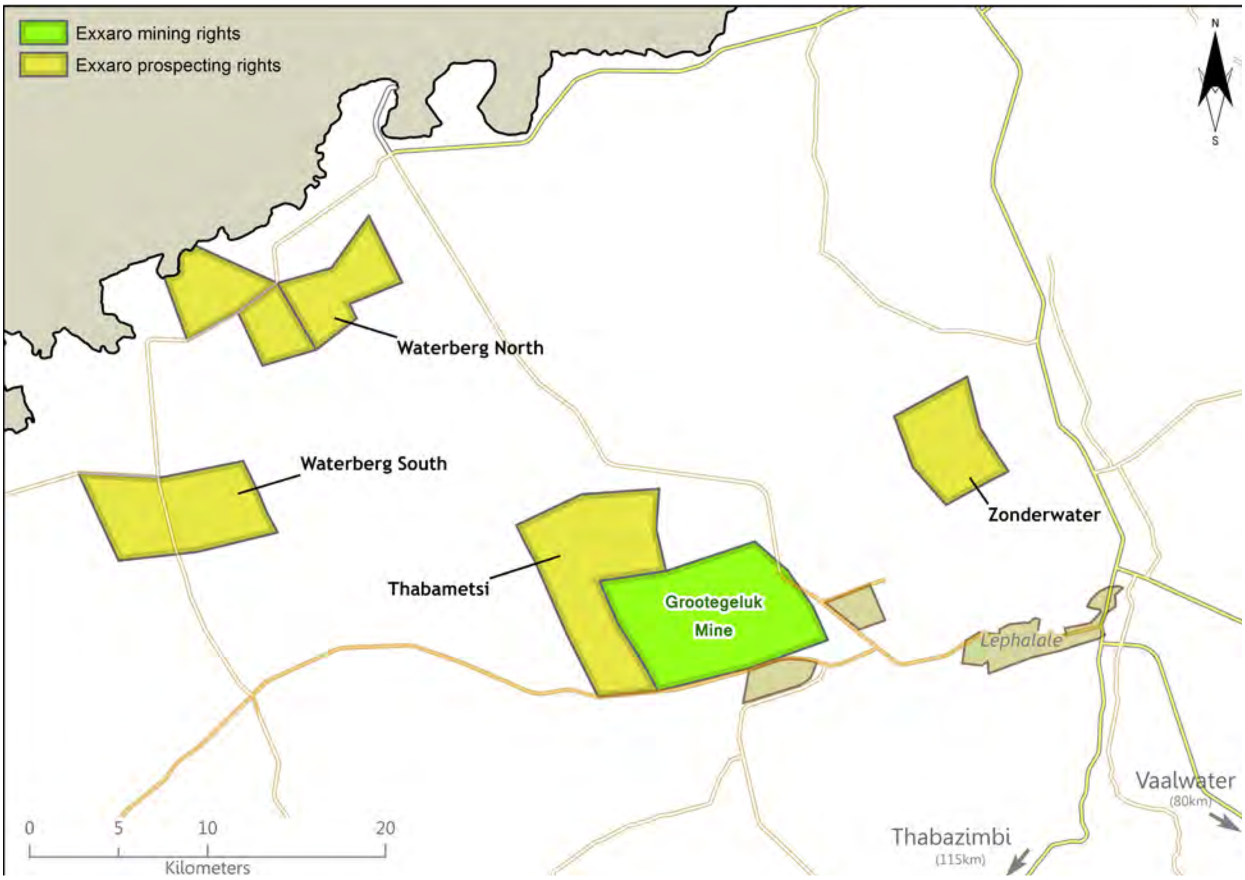
All studies at phase 1 of the Thabametsi project, an open-pit mining operation that will produce power station coal as an on-site IPP, have been concluded, resulting in the first time reporting of phase 1 ore reserves. A new mining right application was submitted in April 2012 and Exxaro has reasonable expectation that the right will be granted in the first half of 2016.

Approvals to renew prospecting rights for the Waterberg North and South and a section 11 application for Waterberg South are pending. A review of the 2014 study results of Zonderwater is under way, resulting in the first-time reporting of mineral resources for Zonderwater.

A number of Exxaro fully owned open pit and underground coal operations and projects are in Mpumalanga. The Matla and Arnot operations are dedicated coal suppliers to Eskom. North Block Complex and Leeuwpan, in addition to producing power station coal, also produce a range of specialised coal products for the export market and a number of local consumers.

Mining at one of the three shafts at Matla, mine 1, was halted due to pillar instability and safety concerns as detailed in the SRC committee report. The potential impact on overall production and coal quality was mitigated by moving mining sections and increasing production. Two bankable feasibility studies on the north-west access and shortwall replacement projects were concluded. The objective of these projects is to establish access into future reserves by establishing an incline and decline above and below current workings and introducing additional continuous mining (CM) sections for when the shortwall ground is depleted. The converted mining right of Matla was executed in March 2015, and submitted for registration.

EXXARO MINING AND PROSPECTING RIGHTS IN THE WATERBERG



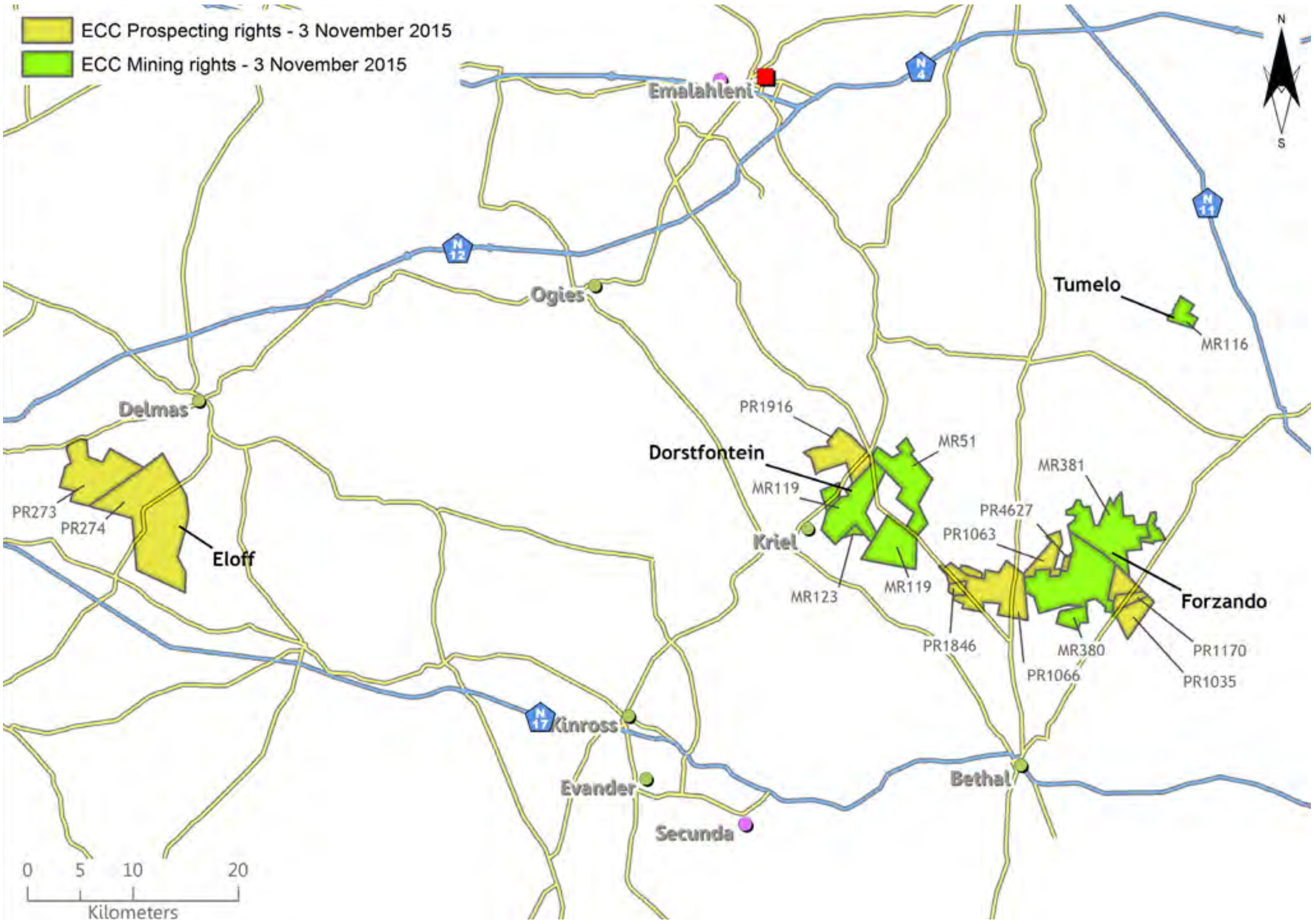
Arnot mine, a +40-year operation 43km east of Middelburg in Mpumalanga, was contracted to supply coal to the nearby Eskom Arnot power station until 31 December 2015. The expiry of the CSA with Eskom, which is based on specific cost configurations, creates uncertainty on the Arnot ore reserve. Exxaro reviewed the operation and has, based on reasonable internal cost assumptions, identified specific resource areas that will realise current economic viability and which were converted to ore reserves. The reported reserve estimates are classified in the probable reserve category because of current market uncertainty (Eskom CSA). Exxaro is currently reviewing various scenarios which include different cost assumptions and market options, and it is therefore pertinent to caution on possible material reserve changes that might emerge from this review in 2016. The Arnot converted mining right is executed. The right was submitted for registration, but was referred back due to incorrect historical property-naming conventions. The corrections were made and the right was resubmitted for registration.

At Leeuwpan mine, the OI feasibility study (a critical element of the mine's LoM optimisation project) is reaching finalisation. Reviews of specific processing parameters and reduced capital requirements are under way. The project area contributes to ~50% of the operation's ore reserves and forms a material part of its LoM. An executive management ruling on the project is expected in the first half of 2016. The converted mining right and adjacent new mining right at Leeuwpan mine are both executed and the approval of a ministerial consent (section 102) submitted to amalgamate the two rights is pending. Exxaro owns the OI reserve surface rights for areas north of the R50 road and negotiations for surface rights south of the R50 road (remainder of the OI reserve area) have been concluded and contractually agreed, subject to specific conditions.

NBC,near the town of Belfast in Mpumalanga, holds three mining rights on which two operating mines (Glisa: converted, executed mining right; and Eerstelingsfontein: converted, executed mining right, renewal pending), and one operation in the process of mine closure (Strathrae; converted mining right, execution pending) are located. Early 2015 saw the start of mining activities at Eerstelingsfontein, which was a highlight given deteriorating coal qualities at Glisa. In addition, two projects – one immediately south to the Glisa operation (Glisa South) and one further south (Belfast) – also form part of NBC and for which resources were declared. A renewal for the Glisa South prospecting right and subsequent application for a new mining right were submitted in November 2013. An appeal is currently being addressed through the regional mining development and environment committee. The mining right for the Belfast project was registered in March 2015. Exxaro applied for an extension of the start of mining activities pending the resolution of an appeal on the IWUL, which extension was granted.

The Inyanda mining right was executed in November 2006. An administrative error highlighted during closure resulted in the need to submit an application for re-execution of the Inyanda right. Re-execution is expected to be concluded in the first quarter of 2016.

LOCALITY MAP FOR ECC MINING AND PROSPECTING RIGHTS



As discused elsewhere in the report, Exxaro acquired TCSA (ECC) after a successful bidding process.

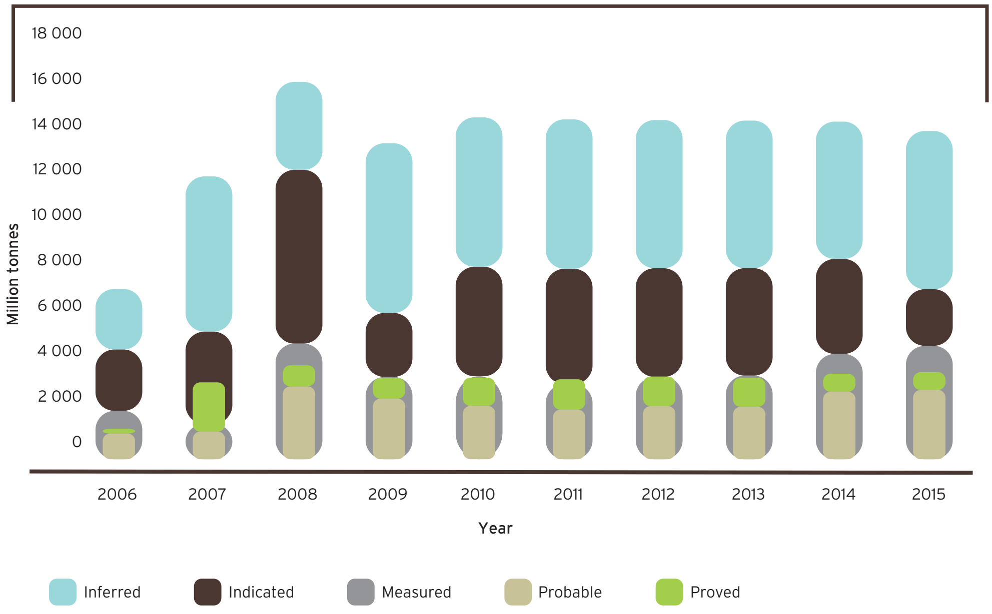
Exxaro holds a 74% interest in a number of mining rights under ECC for the operations of Forzando (FZO) and Dorstfontein (DCM) and adjacent prospecting rights, as well as a 49% interest in the mining right of Tumelo. ECC also holds a 51% interest of the Eloff prospecting right, near Delmas and close to our Leeuwpan operation.

A number of concerns on important resource and reserve estimation methodologies were identified during the due diligence of the TCSA mineral assets. This necessitated a complete review and subsequent update of the geological models of Dorstfontein, Forzando and Eloff, and the 2015 coal resource estimates are based on these updated models. The impact on operations because of the lower Exxaro long-term price forecast, as well as the potential impact of updated geological models on current mine plans are, however, ongoing and reserve estimates reported this year are based on the TCSA mine plans of 2013/14. The individual ore reserve estimates reported reflect the current five-year business plan of Dorstfontein West and East and Forzando South and it is therefore appropriate to caution on possible material reserve changes that might emerge from LoM studies in 2016.

The Dorstfontein complex comprises an eastern, primarily open-cut, operation (DCM East) and a western underground operation, Dorstfontein West (DCM West).

The operations are located on three mining rights granted for 30 years: 123MR, executed June 2012; 119MR, executed June 2012; and 51MR, executed June 2006. The Rietkuil Vhakoni prospecting right (1916PR), for which a section 102 was timeously submitted for incorporation into the Dorstfontein complex mining right, is viewed as a potential extension of the Dorstfontein complex operation pending current LoM study reviews.

The Forzando complex comprises two underground mines, Forzando North mine (FZON) and Forzando South mine (FZOS), located on two mining rights granted and executed in June 2013 for 16 years. FZON was placed under care-and-maintenance in 2004 and FZOS started in 2006 exploiting the S4L, operating with four CM sections. The renewal applications of the Kalabasfontein prospecting rights 1035PR and 1170PR were approved and executed in June 2015 and a section 102 for inclusion of the Forzando West (1066PR) prospecting right into the Forzando South mining right was timeously submitted. ECC has reasonable expectation that the approval will not be withheld.



Exxaro attributable coal resources and reserves

The application to renew the prospecting right of Legdaar (1846PR) was submitted in early 2015 and approval is pending. ECC holds a 49% interest in the Schurvekop 1063PR prospecting right, majority owned by Mmakau Mining Proprietary Limited, to the north of the Forzando mining right. The owners aim to submit a mining right in the second half of 2016.

The Tumelo operation consists of one mining right (116MR). The operation was put under care-and-maintenance in early 2014. Evaluation of the mineral resource is under way. The Eloff project is near Delmas and close to Exxaro's Leeuwpan operation. The project consists of two prospecting rights, 273 and 274PR, on which three major coal seams are explored. Desktop studies, reviewing the potential of the coal resource and strategic fit in the ECC portfolio, are under way.

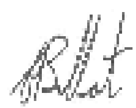
The Mayoko iron ore project in the RoC is currently at concept phase level of study. The Mayoko mining exploitation convention was concluded between the RoC government and Exxaro Mayoko SA on 29 January 2014. This convention is still subject to certain conditions precedent, such as concluding all agreements on access to rail and port infrastructure and its ratification, as discussed elsewhere in the report. All activities related to the subsequent prefeasibility phase have been put on hold and the project is on care-and-maintenance until conclusion of the mining convention. The far-north Ngoubou-Ngoubou exploration permit lapsed on 2 December 2015 and was not renewed because of limited potential.

The person in Exxaro designated to take corporate responsibility for mineral resources, Henk Lingenfelder, the undersigned, has reviewed and endorsed the reported estimates. Mr Lingenfelder is a member of the Geological Society of South Africa and registered (400038/11) with the South African Council for Natural Scientific Professions. He has a BSc (hons) in geology and 19 years of experience as an exploration and mining geologist in coal, iron ore and industrial minerals, of which six are specific to coal and iron ore estimation.

JH Lingenfelder
BSc geology (hons)
Pr Sci Nat (400038/11)

Group manager geoscience
Roger Dyason Road
Pretoria West
0183

The person in Exxaro designated to take corporate responsibility for ore reserves, Chris Ballot, the undersigned, has reviewed and endorsed the reported estimates. Mr Ballot is a mining engineer registered (20060040) with the Engineering Council of South Africa. He has 19 years of experience as a mining engineer in iron ore, mineral sands and coal in various technical and management roles.



CC Ballot
MEng mining
ECSA 20060040

Group manager mining processes
Roger Dyason Road
Pretoria West
0183

05

OUTLOOK

OUTLOOK

We expect 2016 to be another challenging year. The key risk to the South African economy for 2016 is the anticipated slowing growth (forecast 0,9%), and thus weakening fiscal fundamentals that could pave the way for a further credit-rating downgrades. We expect the already-weak exchange rate to remain vulnerable in 2016 on account of domestic political and global monetary policy events.

We anticipate that international thermal coal prices will remain at current levels for the short to medium term. There is, however, still good international demand for Exxaro's coal.

We expect demand from the local metals market to remain subdued in the short to medium term, given the oversupply in the market.

We expect iron ore markets to remain oversupplied, with suppliers focusing on cost reductions to lower the cost curve.

We also expect pricing weakness in the mineral sands and TiO_2 pigment sectors to continue throughout 2016, with the slowdown in the Chinese construction industry weighing heavily on the titanium value chain.

The challenges facing the group relate mainly to:
- Securing mining rights for the Thabametsi mine
- Securing water use licences and section 11 certificates (eg the Belfast project)
- Delays affecting the timely delivery of projects: we continue to liaise with the authorities to ensure licences are granted expeditiously
- Security of CSA's with Eskom.

As a result of delays in ratifying the Mayoko iron ore project mining convention, we will focus on maintaining the mining right in 2016 while finalising our options.

Our cost base was streamlined but, given the prevailing operating environment, we will continue to identify areas where we can achieve both reductions and efficiency improvements. We expect to receive no dividends from SIOC and significantly lower dividends from Tronox. In the meantime, we will continue to review our major investments as markets evolve. Part of this includes considering our options after Anglo American plc announced that it intended to dispose of its South African coal business and its interest in KIO at an appropriate time.

Given its strong domestic base and the benefits of the exchange rate, our coal business continues to outperform the balance of our portfolio. Accordingly, we are positioning Exxaro as a pure-play coal business for the next three to five years. Our objectives include:
- Maximising performance through operational improvements, consolidation, exploiting synergies, increasing throughput and fostering an innovation culture. We will continue to ramp up Grootegeluk 7 and 8 in line with our Medupi CSA, aiming to reach steady-state in 2019. Our aim is to entrench operational efficiency in the lowest half of the cost curve and restructure operations where necessary to 'fit-for-purpose'
- Aligning our capital allocation to the coal growth strategy, with significant capital expenditure in the Waterberg, home to Grootegeluk and Thabametsi
- Continuing mine closures (Inyanda – at end-of-life, and Arnot forced by termination of the Eskom CSA) and dispose of mines approaching end of life
- Growth will come from optimising ECC, developing Thabametsi to supply the proposed coal IPP, and starting the Belfast project, which has been delayed by the water use-licence appeal and rezoning objections.

In summary, our focus in the short to medium term will be to:
- Prioritise and stagger projects (mainly expansion capex) to preserve cash and ensure debt remains within acceptable levels. An internal target of net debt at less than two times EBITDA has been set
- Continue to reduce input and overhead costs by R300 million in 2016
- Ensure we maintain high levels of cash generated from controlled operations
- Maintain our dividend payout philosophy of between 2,5 to 3,5 times core earnings cover
- Develop Exxaro's future BEE shareholding strategy amid regulatory uncertainty and ensure the current BEE structure unwinds efficiently with minimal impact on stakeholders
- Evaluate our continued shareholding in key investments (mainly SIOC and Tronox) and assess the ability of these investments to contribute to our future earnings and cash flow
- Consider the ECC empowerment structure within the future structure of Exxaro's BEE shareholding as an option
- Increase the investment appeal of our coal business by communicating our strategy more effectively.

We believe Exxaro's solid operating performance and exciting growth potential present a compelling longer-term investment proposition, despite current markets:

Operating performance
- Largest domestic coal supplier
- Long-term commercial and tied contracts
- Secured export entitlement
- Stable exports

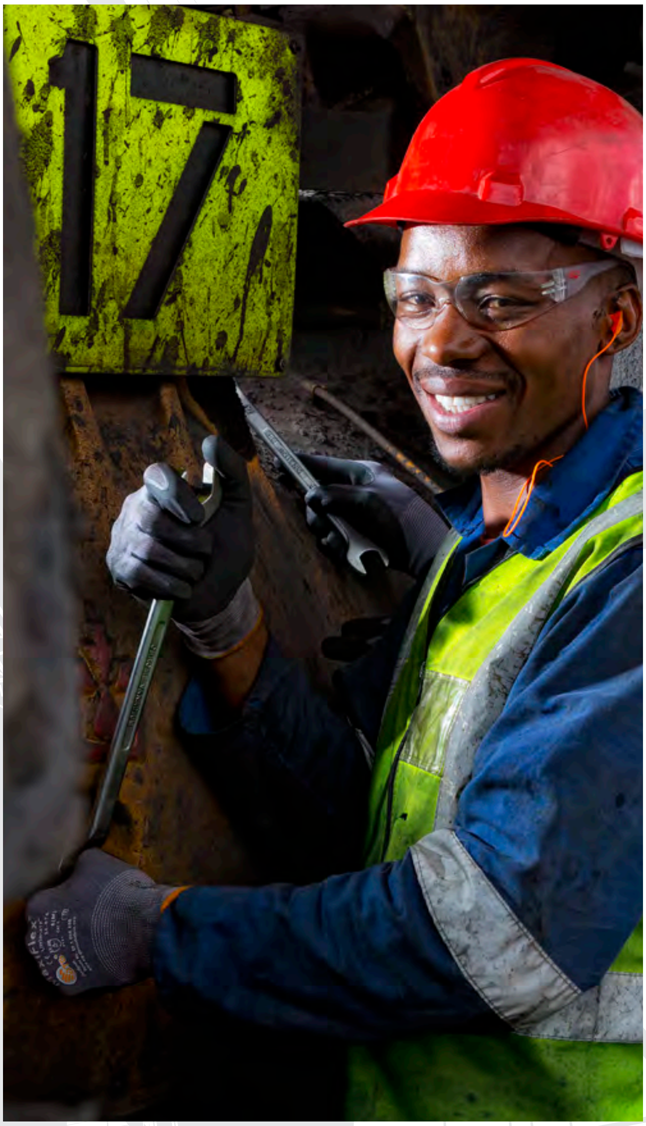
Growth potential
- Medupi ramp-up
- Thabametsi coal for IPP
- Further optimisation of ECC
- Focused capital allocation

Positive stakeholder engagement
- Stable workforce
- Constructive relationships with government, communities and Eskom

Stable business
- Project pipeline streamlined
- Targeted production and cost reduction
- Sustainable BEE position
- Maintaining dividend policy.

06

ANNEXURES



SUMMARY OF REMUNERATION RECEIVED/RECEIVABLE – 2015

	NCOE/guaranteed remuneration plus circumstantial			Short-term incentives	Long-term incentives	Other						
2015	Basic salary R	Benefits and allowances[1] R	Retirement fund contributions R	Performance bonuses[2] R	Gains on management share schemes R	Exit payment R	Recognition[3] R	Other[4] R	Total remuneration paid R	Share-based payment expense R	Gains on management share schemes R	Total remuneration expense R
Executive directors												
SA Nkosi	7 657 353	98 226	757 320	4 652 386	2 592 636		5 190		15 763 111	4 517 714	(2 592 636)	17 688 189
MDM Mgojo[5]	4 903 361	191 468	426 409	2 728 533	1 072 537		5 190		9 327 498	2 326 852	(1 072 537)	10 581 813
WA de Klerk	4 727 814	233 063	472 036	2 697 499	1 598 667		5 190		9 734 269	2 910 051	(1 598 667)	11 045 653
Total executive directors' remuneration	17 288 528	522 757	1 655 765	10 078 418	5 263 840		15 570		34 824 878	9 754 617	(5 263 840)	39 315 655
Prescribed officers												
AW Diedericks[6]	2 261 164	89 097	223 631	1 395 863	437 559		1 646		4 408 960	731 188	(437 559)	4 702 589
JG Meyer[6]	2 180 164	170 097	223 631	1 378 557	319 143		14 512		4 286 104	639 648	(319 143)	4 606 609
MI Mthenjane	2 973 693	76 353	258 582	1 328 415			5 190	667 368	5 309 601	572 621		5 882 222
M Piater[7]	3 344 971	131 802	330 821	1 890 474	1 393 339	11 687 117	45 480		18 824 004	1 358 175	(1 393 339)	18 788 840
Dr N Tsengwa[8]	1 583 085	376 673	148 616	1 197 487	6 556		1 694		3 314 111	464 372	(6 556)	3 771 927
PE Venter[9]	1 098 893	42 829	95 556		856 782	16 929 984	96 010	3 167 432	22 287 486	640 746	(856 782)	22 071 450
M Veti	2 963 323	38 013	293 076	2 280 343	400 306		5 190		5 980 251	804 330	(400 306)	6 384 275
CH Wessels	1 848 058	71 638	149 842	779 202	159 062		5 190	24 468	3 037 460	416 651	(159 062)	3 295 049
Total prescribed officers' remuneration	18 253 351	996 502	1 723 755	10 250 341	3 572 747	28 617 101	174 912	3 859 268	67 447 977	5 627 731	(3 572 747)	69 502 961

2015	Fees for services R	Benefits and allowances R	Total remuneration expense R
Non-executive directors			
S Dakile-Hlongwane	474 042	2 726	476 768
Dr CJ Fauconnier	917 947	9 482	927 429
MW Hlahla[5]	124 339		124 339
Dr D Konar (chairman)	1 555 441		1 555 441
S Mayet[10]	96 758		96 758
NB Mbazima[11]	341 881		341 881
VZ Mntambo	476 170		476 170
RP Mohring	899 532	10 741	910 273
V Nkonyeni	513 602		513 602
Dr MF Randera	474 740	6 295	481 035
J van Rooyen	643 779		643 779
D Zihlangu	455 850	3 615	459 465
Total non-executive directors remuneration	6 974 081	32 859	7 006 940

[1] *Includes leave days purchased as well as travel and acting allowances.*
[2] *All incentive schemes are performance related and were approved by the board. The two-tier short-term incentive scheme applies to all employees throughout the group.*
[3] *Comprises long-service awards, zero-fatality and LTIFR rewards.*
[4] *Includes restraint-of-trade lump sums and ex-gratia payment.*
[5] *Appointed on 4 June 2015.*
[6] *Appointed on 1 April 2015.*
[7] *Termination on 31 December 2015, severance package.*
[8] *Appointed to act as executive head, coal operations, on 1 May 2015.*
[9] *Termination on 31 March 2015, severance package.*
[10] *Appointed on 18 August 2015. Fees paid to employer.*
[11] *Resigned on 18 August 2015.*

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

SUMMARY OF REMUNERATION RECEIVED/RECEIVABLE – 2014

	NCOE/guaranteed remuneration plus circumstantial			Short-term incentives	Long-term incentives	Other						
2014[1]	Basic salary R	Benefits and allowances[2] R	Retirement fund contributions R	Performance bonuses[3] R	Gains on management share schemes R	Exit payment R	Recognition[4] R	Other[5] R	Total remuneration paid R	Share-based payment expense[6] R	Gains on management share schemes R	Total remuneration expense R
Executive directors												
SA Nkosi	7 323 305	93 941	724 283	3 188 762	5 509 697		7 307	124 073	16 971 368	(1 407 592)	(5 509 697)	10 054 079
WA de Klerk	4 574 666	180 255	452 439	1 938 841	2 792 914		7 307		9 946 422	(1 751 637)	(2 792 914)	5 401 871
Total executive directors' remuneration	11 897 971	274 196	1 176 722	5 127 603	8 302 611		14 614	124 073	26 917 790	(3 159 229)	(8 302 611)	15 455 950
Prescribed officers												
MDM Mgojo	4 106 203	161 484	357 182	2 023 946	2 135 162		7 307	160 404	8 951 688	(611 575)	(2 135 162)	6 204 951
MI Mthenjane	3 344 464	110 930	248 683	840 052			5 762	644 799	5 194 690	(455 177)		4 739 513
M Piater	3 213 283	126 613	317 797	1 243 101	1 347 297		7 307	51 049	6 306 447	(726 992)	(1 347 297)	4 232 158
PE Venter	4 307 298	199 045	377 156	1 726 326	1 881 695		7 307	51 395	8 550 222	(1 430 693)	(1 881 695)	5 237 834
M Veti	2 837 160	36 394	280 598	72 017	988 532		7 307		4 222 008	(535 725)	(988 532)	2 697 751
CH Wessels	1 775 303	68 818	143 943	493 741	415 262		7 307		2 904 374	(217 667)	(415 262)	2 271 445
Total prescribed officers' remuneration	19 583 711	703 284	1 725 359	6 399 183	6 767 948		42 297	907 647	36 129 429	(3 977 829)	(6 767 948)	25 383 652

2014	Fees for services R	Benefits and allowances R	Total remuneration expense R
Non-executive directors			
S Dakile-Hlongwane	413 707		413 707
Dr CJ Fauconnier	684 700	28 692	713 392
JJ Geldenhuys[7]	317 115	9 389	326 504
Dr D Konar (chairman)	1 395 873		1 395 873
NB Mbazima	398 036		398 036
VZ Mntambo	423 114		423 114
RP Mohring	823 781	20 832	844 613
V Nkonyeni[8]	225 083		225 083
Dr MF Randera	427 540	2 106	429 646
NL Sowazi[9, 10]	123 368		123 368
J van Rooyen	599 734		599 734
D Zihlangu	410 575		410 575
Total non-executive directors' remuneration paid by Exxaro	6 242 626	61 019	6 303 645

[1] *The 2014 executive directors' and prescribed officers' remuneration disclosures have been represented to be aligned with the remuneration philosophy as presented in the integrated report 2015.*
[2] *Includes leave days purchased as well as travel and acting allowances.*
[3] *All incentive schemes are performance related and were approved by the board. The two-tier short-term incentive scheme applies to all employees throughout the group.*
[4] *Comprises long-service awards, zero-fatality and LTIFR rewards.*
[5] *Includes restraint-of-trade lump sums and ex-gratia payment.*
[6] *Reversal of share-based payment expense as a result of the non-market conditions not being achieved.*
[7] *Retired on 27 May 2014.*
[8] *Appointed on 3 June 2014.*
[9] *Fees paid to the respective employer and not the individual.*
[10] *Resigned on 3 June 2014.*

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

INTEREST IN EXXARO SHARES

Number of shares

Directors at 31 December	2015 Direct	2015 Indirect	2014 Direct	2014 Indirect
Beneficial interest				
S Dakile-Hlongwane		488 763		488 763
WA de Klerk		23 844	1 462	19 011
Dr CJ Fauconnier	47 500		47 500	
Dr D Konar (chairman)	6 168		6 168	
MDM Mgojo	16 047	6 662 997		
VZ Mntambo		5 529 881		5 529 881
RP Mohring	1 000		1 000	
SA Nkosi	80 142	9 656 935	61 113	9 644 427
NL Sowazi				1 124 906
J van Rooyen		1 500		1 500
D Zihlangu		2 818 552		2 818 552
Non-beneficial interest				
WA de Klerk		468		66 363
Dr CJ Fauconnier		1 000		1 000

Percentages (direct and indirect)

	2015	2014
S Dakile-Hlongwane	0,14	0,14
MDM Mgojo	1,87	
VZ Mntambo	1,54	1,54
SA Nkosi	2,72	2,71
NL Sowazi		0,31
D Zihlangu	0,79	0,79

There have been no changes in the directors' interests in Exxaro shares between the end of the financial year 2015 and the date on which the annual financial statements were approved.

SHARE OPTIONS AND RESTRICTED SHARE AWARDS

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

Management SARs

2015	Rights held at 31 December[1] Number	Grant date price R	Exercisable period	Proceeds if exercisable at 31 December R	Rights exercised during the year Number	Shares forfeited[2] Number	Exercise price R	Sale price/ market price R	Pre-tax gain R	Date exercised
Executive directors										
SA Nkosi		112,35	01/04/2015			41 780				
	67 430	67,07	01/04/2016	2 969 617						
	45 474	126,77	01/04/2017	2 002 675						
	112 904			4 972 292		41 780				
MDM Mgojo		112,35	01/04/2015			15 720				
	27 530	67,07	01/04/2016	1 212 421						
	16 358	126,77	01/04/2017	720 406						
	43 888			1 932 827		15 720				
Prescribed officers										
AW Diedericks	6 988	126,77	01/04/2017	307 752						
	6 988			307 752						
JG Meyer		112,35	01/04/2015			4 560				
	7 910	67,07	01/04/2016	348 356						
	4 666	126,77	01/04/2017	205 491						
	12 576			553 847		4 560				
M Piater		112,35	01/04/2015			9 420				
		67,07	01/04/2016		16 330		67,07	102,59	580 042	31/03/2015
	9 380	126,77	01/04/2017	413 095						
	9 380			413 095	16 330	9 420			580 042	
Dr N Tsengwa		112,35	01/04/2015			9 170				
	8 312	126,77	01/04/2017	366 060						
	8 312			366 060		9 170				
PE Venter	17 376	126,77	01/04/2017	765 239						
	17 376			765 239						

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

[2] *Shares forfeited due to performance conditions not being fully met.*

With the prevailing share price of R44,04 at 31 December 2015, there would be no pre-tax gain if exercised.

We assume directors will not exercise rights that are out of the money.

Management SARs

2014	Rights held at 31 December[1] Number	Grant date price R	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[2] R	Shares forfeited[3] Number
Executive directors						
SA Nkosi	41 780	112,35	01/04/2015	4 324 230		
	67 430	67,07	01/04/2016	6 979 005	2 456 475	
	45 474	126,77	01/04/2017	4 706 559		
		163,95	01/04/2018			36 538
	154 684			16 009 794	2 456 475	36 538
WA de Klerk		163,95	01/04/2018			18 268
Prescribed officers						
MDM Mgojo	15 720	112,35	01/04/2015	1 627 020		
	27 530	67,07	01/04/2016	2 849 355	1 002 918	
	16 358	126,77	01/04/2017	1 693 053		
		163,95	01/04/2018			14 084
	59 608			6 169 428	1 002 918	14 084
M Piater	9 420	112,35	01/04/2015	974 970		
	16 330	67,07	01/04/2016	1 690 155	594 902	
	9 380	126,77	01/04/2017	970 830		
		163,95	01/04/2018			8 542
	35 130			3 635 955	594 902	8 542
PE Venter	17 376	126,77	01/04/2017	1 798 416		
		163,95	01/04/2018			14 104
	17 376			1 798 416		14 104
M Veti		163,95	01/04/2018			6 168
CH Wessels		163,95	01/04/2018			2 936

[1] *Refers to rights held by employees including vested not yet exercised as well as unvested rights.*
[2] *Based on a share price of R103,50 which prevailed on 31 December 2014.*
[3] *Shares forfeited due to performance conditions not being fully met.*

There were no management share appreciation right scheme rights exercised nor shares forfeited in 2014.

We assume directors will not exercise rights that are out of the money.

Management share scheme – LTIP

2015	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Shares forfeited[2] Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Executive directors									
SA Nkosi		01/04/2015			20 234	48 331	100,8	2 039 587	01/04/2015
	94 011	01/04/2016	4 140 244	4 140 244					
	135 608	01/04/2017	5 972 176	5 972 176					
	196 751	01/04/2018	8 664 914	8 664 914					
	426 370		18 777 334	18 777 334	20 234	48 331		2 039 587	
MDM Mgojo		01/04/2015			8 208	19 604	100,8	827 366	01/04/2015
	38 843	01/04/2016	1 710 646	1 710 646					
	47 848	01/04/2017	2 107 226	2 107 226					
	68 820	01/04/2018	3 030 833	3 030 833					
	63 889	01/05/2018	2 813 672	2 813 672					
	219 400		9 662 377	9 662 377	8 208	19 604		827 366	
WA de Klerk		01/04/2015			10 237	24 452	100,8	1 031 890	01/04/2015
		01/11/2015			4 318	10 312	57,29	247 378	12/11/2015
	58 439	01/04/2016	2 573 654	2 573 654					
	82 010	01/04/2017	3 611 720	3 611 720					
	121 218	01/04/2018	5 338 441	5 338 441					
	261 667		11 523 815	11 523 815	14 555	34 764		1 279 268	
Prescribed officers									
AW Diedericks		01/04/2015			3 641	8 696	100,8	367 013	01/04/2015
	16 036	01/04/2016	706 225	706 225					
	20 081	01/04/2017	884 367	884 367					
	34 387	01/04/2018	1 514 403	1 514 403					
	70 504		3 104 995	3 104 995	3 641	8 696		367 013	
JG Meyer		01/04/2015			2 169	5 179	100,8	218 635	01/04/2015
		02/08/2015			1 508	3 603	66,65	100 508	26/08/2015
	15 213	01/04/2016	669 981	669 981					
	18 988	01/04/2017	836 232	836 232					
	34 387	01/04/2018	1 514 403	1 514 403					
	68 588		3 020 616	3 020 616	3 677	8 782		319 143	
MI Mthenjane	21 589	01/05/2016	950 780	950 780					
	23 246	01/04/2017	1 023 754	1 023 754					
	33 435	01/04/2018	1 472 477	1 472 477					
	78 270		3 447 011	3 447 011					
M Piater		01/04/2015			4 614	11 018	100,8	465 091	01/04/2015
		01/11/2015			2 540	6 066	57,29	145 517	03/11/2015
	30 632	01/04/2016	1 349 033	1 349 033					
	37 876	01/04/2017	1 668 059	1 668 059					
	54 478	01/04/2018	2 399 211	2 399 211					
	81 558	01/09/2018	3 591 814	3 591 814					
	81 558	18/12/2018	3 591 814	3 591 814					
	286 102		12 599 931	12 599 931	7 154	17 084		610 608	
Dr N Tsengwa		01/04/2015				8 747	100,8	369 130	01/04/2015
	16 263	01/04/2016	716 223	716 223					
	20 109	01/04/2017	885 600	885 600					
	28 922	01/04/2018	1 273 725	1 273 725					
	65 294		2 875 548	2 875 548		8 747		369 130	
PE Venter		01/04/2015			8 357	19 961	100,8	842 386	01/04/2015
	41 015	01/04/2016	1 806 301	1 806 301					
	50 523	01/04/2017	2 225 033	2 225 033					
	91 538		4 031 334	4 031 334	8 357	19 961		842 386	
M Veti		01/04/2015			3 667	8 757	100,8	369 634	01/04/2015
	18 458	01/04/2016	812 890	812 890					
	23 146	01/04/2017	1 019 350	1 019 350					
	33 291	01/04/2018	1 466 136	1 466 136					
	74 895		3 298 376	3 298 376	3 667	8 757		369 634	
CH Wessels		01/04/2015			1 578	3 767	100,8	159 062	01/04/2015
	8 849	01/04/2016	389 710	389 710					
	10 942	01/04/2017	481 886	481 886					
	15 737	01/04/2018	693 057	693 057					
	35 528		1 564 653	1 564 653	1 578	3 767		159 062	

[1] *Based on a share price of R44,04 on 31 December 2015.*
[2] *Shares forfeited due to performance conditions not being fully met.*

Management share scheme – LTIP

2015	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Shares forfeited[2] Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Executive directors									
SA Nkosi									
		01/04/2014			34 801	1 737	140,08	4 874 924	09/04/2014
	68 565	01/04/2015	7 096 478	7 096 478					
	94 011	01/04/2016	9 730 139	9 730 139					
	135 608	01/04/2017	14 035 428	14 035 428					
	298 184		30 862 045	30 862 045	34 801	1 737		4 874 924	
WA de Klerk		01/04/2014			17399	869	140,08	2 437 252	03/04/2014
	34 689	01/04/2015	3 590 312	3 590 312					
	14 630	01/11/2015	1 514 205	1 514 205					
	58 439	01/04/2016	6 048 437	6 048 437					
	82 010	01/04/2017	8 488 035	8 488 035					
	189 768		19 640 989	19 640 989	17 399	869		2 437 252	
Prescribed officers									
MDM Mgojo		01/04/2014			13 414	670	140,08	1 879 033	10/04/2014
	27 812	01/04/2015	2 878 542	2 878 542					
	38 843	01/04/2016	4 020 251	4 020 251					
	47 848	01/04/2017	4 952 268	4 952 268					
	114 503		11 851 061	11 851 061	13 414	670		1 879 033	
MI Mthenjane	21 589	01/05/2016	2 234 462	2 234 462					
	23 246	01/05/2017	2 405 961	2 405 961					
	44 835		4 640 423	4 640 423					
M Piater		01/04/2014			8 136	406	140,08	1 139 691	07/04/2014
	15 632	01/04/2015	1 617 912	1 617 912					
	8 606	01/11/2015	890 721	890 721					
	30 632	01/04/2016	3 170 412	3 170 412					
	37 876	01/04/2017	3 920 166	3 920 166					
	92 746		9 599 211	9 599 211	8 136	406		1 139 691	
PE Venter		01/04/2014			13 433	671	140,08	1 881 695	04/04/2014
	28 318	01/04/2015	2 930 913	2 930 913					
	41 015	01/04/2016	4 245 053	4 245 053					
	50 523	01/04/2017	5 229 131	5 229 131					
	119 856		12 405 097	12 405 097	13 433	671		1 881 695	
M Veti		01/04/2014			5 875	293	140,08	822 970	10/04/2014
	12 424	01/04/2015	1 285 884	1 285 884					
	18 458	01/04/2016	1 910 403	1 910 403					
	23 146	01/04/2017	2 395 611	2 395 611					
	54 028		5 591 898	5 591 898	5 875	293		822 970	
CH Wessels		01/06/2014			2 796	140	148,52	415 262	02/09/2014
	5 345	01/04/2015	553 208	553 208					
	8 849	01/04/2016	915 872	915 872					
	10 942	01/04/2017	1 132 497	1 132 497					
	25 136		2 601 577	2 601 577	2 796	140		415 262	

[1] *Based on a share price of R103,50 on 31 December 2014.*

[2] *Shares forfeited due to performance conditions not being fully met.*

Management share scheme – DBP

2015	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Executive directors								
SA Nkosi		06/03/2015			569	109,72	62 431	16/03/2015
		28/02/2015			1 346	109,72	147 683	17/03/2015
		31/03/2015			3 099	102,59	317 926	13/04/2015
		31/08/2015			370	67,59	25 008	08/09/2015
	1 326	08/03/2016	58 397	58 397				
	1 004	31/08/2016	44 216	44 216				
	3 204	07/03/2017	141 104	141 104				
	409	31/08/2017	18 012	18 012				
	1 933	06/03/2018	85 129	85 129				
	15 959	31/03/2018	702 834	702 834				
	23 835		1 049 692	1 049 692	5 384		553 048	
MDM Mgojo		06/03/2015			252	109,72	27 649	17/03/2015
		28/02/2015			558	109,72	61 224	17/03/2015
		31/03/2015			1 455	102,59	149 268	13/04/2015
		31/08/2015			104	67,59	7 029	08/09/2015
	127	08/03/2016	5 593	5 593				
	3 854	01/04/2016	169 730	169 730				
	574	31/08/2016	25 279	25 279				
	2 255	07/03/2017	99 310	99 310				
	4 560	31/03/2017	200 822	200 822				
	778	31/08/2017	34 263	34 263				
	12 148		534 997	534 997	2 369		245 170	
WA de Klerk		06/03/2015			355	109,72	38 951	18/03/2015
		28/02/2015			842	109,72	92 384	18/03/2015
		31/03/2015			1 679	102,59	172 249	02/04/2015
		31/08/2015			234	67,59	15 816	08/09/2015
	827	08/03/2016	36 421	36 421				
	4 320	31/03/2016	190 253	190 253				
	640	31/08/2016	28 186	28 186				
	2 082	07/03/2017	91 691	91 691				
	5 687	31/03/2017	250 455	250 455				
	262	31/08/2017	11 538	11 538				
	1 236	06/03/2018	54 433	54 433				
	8 790	31/03/2018	387 112	387 112				
	23 844		1 050 089	1 050 089	3 110		319 400	
Prescribed officers								
AW Diedericks		28/02/2015			373	109,72	40 926	16/03/2015
		31/03/2015			658	102,59	67 504	08/04/2015
		31/08/2015			45	67,59	3 042	08/09/2015
	55	08/03/2016	2 422	2 422				
	1 807	01/04/2016	79 580	79 580				
	339	31/08/2016	14 930	14 930				
	440	07/03/2017	19 378	19 378				
	2 350	31/03/2017	103 494	103 494				
	137	31/08/2017	6 033	6 033				
	649	06/03/2018	28 582	28 582				
	3 618	31/03/2018	159 337	159 337				
	1 276	31/08/2018	56 195	56 195				
	10 671		469 951	469 951	1 076		111 472	
JG Meyer	468	08/03/2016	20 611	20 611				
	1 360	01/04/2016	59 894	59 894				
	1 028	07/03/2017	45 273	45 273				
	2 196	31/03/2017	96 712	96 712				
	130	31/08/2017	5 725	5 725				
	614	06/03/2018	27 041	27 041				
	3 450	31/03/2018	151 938	151 938				
	1 240	31/08/2018	54 610	54 610				
	10 486		461 804	461 804				
MI Mthenjane	138	31/03/2016	6 078	6 078				
	563	07/03/2017	24 795	24 795				
	701		30 873	30 873				

Management share scheme – DBP (continued)

2015	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Prescribed officers (continued)								
M Piater		08/03/2016			250	109,72	27 430	18/03/2015
		28/02/2015			609	109,72	66 819	18/03/2015
		31/03/2015			947	102,59	97 153	13/04/2015
		31/08/2015			167	67,59	11 288	08/09/2015
	597	08/03/2016	26 292	26 292				
	1 330	01/04/2016	58 573	58 573				
	252	31/08/2016	11 098	11 098				
	1 462	07/03/2017	64 386	64 386				
	4 046	31/03/2017	178 186	178 186				
	185	31/08/2017	8 147	8 147				
	867	06/03/2018	38 183	38 183				
	3 107	31/03/2018	136 832	136 832				
	1 526	31/08/2018	67 205	67 205				
	13 372		588 902	588 902	1 973		202 690	
Dr N Tsengwa		28/02/2015			376	109,72	41 255	17/03/2015
		31/03/2015			772	102,59	79 199	02/04/2015
		31/08/2015			97	67,59	6 556	08/09/2015
	87	08/03/2016	3 831	3 831				
	889	01/04/2016	39 152	39 152				
	87	31/08/2016	3 831	3 831				
	46	07/03/2017	2 026	2 026				
	159	31/08/2017	7 002	7 002				
	896	06/03/2018	39 460	39 460				
	1 812	31/03/2018	79 800	79 800				
	532	31/08/2018	23 429	23 429				
	4 508		198 531	198 531	1 245		127 010	
PE Venter		31/08/2015			213	67,59	14 397	02/09/2015
					213		14 397	
M Veti		06/03/2015			197	109,72	21 615	18/03/2015
		31/08/2015			134	67,59	9 057	08/09/2015
	461	08/03/2016	20 302	20 302				
	208	31/08/2016	9 160	9 160				
	688	07/03/2017	30 300	30 300				
	88	31/08/2017	3 876	3 876				
	416	06/03/2018	18 321	18 321				
	2 581	13/05/2018	113 667	113 667				
	727	31/08/2018	32 017	32 017				
	5 169		227 643	227 643	331		30 672	
CH Wessels	428	01/04/2016	18 849	18 849				
	126	31/08/2016	5 549	5 549				
	430	07/03/2017	18 937	18 937				
	735	31/03/2017	32 369	32 369				
	55	31/08/2017	2 422	2 422				
	262	06/03/2018	11 538	11 538				
	1 163	31/03/2018	51 219	51 219				
	3 199		140 883	140 883				

[1] *Based on a share price of R44,04 on 31 December 2015.*

Management share scheme – DBP

2014	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Executive directors								
SA Nkosi		28/02/2014			1 492	149,12	222 487	19/03/2014
		31/03/2014			2 934	140,52	412 286	07/04/2014
	569	11/11/2014	58 892	58 892				
	1 346	28/02/2015	139 311	139 311				
	3 099	31/03/2015	320 747	320 747				
	370	31/08/2015	38 295	38 295				
	1 326	08/03/2016	137 241	137 241				
	1 004	31/08/2016	103 914	103 914				
	3 204	07/03/2017	331 614	331 614				
	409	31/08/2017	42 332	42 332				
	11 327		1 172 346	1 172 346	4 426		634 773	
WA de Klerk		28/02/2014			932	149,12	138 980	10/03/2014
		31/03/2014			1 542	140,52	216 682	09/04/2014
	355	11/11/2014	36 743	36 743				
	842	28/02/2015	87 147	87 147				
	1 679	31/03/2015	173 777	173 777				
	234	31/08/2015	24 219	24 219				
	827	08/03/2016	85 595	85 595				
	4 320	31/03/2016	447 120	447 120				
	640	31/08/2016	66 240	66 240				
	2 082	07/03/2017	215 487	215 487				
	5 687	31/03/2017	588 605	588 605				
	262	31/08/2017	27 117	27 117				
	16 928		1 752 050	1 752 050	2 474		355 662	
Prescribed officers								
MDM Mgojo		28/02/2014			600	149,12	89 472	10/03/2014
		31/03/2014			1 186	140,52	166 657	07/04/2014
	252	11/11/2014	26 082	26 082				
	558	28/02/2015	57 753	57 753				
	1 455	31/03/2015	150 593	150 593				
	104	31/08/2015	10 764	10 764				
	127	08/03/2016	13 145	13 145				
	3 854	01/04/2016	398 889	398 889				
	574	31/08/2016	59 409	59 409				
	2 255	07/03/2017	233 393	233 393				
	4 560	31/03/2017	471 960	471 960				
	778	31/08/2017	80 523	80 523				
	14 517		1 502 511	1 502 511	1 786		256 129	
MI Mthenjane	138	31/08/2016	14 283	14 283				
	563	31/03/2017	58 271	58 271				
	701		72 554	72 554				
M Piater		28/02/2014			644	149,12	96 033	18/03/2014
		31/03/2014			794	140,52	111 573	09/04/2014
	250	11/11/2014	25 875	25 875				
	609	28/02/2015	63 032	63 032				
	947	31/03/2015	98 015	98 015				
	167	31/08/2015	17 285	17 285				
	597	08/03/2016	61 790	61 790				
	1 330	01/04/2016	137 655	137 655				
	252	31/08/2016	26 082	26 082				
	1 462	07/03/2017	151 317	151 317				
	4 046	31/03/2017	418 761	418 761				
	185	31/08/2017	19 148	19 148				
	9 845		1 018 960	1 018 960	1 438		207 606	

Management share scheme – DBP (continued)

2014	Rights held at 31 December Number	Exercisable period	Proceeds if exercisable at 31 December R	Pre-tax gain if exercisable at 31 December[1] R	Options exercised during the year Number	Sale price/ market price R	Pre-tax gain R	Date exercised
Prescribed officers (continued)								
PE Venter	213	31/08/2015	22 046	22 046				
	213		22 046	22 046				
M Veti		28/02/2014			510	149,12	76 051	17/03/2014
		31/03/2014			637	140,52	89 511	10/04/2014
	197	11/11/2014	20 390	20 390				
	134	31/08/2015	13 869	13 869				
	461	08/03/2016	47 714	47 714				
	208	31/08/2016	21 528	21 528				
	688	07/03/2017	71 208	71 208				
	88	31/08/2017	9 108	9 108				
	1 776		183 817	183 817	1 147		165 562	
CH Wessels	428	01/04/2016	44 298	44 298				
	126	31/08/2016	13 041	13 041				
	430	07/03/2017	44 505	44 505				
	735	31/03/2017	76 073	76 073				
	55	31/08/2017	5 693	5 693				
	1 774		183 610	183 610				

[1] *Based on a shre price of R103,50, on 31 December 2014.*

MINING CHARTER PERFORMANCE

POWERING POSSIBILITY

Element	Metric	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014*	Actual 2015**
Ownership	Black ownership	52,10%	52,14%	52,14%	52,09%	52,09%	52,09%
Beneficiation	Domestic use	Yes	Yes	Yes	Yes	Yes	Yes
Procurement and enterprise development	Capital goods	43%	45%	59%	49%	34%	53%
	Services	24%	42%	37%	58%	69%	82%
	Consumables	25%	43%	47%	62%	71%	79%
Employment equity	Top management	50%	60%	None	60%	67%	79%
	Senior management	30%	34%	44%	53%	42%	34%
	Middle management	51%	54%	54%	55%	57%	56%
	Junior management	63%	64%	69%	65%	73%	75%
	Core and critical skills	25%	Not reported	98%	96%	98%	96%
Human resources development	Percentage of payroll (excl levies)	5,1%	5,5%	6,6%	5,3%	9,95%	7,9%
Community development	% of net profit after tax or LED project completion	2,5%	1,8%	4,7%	0,9%	1,8%	62%
Housing and living	Hostel conversion Occupancy rate Home ownership	1,15% of employees	22%	No employees sharing rooms	Number of people sharing – 0	100%	100%
Sustainable development	Environment	Programmes in place to achieve target by 2014	Implementation of approved EMPs	Rehabilitation and closure plans drafted for all mines	Implementation of approved EMPs	91%	93%
	Health and safety	Developmental plans for 70% of actions for safety and health	Health: 100% of mandatory reports submitted	MOSH leading practices and MHSC research findings investigated and implemented	Leadership strategies (programmes implemented)	98%	90%
	Research and development	100%	Samples predominantly analysed in South Africa	100%	100%	100%	100%
Reporting	Annual reporting to DMR	Yes	Yes	Yes	Yes	Yes	Yes

Missed target
Missed target by <5%
Met/exceeded target

** The 2014 scorecard reflects the average across eight operational mining right sites only.*
*** The 2015 scorecard reflects the average across seven operational mining right sites only and excludes the ECC mines.*

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