POWERING POSSIBILITY

Exxaro Resources Limited

Reviewed condensed group annual financial statements and unreviewed production and sales volumes information

For the year ended 31 December 2019

CONTENTS

HIGHLIGHTS

GROUP FINANCIAL PERFORMANCE

R25.7 billion
Revenue, up 1%

R5.8 billion
Core EBITDA, down 20%

R23.54 per share
Core headline earnings, up 9%

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

R5.66 per share
Final cash dividend, total dividend of R23.27 per share, for FY19

SUSTAINABLE OPERATIONS

LTIFR of 0.12

COAL OPERATIONAL PERFORMANCE

45.3Mt
Production volumes

44.5Mt
Sales volumes

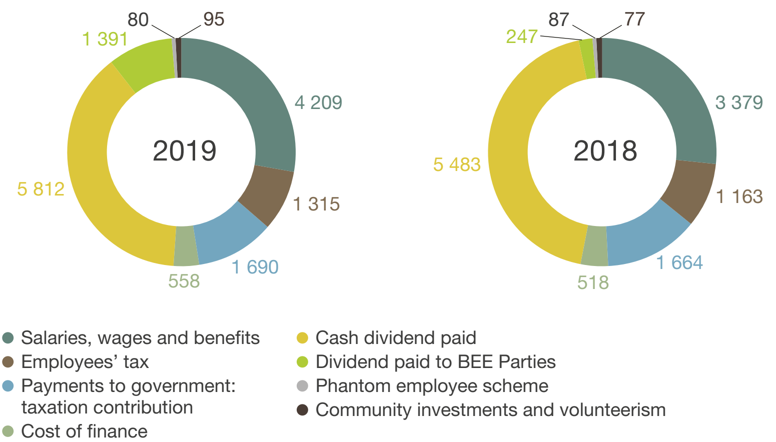
9.1Mt
Record export volumes

SIOC

R4.4 billion
post-tax equity-accounted income

R4.1 billion
Total dividend in FY19

Value distribution (Rm)



COMMENTARY

For the year ended 31 December 2019

Comments below are based on a comparison between the financial years ended 31 December 2019 and 2018 (FY19 and FY18) respectively.

Safety

Zero harm remains Exxaro's key safety objective. The group recorded an LTIFR of 0.12 (FY18: 0.12), which is higher than the set target of 0.11. We have done better in previous years and remain confident that we will improve on this through our safety campaign, "khetha ukuphepha", which we launched in November 2019. We are pleased to report zero fatalities for 33 consecutive months at 31 December 2019.

Results overview

Group revenue was up 1% to R25 726 million (FY18: R25 491 million), while group core EBITDA (after adjusting for non-core items) decreased 20% to R5 832 million (FY18: R7 281 million). The main contributors were the lower benchmark API4 export price negatively impacting revenue, as well as cost pressures which are further explained under financial and operational results.

Core equity-accounted income from associates and joint ventures increased to R4 750 million (FY18: R3 271 million) mainly as a result of SIOC.

Core headline earnings rose 3% to R7 402 million (FY18: R7 167 million), despite the lower core EBITDA, which was more than offset by the net increase in our core equity-accounted income.

Comparability of results

The key items (non-core adjustments) shown below should be considered for a better understanding of the comparability of the results between the different reporting periods. EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges/reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss). This term is not defined under IFRS and may not be comparable with similarly titled measures reported by other companies.

Key items impacting on comparability of results (non-core adjustments)

Segment	Description	FY19 Rm	FY18 Rm
Coal	– Insurance claim recovery from external parties	(99)	
	– Targeted voluntary packages[1]	393	
Ferrous	– Targeted voluntary packages[1]	3	
TiO_2	– Indemnification asset movement relating to the tax implications of the partial Tronox Holdings plc divestment	(65)	
Other	– Fair value adjustment on debt	(58)	
	– Fair value adjustment on the ECC contingent consideration	(296)	357
Group	**Total EBITDA impact**	(122)	357
Coal	– Insurance claim recovery from external parties[2]	(49)	(57)
	– Gain on disposal of non-core investments[2,3]	(76)	(171)
	– Loss on loss of control of Tumelo[2]	35	
	– Net gains on disposal of property, plant and equipment[2, 4]	(18)	(121)
	– Impairment reversal of property, plant and equipment[2]	(23)	
	– Tax on non-core adjustments[2]	11	29
Ferrous	– Post-tax share of SIOC's loss on disposal of property, plant and equipment[2]	10	13
TiO_2	– Net gains on partial disposal of investment in Tronox, including net gain on translation differences recycled to profit and loss[2, 5]	(2 336)	
	– Tax on partial disposal of investment in Tronox Holdings plc[2]	65	
Energy	– Impairment of associate (GAM)[2]	58	
Other	– Net gain on translation differences recycled to profit or loss on foreign subsidiaries[2]	(7)	(14)
	– Net loss on disposal of property, plant and equipment[2]	18	
	– Losses on dilution of investments in associates[2]	42	
	– Post-tax share of Insect Technology's loss on disposal of intangible assets and impairment of goodwill[2]	42	
Various	– Other items individually less than R10 million[2]	4	1
Net financing cost	– Eyesizwe preference dividend accrued (consolidation impact)	25	100
Non-controlling interest	– Non-controlling interests on non-core adjustments	(86)	
Group	**Total attributable earnings impact**	(2 407)	137

[1] Exxaro is committed to comply with the employment equity targets prescribed by the Mining Charter and DTI codes and as such approved various mechanisms that will support the achievement of the 2022 targets.
[2] Excluded from headline earnings.
[3] Relates to a gain on disposal of Paardeplaats mining right; FY18 comprises a gain on disposal of Manyeka (R69 million) and a gain on disposal of NBC (R102 million).
[4] FY18 includes R115 million gain on disposal of mineral properties by Matla.
[5] Includes a gain of R1 234 million on the partial disposal of Tronox Holdings plc, a gain of R832 million on translation differences recycled to profit or loss on partial disposal of Tronox Holdings plc and a gain of R270 million on the redemption of the Tronox UK membership interest.

COMMODITY PRICE PERFORMANCE AND GROUP SEGMENT RESULTS

The movement in the main commodity prices impacting on Exxaro's performance are summarised in the table below.

Change in commodity prices

	Average US$ per tonne		
Commodity price	**FY19**	**FY18**	**% change**
API4 coal	72	98	-27
Iron ore fines 62% Fe (CFR China)	94	70	+34

FINANCIAL AND OPERATIONAL RESULTS

Group financial results

Group segment results (Rm)

	Revenue		Core EBITDA[1]	
	FY19	**FY18**	**FY19**	**FY18**
Coal	25 582	25 302	5 902	7 617
Ferrous	130	169	3	15
Other	14	20	(73)	(351)
Total	25 726	25 491	5 832	7 281

[1] *Core EBITDA is calculated after adjusting for non-core adjustments.*

Revenue and core EBITDA

Group revenue was up 1% to R25 726 million (FY18: R25 491 million). While coal export volumes increased by 14%, there was a significant decline in the API4 price resulting in a 30% lower average price per tonne achieved of US$54 (FY18: US$77). This negative impact was cushioned somewhat by a weaker average spot exchange rate of R14.44 to the US dollar (FY18: R13.24). On the domestic front, while higher prices from commercial mines had a positive revenue impact, this was offset by lower production volumes when compared to the previous year.

Group core EBITDA decreased by 20% to R5 832 million (FY18: R7 281 million), mostly due to lower export prices, inflationary pressure on costs, higher selling and distribution costs directly attributed to our higher export volumes and higher rehabilitation costs at our closed operations resulting from revised cost estimates in line with the latest NEMA regulations.

Earnings

Headline earnings were 13% higher at R7 599 million (FY18: R6 707 million) or 3 027 cents per share (FY18: 2 672 cents per share). This was mainly driven by an increase of R1 434 million in Exxaro's share of income of equity-accounted investments to R4 693 million (FY18: R3 259 million) which more than offset the drop in coal earnings.

After adjusting for non-core items, core headline earnings rose 3% to R7 402 million (FY18: R7 167 million) or 2 354[1] cents per share (FY18: 2 159[1] cents per share).

[1] *Based on a core WANOS of 332 million shares from January to October 2019 and core WANOS of 251 million shares for November and December 2019 (FY18: 332 million shares).*

FINANCIAL AND OPERATIONAL RESULTS continued

Group financial results continued

Earnings continued

Core equity-accounted income (Rm)

	Core equity-accounted income/(loss)		Dividend income	
	FY19	FY18	FY19	FY18
Coal: Mafube	127	113		
Coal: RBCT	3	(34)		
Ferrous: SIOC	4 423	2 605	4 051	2 569
TiO_2: Tronox SA	236	381		
Tronox UK[1]		110		
Tronox Holdings plc[2]			47	69
Energy[3]	17	60	95	58
Other: Other[4]	(56)	36		
Total	4 750	3 271	4 193	2 696

[1] *Application of the equity method ceased when the investment was classified as a non-current asset held-for-sale on 30 November 2018. On 15 February 2019, the 26% Tronox UK membership interest was redeemed.*

[2] *Application of the equity method ceased when the investment was classified as a non-current asset held-for-sale on 30 September 2017.*

[3] *Includes equity-accounted income for Cennergi of R45 million (FY18: R65 million) and equity-accounted loss for LightApp of R28 million (FY18: R5 million). The dividend received for both periods is from Cennergi.*

[4] *Includes an equity-accounted income for Black Mountain of R51 million (FY18: R70 million), an equity-accounted loss for Insect Technology of R103 million (FY18: R31 million) and an equity-accounted loss for Curapipe of R4 million (FY18: R3 million).*

Cash flow and funding

Cash flow generated by operations of R5 273 million (FY18: R7 024 million) and dividends received from investments of R4 193 million (FY18: R2 696 million) were sufficient to cover ordinary dividends paid, after paying taxes and net finance costs.

Total capital expenditure of R6 076 million increased by R286 million, when compared to the corresponding period last year, consisting of R345 million decrease on sustaining and environmental capital (stay-in-business capital) and R631 million increase on new capacity (expansion capital).

Debt exposure

Net debt for the year ended 31 December 2019 increased by R1 943 million to R5 810 million (FY18: R3 867 million). The main cash outflow items during 2019 include the funding of our capital expenditure programme of R6 076 million, R344 million cash payment in respect of the ECC contingent consideration, R678 million for the acquisition of shares in the market to settle share-based payments and R263 million being the deferred consideration paid to Insect Technology (previously known as AgriProtein).

In addition to the cash generated by our own operations and dividends received, we also received cash of R2 057 million from Tronox UK for the redemption of Exxaro's 26% membership interest and R2 889 million from Tronox Holdings plc for the repurchase of 14 million shares from Exxaro. Of the cash received, 65% was returned to shareholders as a special dividend of R3 218 million.

The dividends received by Eyesizwe resulted in the full settlement of the preference share liability in October 2019.

FINANCIAL AND OPERATIONAL RESULTS continued

Coal business performance

Unreviewed coal production and sales volumes ('000 tonnes)

	Production		Sales	
	FY19	FY18	FY19	FY18
Thermal	43 203	44 417	43 503	43 967
Commercial – Waterberg	25 683	27 375	24 443	25 364
Commercial – Mpumalanga	11 529	10 433	3 975	4 033
Exports			9 087	7 965
Tied	5 991	6 609	5 998	6 605
Metallurgical	2 074	2 323	1 030	1 197
Commercial – Waterberg	2 074	2 323	1 030	1 197
Total coal	45 277	46 740	44 533	45 164
Semi-coke		23		33
Total coal (excluding buy-ins)	45 277	46 763	44 533	45 197
Thermal coal buy-ins	305	1 049		
Total coal (including buy-ins)	45 582	47 812	44 533	45 197

In the domestic market, steam coal demand remained stable with Eskom demand varying due to lower offtake from Medupi power station offset by additional offtake from Leeuwpan and ECC. AMSA demand varied due to fluctuations in kiln operations as well as the steel plant in Saldanha being placed on care and maintenance. Exxaro has successfully placed the AMSA material in the market with other customers.

Overall, the thermal coal seaborne market remained in oversupply. However, price support for the API4 was evident towards the end of 2019 but the sharp increase in API4 priced South African producers out of their natural markets. The competition in our markets is intensifying, with traditional Atlantic Ocean suppliers competing aggressively. The API4 averaged US$72 per tonne compared to US$98 per tonne in 2018. Export volumes increased 14% from 8.0Mt in FY18 to 9.1Mt in FY19.

Production and sales volumes

Coal **production** volumes (excluding buy-ins) were down 1 463kt (-3%). The lower production volumes are mainly attributed to the divestment of NBC at the end of October 2018 as well as lower production at Grootegeluk due to the lower demand from Eskom for the Medupi power station. This was partially offset by the early tonnes from Belfast and ramp-up of Mafube. **Sales** volumes were only 1% (-632kt) down due to belt failure and ash handling problems experienced at the Medupi power station resulting in lower offtake.

Thermal coal

Commercial: Waterberg

Production at Grootegeluk declined by 1 692kt (-6%) due to the lower offtake from the Medupi power station. This also resulted in a decrease in **sales** volumes of 921kt (-4%).

Commercial: Mpumalanga

The commercial Mpumalanga mines' thermal coal **production** was 1 096kt (11%) higher compared to FY18 mainly driven by:

- Belfast ramping up earlier than expected and producing 1 029kt
- Higher production at Mafube of 878kt, mainly due to the ramping down of Springboklaagte in FY18 and the ramping up of Nooitgedacht in FY19
- Higher production at ECC of 438kt following the ramp-up of FZON, the first production of 4 seam coal at DCMW and increased yield and product achieved at DCME
- Higher production at Leeuwpan of 176kt due to the change in production specifications resulting in higher yields and improved throughput, partly offset by lower tempos to meet the contracted quality requirement on the Eskom contract at the crush and screening plant.

The increase was partly offset by no volume from NBC (-1 425kt) as a result of our divestment in 2H18.

FINANCIAL AND OPERATIONAL RESULTS continued

Production and sales volumes continued

Thermal coal continued

Commercial: Mpumalanga continued

The commercial Mpumalanga mines' thermal coal **sales** were marginally down by 58kt (-1%), mainly due to our divestment of NBC (-1 478kt) in 2H18. The decrease was partly offset by higher sales at Leeuwpan (706kt) and ECC (655kt) due to our strategy to divert coal from the export market to Eskom.

Exports commercial

Export **sales** increased by 1 122kt (+14%) mainly because of more coal being available from Mafube, ECC and Belfast.

Tied

Coal **production** and **sales** from Matla mine decreased by 9%, mainly due to the shortwall-stop at Mine 3.

Metallurgical coal

Grootegeluk's metallurgical coal **production** decreased by 249kt (-11%) as a result of TFR performance and full stockpiles. **Sales** volumes were lower by 167kt (-14%) mainly due to lower demand from AMSA.

Revenue and core EBITDA

Coal revenue and core EBITDA (Rm)

	Revenue		Core EBITDA[1]	
	FY19	**FY18**	**FY19**	**FY18**
Commercial – Waterberg	14 012	13 289	7 146	6 882
Commercial – Mpumalanga	7 240	7 984	71	1 558
Tied[2]	4 038	3 665	159	144
Other	292	364	(1 474)	(967)
Total coal	25 582	25 302	5 902	7 617

[1] Core EBITDA is calculated after adjusting for non-core adjustments.
[2] Matla mine supplying its entire production to Eskom.

Coal revenue was 1% higher at R25 582 million (FY18: R25 302 million). The higher revenue was mainly driven by an increase in domestic sales due to price escalations and new contracts, partly offset by other lower domestic volumes. Although export volumes were 14% higher than the previous year, the average realised rand price per tonne was 24% lower at R774 compared to R1 013 in FY18.

Coal core EBITDA of R5 902 million (FY18: R7 617 million) decreased by 23%, mainly driven by:
- Inflation (-R676 million)
- Higher distribution costs due to increased exports (-R514 million)
- Higher rehabilitation costs (-R336 million), mainly at our closed operations
- Higher operational costs (contract mining and mining consumables) mainly at ECC (-R184 million).

The decrease was partly offset by:
- Lower royalties (+R151 million).

Equity-accounted investment

Mafube, a 50% joint venture with Anglo, recorded a core equity-accounted income of R127 million (FY18: R113 million) mainly due to the ramping up of the Nooitgedacht reserve.

FINANCIAL AND OPERATIONAL RESULTS continued

Coal business performance continued

Capex and projects

Exxaro's coal capital expenditure of R5 817 million increased by 2% compared to R5 722 million in FY18. While our expansion capital in the Mpumalanga region increased by R1 345 million, this was partly offset by a lower capex spend of R789 million in the Waterberg region. Our sustaining capital decreased by R534 million, mainly in the Mpumalanga region.

As reported previously, first coal from our greenfield Belfast mine was produced in March 2019 and first product sales took place in May 2019. Completion of the beneficiation plant is close to commissioning with ramp up expected in 1Q20. At Mafube, ramping up of the Nooitgedacht reserve to name plate capacity was achieved in 4Q19 and continues to exceed expectations.

Coal Capex (Rm)

	FY19	FY18	% change FY19 vs FY18
Sustaining	2 245	2 779	-19
Commercial – Waterberg	1 753	1 904	-8
Commercial – Mpumalanga	475	875	-46
Other	17		
Expansion	3 572	2 943	+21
Commercial – Waterberg	1 198	1 987	-40
Commercial – Mpumalanga	2 301	956	+141
Other	73		
Total coal capex	5 817	5 722	+2

Ferrous business

Equity-accounted investment

The core equity-accounted income from SIOC increased by R1 818 million to R4 423 million (FY18: R2 605 million). The increase is primarily driven by the effect of the higher iron-ore prices realised and a weaker exchange rate.

An interim dividend of R2 680 million was received from our investment in SIOC (2H18: R1 263 million). SIOC has declared a final dividend to its shareholders in February 2020. Exxaro's 20.62% share of the dividend amounts to R1 412 million. The dividend will be accounted for in 2020.

Titanium dioxide

Equity-accounted investment

Core equity-accounted income from Tronox SA decreased by R145 million to R236 million compared to FY18. The decrease is mainly as a result of increased costs (royalties and allocated head office costs), inventory revaluation adjustments and foreign currency exchange losses.

Our investment in Tronox Holdings plc continues to meet the criteria to be classified as a non-current asset held-for-sale.

FINANCIAL AND OPERATIONAL RESULTS continued

Energy business

Equity-accounted investment

Cennergi, a 50% joint venture with Tata Power, recorded core equity-accounted income of R45 million for FY19 (FY18: R65 million). The results were negatively impacted by the ineffective portion of interest rate swaps and fair value adjustments on share-based payment liabilities offset by improved operational performance. Cash flow generation remains positive as Exxaro received dividends of R95 million in FY19 compared to R58 million in FY18.

Despite the loss of two turbines due to fire incidents, for a significant period of the year, generation output to date at the two windfarms is better than planned given favourable wind conditions. The replacement turbines have been commissioned in November 2019 and are in full production.

As announced on 17 September 2019, Exxaro has concluded an agreement with Khopoli, a wholly owned subsidiary of Tata Power, to acquire Khopoli's 50% shareholding in Cennergi for an amount of R1 550 million, subject to normal working capital adjustments. Post the conclusion of the agreement, Exxaro will have 100% ownership of Cennergi. The last condition precedent was met in March 2020.

SALE OF NON-CORE ASSETS AND INVESTMENTS

During the second half of 2019, the Exxaro board approved a decision to divest from its 26% interest in Black Mountain. On 30 November 2019, the investment was classified as a non-current asset held-for-sale and the application of the equity method ceased.

On 31 January 2020, the Arnot operation was transferred to Arnot OpCo Proprietary Limited Consortium. The accounting of the transfer will be accounted for in 2020.

On 20 February 2020, Exxaro announced our intention to divest our entire interest in ECC and the Leeuwpan operations. The divestment will be executed through a formal disposal process. The proposed transaction is a category two transaction in terms of the JSE Listings Requirements and is therefore not regarded as material.

PERFORMANCE OF REPLACEMENT BEE TRANSACTION

We are proud to report that Eyesizwe, our BEE shareholder, has fully settled its acquisition debt in October 2019, three years earlier than anticipated. The early settlement was funded from dividends received from Exxaro. From an accounting perspective this resulted in the outside shareholders of Eyesizwe being treated as non-controlling interests for the Exxaro group from 1 November 2019.

Furthermore, we undertook to transfer at least 10% of our 24.9% shareholding in Eyesizwe into structures for the benefit of Exxaro's employees and communities adjacent to our operations. The transaction agreements are expected to be concluded in 1Q20 with implementation of the employee scheme expected in April 2020 and the implementation of the community scheme dependent on the registration of the company as a public benefit organisation in terms of s18A of the Income tax Act.

PERFORMANCE AGAINST NEW BBBEE CODES

As mentioned previously, Exxaro is proud to have achieved a level 2 BBBEE recognition status for FY18, two years earlier than planned. While the FY19 audit is still in progress, we expect to maintain our level 2 BBBEE status. The certificate will be published as soon as the audit is concluded.

COAL RESOURCES AND COAL RESERVES

During 2018, Exxaro indicated that it was considering options relating to four prospecting rights grouped into two projects, namely Waterberg North and South. The projects are located approximately 30km north of Grootegeluk, and consist of Inferred Coal Resources of 2 147Mt and 869Mt, respectively.

Following a strategic review, a decision was taken to relinquish these prospecting rights, resulting in the Exxaro total attributable Coal Resources decreasing by approximately 22%. We are conducting all activities to ensure we fulfil the necessary closure requirements.

Furthermore, Exxaro total attributable Coal Reserves decreased by approximately 3%. The Coal Reserves for ECC's Forzando operation decreased by approximately 37% for the reporting year. The most significant contributors to the decrease are mining depletion, the review of macro-economic assumptions and certain areas excluded due to unfavourable floor gradients. Changes in Coal Reserves larger than 10% (material) are also reported at our Matla and Leeuwpan operations. The approximate 13% decrease at Leeuwpan is primarily due to mining depletion and the approximate 14% decrease at Matla is mainly due to mining depletion and the disposal of mining areas due to unfavourable stoping conditions in close proximity to surface infrastructure.

For all our other operations no material changes to Coal Resources and Coal Reserves estimates are reported, other than normal LOM depletion.

MINING AND PROSPECTING RIGHTS

Matla's mining right lapsed in November 2019. A compliant mining right renewal application was submitted in August 2019.

OUTLOOK

For 1H20, global economic growth stabilisation is anticipated. However, depending on the duration and speed of the coronavirus in China, the recovery in the thermal coal import demand in China might support the seaborne market somewhat.

We expect domestic thermal coal demand and pricing to remain relatively stable during 2020.

The API4 is expected to be under pressure as a similar liquefied natural gas (LNG) supply wave, as was evident in 2019, is anticipated to continue into 2020, together with low gas prices globally. However, a potential increase in thermal coal import demand in China might support the seaborne market somewhat.

South Africa's fiscal imbalance is set to remain a huge constraint in addressing the increasing socio-economic challenges with the risk of a sovereign rating downgrade increasing. As a result, the rand/dollar exchange rate is expected to remain volatile.

As we roll out the integrated operations centres (IOCs) at all our operations, according to our digitalisation plan, the increased visualisation of the mining value chain will highlight embedded inefficiencies that will be addressed through in-time decision making relating to safety, productivity and cost performance. At an enterprise level, we are on schedule to implement our integrated management platform allowing us to access strategic insights across our operations, enabling future looking value add conversations.

The expected recovery in iron ore seaborne supply with narrowing steel margins will soften the iron ore market.

Our shareholding in Tronox Holdings plc has been reduced to approximately 14.7 million shares, representing about 10% of the total outstanding shares as at 31 December 2019. We remain committed to monetising our stake in Tronox Holdings plc over time and in the best possible manner, taking into account prevailing market conditions.

In 2017 Exxaro adopted a strategy to explore new investment opportunities based on three pillars, namely water security, food security and energy security. Based on our experience since then, we have now changed that strategy to focus solely on new opportunities in the energy security space. As we pursue these opportunities, our approach continues to be measured with a view to mitigating potential risks and ensuring that the capital allocation decisions are in line with appropriate metrics.

In respect of the Moranbah South hard coking coal project, Exxaro, together with Anglo Coal, is in the process of reassessing the potential development plan for the project.

In August 2019, we reported that we will share our climate response strategy, including our progress with incorporating the recommendations from the FSB's Taskteam on Climate-related Financial Disclosures (TCFD) which highlight climate change transitional and physical risks confronting our business and the related financial impacts of these risks. Our Climate Change Position Statement contains details on our approach to climate change mitigation and adaption. The document also includes our aspirational target of carbon neutrality by 2050. We have developed climate change scenarios that take into account the 2°C world as per the recommendation of the TCFD. We will be using these scenarios to conduct a detailed analysis to quantify the financial risks and opportunities in our operations.

FINAL DIVIDEND

In terms of our capital allocation framework, we will remain prudent in returning cash to shareholders, managing debt, and selectively reinvesting for the growth of our business. Exxaro's declared dividend policy is based on two components: a pass-through of the SIOC dividend received and a targeted cover ratio of 2.5 times to 3.5 times core attributable coal earnings.

Additionally, Exxaro is targeting a gearing ratio below 1.5 times net debt to EBITDA.

The board of directors has declared a cash dividend comprising:
- 3 times core attributable coal earnings and
- Pass through of SIOC dividend of R1 412 million.

Notice is hereby given that a gross final cash dividend, number 34 of 566 cents per share, for the year ended 31 December 2019 was declared, and is payable to shareholders of ordinary shares. For details of the dividend, please refer note 11 of the reviewed condensed group annual financial statements for the year ended 31 December 2019.

Salient dates for payment of the interim dividend are:

– Last day to trade cum dividend on the JSE	Tuesday, 21 April 2020
– First trading day ex dividend on the JSE	Wednesday, 22 April 2020
– Record date	Friday, 24 April 2020
– Payment date	Monday, 28 April 2020

No share certificates may be dematerialised or re-materialised between Wednesday, 22 April 2020 and Friday, 24 April 2020, both days inclusive. Dividends for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant or broker credited on Tuesday, 28 April 2020.

GENERAL

Additional information on financial and operational results for the year ended 31 December 2019, and the accompanying presentation can be accessed on our website on www.exxaro.com.

On behalf of the board

Jeff van Rooyen	**Mxolisi Mgojo**	**Riaan Koppeschaar**
Chairman	Chief executive officer	Finance director

12 March 2020

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

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

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

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

At 31 December

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

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

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

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

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

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

Foreign currency translation
Arises from the translation of the financial statements of foreign operations within the group.

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

Equity-settled
Represents the fair value, net of tax, of services received from employees and settled by equity instruments granted as well as the fair value of the potential benefit to be obtained by the BEE Parties in relation to the Replacement BEE Transaction.

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

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

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

CONDENSED GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December

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

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

RECONCILIATION OF GROUP HEADLINE EARNINGS

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

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

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

Refer note 11 for details regarding the number of shares.

NOTES TO THE REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS

1. CORPORATE BACKGROUND

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed annual financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS (as issued by the IASB), the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee) and Financial Pronouncements (as issued by the Financial Reporting Standards Council). As a minimum, preliminary reports must contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed annual financial statements have been prepared under the supervision of Mr PA Koppeschaar CA(SA), SAICA registration number: 00038621.

The condensed annual financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 31 December 2018, which have been prepared in accordance with IFRS. The condensed annual financial statements have been prepared on the historical cost basis, except for financial instruments, share-based payments and biological assets, which are measured at fair value. This is the first set of condensed annual financial statements where IFRS 16 *Leases* (IFRS 16) has been applied. Changes to significant accounting policies are described in note 4.

The condensed annual financial statements of the Exxaro group were authorised for issue by the board of directors on 10 March 2020.

2.2 Judgements and estimates

Management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements and the key source of estimation uncertainty were similar to those applied to the group annual financial statements as at and for the year ended 31 December 2018, except for new judgements and assumptions related to the adoption of IFRS 16 as described in note 4.3.

2.3 Re-presentation of comparative information

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

3. ACCOUNTING POLICIES

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

3.1 New or amended standards adopted by the group

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

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

3. ACCOUNTING POLICIES continued

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

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

3.3 Carbon tax

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

4. CHANGES IN ACCOUNTING POLICIES

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

Overview of changes resulting from the adoption of IFRS 16

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

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

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

Leasing activities (as lessee)

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition

4.1.1 Transition method, exemptions and practical expedients applied

As lessor

The group had no adjustments to its lessor accounting.

As lessee

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

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

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

4.1.2 Impact on retained earnings at 1 January 2019

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

4.1.4 Lease liabilities recognised on initial application

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

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

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

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

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

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

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

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.1 Transition continued

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

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

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

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

4.2 Accounting policies applied from 1 January 2019

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

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

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

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

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

As lessee

(a) Recognition

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

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.2 Accounting policies applied from 1 January 2019 continued

As lessee continued

(b) Measurement

(i) Initial measurement

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

(ii) Subsequent measurement

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

4. CHANGES IN ACCOUNTING POLICIES continued

4.2 Accounting policies applied from 1 January 2019 continued

As lessee continued

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

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

As lessor

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

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

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

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

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

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

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

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

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

(b) Incremental borrowing rates

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

(c) Extensions and termination options

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

5. SEGMENTAL INFORMATION

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

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

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

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

Coal

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

Ferrous

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

TiO_2

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

Energy

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

Other

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

5. SEGMENTAL INFORMATION continued

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

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

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

5. SEGMENTAL INFORMATION continued

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

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

5. SEGMENTAL INFORMATION continued

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

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

5. SEGMENTAL INFORMATION continued

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

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

6. DISCONTINUED OPERATIONS

Tronox Holdings plc

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

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

Black Mountain

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

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

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

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

7. REVENUE

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

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

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

7. REVENUE continued

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

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

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

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

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

9. NET FINANCING COSTS

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

10. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

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

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

11. DIVIDEND DISTRIBUTIONS

A final cash dividend, number 34, for 2019 of 566 cents per share, was approved by the board of directors on 11 March 2020. The dividend is payable on 28 April 2020 to shareholders who will be on the register on 24 April 2020. This final dividend, amounting to approximately R1 420 million (to external shareholders), has not been recognised as a liability in these condensed annual financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2020.

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

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

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

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

12. CAPITAL SPEND AND CAPITAL COMMITMENTS

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

13. RIGHT-OF-USE ASSETS

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

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

14. EQUITY-ACCOUNTED INVESTMENTS

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

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

15. OTHER ASSETS

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

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

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

Tronox Holdings plc

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

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

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

Black Mountain

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

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

EMJV

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

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

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

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

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

[1] *Relates to the EMJV.*

17. INTEREST-BEARING BORROWINGS

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

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

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

17. INTEREST-BEARING BORROWINGS continued

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

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

17. INTEREST-BEARING BORROWINGS continued

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

18. LEASE LIABILITIES

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

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

19. PROVISIONS

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

20. NET DEBT

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

Analysis of movement in net cash/(debt):

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

20. NET DEBT continued

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

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

21. OTHER LIABILITIES

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

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

22. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

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

22. FINANCIAL INSTRUMENTS continued

The group holds the following financial instruments continued:

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

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

22. FINANCIAL INSTRUMENTS continued

The group has granted the following loan commitments:

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

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

22.1 Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
Level 2 – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

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

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

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

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

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

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

Transfers

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

22. FINANCIAL INSTRUMENTS continued

22.1 Fair value hierarchy continued

Valuation process applied

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

Current derivative financial instruments

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

Environmental rehabilitation funds

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

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

Contingent consideration

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

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

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

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

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

The contingent consideration is classified within Level 3 of the fair value hierarchy as there is no quoted market price or observable price available for this financial instrument. This financial instrument is valued as the present value of the estimated future cash flows, using a discounted cash flow model.

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

23. CONTINGENT LIABILITIES

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

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

SARS

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

Share of equity-accounted investments' contingent liabilities

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

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

24. RELATED PARTY TRANSACTIONS

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

25. GOING CONCERN

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

26. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend are provided in note 11.

Subsequent to 31 December 2019, the following notable events occurred:

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

The directors are not aware of any other significant matter or circumstance arising after the reporting period up to the date of this report, not otherwise dealt with in this report.

27. EXTERNAL AUDITOR'S REVIEW CONCLUSION

These reviewed condensed group annual financial statements for the year ended 31 December 2019, as set out on pages 12 to 54, have been reviewed by the company's external auditor, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report on the condensed group annual financial statements is available for inspection at Exxaro's registered office, together with the financial statements identified in the external auditor's report.

28. KEY MEASURES[1]

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

[1] *Non-IFRS numbers.*

CORPORATE INFORMATION

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This report is available at: www.exxaro.com

DIRECTORS

Executive:	MDM Mgojo (chief executive officer), PA Koppeschaar (finance director)
Non-executive:	L Mbatha, VZ Mntambo
Independent non-executive:	J van Rooyen (chairman), GJ Fraser-Moleketi (lead independent director), MJ Moffett, LI Mophatlane, EJ Myburgh, V Nkonyeni, A Sing, PCCH Snyders

PREPARED UNDER THE SUPERVISION OF:

PA Koppeschaar CA(SA)
SAICA registration number: 00038621

GROUP COMPANY SECRETARY

SE van Loggerenberg

TRANSFER SECRETARIES

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Rosebank Towers
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Rosebank, 2196
PO Box 61051
Marshalltown, 2107

INVESTOR RELATIONS

MI Mthenjane (+27 12 307 7393)

SPONSOR

Absa Bank Limited (acting through its Corporate and Investment Bank Division)
Tel: +27 11 895 6000

EXXARO RESOURCES LIMITED

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

If you have any queries regarding your shareholding in Exxaro Resources Limited, please contact the transfer secretaries at +27 11 370 5000.

Webcast link: http://www.corpcam.com/Exxaro12032020

Conference call details:

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ANNEXURE: ACRONYMS

AMSA	ArcelorMittal SA Limited
Anglo	Anglo South Africa Capital Proprietary Limited
Anglo Coal	Anglo Coal (Grosvenor) Proprietary Limited
API4	All publications index 4 (FOB Richards Bay 6000/kcal/kg)
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BEE Parties	External shareholders of Eyesizwe
Black Mountain	Black Mountain Proprietary Limited
Cennergi	Cennergi Proprietary Limited
CFR	Cost and freight
Chifeng	Chifeng Kumba Hongye Corporation Limited
Companies Act	Companies Act No 71 of 2008, as amended
CPI	Consumer price index
Curapipe	Curapipe Systems Limited
DCME	Dorstfontein East
DCMW	Dorstfontein West
DMR	Department of Mineral Resources
DMTN	Domestic Medium-Term Note
DTI	Department of Trade and Industry
EBITDA	Net operating profit before interest, tax, depreciation, amortisation, impairment charges/reversals and net loss or gain on the disposal of assets and investments (including translation differences recycled to profit or loss)
ECC	Exxaro Coal Central Proprietary Limited
ECL(s)	Expected credit loss(es)
EMJV	Ermelo joint venture
ESD	Enterprise and supplier development
Exxaro	Exxaro Resources Limited
Eyesizwe	Eyesizwe (RF) Proprietary Limited, special purpose private company which has a 30% shareholding in Exxaro
Ferroland	Ferroland Grondtrust Proprietary Limited
FOB	Free on board
FSB	Financial Stability Board
FVOCI	Fair value through other comprehensive income
FZON	Forzando North

GAM	Global Asset Management Limited
HDSA	The meaning given to it, or any equivalent or replacement term, in the broad-based socio-economic empowerment charter for the South African Mining Industry, developed under section 100 of the MPRDA, as amended or replaced from time to time
HEPS	Headline earnings per share
IAS	International Accounting Standard(s)
IASB	International Accounting Standards Board
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standard(s)
IFRS 9	IFRS 9 *Financial Instruments*
IFRS 15	IFRS 15 *Revenue from Contracts with Customers*
IFRS 16	IFRS 16 *Leases*
Incoterm	International Commercial Terms
Insect Technology	Insect Technology Group Holdings UK Limited (previously named AgriProtein Holdings UK Limited)
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited
Khopoli	Khopoli Investments Limited
kt	Kilo tonnes
Lebonix	Lebonix Proprietary Limited
LightApp	LightApp Technologies Limited
Listings Requirements	JSE Listings Requirements
LOM	Life of mine
LTIFR	Lost-time injury frequency rate
Mafube	Mafube Coal Proprietary Limited
Manyeka	Manyeka Coal Mines Proprietary Limited
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002
Mt	Million tonnes
NBC	North Block Complex
NCI	Non-controlling interests
NEMA	National Environmental Management Act, 1998

Prime Rate	South African prime bank rate
PwC	PricewaterhouseCoopers Incorporated
RB1	Richards Bay export product 1
RBCT	Richards Bay Coal Terminal Proprietary Limited
Rbn	Rand billion
Replacement BEE Transaction	BEE transaction implemented in 2017 which resulted in Exxaro being held 30% by HDSAs
Rm	Rand million
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Service
SIC	Standard Interpretations Committee
SIOC	Sishen Iron Ore Company Proprietary Limited
SSCC	Semi-soft coking coal
Tata Power	Tata Power Company Limited
TCFD	Task Force on Climate-related Financial Disclosures
TiO_2	Titanium dioxide
Tronox	Exxaro's investment in Tronox entities
Tronox SA	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
Tronox UK	Tronox Sands Limited Liability Partnership in the United Kingdom
Tumelo	Tumelo Coal Mines Proprietary Limited
TVP(s)	Targeted voluntary severance package(s)
TFR	Transnet Freight Rail
UK	United Kingdom
US$	United States dollar
VAT	Value Added Tax
WANOS	Weighted average number of shares

POWERING POSSIBILITY

www.exxaro.com