POWERING POSSIBILITY

Exxaro Resources Limited

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

for the year ended 31 December 2020

POWERING A CLEANER WORLD

CONTENTS

HIGHLIGHTS

GROUP FINANCIAL PERFORMANCE

R28.9 billion
Revenue, up 12%

R7.3 billion
Core EBITDA, up 25%

R29.73 per share
Core headline earnings, up 26%

R7.8 billion
Cash generated by operations, up 47%

R12.43 per share
Final dividend

R5.43 per share
Special dividend

SUSTAINABLE OPERATIONS

LTIFR of 0.05
58% improvement

4 years fatality free
(rolling 2 March 2021)

OPERATIONAL PERFORMANCE

47.4Mt
Coal production volumes

46.8Mt
Coal sales volumes

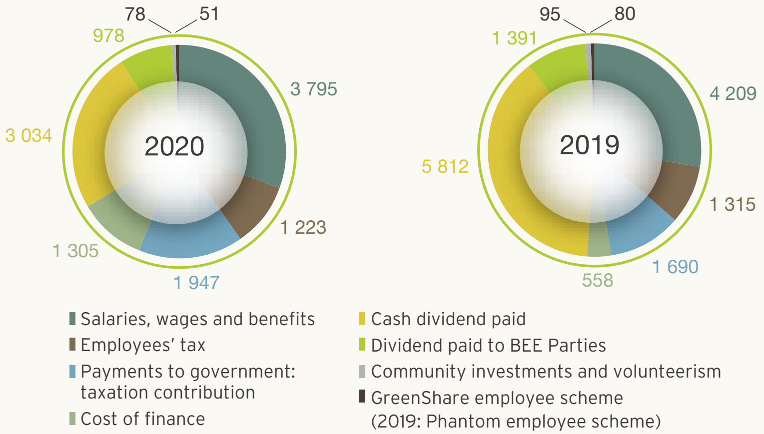
553GWh
Renewable energy generation for the 9-month period

SIOC

R6.4 billion
Core post-tax equity-accounted income

R3.7 billion
Exxaro's share of final dividend declared

Value distribution (Rm)



COMMENTARY

For the year ended 31 December 2020

Comments below are based on a comparison between the financial years ended 31 December 2020 and 2019 (FY20 and FY19), respectively. Any forward-looking financial information performance measurements contained in these results is the responsibility of the directors and has not been reviewed or reported on by Exxaro's external auditors.

SAFETY

The health and safety of our employees and communities remained our priority, as South Africa experienced a second wave of COVID-19 infections at the end of 2020. In line with our Health and Wellness Strategy, which focuses on diagnosis, management and prevention of diseases, our response to the COVID-19 pandemic continues to focus on avoiding, reducing and managing COVID-19 cases. As at 1 March 2021, a total number of 2 780 employees have been infected since the onset of the pandemic, with a recovery rate of 99%. Our deepest condolences to those who have lost their loved ones due to the virus. We remain committed in our fight to prevent further loss of life and continue to implement COVID-19 preventative measures in line with government regulations and recommendations.

Amidst the backdrop of the pandemic, it is pleasing to be able to report on our record safety performance this past year. We have achieved a total of 48 months without a mine-related fatality and a lost-time injury frequency rate (LTIFR) of 0.05, which is 54% better than the 0.11 target and 58% better than the 0.12 reported for FY19. Zero Harm remains Exxaro's key business objective.

GROUP FINANCIAL RESULTS

Comparability of results

For a better understanding of the comparability of results between the two reporting periods, the table below sets out the non-core adjustments to derive our core earnings:

Non-core items	FY20 Rm	FY19 Rm
Gross headline earnings adjustments[1]	518	(2 357)
Other adjustments		
– Insurance claim recovery from external parties[2]	(14)	(99)
– Targeted voluntary packages		396
– Losses on share of cash flow hedge reserve recycled on deemed disposal of Cennergi JV	59	
– Indemnification asset relating to the tax implications of the partial disposal of Tronox Holdings plc		(65)
Fair value adjustment on ECC contingent liability		(296)
Fair value adjustment on debt		(58)
Total net operating profit impact	563	(2 479)
Post-tax share of equity-accounted income adjustments	44	57
Eyesizwe preference dividend accrued (consolidation impact)		25
Tax on non-core adjustments (excluding tax on post tax equity-accounted income adjustments)	(260)	76
NCI adjustments on non-core adjustments	(168)	(86)
Total attributable earnings impact	179	(2 407)

[1] *Gross headline earnings adjustments before share of equity-accounted investments' separately identifiable remeasurements, tax and NCI.*
[2] *Relates to compensation for business interruption.*

GROUP FINANCIAL RESULTS continued

Group segment results

During 2H20, in line with reporting trends and improved disclosure, we have revised the reporting of corporate costs to our chief operating decision maker. Indirect corporate costs are no longer allocated between the different segments but now reported on a gross level in the other reportable segment. FY19 numbers have been re-presented to reflect these changes.

	Revenue		Core EBITDA[1, 2]	
Segment	FY20 Rm	FY19 Rm	FY20 Rm	(Re-presented) FY19 Rm
Coal	27 875	25 582	7 707	6 849
Energy	889		648	
Ferrous	147	130	12	11
Other	13	14	(1 076)	(1 028)
Total	28 924	25 726	7 291	5 832

[1] *EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges or impairment reversals and net losses or gains on disposals of assets and investments (including translation differences recycled to profit or loss). EBITDA is not defined under IFRS and may not be comparable with similarly titled measures reported by other companies.*

[2] *Core EBITDA is calculated after adjusting for non-core items.*

Revenue and core EBITDA

Consolidated group revenue increased 12% to R28 924 million (FY19: R25 726 million), mainly due to higher commercial coal revenue and record coal export volumes (discussed in more detail under the coal business performance), as well as the inclusion of renewable energy sales from 1 April 2020.

The higher revenue was the main driver for the 25% increase in consolidated group core EBITDA of R7 291 million (FY19: R5 832 million), which was partially offset by inflationary pressure on costs, additional distribution costs relating to higher exports volumes, higher buy-ins and higher costs due to the ramp-up of the Belfast mine.

Earnings

Headline earnings were 2% lower at R7 417 million (FY19: R7 599 million). The decrease in the headline earnings is mainly due to the BEE Parties sharing in the consolidated Eyesizwe results for 12 months in 2020 compared to the two months in 2019, partially offset by better profitability from controlled operations and higher equity-accounted income from non-controlled operations. This equates to basic headline earnings per share (HEPS) of 2 955 cents per share (FY19: 3 027 cents per share). The WANOS for both financial years was 251 million.

After adjusting for non-core items, core headline earnings increased by 1% to R7 462 million (FY19: R7 402 million).

To ensure a consistent comparison on core headline earnings per share (CHEPS), the core WANOS before 1 November 2019 was 332 million, reducing to 251 million from 1 November 2019 due to the recognition of non-controlling interest. CHEPS increased 26% to 2 973 cents per share (FY19: 2 354 cents), mainly driven by a 36% increase in core equity-accounted income, of which SIOC is the main contributor, as well as better performance from our own managed operations.

GROUP FINANCIAL RESULTS continued

Earnings continued

Core equity-accounted income

	Core equity-accounted income/(loss)		Dividend income	
	FY20 Rm	FY19 Rm	FY20 Rm	FY19 Rm
Coal: Mafube	67	127		
Coal: RBCT	8	3		
Ferrous: SIOC	6 123	4 423	3 119	4 051
TiO_2: Tronox SA	226	236		
Energy: Cennergi[1]	13	45	144	95
Energy: LightApp	(18)	(28)		
Other: Black Mountain	122	51		
Other: Insect Technology	(85)	(103)		
Other: Curapipe	(1)	(4)		
Total	6 455	4 750	3 263	4 146

[1] *Application of the equity method ceased on 31 March 2020 after which Cennergi was consolidated.*

Cash flow and funding

Cash generated by operations of R7 770 million (FY19: R5 273 million) was up 47% and, together with dividends received from our equity-accounted investments of R3 263 million (FY19: R4 146 million), were sufficient to fund ordinary dividends paid, taxes and net finance costs.

Total capital expenditure of R3 175 million (FY19: R6 076 million) decreased by R2 901 million, comprising R277 million decrease in sustaining and environmental capital (stay-in-business capital) and R2 624 million decrease in new capacity (expansion capital).

Debt exposure

Our balance sheet remains strong with net debt managed at R6 335 million (excluding Cennergi's net debt of R4 632 million) compared to R5 810 million at 31 December 2019. The increase is mainly due to a cash outflow of R1 739 million for the acquisition of the remaining 50% interest in Cennergi, including the contingent consideration paid. Our net debt (excluding Cennergi) to core EBITDA was 0.96 times (FY19: 1.00 times), which is comfortably below our target of 1.5 times.

OPERATIONAL RESULTS

Coal business performance

Unreviewed coal production and sales volumes

	Production		Sales	
	FY20 '000 tonnes	(Re-presented)[1] FY19 '000 tonnes	FY20 '000 tonnes	FY19 '000 tonnes
Thermal	44 933	43 479	45 723	43 503
Commercial – Waterberg	26 554	25 683	25 629	24 443
Commercial – Mpumalanga[1]	12 226	11 805	1 767	3 975
Exports			12 170	9 087
Tied	6 153	5 991	6 157	5 998
Metallurgical	2 222	2 074	1 036	1 030
Commercial – Waterberg	2 222	2 074	1 036	1 030
Total coal (excluding buy-ins)	47 155	45 553	46 759	44 533
Thermal coal buy-ins[1]	291	29		
Total coal (including buy-ins)	47 446	45 582	46 759	44 533

[1] *Comparative production volumes re-presented for a reclassification of 276kt from thermal coal buy-ins to thermal commercial Mpumalanga to reflect only third party buy-ins.*

Notwithstanding the COVID-19 lockdown restrictions imposed in 2020, steam coal demand remained fairly steady in the domestic market. There was good offtake from Eskom at Matimba Power Station, with Medupi Power Station falling slightly short for the year. Eskom did not take coal from Leeuwpan and ECC as the parties are still in the process of concluding new coal supply agreements.

Demand from AMSA was impacted due to the initial lockdown restrictions and lower steel demand. AMSA's offtake recovered somewhat with the easing of the lockdown restrictions.

Internationally, the onset of the COVID-19 pandemic impacted global demand as industries ceased production under lockdown conditions. This was evident in the sponge iron markets on the East Coast of India. As restrictions eased, demand in India returned to pre-pandemic levels in 4Q20. The import ban on Australian thermal coal into China caused a stir as China imported coal from South Africa. In turn, Australian coal found its way into the Indian and Pakistani power generation and cement markets.

The average benchmark API4 RBCT export price of US$65 per tonne was 10% lower (FY19: US$72 per tonne) resulting in an 11% lower average price per tonne achieved of US$48 (FY19: US$54 per tonne). The average spot exchange rate was weaker at R16.45 to the US dollar (FY19: R14.44).

OPERATIONAL RESULTS continued

Coal business performance continued

Production and sales volumes

Overall coal **production** volumes (excluding buy-ins) increased by 1 602kt (+4%), mainly attributable to higher production at Grootegeluk as well as Belfast mine, which was fully ramped-up from March 2020. The increase was partly offset by lower production at Leeuwpan and ECC due to the COVID-19 lockdown. **Sales** improved by 2 226kt (+5%), as a result of increased exports as well as higher domestic sales from Grootegeluk, offset somewhat, by lower domestic sales at Leeuwpan and ECC.

Thermal coal

Commercial: Waterberg

Production at Grootegeluk increased by 871kt (+3%) and sales by 1 186kt (+5%), mainly due to higher demand from Eskom at the Medupi Power Station.

Eskom and Exxaro are still engaging on the Force Majeure notification received from Eskom in April 2020. This resulted in Eskom not paying R95 million for the months of April 2020 and May 2020.

Commercial: Mpumalanga

The commercial Mpumalanga mines' thermal coal production increased by 421kt (+4%), driven by higher production at Belfast (+1 821kt).

The increase was largely offset by:

- Lower production at ECC of 677kt (-15%), mainly due to Forzondo North being placed on care and maintenance in 1Q20, Dorstfontein East ramp-up issues at Pit 1 and a 10-day shut during the COVID-19 lockdowns in 1H20
- Lower production at Leeuwpan of 676kt (-15%), due to a 10-day shut during the COVID-19 lockdown in 1H20 coupled with logistics and market constraints.

The commercial Mpumalanga mines' domestic thermal coal **sales** decreased by 2 208kt (-56%), mainly as a result of no sales from Leeuwpan (-1 343kt) and ECC (-898kt) to Eskom in FY20. These tonnages were however re-directed to the export market.

Exports

Export **sales** increased by 3 083kt (+34%) as a result of improved coal availability from Belfast, Grootegeluk and ECC.

Tied

Coal **production** and **sales** at Matla mine increased by 162kt (+3%) and 159kt (+3%), respectively. Higher production at the Mine 2 shortwall was partly offset by lower production at Mine 3 due to unfavourable geological conditions and COVID-19 protocols impacting shift patterns.

Metallurgical coal

Grootegeluk's metallurgical coal **production** increased by 148kt (+7%), due to improved plant availability and yields, despite geological challenges. **Sales** increased slightly despite the national lockdown restrictions.

OPERATIONAL RESULTS continued

Coal business performance continued

Revenue and core EBITDA

Coal revenue and core EBITDA

	Revenue		Core EBITDA[1]	
	FY20 Rm	FY19 Rm	FY20 Rm	FY19 Rm
Commercial – Waterberg	15 449	14 012	8 093	7 146
Commercial – Mpumalanga	8 037	7 240	(433)	71
Tied[2]	4 355	4 038	144	159
Other[3]	34	292	(97)	(527)
Total coal	27 875	25 582	7 707	6 849

[1] *Core EBITDA is calculated after adjusting for non-core adjustments.*
[2] *Matla mine supplying its entire production to Eskom.*
[3] *2019 core EBITDA was re-presented to exclude indirect corporate costs.*

The higher coal revenue from our commercial mines was driven by higher export sales volumes at a slightly higher ZAR price and higher Eskom prices. This was partly offset by lower Eskom sales volumes as well as lower prices and volumes for other domestic sales.

Coal core EBITDA of R7 707 million (FY19: R6 849 million) increased by 13%, mainly driven by:
- Higher export volume (+R2 784 million)
- A weaker ZAR/USD realisation on export sales (+R1 231 million)
- Lower provision for rehabilitation costs (+R428 million), mainly due to higher closure costs provided for at Durnacol and Hlobane mines that did not recur in FY20, and higher discount rates used for the longer dated liabilities
- Lower expected credit losses (+R281 million)

The increase was partly offset by:
- Lower price realisation (-R1 055 million)
- Lower domestic sales volumes (-R 648 million)
- Lower other revenue (-R336 million), mainly due to the transfer of Arnot mine to Arnot Opco Proprietary Limited on 1 February 2020
- Inflationary pressures (-R317 million)
- Higher employee costs (-R166 million), driven mainly by capitalisation of Belfast costs in FY19 and higher costs relating to COVID-19 allowances and cleaning teams
- Higher selling and distribution costs due to increased export volumes (-R675 million)
- Higher operational costs (-R234 million), attributable to Belfast mining costs capitalised for only two months in FY20; offset by savings in contract mining costs at Grootegeluk and ECC
- Higher costs of coal buy-ins (-R317 million).

OPERATIONAL RESULTS continued

Coal business performance

Equity-accounted investment

Mafube, a 50% JV with Anglo, recorded a lower core equity-accounted income of R67 million (FY19: R127 million) due to the impact of the national lockdown in 1H20.

Capex and projects

Coal Capex

	FY20 Rm	FY19 Rm	% change FY20 vs FY19
Sustaining	2 110	2 245	(6)
Commercial – Waterberg	1 683	1 753	(4)
Commercial – Mpumalanga	411	475	(13)
Other	16	17	
Expansion	950	3 572	(73)
Commercial – Waterberg	643	1 198	(46)
Commercial – Mpumalanga	307	2 301	(87)
Other		73	
Total coal capex	3 060	5 817	(47)

Exxaro's coal capital expenditure of R3 060 million decreased by 47%, driven by lower expansion capital spend. At Grootegeluk, the GG6 project was delayed by seven months due to the impact of the COVID-19 pandemic, resulting in an overall delay of 13 months. The current estimated capital overrun of approximately 10% for the GG6 project is still as per previous guidance provided. The forecast final cost to completion is expected to be R5.3 billion with project close out expected in 2Q22. The rapid load out station at Grootegeluk and the Belfast mine have been completed within budget.

Energy business performance

The effective date of consolidation of Cennergi into the Exxaro group is 1 April 2020, reporting core EBITDA of R648 million for the nine-month period ended 31 December 2020. Free cash flow generated by Cennergi for the nine-month period was R152 million.

Total generation output at 553GWh for the nine-month period is marginally below planned numbers due to lower wind conditions. Equipment performance and Eskom grid availability remain according to plan. Electricity generated for the twelve months amounted to 727GWh, which is slightly lower (-4%) than 2019, which was an exceptionally good year for generation, especially in July 2019 where the Amakhala windfarm generated more than 150% of its intended target.

Ferrous business performance

Equity-accounted investment

The 38% increase of R1 700 million in core equity-accounted income from SIOC to R6 123 million (FY19: R4 423 million), was primarily driven by the higher iron ore prices in combination with cost-saving initiatives implemented.

An interim dividend of R1 706 million was received from our investment in SIOC in August 2020 (2H19: R2 682 million). SIOC has declared a final dividend to its shareholders in February 2021. Exxaro's 20.62% share of the dividend amounts to R3 663 million. The dividend will be accounted for in 2021.

Titanium dioxide business performance

Equity-accounted investment

Core equity-accounted income of R226 million from Tronox SA was in line with the previous year (FY19: R236 million).

Subsequent to 31 December 2020, Exxaro divested from its investments in Tronox.

SALE OF NON-CORE ASSETS AND INVESTMENTS

Exxaro continues to evaluate its options to dispose of its 26% shareholding in Black Mountain following the suspension of the sale process in December 2020. At 31 December 2020, the investment no longer met the criteria to be classified as a non-current asset held-for-sale with the retrospective reinstatement of the equity method from 1 November 2019.

As mentioned previously, we undertook a strategic decision to dispose of our total equity interest in ECC and Leeuwpan, having identified these assets as non-core to the future objectives of Exxaro. The resultant sales process is well underway and good progress has been made notwithstanding the COVID-19 environment. We are close to finalising the disposal of ECC with an announcement expected in 1H21. On 31 December 2020, the ECC operation met all the criteria to be classified as a non-current asset held-for-sale. The disposal process for Leeuwpan continues.

PERFORMANCE AGAINST NEW B-BBEE CODES

While the FY20 audit is still in progress, we are expected to maintain our level 2 B-BBEE status. The certificate will be published as soon as the audit is concluded.

SUSTAINABLE DEVELOPMENT

The COVID-19 pandemic has highlighted the deeply connected nature of our society and emphasised the importance of an integrated sustainable development approach, focused on agile responses to short term challenges, while continuing to support a Just Transition towards a low carbon economy and sustainable communities. Our embedded safety and health strategies and stakeholder relations have enabled us to respond timeously and effectively to the pandemic. Further details will be available in our 2020 Integrated Report.

Taking a proactive approach to stewardship

We continue to integrate responsible management practices into our operations, taking a holistic approach to climate change and environmental stewardship.

Outcome of the Taskforce on Climate-Related Financial Disclosures (TCFD) Assessment

We have concluded the TCFD Assessment of the risks and opportunities to our business and the ability to remain resilient against climate change. The assessment has been invaluable in re-affirming our strategic considerations for sustainable growth and impact in preparation for a lower carbon economy.

The assessment results considered a future scenario where temperature increases do not exceed 2°C, in line with the Paris Agreement commitment. In this context we established and communicated a target of being carbon neutral by 2050, which we will achieve through, inter alia, a reduction in emissions to be determined. We are pleased to report that Exxaro achieved an alignment of between 90% and 100% to the TCFD recommendations. The gaps identified are addressed through our Sustainable Growth and Impact strategy in terms of describing how we will manage climate-related opportunities and the resilience of the business.

Environmental Incidents

In 2020 our Environmental Incidents Management Standard was reviewed and changes introduced in order to ensure that all environmental incidents are tracked, including incidents which had no visible environmental impacts (level zero incidents). We now have level 0 and level 1 to level 3 environmental incidents classifications. The classifications based on the materiality of the risk or impact. This change standard will be implemented from 2021. In 2020 we had zero level 2 and level 3 incidents and 94 level 1 incidents.

SUSTAINABLE DEVELOPMENT continued

Mining and prospecting rights

Our interactions with the DMRE, DHSWS and other state departments have been impacted by the pandemic. The following applications are still in process at the DMRE and DHSWS:

- section 102 application amending Matla mining right to swap Coal Reserves as part of a commercial deal
- the execution of the consolidation of two Leeuwpan mining rights into a single mining right
- environmental authorisation and integrated water use licence for the Dorstfontein West discard dump expansion project
- The execution of a section 102 application at Grootegeluk to incorporate the two farms on which we have mining infrastructure.

The group compliance to valid licences or authorisations for current operations for 2020 is at 96%. Where rights and other licences are nearing expiry dates, renewal applications are submitted timeously with the DMRE.

Coal Resources and Coal Reserves

New exploration information used to update geological and structural models at the Grootegeluk, Matla, Dorstfontein and Forzando operations increased geological confidence within the Coal Resource classification categories.

At Grootegeluk, the improved understanding of the geology and the geological structure within the mining area resulted in an estimated 258Mt of Inferred Resources being upgraded to Indicated Resources. In addition, approximately 151Mt of Measured Coal Resources within the northern pit area were reclassified as Indicated, resulting in an overall increase of approximately 409Mt within the Indicated Resource category. Our improved structural interpretation of the position and orientation of the interpreted fault positions in the northern pit changed meaningfully to warrant this reclassification.

Our exploration plans were significantly impacted by the COVID-19 pandemic. The COVID-19 lockdown measures coincided with the dry season, typically the period in which we conduct drilling, surface geophysics and other field exploration activities at our operations. Drilling programmes were postponed at the first lockdown and we only started with limited exploration activities later in the year when access to the sites was allowed under very strict health regulations. The operational exploration teams have however reacted very well to the challenge, revising the plans and prioritising activities to support the most pertinent objectives of the original 2020 exploration plans.

In 2019, we initiated a process aligned with the Exxaro sustainable growth strategy in reviewing and compiling optimised exploitation plans, focusing on extracting higher value earlier in the life of operations. The optimised plans seek to unlock earlier value, but importantly without compromising the value of the underlying Coal Resource. This process was completed during the reporting year for the Grootegeluk and Belfast operations, and the initiative will continue to be rolled out to the other operations in 2021. Implementing the high-value exploitation strategy at the Grootegeluk mine resulted in an optimised mine layout prioritising high-value Coal Reserve blocks for earlier mining and scheduling lower value Coal Reserves blocks to the latter part of the mine life. This change resulted in an approximately 17% (3 165Mt to 2 628Mt) decrease in the total Grootegeluk RoM Coal Reserve. The Proved Coal Reserves at the Thabametsi mine, an area adjacent to Grootegeluk mine, are reclassified as Probable as a result of the lapse of the independent power producer (IPP) project development agreement and were not affected by this strategy.

At ECC's Forzando mine, a decrease of approximately 60% (34.6Mt to 13.7Mt) RoM Coal Reserves is due to economic factors rendering Coal Reserve blocks non-profitable. Material movements within the Coal Reserve categories at ECC's Dorstfontein complex are primarily due to implementing a new underground mine layout at the Dorstfontein East mine. The underground Coal Reserves were accessed through an adit in the existing highwall of one of the open pits. The seam 4 lower underground Coal Reserves will provide an estimated 12 years LoM. Mining of seam 2 lower (S2L) underground Coal Reserves at Dorstfontein is scheduled to start in 2029, adding an additional eight years.

First-time reporting of Proved Coal Reserves at Mafube mine is due to the bankable feasibility study's approval at the Nooitgedacht operation.

OUTLOOK

Economic context

World real GDP growth in 2020 contracted by 3.9% compared to an expansion of 2.6% in 2019. In 2021, global economic growth recovery is anticipated to continue, however, the worldwide resurgence of COVID-19 infections together with associated restrictions and the availability and timeous roll out of vaccines will weigh on the extent of such economic recovery.

The impact of COVID-19 on South Africa's fragile public finances has been devastating. As a result, the much-anticipated Economic Reconstruction and Recovery Plan was released by the President of South Africa on 15 October 2020. If fully implemented, the plan is expected to lay a solid foundation for a higher economic growth path for the longer term.

In South Africa, the rand depreciated to an all-time low (1H20), before it significantly retracted (2H20). The reversion to a riskier financial market environment during 2H20 due to easing global COVID-19 lockdown restrictions, vaccine development, approval and roll-out strategies, together with the uncertainty of the US elections, supported the rand. However, rand volatility is expected to continue into 2021.

Commodity markets and price

The API4 index price remained stable during the third quarter of 2020 before gaining momentum during the fourth quarter of 2020 on the back of demand recovery from India, Japan and South Korea; a tightening in the LNG market with increased global LNG prices; and Chinese buying activity from South Africa. Further to the impact of COVID-19, China's renewed ban on Australian coal imports in September 2020 disrupted the thermal coal market. However, going into 2021, risks to the anticipated coal demand remain as well as the reintroduction of second and further rounds of COVID-19 restrictions.

As a direct result of disappointing iron ore global supply during 2020, inventory levels at both ports and mills did not adequately increase. Increasing concerns in China about iron ore availability, especially considering the high steel production levels recorded, supported the robust iron ore prices into 2021.

Operational performance

South African domestic coal stock levels are fairly high and Eskom stock levels are above average. It is however expected that the demand for thermal coal in the domestic market will remain fairly stable in 2021.

We do not currently foresee a major impact of the second wave of COVID-19 in our international markets. We expect global economic growth stabilising during 1H21, and thermal coal demand in our markets to remain strong.

The political dynamics between Australia and China are expected to impact South Africa exports as Australian producers encroach on SA natural markets to evacuate coal.

South African FOB export coal prices are expected to remain fairly strong in 1Q21, but softening in 2Q21 as the northern hemisphere moves out of winter.

We continue to drive productivity improvements through our operational excellence and digitalisation processes across the full value chain. This is all in relation to our drive to remain low on the cost curve.

The pre-feasibility study on determining the way forward for the Moranbah South hard coking coal project is expected to commence by the end of 1H21.

COMMENTARY

For the year ended 31 December 2020

FINAL AND SPECIAL 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 was previously 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.

Our strategic approach to build our renewable energy business necessitated a review of our dividend policy. The board of directors therefore approved for the targeted cover ratios to be applied on Exxaro group earnings and not only coal earnings. The revised dividend policy is therefore as follows:

- 2.5 times to 3.5 times group core net profit after tax (excluding SIOC core equity-accounted income) less NCI of Exxaro subsidiaries (excluding NCI of Eyesizwe), "adjusted group earnings"
- Pass through of the SIOC dividend.

The targeted gearing ratio of below 1.5 times net debt to EBITDA remains unchanged.

The board of directors has declared a cash dividend, in line with the revised policy, comprising:

- 2.5 times adjusted group earnings and
- Pass through of SIOC dividend receivable of R3 663 million.

Notice is hereby given that a gross final cash dividend, number 36 of 1 243 cents per share, for the year ended 31 December 2020 was declared, and is payable to shareholders of ordinary shares.

Taking into account the proceeds of R5 763 million received from the disposal of Exxaro's shareholding in Tronox Holdings plc (as approved by the Financial Surveillance Department of the South African Reserve Bank), the board of directors has resolved to pay a special dividend of 543 cents per share (approximately R1 363 million (to external shareholders) and to implement a share buyback program of R1.5 billion.

For details of the final and special dividend, please refer note 12 of the reviewed condensed group annual financial statements for the year ended 31 December 2020. The details will also be published on our website at www.exxaro.com.

Salient dates for payment of the final dividend and special dividend are:

– Last day to trade cum dividend on the JSE	Monday, 26 April 2021
– First trading day ex dividend on the JSE	Wednesday, 28 April 2021
– Record date	Friday, 30 April 2021
– Payment date	Monday, 3 May 2021

No share certificates may be dematerialised or re-materialised between Wednesday, 28 April 2021 and Friday, 30 April 2021, 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 Monday, 3 May 2021.

CHANGES TO THE BOARD OF DIRECTORS

In line with the King IV™, as amended or replaced from time to time, and the JSE Listings Requirements with respect to good corporate governance practices, Exxaro aims to ensure that there is a clear balance of power and authority at board level and to ensure that there is adequate succession planning to maintain ongoing knowledge and experience at board level.

The Exxaro board of directors accordingly announced the following changes to the board of directors:

- Mr MDM (Mxolisi) Mgojo, CEO, will retire as CEO and member of the board of directors when he reaches the retirement age of 63, on 31 May 2023.

- Dr N (Nombasa) Tsengwa, has been appointed as CEO-designate and member of the board of directors effective from 16 March 2021. Her appointment as CEO will become effective once the CEO retires on 31 May 2023.

  Dr Tsengwa's appointment forms part of a carefully considered succession plan which has taken place over the past two years. The transition period will ensure a smooth and phased handover of duties and responsibilities.

  Dr Tsengwa has more than 18 years' executive management and board experience in the public and private sectors. In 2003, she joined the former Kumba Resources Limited as general manager: safety, health and environment. In 2007, she was appointed as executive general manager: safety and sustainable development of Exxaro Resources Limited. In 2010, she became directly involved with the management of the coal operations as general manager of the tied operations and general manager of the Mpumalanga operations. In 2015, she was appointed as acting executive head of the coal operations and executive head of the coal operations in 2016. She was subsequently appointed as Exxaro's managing director minerals business in July 2020. She is the 2017 winner of the Standard Bank Business Woman of the Year Award and the 2018 winner of the Pan African Awards Africa's most influential woman in business and government mining industry category. An avid long-distance runner, Dr Tsengwa has completed nine Comrades marathons.

- Mr J (Jeff) Van Rooyen's tenure as chairman and independent non-executive director of the board of directors will come to an end at the annual general meeting to be held on 27 May 2021. The board of directors would like to thank the outgoing chairman for his contribution and stewardship during his term of office. The board of directors has initiated a search process for his replacement and a further announcement in this regard will be made in due course.

GENERAL

Additional information on financial and operational results for the year ended 31 December 2020, 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

18 March 2021

REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
Revenue (note 7)	28 924	25 726
Operating expenses (note 8)	(22 749)	(21 422)
Operating profit	6 175	4 304
Impairment charges (note 9)	(1 882)	(35)
Net operating profit	4 293	4 269
Finance income (note 10)	215	318
Finance costs (note 10)	(1 047)	(355)
Income from financial assets	4	
Share of income of equity-accounted investments (note 11)	6 411	4 693
Profit before tax	9 876	8 925
Income tax expense	(719)	(968)
Profit for the year from continuing operations	9 157	7 957
Profit for the year from discontinued operations (note 6)	69	2 112
Profit for the year	9 226	10 069
Other comprehensive loss, net of tax	(251)	(710)
Items that will not be reclassified to profit or loss:	10	71
– Remeasurement of retirement employee obligations	21	19
– Changes in fair value of equity investments at FVOCI	(13)	50
– Share of OCI of equity-accounted investments	2	2
Items that may subsequently be reclassified to profit or loss:	(281)	58
– Unrealised exchange differences on translation of foreign operations	55	(7)
– Fair value losses recognised on cash flow hedges	(385)	
– Share of OCI of equity-accounted investments	49	65
Items that have subsequently been reclassified to profit or loss:	20	(839)
– Recycling of exchange differences on translation of foreign operations	(103)	(7)
– Recycling of cash flow hedging gains	77	
– Recycling of share of OCI of equity-accounted investments	46	(832)
Total comprehensive income for the year	8 975	9 359
Profit attributable to:		
Owners of the parent	7 283	9 809
– Continuing operations	7 229	7 699
– Discontinued operations	54	2 110
Non-controlling interests	1 943	260
– Continuing operations	1 928	258
– Discontinued operations	15	2
Profit for the year	9 226	10 069
Total comprehensive income attributable to:		
Owners of the parent	7 103	9 108
– Continuing operations	7 049	7 829
– Discontinued operations	54	1 279
Non-controlling interests	1 872	251
– Continuing operations	1 857	249
– Discontinued operations	15	2
Total comprehensive income for the year	8 975	9 359
Attributable earnings per share (cents)		
Aggregate[2]		
– Basic	2 902	3 908
– Diluted	2 902	3 908
Continuing operations		
– Basic	2 880	3 067
– Diluted	2 880	3 067
Discontinued operations		
– Basic	22	841
– Diluted	22	841
[1] *Refer note 2.3.*		
[2] *The number of months in the year for which the BEE Parties have shared in the consolidated Eyesizwe results is:*	*12*	*2*

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

At 31 December

	2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
ASSETS		
Non-current assets	65 824	57 978
Property, plant and equipment	38 395	33 562
Intangible assets[2] (note 14)	3 095	16
Right-of-use assets	453	462
Inventories	128	101
Equity-accounted investments (note 15)	20 006	17 502
Financial assets (note 23)	2 141	2 674
Deferred tax	1 076	467
Other assets[2] (note 16)	530	3 194
Current assets	9 033	9 121
Inventories	1 821	1 809
Financial assets (note 23)	169	272
Trade and other receivables	2 827	3 241
Cash and cash equivalents	3 196	2 695
Other assets[2] (note 16)	1 020	1 104
Non-current assets held-for-sale (note 17)	3 749	1 741
Total assets	78 606	68 840
EQUITY AND LIABILITIES		
Capital and other components of equity		
Share capital	1 021	1 021
Other components of equity	2 495	2 723
Retained earnings	35 265	31 032
Equity attributable to owners of the parent	38 781	34 776
Non-controlling interests	9 340	8 111
Total equity	48 121	42 887
Non-current liabilities	19 103	19 364
Interest-bearing borrowings (note 18)	7 448	6 991
Lease liabilities (note 19)	493	461
Other payables (note 23)	24	121
Provisions (note 20)	1 946	4 305
Retirement employee obligations	147	181
Financial liabilities (note 23)	782	
Deferred tax	8 236	7 138
Other liabilities (note 22)	27	167
Current liabilities	10 244	5 179
Interest-bearing borrowings (note 18)	6 163	50
Lease liabilities (note 19)	29	27
Trade and other payables (note 23)	2 940	2 603
Provisions (note 20)	185	99
Financial liabilities (note 23)	49	498
Overdraft (note 18)	17	976
Other liabilities (note 22)	861	926
Non-current liabilities held-for-sale (note 17)	1 138	1 410
Total liabilities	30 485	25 953
Total equity and liabilities	78 606	68 840

[1] Refer note 2.3.

[2] 2019 has, in addition, been represented as a result of the following reclassifications:

– Intangible assets have been disaggregated from other assets due to it becoming material for 2020 in light of the business combination

– Lease receivables have been aggregated as part of other assets so as to remove immaterial items from the face of the statement of financial position 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 2018 (Audited)	1 021	2 691	(32)	5 534
Adjustment on initial application of IFRS 16 *Leases*, net of tax				
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				(4 483)
– Dividends paid (note 12)				
– Share-based payments movement				(1 875)
– Reclassifications within equity				(2 608)
Changes in ownership interest				(178)
– Recognition of NCI				
– Loss of control of subsidiary				
– Partial disposal of associate classified as non-current asset held-for-sale				(178)
At 31 December 2019 (Audited)	1 021	1 906	(35)	883
Total comprehensive (loss)/income		(37)	(220)	68
– Profit for the year				
– Other comprehensive (loss)/income for the year		(37)	(220)	68
Transactions with owners				10
– Dividends paid (note 12)				
– Distributions to NCI option holders				
– Share-based payments movement				10
Changes in ownership interest				(58)
– Deemed disposal of joint venture[1]				(58)
– Acquisition of subsidiaries[2]				
– Recognition of NCI[3]				
At 31 December 2020 (Reviewed)	1 021	1 869	(255)	903

[1] *Relates to a reclassification within equity arising from the Cennergi business combination which requires the pre-existing interest in the equity-accounted investment to be derecognised as a deemed disposal.*
[2] *Relates to the recognition of the NCI option holders within the Cennergi group arising from the Cennergi business combination at acquisition (refer note 4.2.5).*
[3] *Relates to the recognition of an NCI's share of Tsitsikamma SPV's net asset value, amounting to R189 million, upon the exercise of its in substance share option, amounting to R115 million (cash received).*

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

Financial instruments revaluation
Comprises the share of equity-accounted investments' hedging reserves and Exxaro's cash flow hedge reserve. Refer note 23.2.

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

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

Financial asset FVOCI revaluation
Comprises the fair value adjustments, net of tax, on the financial assets classified at FVOCI.

Retirement employee obligations 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
(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
18	(9)		7 283	7 103	1 872	8 975
			7 283	7 283	1 943	9 226
18	(9)			(180)	(71)	(251)
			(3 034)	(3 024)	(979)	(4 003)
			(3 034)	(3 034)	(978)	(4 012)
					(1)	(1)
				10		10
			(16)	(74)	336	262
			58			
					147	147
			(74)	(74)	189	115
(21)	(5)	4	35 265	38 781	9 340	48 121

CONDENSED GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December

	2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
Cash flows from operating activities	5 493	3 483
Cash generated by operations	7 770	5 273
Settlement of contingent consideration	(198)	(344)
Interest paid	(1 305)	(558)
Interest received	192	289
Tax paid	(966)	(1 177)
Cash flows from investing activities	(1 556)	2 974
Property, plant and equipment acquired (note 13)	(3 175)	(6 076)
Intangible assets acquired	(2)	(5)
Proceeds from disposal of property, plant and equipment	34	83
Decrease in other financial assets at amortised cost	79	82
Increase in ESD loans	(41)	(121)
Decrease in ESD loans	61	39
Deferred consideration paid for acquisition of associates	(349)	(306)
Decrease in loan to joint venture		250
Increase in loan to associate		(40)
Decrease in loan to associate	13	
Decrease in lease receivables	15	15
Cash transferred on transfer of operation	(14)	
Proceeds from disposal of operation		76
Acquisition of subsidiaries (note 4)	(1 402)	
Acquisition of associates		(14)
Dividend income received from equity-accounted investments	3 263	4 146
Proceeds from disposal of associates classified as non-current assets held-for-sale		4 486
Increase in environmental rehabilitation funds	(111)	(148)
Dividend income received from financial assets and non-current assets held-for-sale	73	507
Cash flows from financing activities	(2 469)	(5 286)
Interest-bearing borrowings raised (note 21)	1 750	4 250
Interest-bearing borrowings repaid (note 21)	(88)	(1 622)
Lease liabilities paid (note 19)	(32)	(33)
NCI option exercised	115	
Distributions to NCI option holders	(1)	
Loan from NCI	69	
Dividends paid (note 12)	(3 034)	(5 812)
Shares acquired in the market to settle share-based payments	(270)	(678)
Dividends paid to BEE Parties	(978)	(1 391)
Net increase in cash and cash equivalents	1 468	1 171
Cash and cash equivalents at beginning of the year	1 719	549
Translation difference on movement in cash and cash equivalents		(1)
Cash and cash equivalents at end of the year	3 187	1 719
Cash and cash equivalents	3 196	2 695
Cash and cash equivalents classified as non-current assets held-for-sale	8	
Overdraft	(17)	(976)

[1] *Dividends paid have been re-presented as a financing activity (previously presented as an operating activity). This re-presentation was done to align with the dividend policy.*

NOTES TO THE REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS

RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interest Rm	Net Rm
For the year ended 31 December 2020 (Reviewed)				
Profit attributable to owners of the parent				7 283
Adjusted for:	560	(258)	(168)	134
– IFRS 11 Gain on disposal of joint operation	(17)		4	(13)
– IAS 16 Gain on transfer of operation	(4)		1	(3)
– IAS 16 Net losses on disposal of property, plant and equipment	92	(29)	(14)	49
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(18)	5	3	(10)
– IAS 21 Net gains on translation differences recycled to profit or loss on deregistration and liquidation of foreign entities	(103)		23	(80)
– IAS 21 Net gains on translation differences recycled to profit or loss on disposal of associate	(13)		3	(10)
– IAS 28 Losses on dilution of investments in associates	20		(5)	15
– IAS 28 Net gain on deemed disposal of joint venture	(1 321)		298	(1 023)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	42	2	(10)	34
– IAS 36 Net impairment charges of non-current assets	1 882	(236)	(471)	1 175
Headline earnings				7 417
Continuing operations				7 348
Discontinued operations				69
For the year ended 31 December 2019 (Audited) (Re-presented)[1]				
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 gains 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	(1 504)	65		(1 439)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	71	(14)	(12)	45
– IAS 36 Net impairment charges of non-current assets	35		5	40
Headline earnings				7 599
Continuing operations				7 488
Discontinued operations				111

	2020 Reviewed Cents	(Re-presented)[1] 2019 Audited Cents
Headline earnings per share		
Aggregate		
– Basic	2 955	3 027
– Diluted	2 955	3 027
Continuing operations		
– Basic	2 928	2 983
– Diluted	2 928	2 983
Discontinued operations		
– Basic	27	44
– Diluted	27	44

[1] *Refer note 2.3.*

Refer note 12 for details regarding the number of shares.

NOTES TO THE REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS continued

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), energy (controlled and non-controlled), TiO_2 (non-controlled) and ferrous (controlled and non-controlled) markets. These reviewed condensed group annual financial statements as at and for the year ended 31 December 2020 (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 2019, 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.

The condensed annual financial statements of the Exxaro group were authorised for issue by the board of directors on 16 March 2021.

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 2019. In addition, certain new judgements, estimates and assumptions relating to the business combination have been applied as detailed in note 4.

2.3 Re-presentation of comparative information

The condensed group statement of comprehensive income (and related notes) for the year ended 31 December 2019 and the condensed group statement of financial position (and related notes) at 31 December 2019 have been re-presented as a result of the investment in Black Mountain no longer meeting the criteria to be classified as a non-current asset held-for-sale and a discontinued operation due to the suspension of the sales process in December 2020.

The impact of the re-presentation of 2019 was as follows:

	Previously presented	Re-presented	Impact
Condensed group statement of comprehensive income			
Share of income of equity-accounted investments (Rm)	4 641	4 693	52
Profit for the year from discontinued operations (Rm)	2 164	2 112	(52)
Attributable earnings per share			
Continuing operations			
– Basic (cents)	3 047	3 067	20
– Diluted (cents)	3 047	3 067	20
Discontinued operations			
– Basic (cents)	861	841	(20)
– Diluted (cents)	861	841	(20)
Condensed group statement of financial position			
Equity-accounted investments (Rm)	16 630	17 502	872
Non-current assets held-for-sale (Rm)	2 613	1 741	(872)

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS

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 2019. A number of new or amended standards became effective for the current reporting period, however, the group did not have to change its accounting policies nor make retrospective adjustments as a result of adopting these standards. In addition the group has adopted hedge accounting as described further in note 23.2.1 following on the Cennergi business combination.

3.1 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 2020, have not been early adopted. The group continuously evaluates the impact of these standards and amendments and does not anticipate that there will be a material impact.

3.2 Carbon tax

Following on the enactment of the Carbon Tax Act No 15 of 2019, as amended, Exxaro has licensed each of its emissions generating facilities with SARS, of which two subsidiaries only received their licenses in February 2021. The group has accrued R5.4 million (2019: R3.4 million) for Carbon tax which is payable on 29 July 2021.

3.3 Impact of COVID-19 on financial reporting

The COVID-19 pandemic developed rapidly in 2020, not only in the world, but South Africa specifically has seen a significant number of infections being reported. Measures to prevent transmission of the virus included limiting the movement of people, restricting flights and other travel, temporarily closing businesses and schools and cancelling of public events. This had an immediate impact on the economy of South Africa. Measures taken to contain the virus affected economic activity, which in turn had implications on the financial reporting.

The following key areas of financial reporting required specific attention for the year ended 31 December 2020:

Revenue recognition

Changes to terms of customer contracts and business practices during COVID-19 were evaluated and found not to influence the recognition of revenue.

Inventory

Inventory has been evaluated and written down to the lower of cost and net realisable value. An amount of R9 million on the write-down of inventory from cost to net realisable value has been recognised for 2020.

Impairment of non-financial assets

Impairment testing was based on the latest budgets which incorporated changes in parameters and economic outlooks revised for the effects of COVID-19. As at 31 December 2020, the investment in Insect Technology was fully impaired.

NOTES TO THE REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS continued

3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS continued

3.3 Impact of COVID-19 on financial reporting continued

Allowances for expected credit losses (ECLs)

When assessing the amount to be recognised for ECLs, management considered the impact that COVID-19 had on the risk of default as well as the expected loss rates. The trade and other receivables are categorised into the following categories corporate, public sector as well as small and medium enterprises. Where additional risk was identified the credit ratings of each counterparty were reviewed and adjusted accordingly with a corresponding adjustment to the PD and LGD rates. Although these adjustments resulted in higher ECL multipliers the ECL amount recognised for 2020 was not significant as the trade and other receivables outstanding balance was 14% lower than 2019 and certain of the long outstanding other receivable debtors settled their debt during the year.

Taxation

Exxaro benefited from the following tax relief measures announced:
- A skills development levy holiday was granted to all businesses
- Carbon tax payments were deferred until 31 October 2020
- The implementation by SARS limiting the utilisation of tax losses and interest expense deductions has been postponed to 2022.

Going concern assessment

The going concern assessment was based on the latest budgets that incorporated changes in parameters and economic outlooks revised for the effects of COVID-19. Additional sensitivity analysis was performed as part of stress testing the going concern assumption. Exxaro also prudently increased its available borrowing facilities. The additional facility was available from 1 July 2020.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI

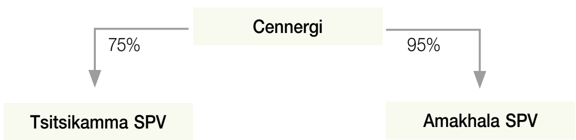
4.1 Overview of Cennergi

Exxaro and Tata Power, through its wholly owned subsidiary Khopoli, formed a 50:50 JV to create Cennergi in March 2012. Exxaro has recognised its existing 50% interest in the JV as an equity-accounted investment.

Cennergi is a company established and registered in South Africa operating in the renewable energy sector. Its business is the investigation of feasibility, development, ownership, operation, maintenance, acquisition and management of renewable energy projects in certain permitted territories.

Cennergi owns two wind farms which were originally bid as part of Window 2 of the Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) namely:
- Amakhala Emoyeni Wind Farm situated near Cookhouse in the Eastern Cape with an installed capacity of 134 Megawatts
- Tsitsikamma Community Wind Farm located close to Tsitsikamma in the Eastern Cape with an installed capacity of 95 Megawatts.

Each of the wind farms has been set up in separate project companies (SPVs) of which Cennergi holds the controlling interest as illustrated in the diagram below:



Cennergi forms part of the energy reportable segment.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction

Tata Power decided to dispose of its 50% interest in Cennergi creating an opportunity for Exxaro to act on its ambitions of growing its presence in the energy sector, by acquiring the 50% interest owned by Khopoli. The acquisition contributes towards aligning the long-term environmental, sustainability, growth strategy and expansion of Exxaro into renewable energies and aligns the strategic intent of Exxaro of forming a second core business next to coal.

Therefore, with effect from 1 April 2020, Exxaro acquired Khopoli's 50% share of the issued share capital of Cennergi, resulting in Exxaro obtaining sole control over Cennergi. The transaction has been accounted for as a business combination achieved in stages (step-up acquisition) in terms of IFRS 3 *Business Combinations* (IFRS 3).

Given the existing relationship with Cennergi, the related cost associated with the acquisition of the remaining 50% interest was minimal, with an amount of R2.4 million being expensed through operating expenses.

The fair value of the 100% controlling interest acquired and its attribution to the net identifiable assets acquired and resultant goodwill is summarised below:

	Note	Rm
Fair value of new 50% interest acquired (the purchase consideration)	4.2.1	1 739
Fair value of 50% interest held under joint control	4.2.2	1 502
Fair value of the 100% controlling interest acquired		3 241
Attributed to:		
Goodwill	4.2.3	521
Fair value of net identifiable assets acquired	4.2.4	2 867
Non-controlling interests	4.2.5	(147)
The transaction resulted in the following net cash outflow from investing activities:		
– Cash paid	4.2.1	(1 739)
– Cash and cash equivalents acquired	4.2.4	337
Net cash outflow from acquisition of subsidiaries		(1 402)

The accounting for the acquisition of Cennergi in terms of IFRS 3 was provisionally reported on for the six-month period ended 30 June 2020. Subsequently, the following changes to the purchase price allocation were made:
- Recognition of non-controlling interests of R147 million for the existing in substance share options held by Cennergi's BEE minorities
- Resultant increase in goodwill of R147 million to R521 million (previously reported: R374 million).

The reviewed condensed group interim financial statements as at and for the six-month period ending 30 June 2021 will be re-presented for these changes.

At 31 December 2020 the accounting for the acquisition of Cennergi has been concluded.

4.2.1 Purchase consideration for newly acquired 50% interest

The purchase consideration for the additional 50% interest acquired in Cennergi has been fully settled in cash. The purchase consideration represents the consideration transferred at its acquisition-date fair value. This is summarised into its components as follows:

	Rm
Purchase consideration settled in cash	1 641
Contingent consideration subsequently settled in cash[1]	98
Fair value of purchase consideration	1 739

[1] *As part of the purchase consideration, Exxaro was required to pay Khopoli 50% of the value that Cennergi company would recover from its proven claims in the liquidation account of one of the BEE minority shareholders. The liquidation account has been settled in December 2020 and the final consideration has been paid.*

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction continued

4.2.2 Fair value of pre-existing 50% interest

The pre-existing 50% interest in Cennergi forms part of the 100% controlling interest that Exxaro holds as of the acquisition date and is therefore fair valued immediately preceding the acquisition date. The gain resulting from remeasuring the pre-existing interest was recognised in profit or loss and is ultimately treated as a deemed disposal of the pre-existing interest.

The deemed disposal and fair value recognition is summarised as follows:

	Note	Rm
Fair value of 50% interest held under joint control		1 502
Carrying value of equity-accounted investment		(181)
Gain recognised in operating expenses[1]	8	1 321
Losses on recycling of share of cash flow hedge reserve through profit or loss	8	(59)
Net impact in profit or loss		1 262

[1] *Headline earnings adjustment.*

4.2.3 Goodwill

Goodwill represents the residual value between the fair value of the 100% controlling interest acquired, the net identifiable assets recognised and non-controlling interests recognised. The value of goodwill is attributed to the value of other items at acquisition date which are not separately identifiable to achieve recognition as intangible assets.

The goodwill recognised is attributed mainly to:
- The further operating capability of the assets and market demand for renewable energy post the existing power purchase agreements. The wind farms' lifespan is longer than the current power purchase agreements in place. Given the expected growth in demand for energy in South Africa, coupled with limited supply of energy, and in particular the worldwide drive towards energy supply to be from renewable sources, it is considered that there is a market with value post the existing power purchase agreements' contracts
- The existing assembled workforce of Cennergi
- A premium payable arising from the limited supply of, and high demand for, investment opportunities into renewable energy projects within the South African landscape
- Non-controlling interests recognised.

The goodwill is not deductible for tax purposes.

An impairment assessment was performed on 31 December 2020 for the goodwill acquired. The assessment resulted in no impairment charge for the year.

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.2 Overview of the transaction continued

4.2.4 Identifiable assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed of Cennergi as at the acquisition date are summarised as follows:

	Non-current Rm	Current Rm	Total Rm
Property, plant and equipment	5 952		5 952
Right-of-use assets	51		51
Intangible assets	2 685		2 685
Deferred tax assets	66		66
Deferred tax liabilities	(983)		(983)
Provisions	(39)		(39)
Financial liabilities: derivatives designated as hedging instruments	(272)		(272)
Net debt	(4 847)	115	(4 732)
– Cash and cash equivalents		337	337
– Interest-bearing borrowings	(4 799)	(215)	(5 014)
– Lease liabilities	(48)	(7)	(55)
Trade and other receivables[1]		187	187
Trade and other payables		(25)	(25)
Financial assets at amortised cost: interest-bearing loan receivable		1	1
Current tax payable		(12)	(12)
Other assets		4	4
Other liabilities		(16)	(16)
Net identifiable assets acquired and liabilities assumed	2 613	254	2 867

[1] *The fair values of acquired receivables represent the gross contractual amount. The full contractual cash flows are expected to be collected.*

4.2.5 Non-controlling interests

The arrangements in place with the minority shareholders of Tsitsikamma SPV and Amakhala SPV represent a fully vested share-based payment arrangements under IFRS 2. The arrangements are viewed as in substance share options with the minorities, as the minorities are not exposed to downside risk nor benefit, until such time that the underlying shareholder financing of the arrangements has been settled.

For the purposes of the acquisition Cennergi, as the acquiree, has outstanding share-based payment transactions that Exxaro, as the acquirer, did not replace, cancel or exchange as part of the acquisition. The share-based payment transactions have vested and therefore the share-based payment transactions of Cennergi are accounted for as part of the non-controlling interests in the Cennergi group acquisition and are measured at their market-based measure in terms of IFRS 2 *Share-based Payment* (IFRS 2).

4.3 Performance contribution to Exxaro's results

	Revenue Rm	Profit Rm
Cennergi's 100% results included in Exxaro's results from 1 April 2020 – 31 December 2020	890	(14)
Cennergi's results contribution to Exxaro's results, if included from 1 January 2020 – 31 December 2020[1]	1 156	12

[1] *The profit represents Cennergi's profit before adjustments for hedge accounting adopted at an Exxaro group level. The assimilated scenario cannot be determined from an Exxaro perspective, as Exxaro has adopted hedge accounting only from 1 April 2020.*

4. BUSINESS COMBINATION: ACQUISITION OF CONTROLLING INTEREST IN CENNERGI continued

4.4 Key judgements, assumptions and estimates applied to the business combination transaction

4.4.1 Fair values of material assets acquired

The following material assets were fair valued applying the following valuation techniques and key assumptions:

Plant and equipment:	**Primary operating assets:** **Wind turbines with substation connections to the grid**
Valuation technique:	Cost approach applying a depreciated replacement cost method, which determines the replacement cost of an existing asset after deducting an allowance for wear or consumption to reflect the remaining economic life of the existing asset.
Key assumptions:	Asset lives: 26.3 to 26.4 years Depreciation method: Straight line Condition rating[1]: Very good (94% to 96%) [1] *Asset condition: Asset is like new, fully operable, well maintained, and performs consistently at or above current standards. Little wear shown and no further action required.*
Intangible assets:	**Existing power purchase agreements with Eskom**
Valuation technique:	Income approach applying a multi-period excess earnings method, which determines the present value of the after-tax cash flow attributed to the intangible asset. The technique is based on the earnings power or cash generating abilities of the entity or asset being valued. The income approach focuses on estimating a forecast cash flow stream that is reflective of the most likely future operations of the entity or asset. Such forecast cash flows are then discounted to present value based on the appropriate risk adjusted discount rate or capitalisation rate that is reflective of both the risk and long-term growth prospects of the entity or asset.
Key assumptions:	Discount rate: 11.1% Remaining life of contracts: 16.3 to 16.4 years

4.4.2 Non-controlling interests

Management view the share-based payment transactions with the BEE minority shareholders of the SPVs as in substance share options that are equity-settled in terms of IFRS 2. These options were not yet exercised at the acquisition date.

Non-controlling interest:	**In substance share options**	
Valuation technique:	A Monte-Carlo simulation technique has been applied, discounting the distribution streams using a risk-free rate of return.	
Key assumptions:	Risk-free curve – ZAR swap zero curve semi-annual:	Year 1 to 5: 5.31% to 6.20% Year 6 to 16: 7.03% to 10.28%
	Lock in discount percentage:	33% for community BEE parties 25% for other BEE party
	Standard deviation tolerance:	7% for Amakhala SPV 10% for Tsitsikamma SPV

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 second half of 2020, the chief operating decision maker, in line with reporting trends and better disclosure, revised the allocation of corporate costs to the segments since emphasis is placed on controllable costs. Indirect corporate costs are no longer allocated between the different segments but now reported on a gross level in the other reportable segment. The comparative segmental information has been represented to reflect this change.

The 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 segment is split between commercial (Waterberg and Mpumalanga), tied and other operations. Commercial Mpumalanga operations include a 50% (2019: 50%) investment in Mafube (a joint venture with Anglo) and a 49% (2019: 49%) equity interest in Tumelo. The 10.26% (2019: 10.36%) effective equity interest in RBCT is included in the other coal operations. The coal operations produce thermal coal, metallurgical coal and SSCC.

The export revenue and related export cost items have been allocated between the coal reportable segments based on the origin of the initial coal production.

Energy

On 1 April 2020, Exxaro obtained 100% control over Cennergi (2019: 50% joint control) (refer note 4 for detail of the business combination). The energy reportable segment also includes an equity interest of 28.59% (2019: 28.59%) in LightApp, as well as an equity interest of 22% (2019: 22%) in GAM.

Ferrous

The ferrous reportable segment mainly comprises of the 20.62% (2019: 20.62%) equity interest in SIOC (located in the Northern Cape province) reported within the other ferrous reportable segment, as well as the FerroAlloys operation (referred to as Alloys). The Alloys operation manufactures ferrosilicon.

TiO_2

The TiO_2 reportable segment comprises a 10.26% (2019: 10.38%) equity interest in Tronox Holdings plc, which was classified as a non-current asset held-for-sale on 30 September 2017 (refer note 17), and a 26% (2019: 26%) equity interest in Tronox SA (both South African-based operations).

Other

The other reportable segment is split between the base metals and other reportable segments. The 26% (2019: 26%) equity interest in Black Mountain (located in the Northern Cape province) is included in the base metals reportable segment. The other reportable segment comprises an equity interest in Insect Technology of 25.85% (2019: 25.86%), the Ferroland agricultural operation and the corporate office which renders services to operations and other customers. The 15% (2019: 15%) equity interest in Curapipe was disposed of on 9 November 2020.

5. SEGMENTAL INFORMATION continued

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

	Coal				
	Commercial				
For the year ended 31 December 2020 (Reviewed)	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Energy Rm
External revenue	15 449	8 037	4 355	34	889
Segmental net operating profit/(loss)	6 668	(2 419)	145	(114)	1 619
– *Continuing operations*	6 668	(2 419)	145	(114)	1 619
– *Discontinued operations*					
External finance income (note 10)	33	3		8	12
External finance costs (note 10)	(48)	(171)		(52)	(402)
Income tax (expense)/benefit	(2 020)	530	(46)	782	1
– *Continuing operations*	(2 020)	530	(46)	782	1
– *Discontinued operations*					
Depreciation and amortisation (note 8)	(1 373)	(611)	(19)	(2)	(291)
Impairment charges (note 9)		(1 378)			
Gain on deemed disposal of JV (note 4)					1 321
Gains on disposal of joint operation and transfer of operation (note 8)		17		4	
Share of income/(loss) of equity-accounted investments (note 11)		67		5	(5)
– *Continuing operations*		67		5	(5)
– *Discontinued operations*					
Cash generated by/(utilised in) operations	8 223	(879)	241	(1 717)	693
Capital spend (note 13)	(2 326)	(717)	(1)	(16)	(1)
At 31 December 2020 (Reviewed)					
Segmental assets and liabilities					
Deferred tax[1]		112	(158)	589	146
Equity-accounted investments (note 15)		1 412		2 053	98
External assets	30 155	6 160	1 138	2 468	8 825
Assets	30 155	7 684	980	5 110	9 069
Non-current assets held-for-sale (note 17)		2 008			
Total assets	30 155	9 692	980	5 110	9 069
External liabilities	2 129	1 288	926	1 308	5 715
Deferred tax[1]	6 934	229		189	937
Liabilities	9 063	1 517	926	1 497	6 652
Non-current liabilities held-for-sale (note 17)		1 138			
Total liabilities	9 063	2 655	926	1 497	6 652

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

5. SEGMENTAL INFORMATION continued

	Ferrous			Other		
For the year ended 31 December 2020 (Reviewed)	Alloys Rm	Other ferrous Rm	TiO_2 Rm	Base metals Rm	Other Rm	Total Rm
External revenue	147				13	28 924
Segmental net operating profit/(loss)	4			93	(1 703)	4 293
– *Continuing operations*	4			93	(1 703)	4 293
– *Discontinued operations*						
External finance income (note 10)					159	215
External finance costs (note 10)	(1)				(373)	(1 047)
Income tax (expense)/benefit	7				27	(719)
– *Continuing operations*	7				27	(719)
– *Discontinued operations*						
Depreciation and amortisation (note 8)	(6)				(134)	(2 436)
Impairment charges (note 9)					(504)	(1 882)
Gain on deemed disposal of JV (note 4)						1 321
Gains on disposal of joint operation and transfer of operation (note 8)						21
Share of income/(loss) of equity-accounted investments (note 11)		6 125	207	122	(110)	6 411
– *Continuing operations*		6 125	207	122	(110)	6 411
– *Discontinued operations*						
Cash generated by/(utilised in) operations	(38)	(4)			1 251	7 770
Capital spend (note 13)	(2)				(112)	(3 175)
At 31 December 2020 (Reviewed)						
Segmental assets and liabilities						
Deferred tax[1]	17	1			369	1 076
Equity-accounted investments (note 15)		12 820	2 628	995		20 006
External assets	309	26			4 694	53 775
Assets	326	12 847	2 628	995	5 063	74 857
Non-current assets held-for-sale (note 17)			1 741			3 749
Total assets	326	12 847	4 369	995	5 063	78 606
External liabilities	29	3			9 713	21 111
Deferred tax[1]					(53)	8 236
Liabilities	29	3			9 660	29 347
Non-current liabilities held-for-sale (note 17)						1 138
Total liabilities	29	3			9 660	30 485

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2019 (Audited) (Re-presented)[1]	Coal				
	Commercial				
	Water-berg Rm	Mpuma-langa Rm	Tied Rm	Other Rm	Energy Rm
External revenue	14 012	7 240	4 038	292	
Segmental net operating profit/(loss)[2]	5 752	(318)	136	(558)	(58)
– *Continuing operations*	5 752	(318)	136	(558)	(58)
– *Discontinued operations*					
External finance income (note 10)	57	21		30	
External finance costs (note 10)	(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)	
Impairment charges (note 9)	23				
Loss on loss of control of subsidiary		(35)			
Gain on disposal of operation		76			
Share of income/(loss) of equity-accounted investments (note 11)		127		1	18
– *Continuing operations*		127		1	18
– *Discontinued operations*					
Cash generated by/(utilised in) operations	6 062	(253)	201	(1 042)	
Capital spend (note 13)	(2 951)	(2 776)		(90)	
At 31 December 2019 (Audited) (Re-presented)[1]					
Segmental assets and liabilities					
Deferred tax[3]			(107)	340	
Equity-accounted investments (note 15)		1 335		2 067	350
Loans to associates		133			
External assets	28 832	10 499	1 210	3 951	
Assets	28 832	11 967	1 103	6 358	350
Non-current assets held-for-sale (note 17)					
Total assets	28 832	11 967	1 103	6 358	350
External liabilities	1 951	2 336	938	2 684	
Deferred tax[3]	6 411	715		68	
Liabilities	8 362	3 051	938	2 752	
Non-current liabilities held-for-sale (note 17)		1 410			
Total liabilities	8 362	4 461	938	2 752	

[1] *Refer note 2.3.*

[2] *Segmental net operating profit/(loss) has been re-presented to reflect the change in the allocation of corporate costs.*

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

5. SEGMENTAL INFORMATION continued

For the year ended 31 December 2019 (Audited) (Re-presented)[1]	Ferrous			Other		
	Alloys Rm	Other ferrous Rm	TiO_2 Rm	Base metals Rm	Other Rm	Total Rm
External revenue	130				14	25 726
Segmental net operating profit/(loss)[2]	6	(1)	2 400		(960)	6 399
– *Continuing operations*	6	(1)	270		(960)	4 269
– *Discontinued operations*			2 130			2 130
External finance income (note 10)					210	318
External finance costs (note 10)	(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)
Impairment charges (note 9)					(58)	(35)
Loss on loss of control of subsidiary						(35)
Gain on disposal of operation						76
Share of income/(loss) of equity-accounted investments (note 11)		4 413	234	52	(152)	4 693
– *Continuing operations*		4 413	234	52	(152)	4 693
– *Discontinued operations*						
Cash generated by/(utilised in) operations	1				304	5 273
Capital spend (note 13)					(259)	(6 076)
At 31 December 2019 (Audited) (Re-presented)[1]						
Segmental assets and liabilities						
Deferred tax[3]	11				223	467
Equity-accounted investments (note 15)		9 835	2 472	872	571	17 502
Loans to associates						133
External assets	279	25	65		4 136	48 997
Assets	290	9 860	2 537	872	4 930	67 099
Non-current assets held-for-sale (note 17)			1 741			1 741
Total assets	290	9 860	4 278	872	4 930	68 840
External liabilities	30	6			9 460	17 405
Deferred tax[3]					(56)	7 138
Liabilities	30	6			9 404	24 543
Non-current liabilities held-for-sale (note 17)						1 410
Total liabilities	30	6			9 404	25 953

[1] *Refer note 2.3.*
[2] *Segmental net operating profit/(loss) has been re-presented to reflect the change in the allocation of corporate costs.*
[3] *Offset per legal entity and tax authority.*

6. DISCONTINUED OPERATIONS

The discontinued operation relates to Tronox Holdings plc, which represents a major geographical area of operation as well as the majority of the TiO_2 reportable segment.

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

	For the year ended 31 December	
	2020 Reviewed Rm	(Re-presented)[1] 2019 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		65
Operating profit		896
Gain on partial disposal of associate		1 234
Net operating profit		2 130
Dividend income received from non-current assets held-for-sale	69	47
Profit before tax	69	2 177
Income tax expense		(65)
Profit for the year from discontinued operations	69	2 112
Other comprehensive loss, net of tax		
Items that have subsequently been reclassified to profit or loss:		(831)
– Recycling of share of OCI of equity-accounted investments		(831)
Total comprehensive income for the year	69	1 281
Cash flow information		
Cash flow attributable to investing activities		
– Dividend income received from non-current assets held-for-sale	69	47
– Proceeds from partial disposal of associate classified as non-current assets held-for-sale		2 889
Cash flow attributable to discontinued operations	69	2 936

[1] *Refer note 2.3.*

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 2020 (Reviewed)	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Energy Rm	Alloys Rm	Other Rm	Total Rm
Segmental revenue reconciliation								
Segmental revenue[1]	15 449	8 037	4 355	34	889	147	13	28 924
Export sales allocated to selling entity	(2 002)	(7 357)		9 359				
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By timing and major type of goods and services								
Sale of goods at a point in time	13 447	680	3 744	9 293	889	139	12	28 204
Coal	13 447	680	3 744	9 293				27 164
Ferrosilicon						139		139
Renewable energy					889			889
Biological goods							12	12
Rendering of services over time			611	100		8	1	720
Stock yard management services			154					154
Project engineering services			457					457
Other mine management services				34				34
Transportation services				66		2		68
Other services						6	1	7
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By major geographic area of customer[2]								
Domestic	13 447	680	4 355	34	889	147	8	19 560
Export				9 359			5	9 364
Europe				3 904			3	3 907
Asia				4 539			2	4 541
Other				916				916
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924
By major customer industries								
Public utilities	11 508		4 355	260	889			17 012
Merchants	174	345		8 525		2		9 046
Steel	1 014	79		77				1 170
Mining	56	103		126		119		404
Manufacturing	275					26		301
Food and beverage	250						8	258
Chemicals		145						145
Cement	132							132
Other	38	8		405			5	456
Total revenue	13 447	680	4 355	9 393	889	147	13	28 924

[1] *Coal segmental revenue is based on the origin of coal production.*
[2] *Determined based on the customer supplied by Exxaro.*

7. REVENUE continued

For the year ended 31 December 2019 (Audited)	Coal				Ferrous	Other	
	Commercial						
	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm	Alloys Rm	Other Rm	Total Rm
Segmental revenue reconciliation							
Segmental revenue[1]	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	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		51		92	2		145
Other services					6	2	8
Total revenue	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	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
Cement	148						148
Food and beverage	200					1	201
Chemicals		167					167
Other	42	69		3	3	13	130
Total revenue	12 518	1 772	4 038	7 254	130	14	25 726

[1] *Coal segmental revenue is based on the origin of coal production.*
[2] *Determined based on the customer supplied by Exxaro.*

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

	For the year ended 31 December	
	2020 Reviewed Rm	2019 Audited Rm
The following (expense)/income items are included, among others, in operating expenses:		
Raw materials and consumables	(3 744)	(3 760)
Staff costs[1]	(5 103)	(5 248)
Royalties	(575)	(459)
Contract mining	(2 409)	(2 308)
Repairs and maintenance	(2 421)	(2 251)
Railage and transport	(3 101)	(2 353)
Movement in provisions (note 20)	1 100	(127)
Movement in indemnification asset	(798)	139
Depreciation and amortisation	(2 436)	(1 912)
– Depreciation of property, plant and equipment	(2 237)	(1 849)
– Depreciation of right-of-use assets	(71)	(59)
– Amortisation of intangible assets	(128)	(4)
Gain on deemed disposal of JV[2]	1 321	
Losses on share of cash flow hedge reserve recycled to profit or loss on deemed disposal of JV[2]	(59)	
Fair value adjustments on contingent consideration[3]	(3)	296
Hedge ineffectiveness on cash flow hedges (note 23.2)	(57)	
Legal and professional fees	(653)	(742)
Net losses on disposal of property, plant and equipment	(92)	
Gain on disposal of joint operation[4]	17	
Gain on transfer of operation[5]	4	
Loss on disposal of operation		76
Loss on loss of control of subsidiary		(35)
Loss on dilution of investment in associates	(20)	(42)
Gain on disposal of associate		270
ECLs[6]	144	(165)
Write down of inventory to net realisable value	(9)	(11)
Insurance recoveries for	32	148
– Business interruption	14	99
– Property, plant and equipment	18	49

[1] *2019 includes an amount of R459 million relating to TVPs.*
[2] *Relates to the step-up acquisition of Cennergi (refer note 4).*
[3] *2020: relates to the Cennergi acquisition; 2019: relates to the ECC acquisition.*
[4] *Relates to EMJV.*
[5] *Relates to Arnot.*
[6] *2020: relates mainly to the reversal of ECLs as payments were received on non-performing other receivables. 2019: relates mainly to non-performing other receivables and the loan to Tumelo.*

9. IMPAIRMENT CHARGES

	For the year ended 31 December	
	2020 Reviewed Rm	2019 Audited Rm
ECC operation		
Impairment charges	(1 378)	
– Property, plant and equipment	(1 359)	
– Right-of-use assets	(19)	
Investments in associates		
Impairment charges	(504)	(58)
– Insect Technology	(458)	
– Curapipe	(46)	
– GAM		(58)
Reductants operation		
Impairment reversal		23
– Property, plant and equipment		23
Net impairment charges	(1 882)	(35)
Tax effect[1]	236	
Net effect on attributable earnings	(1 646)	(35)

[1] *Tax effect relates to the ECC operation.*

ECC operation

On 31 December 2020, the ECC operation, met all the criteria in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5) to be classified as a non-current asset held-for-sale (refer note 17). An impairment assessment in terms of IAS 36 *Impairment of Non-current Assets* (IAS 36) was required to be performed. The recoverable amount was determined to be its fair value less costs of disposal (which represents the discounted value of the offer price negotiated with the proposed buyer to the sales transaction).

Insect Technology

During 2020, Exxaro's investment in Insect Technology was no longer considered to be a strategic fit for Exxaro. Consequently Exxaro will not participate in any further fund raising.

Insect Technology was unable to raise funding for pre-commissioning, research and development as well as operational expenses. The delays in the fund raising had an impact on working capital requirements and the company found itself in severe financial distress. Due to the uncertainty of whether Insect Technology will continue as a going concern, a decision was taken to impair the investment.

On 31 December 2020, the equity interest in Insect Technology was impaired to nil.

Curapipe

The investment in Curapipe was identified not to be a strategic fit for Exxaro and as a result, Exxaro embarked on a divestment process during 2020 for the total equity interest in Curapipe. On 30 June 2020, the investment in Curapipe was impaired to US$1. Subsequently, the investment was sold on 9 November 2020.

10. NET FINANCING COSTS

	For the year ended 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Finance income	215	318
Interest income	209	292
Reimbursement of interest income on environmental rehabilitation funds	(5)	
Finance lease interest income	8	9
Commitment fee income	3	6
Interest income from loan to joint venture		11
Finance costs	(1 047)	(355)
Interest expense	(984)	(506)
Net fair value loss on interest rate swaps designated as cash flow hedges: transfer from OCI	(107)	
– Realised fair value loss	(153)	
– Unrealised fair value gain	46	
Unwinding of discount rate on rehabilitation costs	(305)	(414)
Recovery of unwinding of discount rate on rehabilitation costs	38	167
Interest expense on lease liabilities	(54)	(36)
Amortisation of transaction costs	(9)	(14)
Borrowing costs capitalised[1]	374	448
Total net financing costs	(832)	(37)
[1] *Borrowing costs capitalisation rate:*	*7.79%*	*9.98%*

11. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

	For the year ended 31 December	
	2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
Associates	6 331	4 520
SIOC	6 125	4 413
Tronox SA	207	234
RBCT	5	1
Black Mountain[1]	122	52
Curapipe[2]	(1)	(4)
Insect Technology	(109)	(148)
LightApp	(18)	(28)
Joint ventures	80	173
Mafube	67	127
Cennergi[3]	13	46
Share of income of equity-accounted investments	6 411	4 693

[1] *The investment in Black Mountain was previously presented as a discontinued operation. Refer note 2.3.*
[2] *The investment in Curapipe was sold on 9 November 2020.*
[3] *Equity-accounted income up to 31 March 2020.*

12. DIVIDEND DISTRIBUTIONS

A final cash dividend, number 36, for 2020 of 1 243 cents per share, was approved by the board of directors on 16 March 2021. The dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This final dividend, amounting to approximately R3 119 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 2021.

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 994.4000 cents per share.

Taking into account the proceeds of R5 763 million received from the disposal of Exxaro's shareholding in Tronox Holdings plc, the board of directors has approved to pay a special dividend of 543 cents per share. The special dividend is payable on 3 May 2021 to shareholders who will be on the register on 30 April 2021. This special dividend, amounting to approximately R1 363 million (to external shareholders), has not been recognised as a liability in these condensed annual financial statements. It will be recognised in shareholder's equity in the year ending 31 December 2021.

The special 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 434.40000 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	
	2020 Reviewed Rm	2019 Audited Rm
Dividends paid	(3 034)	(5 812)
Final dividend (relating to prior year)	(1 420)	(1 393)
Special dividend		(2 251)
Interim dividend (relating to current year)	(1 614)	(2 168)
	cents	cents
Dividend paid per share	1 209	2 316
Final dividend (relating to prior year)	566	555
Special dividend		897
Interim dividend (relating to current year)	643	864

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
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	251

13. CAPITAL SPEND AND CAPITAL COMMITMENTS

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Capital spend		
To maintain operations	2 225	2 502
To expand operations	950	3 574
Total capital spend	3 175	6 076
Capital commitments		
Contracted	2 339	2 225
– Contracted for the group (owner-controlled)	1 990	1 985
– Share of capital commitments of equity-accounted investments	349	240
Authorised, but not contracted	1 484	3 119

14. INTANGIBLE ASSETS

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Goodwill		
Net carrying amount		
Acquisition of subsidiaries (note 4)	521	
At end of the year	521	
Contracts with customers		
Gross carrying amount		
Acquisition of subsidiaries (note 4)	2 685	
At end of the year	2 685	
Accumulated amortisation		
Charges for the year	(123)	
At end of the year	(123)	
Patents and licences		
Gross carrying amount		
At beginning of the year	43	38
Additions	2	5
Reclassification to non-current assets held-for-sale	(7)	
Exchange differences	1	
At end of the year	39	43
Accumulated amortisation		
At beginning of the year	(27)	(23)
Charges for the year	(5)	(4)
Reclassification to non-current assets held-for-sale	5	
At end of the year	(27)	(27)
Net carrying amount at end of the year	3 095	16

15. EQUITY-ACCOUNTED INVESTMENTS

	At 31 December	
	2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
Associates	18 594	15 928
SIOC	12 820	9 835
Tronox SA	2 628	2 472
RBCT	2 053	2 067
Black Mountain	995	872
Curapipe[2]		37
Insect Technology[3]		534
LightApp	98	111
Joint ventures	1 412	1 574
Mafube	1 412	1 335
Cennergi[4]		239
Total carrying value of equity-accounted investments	20 006	17 502

[1] *Refer note 2.3.*
[2] *The investment in Curapipe was sold on 9 November 2020 for US$1 under a deferred compensation offer comprising a cash component of US$1 and a contingent consideration receivable component. The contingent consideration receivable is dependent on the occurrence of certain transactions. At 31 December 2020, the occurrence of these transactions was considered not to be probable resulting in contingent consideration receivable of nil.*
[3] *On 31 December 2020, the investment in Insect Technology was impaired to nil. Refer note 9.*
[4] *The additional 50% interest in Cennergi was acquired on 1 April 2020 from which date the subsidiaries have been consolidated (refer note 4 for details of the business combination).*

16. OTHER ASSETS

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Non-current		
Reimbursements[1]	373	1 648
Indemnification asset: Total S.A.[2]		1 410
Biological assets	28	24
Lease receivables	53	61
Deferred costs	2	
Other	74	51
Total non-current other assets	530	3 194
Current		
Indemnification asset: Tronox Holdings plc		65
VAT	504	501
Royalties	127	114
Prepayments	144	120
Current tax receivables	198	265
Lease receivables	6	6
Other	41	33
Total current other assets	1 020	1 104
Total other assets	1 550	4 298

[1] *Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matla operation at the end of LoM (2019: included Matla and Arnot operations).*
[2] *Upon the acquisition of ECC in 2015, Total S.A. indemnified Exxaro from any obligations relating to EMJV. The indemnification lapsed in August 2020.*

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

ECC operation

The ECC operation was identified as non-core to the future objectives of Exxaro. As a result, Exxaro embarked on a divestment process of the total equity interest in ECC. On 31 December 2020, the ECC operation met all the criteria to be classified as a non-current asset held-for-sale in terms of IFRS 5.

The ECC operation is reported as part of the coal Mpumalanga reportable segment and 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.

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 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 2020, 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.

The Tronox Holdings plc investment is presented within the total assets of the TiO_2 reportable segment and is presented as a discontinued operation (refer note 6). Subsequent to year-end, the remaining 14 729 280 shares were sold on 1 March 2021 (refer note 27).

EMJV

As part of the ECC acquisition in 2015, Exxaro acquired non-current liabilities held-for-sale relating to the EMJV. The transaction was conditional on a section 43 consent required in terms of the MPRDA for transfer of the legal environmental liabilities and rehabilitation obligations to Scinta Energy Proprietary Limited. On 31 December 2020, all conditions precedent to the transaction were met and the transaction became effective.

17. 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 2020 Reviewed Rm	(Re-presented)[1] 2019 Audited Rm
Assets		
Property, plant and equipment	841	
Right-of-use assets	1	
Intangible assets	2	
Investments in associates	1 741	1 741
– Tronox Holdings plc	1 741	1 741
Non-current financial assets	655	
– Environmental rehabilitation funds	655	
Inventories	149	
Current financial assets	139	
– Loans to associate: Tumelo	139	
Trade and other receivables	39	
– Trade receivables	29	
– Other receivables	10	
Other current assets	153	
Current tax receivable	21	
Cash and cash equivalents	8	
Non-current assets held-for-sale	3 749	1 741
Liabilities		
Non-current lease liabilities	(13)	
Other non-current payables	(7)	
Non-current provisions	(724)	(1 393)
Retirement employee obligations	(1)	(17)
Deferred tax liabilities	(21)	
Trade and other payables	(289)	
– Trade payables	(76)	
– Other payables	(213)	
Current lease liabilities	(8)	
Current provisions	(2)	
Current tax payable	(1)	
Other current liabilities	(72)	
Non-current liabilities held-for-sale	(1 138)	(1 410)
Net non-current assets held-for-sale	2 611	331

[1] *Refer note 2.3.*

18. INTEREST-BEARING BORROWINGS

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Non-current[1]	7 448	6 991
Loan facility[2]	1 748	5 991
Project financing[3]	4 700	
Bonds	1 000	1 000
Current[1]	6 163	50
Loan facility[2]	6 050	46
Project financing[3]	110	
Bonds	3	4
Total interest-bearing borrowings	13 611	7 041
Summary of interest-bearing borrowings by period of redemption:		
Less than six months	107	54
Six to 12 months	6 056	(4)
Between one and two years	1 379	2 744
Between two and three years	1 082	3 605
Between three and four years	915	(1)
Between four and five years	349	643
Over five years	3 723	
Total interest-bearing borrowings	13 611	7 041
[1] *Reduced by the amortisation of transaction costs of:*		
– Non-current	*(2)*	*(9)*
– Current	*(6)*	*(9)*
[2] *Exxaro is in the process of refinancing its loan facility as the current facility is expected to mature in July 2021.*		
[3] *Interest-bearing borrowings relating to the Cennergi group.*		
Overdraft		
Bank overdraft	17	976

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

There were no defaults or breaches in terms of interest-bearing borrowings during the reporting periods, except for a technical non-compliance in relation to the project financing agreements which was rectified before the end of the year as agreed with the financial institutions.

18. INTEREST-BEARING BORROWINGS continued

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

		Loan facility		
	Year	Bullet term loan	Amortised term loan	Revolving[1] facility
Aggregate nominal amount (Rm)	2020	3 250	1 750	4 750
	2019	3 250	1 750	2 750
Issue date or draw down 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)	2020	nil	nil	2 000
	2019	nil	1 750	nil
Interest				
Interest payment basis		Floating rate	Floating rate	Floating rate
Interest payment period		Three months	Three months	Monthly
Interest rate		3-month JIBAR plus a margin of 325 basis points (3.25%)	3-month JIBAR plus a margin of 360 basis points (3.60%)	1-month JIBAR plus a margin of 325 basis points (3.25%)
Effective interest rates for the transaction costs	2020	0.17%	N/A	N/A
	2019	0.17%	N/A	N/A

[1] *An additional R2 billion accordion facility was made available from 1 July 2020.*

18. INTEREST-BEARING BORROWINGS continued

	Year	Project financing[1]		
		Tsitsikamma SPV loan facility	Amakhala SPV loan facilities: floating rate[2]	Amakhala SPV loan facilities: fixed rate[3]
Remaining nominal amount outstanding (Rm)	2020	1 918	2 734	158
Debt assumed date		1 April 2020	1 April 2020	1 April 2020
Maturity date		31 December 2030	30 June 2031	30 June 2031
Capital payments		Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount	Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount	Bi-annual instalments ranging incrementally over the term from 0.18% to 10.65% of the nominal amount
Duration (months)		129	135	135
Secured or unsecured[4]		Secured	Secured	Secured
Undrawn portion (Rm)	2020	122	273	
Interest[5]				
Interest payment basis		Floating rate	Floating rate	Fixed rate
Interest payment period		Bi-annual	Bi-annual	Bi-annual
Interest rate		3-month JIBAR plus a margin of 264 basis points (2.64%)	3-month JIBAR plus an all in margin ranging from 359 basis points to 681 basis points (3.59% to 6.81%)	An all in margin ranging from 371 basis points to 681 basis points (3.71% to 6.81%) plus: (1) 8.00% until June 2021 (2) 9.46% from July 2021 to maturity
Effective interest rates for the transaction costs	2020	N/A	N/A	N/A

[1] Debt assumed from Cennergi business combination as of 1 April 2020. Refer note 4.

[2] Comprising the following loan facilities at the specified all in margin:

– Senior A and C	*+3.59*
– Senior IFC	*+3.71*
– Subordinate A and C	*+6.69*
– Subordinate IFC	*+6.81*

These margins are subject to variation.

[3] Comprising the following loan facilities at the specified all in margin:

– Senior B	*+3.71*
– Subordinate B	*+6.81*

[4] Security held over the assets and share capital of Tsitsikamma SPV and Amakhala SPV respectively.

[5] Interest payments are hedged from a floating rate to a fixed rate. Refer note 23.2.2.

18. INTEREST-BEARING BORROWINGS continued

	Year	DMTN Programme (bonds) R357 million senior unsecured floating rate note	DMTN Programme (bonds) R643 million senior unsecured floating rate note
Aggregate nominal amount (Rm)	2020	357	643
	2019	357	643
Issue date or draw down date		13 June 2019	13 June 2019
Maturity date		13 June 2022	13 June 2024
Capital payments		No fixed or determined payments, the total outstanding amount is payable on final maturity date	No fixed or determined 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		3-month JIBAR plus a margin of 165 basis points (1.65%)	3-month JIBAR plus a margin of 189 basis points (1.89%)
Effective interest rates for the transaction costs	2020	N/A	N/A
	2019	N/A	N/A

19. LEASE LIABILITIES

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Non-current	493	461
Current	29	27
Total lease liabilities	522	488
Summary of lease liabilities by period of redemption:		
Less than six months	14	15
Six to 12 months	15	12
Between one and two years	34	28
Between two and three years	43	34
Between three and four years	43	34
Between four and five years	53	43
Over five years	320	322
Total lease liabilities	522	488
Analysis of movement in lease liabilities		
At beginning of the year	488	2
Recognised on initial application of IFRS 16 *Leases*		66
Balance at 1 January	488	68
New leases	24	458
Lease terminations		(12)
Acquisition of subsidiaries	55	
Reclassification to non-current liabilities held-for sale	(21)	
Lease remeasurement adjustments	10	7
Lease modification adjustments	(3)	
Exchange difference on translation	1	
Capital repayments	(32)	(33)
– Lease payments	(86)	(69)
– Interest charges	54	36
At end of the year	522	488

The lease liabilities relate to the right-of-use assets. Interest is based on incremental borrowing rates ranging between 7.33% and 10.44% (2019: 7.85% and 10.44%).

20. PROVISIONS

	Environmental rehabilitation					
	Restoration Rm	Decommissioning Rm	Residual impact Rm	Other site closure costs Rm	Other[1] Rm	Total Rm
At 31 December 2020						
At beginning of the year	2 432	544	1 345	83		4 404
(Reversal)/charge to operating expenses (note 8)	(60)	(85)	(986)	14	17	(1 100)
– Additional provisions	316	14	44	16	17	407
– Unused amounts reversed[2]	(376)	(99)	(1 030)	(2)		(1 507)
Unwinding of discount rate on rehabilitation costs (note 10)	169	44	92			305
Provisions capitalised to property, plant and equipment		(88)				(88)
Utilised during the year	(18)		(3)	(16)	(3)	(40)
Reclassification to non-current liabilities held-for-sale	(467)	(52)	576	(2)		55
Acquisition of subsidiaries	6	29	4			39
Transfer of operation	(642)	(97)	(705)			(1 444)
Total provisions at end of the year	1 420	295	323	79	14	2 131
– Non-current	1 284	295	300	60	7	1 946
– Current	136		23	19	7	185
At 31 December 2019						
At beginning of the year	2 516	451	975	80		4 022
(Reversal)/charge to operating expenses (note 8)	(244)	52	301	18		127
– Additional provisions	374	56	403	19		852
– Unused amounts reversed	(618)	(4)	(102)	(1)		(725)
Unwinding of discount rate on rehabilitation costs (note 10)	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
– Non-current	2 366	544	1 334	61		4 305
– Current	66		11	22		99

[1] *Relates to a constructive obligation created with certain BEE minorities within the Cennergi group to receive distributions in proportion to their percentage interest prior to their in substance share options being exercised.*
[2] *The residual impact includes an adjustment to the EMJV environmental rehabilitation provision, amounting to R818 million.*

21. NET DEBT

	At 31 December 2020 Reviewed Rm	At 31 December 2019 Audited Rm
Net debt is presented by the following items on the statement of financial position:		
Non-current interest-bearing debt	(7 954)	(7 452)
Interest-bearing borrowings	(7 448)	(6 991)
Lease liabilities	(493)	(461)
Lease liabilities classified as non-current liabilities held-for-sale	(13)	
Current interest-bearing debt	(6 200)	(77)
Interest-bearing borrowings	(6 163)	(50)
Lease liabilities	(29)	(27)
Lease liabilities classified as non-current liabilities held-for-sale	(8)	
Net cash and cash equivalents	3 187	1 719
Cash and cash equivalents	3 196	2 695
Cash and cash equivalents classified as non-current assets held-for-sale	8	
Overdraft	(17)	(976)
Total net debt	(10 967)	(5 810)

21. NET DEBT continued

Analysis of movement in net 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 debt at 31 December 2018 (Audited)	549	(3 843)	(573)	(3 867)
Cash flows	1 171	(3 148)	553	(1 424)
Operating activities[1]	3 483			3 483
Investing activities	2 974			2 974
Financing activities[1]	(5 286)	(3 148)	553	(7 881)
– Interest-bearing borrowings raised	4 250	(3 750)	(500)	
– Interest-bearing borrowings repaid	(1 622)	602	1 020	
– Lease liabilities paid	(33)		33	
– Dividends paid to owners of the parent[1]	(5 812)			(5 812)
– 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		(524)		(524)
Lease liabilities cancelled			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 (Audited)	1 719	(7 452)	(77)	(5 810)

[1] *Dividends paid to owners of the parent have been re-presented as a financing activity (previously presented as an operating activity).*

21. NET DEBT continued

Analysis of movement in net 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 2019 (Audited)	1 719	(7 452)	(77)	(5 810)
Cash flows	1 468	(1 750)	120	(162)
Operating activities	5 493			5 493
Investing activities	(1 556)			(1 556)
Financing activities	(2 469)	(1 750)	120	(4 099)
– Interest-bearing borrowings raised	1 750	(1 750)		
– Interest-bearing borrowings repaid	(88)		88	
– NCI option exercised	115			115
– Distributions to NCI option holders	(1)			(1)
– Loan from NCI	69			69
– Lease liabilities paid	(32)		32	
– Dividends paid to owners of the parent	(3 034)			(3 034)
– Shares acquired in the market to settle share-based payments	(270)			(270)
– Dividends paid to BEE Parties	(978)			(978)
Non-cash movements		1 248	(6 243)	(4 995)
Amortisation of transaction costs			(9)	(9)
Interest accrued			114	114
Lease remeasurements and modifications		(7)		(7)
New leases		(24)		(24)
Acquisition of subsidiaries (note 4)		(4 847)	(222)	(5 069)
– Leases		(48)	(7)	(55)
– Project financing		(4 799)	(215)	(5 014)
Transfers between non-current and current liabilities		6 126	(6 126)	
Net debt at 31 December 2020 (Reviewed)	3 187	(7 954)	(6 200)	(10 967)

22. OTHER LIABILITIES

	At 31 December 2020 Reviewed Rm	2019 Audited Rm
Non-current		
Termination benefits[1]		144
Income received in advance	27	23
Total non-current other liabilities	27	167
Current		
Termination benefits[1]	205	305
Leave pay	225	203
Bonuses	271	241
VAT	31	21
Royalties		9
Carbon tax	5	
Current tax payables	34	50
Other current liabilities	90	97
Total current other liabilities	861	926
Total other liabilities	888	1 093

[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.*

23. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	At 31 December 2020 Reviewed Rm	2019 Audited Rm
Non-current		
Financial assets		
Financial assets at FVOCI	222	235
Equity: unlisted – Chifeng	222	235
Financial assets at FVPL	1 247	2 039
Debt: unlisted – environmental rehabilitation funds	1 247	2 039
Financial assets at amortised cost	672	400
ESD loans[1]	79	124
Other financial assets at amortised cost	593	276
– Environmental rehabilitation funds	386	
– Deferred pricing receivable[2]	212	279
– Impairment allowances	(5)	(3)
Financial liabilities		
Financial liabilities at amortised cost	(7 541)	(7 112)
Interest-bearing borrowings	(7 448)	(6 991)
Other payables	(24)	(121)
Loan from NCI[3]	(69)	
Derivative financial liabilities designated as hedging instruments	(713)	
Hedging derivatives – interest rate swaps[4]	(713)	

[1] *Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.*
[2] *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%.*
[3] *Loan payable to a BEE minority shareholder of Tsitsikamma SPV. The loan bears interest at a fixed rate of 16.3%, is unsecured and has no fixed terms of repayment, but is subject to cash being available and covenants approvals from the project financiers.*
[4] *Refer note 23.2.*

23. FINANCIAL INSTRUMENTS continued

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Current		
Financial assets		
Financial assets at amortised cost	6 192	6 208
Loans to associates and joint ventures		133
Associates		133
– Tumelo[1]		182
– Impairment allowances		(49)
ESD loans[2]	105	82
– Gross	106	83
– Impairment allowances	(1)	(1)
Other financial assets at amortised cost	64	57
– Deferred pricing receivable[3]	64	57
– Deferred consideration receivable[4]	1	1
– Employee receivables	4	5
– Impairment allowances	(5)	(6)
Trade and other receivables	2 827	3 241
Trade receivables	2 698	2 928
– Gross	2 793	3 023
– Impairment allowances	(95)	(95)
Other receivables	129	313
– Gross	153	464
– Impairment allowances	(24)	(151)
Cash and cash equivalents	3 196	2 695
Financial liabilities		
Financial liabilities at amortised cost	(9 120)	(3 936)
Interest-bearing borrowings	(6 163)	(50)
Deferred consideration payable[5]		(307)
Trade and other payables	(2 940)	(2 603)
– Trade payables	(1 371)	(1 164)
– Other payables	(1 569)	(1 439)
Overdraft	(17)	(976)
Financial liabilities at FVPL	(49)	(191)
Derivative financial liabilities	(49)	
Contingent consideration[6]		(191)

[1] *Loan granted to Tumelo. The loan is interest free, unsecured and repayable on demand, unless otherwise agreed by the parties.*
[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 receivable which arose on the disposal of mineral properties.*
[5] *Relates to deferred consideration payable in relation to the acquisition of the investment in Insect Technology.*
[6] *Relates to the ECC contingent consideration which was fully settled in January 2020.*

23. FINANCIAL INSTRUMENTS continued

The group has granted the following loan commitments:

	At 31 December 2020 Reviewed Rm	At 31 December 2019 Audited Rm
Total loan commitment	981	1 206
Mafube[1]	250	500
Insect Technology[2]	731	706
Undrawn loan commitment	981	1 206
Mafube	250	500
Insect Technology	731	706

[1] *Revolving credit facility available for five years, ending 2023.*
[2] *A US$50 million term loan facility available from 2020 to 2025 subject to certain conditions being met. On 31 January 2021 the term loan facility lapsed.*

23.1 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 can be accessed 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 2020 (Reviewed)	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	222		222
Equity – unlisted: Chifeng	222		222
Financial assets at FVPL	1 247	1 247	
Non-current debt – unlisted: Environmental rehabilitation funds	1 247	1 247	
Derivative financial liabilities	(49)	(49)	
Current derivative financial liabilities	(49)	(49)	
Derivative financial liabilities designated as hedging instruments	(713)	(713)	
Non-current hedging derivatives: Interest rate swaps	(713)	(713)	
Net financial assets held at fair value	707	485	222

At 31 December 2019 (Audited)	Fair value Rm	Level 2 Rm	Level 3 Rm
Financial assets at FVOCI	235		235
Equity: unlisted – Chifeng	235		235
Financial assets at FVPL	2 039	2 039	
Non-current debt – unlisted: Environmental rehabilitation funds	2 039	2 039	
Financial liabilities at FVPL	(191)		(191)
Current contingent consideration	(191)		(191)
Net financial assets held at fair value	2 083	2 039	44

23. FINANCIAL INSTRUMENTS continued

23.1 Fair value hierarchy continued

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

	Contingent consideration Rm	Chifeng Rm	Total Rm
At 31 December 2018 (Audited)	(849)	185	(664)
Movement during the year			
Gains recognised in OCI (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 (Audited)	(191)	235	44
Movement during the year			
Losses recognised in OCI (pre-tax effect)[1]		(13)	(13)
Losses recognised in profit or loss	(3)		(3)
Acquisition of subsidiaries[2]	(98)		(98)
Settlements[3]	296		296
Exchange losses recognised in profit or loss	(4)		(4)
At 31 December 2020 (Reviewed)		222	222

[1] *Tax on Chifeng amounts to nil (31 December 2019: nil).*
[2] *Relates to the acquisition of remaining 50% interest in Cennergi (refer note 4).*
[3] *Relates to the ECC contingent consideration, amounting to R195 million, which was fully settled in January 2020 and the Cennergi contingent consideration, amounting to R101 million, which was fully settled in December 2020.*

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.

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.

Interest rate swaps

Level 2 fair values for interest rate swaps are based on valuations provided by the financial institutions with whom the swaps have been entered into and take into account credit risk. The valuations are assessed for reasonability by discounting the estimated future cash flows based on observable ZAR swap curves.

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges

23.2.1 Accounting policy: Hedge accounting

The group has designated as cash flow hedges, and found to be effective, its interest rate swaps that cover a portion of the interest rate cash flows on certain of the project financing interest-bearing borrowings.

At inception of the hedge relationship, the risk management objective and strategy for undertaking the hedged transactions as well as the economic relationship between the hedging instruments and hedged items (including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items) is documented.

The effectiveness of the hedging instrument offsetting changes in cash flows of the hedged item attributable to the hedged risk is assessed and documented at inception and on an ongoing basis. The hedge relationship is determined to be effective when all of the following requirements are met:
- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that is actually hedged and the quantity of the hedging instrument that is actually used to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio of the hedging relationship is adjusted (ie rebalances the hedge) so that it meets the qualifying criteria again.

The full fair value of a derivative designated and found to be effective as a hedging instrument is classified as:
- A non-current financial asset or financial liability when the remaining maturity of the hedged item is more than 12 months; or
- A current financial asset or financial liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the cash flow hedge reserve within equity, but limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other operating expenses.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item, namely finance costs.

Furthermore, in cases where it is expected that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in OCI and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges continued

23.2.2 Financial risk management: Market risk management – interest rate risk management

The group is exposed to interest rate risk as it borrows and deposits funds at floating interest rates on the money market and extended bank borrowings. The group's main interest rate risk arises from long-term borrowings with floating rates, which expose the group to cash flow interest rate risk. The risk is managed by undertaking controlled management of the interest structures of the investments and borrowings, maintaining an appropriate mix between fixed and floating interest rate facilities in line with the interest rate expectations. The group also uses interest rate swaps and interest rate forwards to manage the interest rate risk exposure.

As part of the Cennergi business combination the group has assumed Cennergi's borrowings and interest rate swaps as financial liabilities. The contractual terms of these borrowings required interest rate swaps (hedging instruments) to be entered into to swap out the floating interest rate of the underlying project financing (hedged items) for a fixed interest rate. This was required to fix the future expected returns given the long-term nature of the project financing. The group amended its risk management strategy as follows:

- When the contractual terms of the borrowings and covenants thereof require the use of hedging instruments to mitigate the risk of fluctuations of the underlying interest rate risk cash flow exposure and the impact on the profit or loss of specific projects being financed, the group looks to apply hedge accounting where an effective hedge relationship is expected and to the extent that such exposure poses a real risk to the achievement of the loan covenants.

Project financing

The group is exposed to the risk of variability in future interest payments on the project financing, attributable to fluctuations in 3-month JIBAR. The designated hedged item is the group of forecast floating interest rate cash flows arising from the project financing, up to the notional amount of each interest rate swap, over the term of the hedging relationship. The notional amounts per interest rate swap match up to the designated exposure being hedged.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged project financing.

Hedge effectiveness:

The group has assumed certain interest rate swaps from its business combination with Cennergi that have similar critical terms as the hedged item, such as reference rates, reset dates, payment dates, maturities and notional amounts. The group does not hedge 100% of its project financing, therefore the hedged item is identified as a proportion of the outstanding project financing up to the notional amount of the interest rate swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness for interest rate swaps is assessed frequently. It may occur due to:

- The DVA on the interest rate swaps which is not matched by the project financing
- Differences in critical terms between the interest rate swaps and project financing.

The recognised ineffectiveness in 2020 amounted to R57 million and is mainly as a result of the DVA. Credit valuation adjustments are not considered due to the terms of the underlying loans, which allow for set-off.

The swap contracts require settlement of net interest receivable or payable every six months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

23. FINANCIAL INSTRUMENTS continued

23.2 Hedge accounting: Cash flow hedges continued

The following tables detail the financial position and performance of the interest rate swaps outstanding at the end of the reporting period and their related hedged items.

At 31 December	2020 Reviewed Rm
Hedging instruments: Outstanding receive floating, pay fixed contracts	
– Nominal amount	4 219
– Carrying amount	(713)
– Cumulative change in fair value used for calculating hedge ineffectiveness	549
Hedged items: Cash flows on floating rate project financing linked to JIBAR	
– Nominal amount	4 219
– Carrying amount in cash flow hedge reserve (gross) for continuing hedges	428
– Cumulative change in value used for calculating hedge ineffectiveness	428

For the year ended 31 December	2020 Reviewed Rm
Change in fair value of outstanding hedging instruments since 1 April 2020:	478
– Change in the value of the hedging instrument recognised in OCI	535
– Hedge ineffectiveness recognised in operating expenses	(57)
Amount reclassified from hedging reserve to profit or loss included in finance costs	107

The interest rate swaps settle on a bi-annual basis. The group settles the difference between the fixed and floating interest rate (3-month JIBAR) on a net basis. The 3-month JIBAR is swapped out to a fixed rate as follows:

- Tsitsikamma SPV floating rate facility: 9.55% up to 30 June 2030
- Amakhala SPV floating rate facilities:
  - IFC facilities: 8.42% up to 30 June 2031
  - A and C banking facilities: 8.00% up to 30 June 2021
    9.46% up to 30 June 2026.

Hedging reserves

The hedging reserve relates to the fair value movements on cash flow hedges of interest rate swaps. The reserve is included within the financial instruments revaluation reserve on the statement of changes in equity, which includes the group's share of movements in its equity-accounted investees' hedging reserves.

Financial instruments revaluation reserve composition:

At 31 December	2020 Reviewed Rm	2019 Audited Rm
Balance of share of movements of equity-accounted investees	(2)	23
Cash flow hedge reserve – interest rate swaps	308	
– Gross	428	
– Deferred tax on swap	(120)	
NCI share of hedging reserve	(51)	12
Financial instruments revaluation reserve	255	35

Movement analysis of cash flow hedge reserve – interest rate swaps:

	Gross Rm	Tax Rm	Net Rm
Movement during the year			
Change in fair value of interest rate swaps recognised in OCI	535	(150)	385
Reclassification from OCI to profit or loss in finance costs	(107)	30	(77)
At 31 December 2020 (Reviewed)	428	(120)	308

24. CONTINGENT LIABILITIES

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Pending litigation and other claims[1]		1 103
Operational guarantees[2]	4 531	4 506
– Financial guarantees ceded to the DMRE	4 239	3 994
– Other financial guarantees[3]	292	512
Total contingent liabilities	4 531	5 609

[1] *Deltatex Holdings Limited's leave to appeal to the Constitutional Court was dismissed with costs.*
[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.*
[3] *Includes a guarantee to Khopoli, amounting to R85 million, which lapsed on 1 January 2021.*

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

Share of equity-accounted investments' contingent liabilities:

	At 31 December	
	2020 Reviewed Rm	2019 Audited Rm
Share of contingent liabilities of equity-accounted investments[1]	1 535	1 060

[1] *Mainly operational guarantees issued by financial institutions relating to environmental rehabilitation and closure costs as well as tax disputes with SARS.*

25. 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.

26. GOING CONCERN

Based on the latest results for the year ended 31 December 2020, the latest board-approved budget for 2021, as well as the available banking facilities and cash generating capability, Exxaro satisfies the criteria of a going concern.

27. EVENTS AFTER THE REPORTING PERIOD

Details of the final dividend are provided in note 12.

Subsequent to 31 December 2020, the following notable events have occurred:

Tronox SA flip-in

On 23 February 2021, Tronox Holdings plc exercised its "flip-in" call option over Exxaro's 26% shareholding in Tronox SA, for which Tronox Holdings plc delivered 7 246 035 newly-issued Tronox Holdings plc ordinary shares to Exxaro on 24 February 2021. With these additional Tronox Holdings plc ordinary shares, Exxaro owned 21 975 315 Tronox Holdings plc ordinary shares, representing approximately 14.6% of Tronox Holdings plc's total outstanding voting shares.

Tronox Holdings plc disposal

On 24 February 2021, Exxaro announced the commencement of a public offering in the United States of up to 17 million ordinary shares in Tronox Holdings plc. Furthermore, Exxaro granted the underwriters a 30-day option to purchase up to 2.55 million additional Tronox Holdings plc ordinary shares from Exxaro at the public offering price, less underwriting discounts and commissions.

On 25 February 2021, Exxaro announced the pricing of its upsized offering of 19 108 970 Tronox Holdings plc ordinary shares at a public offering price of US$18.25 per share for a total net proceeds of approximately US$332 million (approximately R4.81 billion), after deducting underwriting discounts and commissions. In addition, Exxaro granted the underwriters a 30-day option to purchase up to an additional 2 866 345 Tronox Holdings plc ordinary shares (Option shares). Settlement was expected to occur on 1 March 2021. Subsequent to the sale, Exxaro's ownership in Tronox Holdings plc would have reduced to the Option shares, which represented approximately 1.9% of Tronox Holdings plc outstanding voting shares.

On 2 March 2021, Exxaro announced that the underwriters fully exercised the Option. Following the disposal on 1 March 2021 Exxaro no longer owned any Tronox Holdings plc ordinary shares.

Exxaro has therefore concluded its stated strategy to monetise its stake in Tronox over time in the best possible manner taking into account prevailing market conditions. The funds from the disposal of the Tronox Holdings plc ordinary shares will be used to repay debt, invest in renewable energy projects and make distributions to shareholders in accordance with Exxaro's capital allocation framework.

South African corporate tax rate change

On 24 February 2021, the Minister of Finance announced a reduction in the corporate tax rate from 28% to 27%. This will be effective for years of assessment commencing on or after 1 April 2022.

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.

28. EXTERNAL AUDITOR'S REVIEW CONCLUSION

These reviewed condensed group annual financial statements for the year ended 31 December 2020, as set out on page 16 to 62, have been reviewed by the 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.

The auditor's report does not necessarily report on all information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from Exxaro's registered office.

29. KEY MEASURES[1]

	At 31 December	
	2020	**2019**
Closing share price (rand per share)	138.90	131.14
Market capitalisation (Rbn)	49.82	47.04
Average rand/US$ exchange rate (for the year ended)	16.45	14.44
Closing rand/US$ spot exchange rate	14.62	14.13

[1] *Non-IFRS numbers.*

CORPORATE INFORMATION

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DIRECTORS

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

PREPARED UNDER THE SUPERVISION OF:

PA Koppeschaar CA(SA)
SAICA registration number: 00038621

ACTING GROUP COMPANY SECRETARY

AK Mare, Inlexso Proprietary Limited

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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: https://www.corpcam.com/Exxaro18032021

Conference call details: https://www.diamondpass.net/7403076

ANNEXURE: ACRONYMS

AEPS	Attributable earnings per share
Amakhala SPV	Amakhala Emoyeni RE Project 1 (RF) Proprietary Limited
AMSA	ArcelorMittal SA Limited
Anglo	Anglo South Africa Capital Proprietary Limited
API4	All publications index 4 (FOB Richards Bay 6000/kcal/kg)
B-BBEE	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 or Cennergi group of companies
CEO	Chief executive officer
CHEPS	Core headline earnings per share
Chifeng	Chifeng Kumba Hongye Corporation Limited
Companies Act	Companies Act No 71 of 2008, as amended
Curapipe	Curapipe Systems Limited
DHSWS	Department of Human Settlement, Water and Sanitation
DMRE	Department of Mineral Resources and Energy
DMTN	Domestic Medium-Term Note
DVA	Debt value adjustment
EBITDA	Net operating profit before interest, tax, depreciation, amortisation, impairment charges or impairment 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

ANNEXURE: ACRONYMS continued

FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
GAM	Global Asset Management Limited
GDP	Gross domestic product
GWh	Gigawatt hour
HEPS	Headline earnings per share
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard(s)
IFRS 2	IFRS 2 *Share-based Payment*
IFRS 5	IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Insect Technology	Insect Technology Group Holdings UK Limited
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited
JV	Joint venture
Khopoli	Khopoli Investments Limited
kt	Kilo tonnes
LightApp	LightApp Technologies Limited
Listings Requirements	JSE Listings Requirements
LoM	Life of mine
LTIFR	Lost-time injury frequency rate
Mafube	Mafube Coal Proprietary Limited
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002
Mt	Million tonnes
NCI	Non-controlling interests
OCI	Other comprehensive income
Prime Rate	South African prime bank rate
RBCT	Richards Bay Coal Terminal Proprietary Limited
Rbn	Rand billion

Rm	Rand million
RoM	Run of mine
SAICA	South African Institute of Chartered Accountants
SIOC	Sishen Iron Ore Company Proprietary Limited
SSCC	Semi-soft coking coal
Tata Power	Tata Power Company Limited
TiO_2	Titanium dioxide
Tronox	Exxaro's investment in Tronox entities
Tronox SA	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
Tsitsikamma SPV	Tsitsikamma Community Wind Farm Proprietary Limited
Tumelo	Tumelo Coal Mines Proprietary Limited
TVP(s)	Targeted Voluntary Severance Package(s)
UK	United Kingdom
US$	United States dollar
VAT	Value Added Tax
WANOS	Weighted average number of shares

exxaro

POWERING POSSIBILITY

www.exxaro.com