



**POWERING POSSIBILITY**

**Exxaro Resources Limited**

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

for the six-month period ended 30 June 2021

The background of the cover is a composite image. In the foreground, a woman wearing a white hard hat, safety glasses, and a yellow high-visibility vest is smiling. Behind her, a man in a white hard hat and a light blue surgical mask is looking towards the camera. The background shows a landscape with several wind turbines under a bright, sunny sky with lens flare effects. The overall color palette is dominated by green and yellow tones.

**POWERING A  
CLEAN WORLD**

## CONTENTS

2	COMMENTARY
16	CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
17	CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
18	CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
20	CONDENSED GROUP STATEMENT OF CASH FLOWS
21	NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

### CORPORATE BACKGROUND

21	1 Corporate background
----	------------------------

### COMPLIANCE

21	2 Basis of preparation
21	3 Accounting policies and other compliance matters
22	4 Re-presentation of comparative information

### HEADLINE EARNINGS

24	5 Reconciliation of group headline earnings
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### DIVIDEND DISTRIBUTIONS

25	6 Dividend distributions
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### PERFORMANCE FOR THE PERIOD

26	7 Segmental information
34	8 Discontinued operations
36	9 Revenue
39	10 Significant items included in operating expenses
40	11 Net financing costs
41	12 Share of income of equity-accounted investments

### ASSETS

41	13 Capital spend and capital commitments
42	14 Intangible assets
43	15 Equity-accounted investments
43	16 Other assets
44	17 Non-current assets and liabilities held-for-sale

### LIABILITIES

45	18 Interest-bearing borrowings
47	19 Lease liabilities
48	20 Net debt
52	21 Provisions
53	22 Other liabilities

### FINANCIAL INSTRUMENTS

54	23 Financial instruments
----	--------------------------

### OTHER INFORMATION

60	24 Contingent liabilities and contingent assets
60	25 Related party transactions
60	26 Going concern
61	27 Events after the reporting period
61	28 External auditor's review conclusion
61	29 Key measures

### 62 CORPORATE INFORMATION

### 63 ANNEXURE: ACRONYMS

## DISCLAIMER

Opinions expressed herein are by nature subjective to known and unknown risks and uncertainties. Changing information or circumstances may cause the actual results, plans and objectives of Exxaro Resources Limited (the company) to differ materially from those expressed or implied in the forward looking statements. Financial forecasts and data given herein are estimates based on the reports prepared by experts who in turn relied on management estimates. Undue reliance should not be placed on such opinions, forecasts or data. No representation is made as to the completeness or correctness of the opinions, forecasts or data contained herein. Neither the company, nor any of its affiliates, advisers or representatives accepts any responsibility for any loss arising from the use of any opinion expressed or forecast or data herein. Forward looking statements apply only as of the date on which they are made and the company does not undertake any obligation to publicly update or revise any of its opinions or forward looking statements whether to reflect new data or future events or circumstances.

# HIGHLIGHTS

## GROUP FINANCIAL PERFORMANCE

**R15.1 billion**

Revenue, up 8%

**R4.3 billion**

EBITDA, up 10%

**R27.22 per share**

Headline earnings, up 106%

**R4.0 billion**

Cash generated by operations, down 16%

**R20.77 per share**

Interim cash dividend up R14.34 per share

## SUSTAINABLE OPERATIONS

**LTIFR of 0.07**

### OPERATIONAL PERFORMANCE

**20.95Mt**

Coal production volumes

**20.87Mt**

Coal sales volumes

**331GWh**

Renewable energy generation

### SIOC

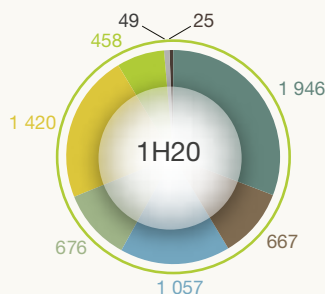
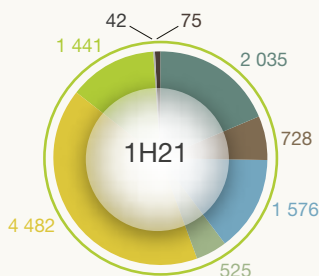
**R6.3 billion**

Post-tax equity-accounted income

**R6.3 billion**

Exxaro's share of interim dividend declared

### Value distribution (Rm)



- Salaries, wages and benefits
- Employees' tax
- Payments to government: taxation contribution
- Cost of finance

- Cash dividend paid
- Dividend paid to BEE Parties
- Community investments and volunteerism
- GreenShare employee scheme

## COMMENTARY

for the six-month period ended 30 June 2021

Comments below are based on a comparison between the six-month periods ended 30 June 2021 and 2020 (1H21 and 1H20), respectively.

### SAFETY

The health and safety of our employees and communities continues to be our priority, as South Africa experiences a third wave of COVID-19 infections. In line with our Health and Wellness Strategy, which focuses on diagnosis, management and prevention of diseases, our response to the COVID-19 pandemic (the pandemic) has prioritised avoiding, reducing and managing COVID-19 infections. As at 31 July 2021, the group had 5 078 confirmed cases (187 active cases) and a recovery rate of 96%. We remain committed in our fight to prevent further loss of life and continue to implement COVID-19 preventive measures in line with government regulations and recommendations.

The Grootegeluk and Matla occupational health centres have been registered and approved as primary vaccination sites with the National Department of Health. We have successfully vaccinated 100% of our healthcare workers and have commenced with the vaccination of employees over 35 years of age. A total of 2 460 (14%) employees/contractors received vaccines at Exxaro sites. Once we have vaccinated employees, these sites will be opened to the community thereby improving vaccination rates in the areas in which we operate.

Amid the backdrop of the pandemic, it is pleasing to be able to report on our record year-to-date safety performance as at 30 June 2021. We have achieved a total of 52 months without a work-related fatality and a lost-time injury frequency rate (LTIFR) of 0.07, 12.5% lower than our set target of 0.08. This is, however, 40% higher than the 0.05 reported for FY20. Zero Harm remains Exxaro's key business objective.

### GROUP FINANCIAL RESULTS

#### Commodity prices

The movement in the main commodity prices impacting Exxaro's performance is summarised in the table below:

	Average US\$ per tonne			% change (1H21 vs 1H20)
	1H21	1H20	2H20	
API4 average coal index price	97.75	66.39	64.01	+47
Iron ore fines 62% Fe (CFR China)	183.93	91.70	125.90	+101

## COMMENTARY continued

for the six-month period ended 30 June 2021

### GROUP FINANCIAL RESULTS continued

#### Comparability of results

For a better understanding of the comparability of the results between the two reporting periods, we have adjusted our earnings for non-recurring items (referred to as non-core adjustments) to derive our core earnings. The table below summarises these adjustments:

	1H21 Rm	1H20 Rm	2H20 Rm
<b>Non-core adjustments</b>			
Gross headline earnings adjustments <sup>1,2</sup>	(2 205)	(1 316)	1 834
Other adjustments			
– Insurance claim recovery		(14)	
– Losses on share of cash flow hedge reserve recycled on deemed disposal of Cennergi JV		59	
<b>Total impact on net operating profit</b>	<b>(2 205)</b>	<b>(1 271)</b>	<b>1 834</b>
Post-tax share of equity-accounted income adjustments	(4)	(2)	46
Tax on non-core adjustments <sup>3</sup>	375	2	(262)
Non-controlling interests share of non-core adjustments	414	297	(466)
<b>Total attributable earnings impact</b>	<b>(1 420)</b>	<b>(974)</b>	<b>1 152</b>

<sup>1</sup> Gross headline earnings adjustments before share of equity-accounted investments' separately identifiable remeasurements, tax and non-controlling interest.

<sup>2</sup> Includes R1 339 million net gain on disposal of Tronox Holdings plc and Tronox SA as well as R876 million gain on translation differences recycled to profit or loss on disposal of Tronox Holdings plc.

<sup>3</sup> Excludes tax on share of equity-accounted income adjustments.

#### Group revenue and core EBITDA

EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges or reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss). 1H20 segment results were re-presented to exclude the allocation of indirect corporate costs from the coal and ferrous reportable segments and including it in the Other reportable segment.

	Revenue			Core EBITDA <sup>1</sup>		
	1H21 Rm	1H20 Rm	2H20 Rm	1H21 Rm	1H20 <sup>2</sup> Rm	2H20 Rm
<b>Coal</b>	14 525	13 730	14 145	4 355	4 223	3 484
<b>Energy<sup>3</sup></b>	539	283	606	419	238	410
<b>Ferrous</b>	74	60	87	11	11	1
<b>TiO<sub>2</sub></b>				2		
<b>Other</b>	6	5	8	(456)	(543)	(533)
<b>Total</b>	<b>15 144</b>	<b>14 078</b>	<b>14 846</b>	<b>4 331</b>	<b>3 929</b>	<b>3 362</b>

<sup>1</sup> Core EBITDA is calculated after adjusting for non-core adjustments.

<sup>2</sup> Re-presented to reflect the change in the allocation of corporate costs.

<sup>3</sup> 1H20 includes three months' performance results from 1 April 2020 (Cennergi acquisition date).

# COMMENTARY

for the six-month period ended 30 June 2021

## GROUP FINANCIAL RESULTS *continued*

### Group revenue and core EBITDA *continued*

Group revenue increased by 8% mainly due to the increase in coal revenue and the inclusion of renewable energy revenue from Cennergi for a full six-month period compared to only three months in 1H20.

Whilst coal production and sales volumes were 12% and 10% lower, respectively, than 1H20, a 47% increase in the average benchmark API4 export price provided a positive offset to the impact of the pandemic and TFR challenges experienced.

Group core EBITDA increased by 10%, mainly attributable to the inclusion of Cennergi results for the full six-month period compared to only three months in 1H20.

### Earnings

Headline earnings increased by 105% to R6 804 million (1H20: R3 315 million). The increase is mainly driven by the R4 062 million (180%) increase in equity-accounted income from SIOC, due to the high iron ore export prices and price premia. This equates to basic headline earnings per share (HEPS) of 2 722 cents per share (1H20: 1 321 cents per share). There was a slight decrease in the WANOS to 250 million (1H20: 251 million) as a result of shares repurchased and cancelled in terms of the R1.5 billion announced share repurchase programme.

After adjusting for non-core adjustments, core headline earnings increased by 103% to R6 804 million (1H20: R3 360 million), resulting in core headline earnings per share of 2 722 cents per share (1H20: 1 339 cents per share).

### Core income from equity-accounted investments

	Core equity-accounted income/(loss)			Dividend income		
	1H21 Rm	1H20 Rm	2H20 Rm	1H21 Rm	1H20 Rm	2H20 Rm
<b>Coal:</b> Mafube	98	35	32			
<b>Coal:</b> RBCT	3	10	(2)			
<b>Energy:</b> Cennergi <sup>1</sup>		13			144	
<b>Energy:</b> LightApp	(5)	(9)	(9)			
<b>Ferrous:</b> SIOC	6 317	2 257	3 866	3 663	1 413	1 706
<b>TiO<sub>2</sub>:</b> Tronox SA <sup>2</sup>	54	95	131			
<b>Other:</b> Black Mountain <sup>3</sup>	199		122			
<b>Other:</b> Insect Technology <sup>4</sup>		(48)	(37)			
<b>Other:</b> Curapipe <sup>5</sup>			(1)			
<b>Total</b>	<b>6 666</b>	<b>2 353</b>	<b>4 102</b>	<b>3 663</b>	<b>1 557</b>	<b>1 706</b>

<sup>1</sup> Application of the equity method ceased on 31 March 2020 after which Cennergi was consolidated.

<sup>2</sup> Tronox Holdings plc exercised the "flip-in" call option for the Tronox SA shares which became effective on 24 February 2021. This resulted in the deemed disposal of the Tronox SA shares in exchange for Tronox Holdings plc shares. These shares were subsequently sold on the 1st of March 2021.

<sup>3</sup> Black Mountain no longer met the criteria to be classified as a non-current asset held-for-sale on 31 December 2020.

<sup>4</sup> The investment was fully impaired at 31 December 2020 and no further equity-accounted income was recognised.

<sup>5</sup> The investment was sold on 9 November 2020.

## COMMENTARY continued

for the six-month period ended 30 June 2021

### GROUP FINANCIAL RESULTS continued

#### Cash flow and funding

Cash flow generated by operations of R3 973 million (1H20: R4 732 million) and dividends received from investments of R3 684 million (1H20: R1 594 million) were sufficient to cover our capital expenditure and ordinary dividends paid.

Following the disposal of Exxaro's shareholding in Tronox Holdings plc and receipt of the R5 763 million proceeds, a special dividend amounting to R1 947 million was paid to shareholders and a share repurchase programme of R1.5 billion was launched in 2Q21. As at 30 June 2021, approximately R956 million (64% of the planned amount) was paid to repurchase and cancel 6 080 823 shares.

Total capital expenditure decreased by 7% to R1 174 million (1H20: R1 264 million), comprising sustaining capex of R686 million and expansion capex of R488 million.

#### Debt exposure

Our balance sheet has been further strengthened by the monetisation of our investment in Tronox Holdings plc resulting in net debt (excluding Cennergi's net debt of R4 699 million) of R2 431 million at 30 June 2021, compared to R6 335 million (excluding Cennergi's net debt of R4 632 million) at 31 December 2020.

On 26 April 2021, Exxaro also implemented and effected a drawdown on a new facility agreement entered into with various financial institutions as a combined facility to refinance the term loans and revolving credit facility. The new facility, amounting to R8 billion in total, is comprised of a bullet term loan facility of R2.5 billion (with a term of five years); an amortising term loan facility of R2.25 billion (with a term of five years); and a revolving credit facility (RCF) of R3.25 billion (with a term of five years). Exxaro may, at any time during the accordion availability period, increase the RCF commitment to an amount which, when aggregated with the amount of any previous accordion increases, does not exceed R2 billion, increasing the facility to R10 billion.

As a result, the group has sufficient liquidity to navigate through the current uncertain operating environment.

### COAL BUSINESS PERFORMANCE

#### Unreviewed coal production and sales volumes

	Production			Sales		
	1H21 '000 tonnes	1H20 <sup>1</sup> '000 tonnes	2H20 '000 tonnes	1H21 '000 tonnes	1H20 '000 tonnes	2H20 '000 tonnes
<b>Thermal</b>	19 950	22 453	22 480	20 372	22 827	22 896
Commercial – Waterberg	12 183	13 673	12 881	12 570	12 970	12 659
Commercial – Mpumalanga <sup>1</sup>	5 066	5 727	6 499	1 007	888	879
Exports				4 100	5 921	6 249
Tied	2 701	3 053	3 100	2 695	3 048	3 109
<b>Metallurgical</b>	863	1 172	1 050	493	457	579
Commercial – Waterberg	863	1 172	1 050	493	457	579
<b>Total coal (excluding buy-ins)</b>	20 813	23 625	23 530	20 865	23 284	23 475
Thermal coal buy-ins <sup>1</sup>	138	285	6			
<b>Total coal (including buy-ins)</b>	20 951	23 910	23 536	20 865	23 284	23 475

<sup>1</sup> Comparative production volumes were re-presented for a reclassification of 144kt from thermal coal buy-ins to thermal commercial Mpumalanga to reflect only third party buy-ins.

## COMMENTARY

for the six-month period ended 30 June 2021

### COAL BUSINESS PERFORMANCE *continued*

The domestic demand for sized product was relatively stable in 1H21 as economic activity improved following the pandemic lockdown restrictions observed in 2020. However, the third wave of the pandemic and subsequent restrictions will impact some of Exxaro's customers for sized material. Eskom's demand remains below pre-pandemic levels, while unsized product prices are under pressure as a result of TFR's poor performance and more unsized product being available in the domestic market.

The ongoing tension between Australia and China has seen Australia placing large amounts of coal in traditional South African markets, in particular India and other Asian markets. This situation has also provided an opportunity for South African coal to be exported to China, with China now being the third biggest export destination for South African exporters, following India and Pakistan. Due to the second wave of the pandemic in India, demand was still subdued. Oxygen supply was re-directed from industries to hospitals as the number of infections increased. There was some demand recovery in India in late 1H21 but as the monsoon season approaches, demand is still low and only expected to increase in late September 2021.

1H21 saw the benchmark API4 thermal coal price index exceed US\$100 per tonne, supported by robust global demand and various supply disruptions. South African exporters have lost about 9Mt of coal exports during 1H21, being constrained by a lack of export rail capacity from TFR. Locomotive unavailability, coal line shutdown disruptions, derailments, and other operational challenges combined with vandalism and sabotage of rail infrastructure and rampant cable theft have resulted in one of the worst export rail performances for the industry.

The average benchmark API4 RBCT export price of US\$98 per tonne was 47% higher (1H20: US\$66 per tonne), resulting in a 50% increase in the average realised export price of US\$78 per tonne (1H20: US\$52 per tonne).

#### Production and sales volumes

Overall coal **production** volumes (excluding buy-ins) decreased by 2 812kt (-12%) across all our mines with the exception of the ECC operation.

Similarly, total **sales** volumes decreased by 2 419kt (-10%), due to lower sales volumes across all our mines.

#### *Thermal coal*

##### *Commercial: Waterberg*

**Production** at Grootegeluk decreased by 1 490kt (-11%), impacted by increased COVID-19 infections and poor weather conditions. This resulted in lower sales volumes of 400kt (-3%) mainly due to TFR constraints and lower sales to Eskom in line with lower energy demand, but still in line with contractual volumes. This was partly offset by higher domestic demand as our customers increased production following the impact of the pandemic lockdown restrictions in 2020.

##### *Commercial: Mpumalanga*

The commercial Mpumalanga mines' thermal coal **production** decreased by 661kt (-12%), due to:

- Lower production at Leeuwanpan of 539kt (-30%), as production was cut back to manage stock levels to reduce the risk of spontaneous combustion
- Lower offtake of coal from Mafube of 243kt (-27%), due to TFR constraints
- Lower production at Belfast of 50kt (-4%), mainly due to the production of higher quality coal resulting in lower volumes of power station coal.



## COMMENTARY continued

for the six-month period ended 30 June 2021

### COAL BUSINESS PERFORMANCE continued

#### Production and sales volumes continued

This decrease was partly offset by higher production at ECC of 171kt (+10%), as production volumes returned to normal levels after the pandemic restrictions in 1H20.

The commercial Mpumalanga mines' domestic thermal coal **sales** increased by 119kt (+13%), due to:

- Higher sales at ECC of 419kt (+352%), as sales volumes returned to normal levels after the pandemic restrictions in 1H20, as well as selling additional coal into the domestic market due to TFR constraints for exports
- Higher sales at Belfast of 52kt (100%), as volumes intended for export were sold to local customers as a result of TFR constraints.

This increase was partly offset by lower domestic **sales** at Leeuwpan of 352kt (-46%) due to market and TFR constraints.

#### Exports commercial

Export **sales** decreased by 1 821kt (-31%), due to TFR constraints as a result of poor locomotive availability, increased incidences of cable theft, as well as increased vandalism of rail infrastructure. All mines railed lower volumes than in 1H20.

#### Tied

Coal **production and sales** at Matla decreased by 352kt (-12%). The lower production was mainly impacted by pit room limitations, equipment breakdowns, unfavourable geological conditions and lost time/capacity due to increased COVID-19 infections although coal qualities were not affected.

#### Metallurgical coal

Grooteegeluk's metallurgical coal **production** was 26% lower (-309kt), impacted by adverse weather conditions and a higher number of COVID-19 infections.

**Sales** volumes increased 36kt (+8%), mainly as our customers' operations started to normalise following the pandemic lockdown restrictions in 1H20.

#### Coal revenue and core EBITDA

	Revenue			Core EBITDA <sup>1</sup>		
	1H21 Rm	1H20 Rm	2H20 Rm	1H21 Rm	1H20 <sup>2</sup> Rm	2H20 Rm
Commercial – Waterberg	8 168	7 615	7 834	4 256	4 158	3 935
Commercial – Mpumalanga	3 960	4 076	3 961	166	35	(468)
Tied <sup>3</sup>	2 386	2 005	2 350	78	72	72
Other	11	34		(145)	(42)	(55)
<b>Coal</b>	<b>14 525</b>	<b>13 730</b>	<b>14 145</b>	<b>4 355</b>	<b>4 223</b>	<b>3 484</b>

<sup>1</sup> Core EBITDA is calculated after adjusting for non-core adjustments.

<sup>2</sup> 1H20 core EBITDA was represented to exclude indirect corporate costs.

<sup>3</sup> Matla mine supplying its entire production to Eskom.

# COMMENTARY

for the six-month period ended 30 June 2021

## COAL BUSINESS PERFORMANCE *continued*

### Coal revenue and core EBITDA *continued*

Coal revenue was 6% higher, driven by higher revenue from our commercial mines due to higher prices, offset partly by lower sales volumes and a stronger exchange rate.

Coal core EBITDA increased by 3%, at an operating margin of 23%. The increase in coal core EBITDA is driven by:

- Higher commercial revenue (+R437 million)
- Lower distribution costs (+R417 million), mainly due to lower export volumes
- Positive inventory movements and lower buy-ins (+R341 million), due to higher stock levels.

The increase was partly offset by:

- Higher inflation (-R433 million)
- Higher provision for rehabilitation costs (-R292 million), mainly impacted by a lower discount rate used for longer dated liabilities
- Realised and unrealised exchange rate losses (-R296 million)
- Higher royalties and carbon taxes (-R34 million).

### Equity-accounted investment

Mafube, a 50% joint venture with SACO (previously known as Anglo), recorded core equity-accounted income of R98 million (1H20: R35 million) due to higher export prices realised, partly offset by a stronger exchange rate and lower sales volumes due to TFR constraints.

### Coal Capex and projects

Our focus remains on optimising and implementing our portfolio of growth and sustaining capital.

#### Coal Capex

	1H21 Rm	1H20 Rm	2H20 Rm	% change 1H21 vs 1H20
<b>Sustaining</b>	662	597	1 513	11
Commercial – Waterberg	522	456	1 227	14
Commercial – Mpumalanga	133	141	270	(6)
Other	7		16	
<b>Expansion</b>	488	592	358	(17)
Commercial – Waterberg	406	341	302	19
Commercial – Mpumalanga	82	251	56	(67)
<b>Total coal capex</b>	<b>1 150</b>	<b>1 189</b>	<b>1 871</b>	<b>(3)</b>

Exxaro's capital expenditure for its coal business decreased by 3% compared to 1H20, driven mainly by the completion of the Belfast project in 2020. This was partly offset by higher GG6 expansion capital spend due to project delays in 2020 linked to the pandemic, as well as higher sustaining capex due to delays in the same period.

## COMMENTARY continued

for the six-month period ended 30 June 2021

### ENERGY BUSINESS PERFORMANCE

Energy core EBITDA increased by 76% to R419 million (1H20: R238 million), as 1H21 includes Cennergi for the full six-month period compared to three months in 1H20. Cash flow generation remains positive.

The two windfarms were running at slightly lower than planned capacity due to lower than expected wind speeds as well as increased maintenance in low wind periods together with the end of 5-year warranty inspections, which impacted energy generation. Combined electricity generation was 331GWh for the six-month period ended 30 June 2021.

### FERROUS BUSINESS PERFORMANCE

#### Equity-accounted investment

The 180% increase in core equity-accounted income from SIOC to R6 317 million (1H20: R 2 257 million), is primarily driven by favourable iron ore prices and price premia.

A final dividend of R3 663 million was received in February 2021 (1H20: R1 412 million). SIOC has declared an interim dividend to its shareholders in July 2021, amounting to R6 329 million for Exxaro's 20.62% shareholding. The dividend will be accounted for in 2H21.

### TITANIUM DIOXIDE BUSINESS PERFORMANCE

#### Equity-accounted investment

Exxaro concluded its strategy to monetise its investment in Tronox Holdings plc in March 2021. Core equity-accounted income from Tronox SA for the two-month period to the date of disposal was R54 million (1H20: R95 million).

### SALE OF NON-CORE ASSETS AND INVESTMENTS

As previously disclosed, Exxaro undertook a strategic review of its portfolio of coal assets and projects. Leeuwan and ECC were identified as non-core to the future objectives of Exxaro, and a decision was taken to dispose of them. On 31 December 2020, the ECC operation was classified as a non-current asset held-for-sale.

On 2 August 2021, all conditions precedent to the ECC transaction were fulfilled. The conditions precedent included the approval of the South African competition authorities and the DMRE. The ECC transaction will now proceed to closure with a closing date of 31 August 2021 and will be accounted for in 2H21.

The disposal process for Leeuwan continues with definitive legal agreements envisaged to be signed in 2H21 and regulatory approvals obtained thereafter.

### PERFORMANCE AGAINST NEW B-BBEE CODES

We are pleased to have maintained our level 2 B-BBEE recognition status for 2021 following the assessment of our performance during the financial year ended 31 December 2020. Exxaro will continue to look for opportunities to improve its BEE contribution status.

# COMMENTARY

for the six-month period ended 30 June 2021

## SUSTAINABLE DEVELOPMENT

We have continued to maintain our leading performance in the FTSE Russell ESG Index, with a mid-year score of 3.7 compared to 4.0 for FY20. Key areas of improvement include disclosure in several areas, such as human rights and targets in relation to climate change.

### Climate Change Response strategy implementation

Following the publication of our Climate Change Response strategy and TCFD independent alignment report, we have established a decarbonisation programme office to guide the development of resilience strategies for the business by coordinating operational, supply chain, technology acquisition, land management and capacity building to identify both opportunities and risks identified. The first outcome expected at the end of 2021 will be a detailed baseline assessment of the risk and opportunity landscape, with a clear plan on which business processes should be enhanced to transition the organisation to scope 1 and scope 2 carbon neutrality by 2050.

The process to align our 2021 reporting to the TCFD recommendation is underway. The identified gaps are being addressed with a review of our reporting structure to highlight key performance indicators required by the TCFD recommendations.

### Social investment

Our social investment activities continued to gather momentum, following the disruption from lockdowns during FY20, with a primary focus on Enterprise and Supplier Development (ESD) and community infrastructure projects.

- We provided total ESD funding of R105 million to seven SMMEs, whilst also prioritising non-financial support, through a contractor development programme with the Gordon Institute of Business Science (GIBS) and a financial excellence programme with SAICA Enterprise Development.
- A total of R25 million was spent on schools, building an Enterprise and Supplier Development Hub and water infrastructure projects through our Social and Labour Plans (SLP), in both Mpumalanga and the Waterberg. An estimated 1 446 community members will benefit from services to be provided from these projects. A total of 151 jobs were created during the construction period.
- In our continuing efforts to protect livelihoods in response to the effects of the pandemic, we have partnered with World Vision South Africa to assist 703 households with hygiene and food packs in Limpopo, Eastern Cape and KwaZulu Natal and Mpumalanga.

## COAL RESOURCES AND COAL RESERVES

The geological models at the Mafube and Leeuwan mines were updated with new information. The update at Mafube incorporates a significant amount of drilling information from our 2019 and 2020 drilling campaigns, providing a higher resolution of geological information of the total Coal Resource area, benefiting our future mine planning options. Execution of exploration plans at our Belfast, Leeuwan, Grootegeluk and Matla operations is in progress.

Other than the normal LoM depletion, there were no material changes to the Coal Resources and Reserves estimates as disclosed in the 2020 integrated report.

## COMMENTARY continued

for the six-month period ended 30 June 2021

### MINING AND PROSPECTING RIGHTS

As reported in June 2021, following the announcement of Exxaro's divestment from ECC, the section 11 application was successfully submitted to the DMRE and approved on 2 August 2021.

However, our interactions with the DMRE, DHSWS and other state Departments continue to be impacted by the pandemic. The following applications are in process at the DMRE and DHSWS:

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

The group compliance to valid licences or authorisations for our current operations is at 97%. Where rights and other licences are nearing expiry dates, renewal applications are submitted timeously.

### OUTLOOK

#### Economic context

For 2H21, the progress of vaccination campaigns will be pivotal to global economic activity and recovery. Consumer spending is expected to be resilient as economies reopen, travel picks up, and social activities resume.

The shift in energy transition policy will continue to intensify towards a global move for carbon neutrality/Net Zero by 2050 in the run-up to COP26 scheduled for November 2021.

The South African economy has been hit hard by the pandemic as it further exposed the growing lack of fiscal capacity, reinforced by a worsening debt trajectory, rising gross borrowing requirements, and a high level of contingent liabilities granted by the government. Although the recent civil unrest could have lasting effects on investor confidence and job creation, initial estimates indicate this may have fully negated the better growth results in 1H21. All these fiscal and socioeconomic imbalances will have a knock-on effect on the economic reconstruction and recovery path for South Africa into 2H21.

During 1H21, the South African Rand (ZAR) strengthened remarkably on the back of strong global appetite for risky assets, a weaker US dollar, robust commodity prices, better-than-expected domestic fiscal outcomes and encouraging signs that the governing political party started to act decisively against corruption allegations within its ranks. The rand/dollar exchange rate is expected to hold within current levels, but to remain volatile, during 2H21.

#### Commodity markets and price

We expect that both the seaborne and domestic thermal coal market will remain stable to strong during 2H21. Strong thermal coal demand from the northern hemisphere summer, rising gas prices, together with the slow recovery of both seaborne and China domestic supply will support the seaborne price. In addition, with the continued poor domestic and export rail performance and the recent civil unrest being experienced in South Africa, the API4 index has increased on the expectation of medium-term constrained coal supply from South Africa. However, towards the latter part of 2H21, prices are expected to gradually soften as supply is anticipated to recover whilst demand weakens as temperatures cool. The possibility exists that China could relax restrictions on imports during 2H21.

Turning to the iron ore market, tight market conditions are expected to persist during 2H21. Strong steel mill profitability, ongoing stimulus, and multi-year highs on leading indicators such as PMI reinforce the likelihood of further acceleration in steel production and iron ore demand.

# COMMENTARY

for the six-month period ended 30 June 2021

## OPERATIONAL PERFORMANCE

We anticipate the demand and pricing for sized coal domestically to remain relatively stable, as economic activity improves from levels observed in 2020 because of the pandemic. The domestic unsized market will continue to experience tremendous pressure on the back of TFR's performance, as domestic mining operations continue to struggle with the evacuation of coal destined for export. On the international front, we expect that the impacts of the pandemic on coal markets will continue into 3Q21 as the second and third waves of COVID-19 infections grip different parts of the world.

The changes in product demand and TFR performance has put a strain on our ability to produce coal at optimal levels, putting pressure on our unit cost in the Mpumalanga region. This has compelled us to think innovatively about how we can respond quickly to the value chain interruptions. Our integrated operations centres (IOC's), coupled with our Market to Resource (M2R) optimisation programme, have enabled speedy decision-making in our business, enabling quick responses to fluctuations in the value chain, whether resulting from rail performance or product demand.

Our Operational Excellence and digital programmes are now focusing on specific projects to manage stock levels and production costs. This will allow us to continue with our efforts to land our product competitively across various markets.

The pre-feasibility study on determining the way forward for the Moranbah South hard coking coal project is on track to commence in 2H21.

Although our operating and sales performances have been hampered during 1H21 as indicated above, Exxaro is ready to deliver and geared to send coal to our customers as soon as the TFR challenges have been resolved.

## INTERIM DIVIDEND

In terms of our capital allocation framework and given the impact of the pandemic on the current economic climate and our operations, we will remain prudent in returning cash to shareholders, managing debt, and selectively reinvesting for the growth of our business.

As stated previously, our strategic approach to build our renewable energy business necessitated a change in our dividend policy, which was approved by the board of directors in March 2021. The targeted cover ratios will be applied to the Exxaro group earnings and not only coal earnings.

The revised dividend policy is still based on two components:

- a targeted cover ratio of 2.5 times to 3.5 times adjusted group earnings; and
- a pass-through of the SIOC dividend.

Additionally, Exxaro is targeting a gearing ratio below 1.5 times net debt (excluding ring-fenced project financing) to EBITDA.

The board of directors has declared a cash dividend comprising:

- 2.5 times adjusted group earnings; and
- pass through of SIOC dividend of R6 329 million.

The net debt (excluding Cennergi's net debt) to EBITDA at 30 June 2021 is 0.4 times, well within our targeted gearing ratio.

Notice is hereby given that a gross interim cash dividend, number 37 of 2 077 cents per share, for the six-month period ended 30 June 2021 was declared, and is payable to shareholders of ordinary shares. For details of the dividend, please refer to note 6 of the reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2021.

## COMMENTARY continued

for the six-month period ended 30 June 2021

### INTERIM DIVIDEND continued

Salient dates for payment of the interim dividend are:

- |   |                              |
|---|------------------------------|
| - Last day to trade cum dividend on the JSE | Tuesday, 28 September 2021   |
| - First trading day ex dividend on the JSE  | Wednesday, 29 September 2021 |
| - Record date                               | Friday, 01 October 2021      |
| - Payment date                              | Monday, 04 October 2021      |

No share certificates may be dematerialised or re-materialised between Wednesday, 29 September 2021 and Friday, 01 October 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, 04 October 2021.

### CHANGES TO THE BOARD OF DIRECTORS

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements and paragraph 6.39 of the Debt Listings Requirements, shareholders were advised of the changes to the board of directors during the six-month period ended 30 June 2021.

The company welcomed Ms Chanda Joanne Nxumalo (Chanda) to the board of directors as an independent non-executive director, with effect from 1 February 2021; Ms Mandlesilo Lambase Bavumile Msimang (Mandla) to the board of directors as a non-executive director, with effect from 15 March 2021; Mr Mvuleni Geoffrey Qhena (Geoffrey) to the board of directors as an independent non-executive director and the chairperson designate, with effect from 19 April 2021 and Mr Isaac Nkululeko Malevu (Isaac) to the board of directors as a non-executive director, with effect from 22 June 2021.

With thanks for their years of service to the company, Mr Jeff van Rooyen, who has been an independent non-executive director since August 2008 and also served as chairman of the board, retired at the annual general meeting on 27 May 2021 and Mr Mark Moffett, who resigned as independent non-executive director of the company and member of the Exxaro audit committee, effective 11 May 2021.

In accordance with a clear leadership succession plan, Dr Nombasa Tsengwa was appointed as an executive director to the company's board of directors with the designation CEO-designate, effective 16 March 2021.

In respect of the office of the group company secretary, Ms SE van Loggerenberg, the group company secretary of the company, resigned with effect from 18 February 2021, following which Inlexso Proprietary Limited was appointed as the interim group company secretary. The board of directors has approved the appointment of Ms Andiswa Ndoni as the group company secretary with effect from 1 November 2021.

### GENERAL

Additional information on financial and operational results for the six-month period ended 30 June 2021, and the accompanying presentation can be accessed on our website on [www.exxaro.com](http://www.exxaro.com).

On behalf of the board

**Geoffrey Qhena**  
Chairman

**Mxolisi Mgojo**  
Chief executive officer

**Riaan Koppeschaar**  
Finance director

12 August 2021







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**REVIEWED CONDENSED GROUP  
INTERIM FINANCIAL STATEMENTS**



# CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2021 Reviewed Rm	(Re-presented) 6 months ended 30 June 2020 Reviewed Rm	(Re-presented) 12 months ended 31 December 2020 Audited Rm
<b>Revenue</b> (note 9)	15 144	14 078	28 924
Operating expenses (note 10)	(12 113)	(9 963)	(22 749)
<b>Operating profit</b>	3 031	4 115	6 175
Impairment charges		(46)	(1 882)
<b>Net operating profit</b>	3 031	4 069	4 293
Finance income (note 11)	82	136	215
Finance costs (note 11)	(467)	(457)	(1 047)
Income from financial assets	21		4
Share of income of equity-accounted investments (note 12)	6 616	2 260	6 204
<b>Profit before tax</b>	9 283	6 008	9 669
Income tax expense	(589)	(581)	(719)
Profit for the period from continuing operations	8 694	5 427	8 950
Profit for the period from discontinued operations (note 8)	1 892	131	276
<b>Profit for the period</b>	10 586	5 558	9 226
<b>Other comprehensive (loss)/income, net of tax</b>	(750)	226	(251)
<i>Items that will not be reclassified to profit or loss:</i>			
– Remeasurement of retirement employee obligations	(3)	99	10
– Changes in fair value of equity investments at FVOCI			21
– Share of OCI of equity-accounted investments	(5)	43	(13)
– Share of OCI of equity-accounted investments	2	56	2
<i>Items that may subsequently be reclassified to profit or loss:</i>	79	49	(281)
– Unrealised exchange differences on translation of foreign operations	(10)	136	55
– Changes in fair value on cash flow hedges	100	(265)	(385)
– Share of OCI of equity-accounted investments	(11)	178	49
<i>Items that have subsequently been reclassified to profit or loss:</i>	(826)	78	20
– Recycling of unrealised exchange differences on translation of foreign operations			(103)
– Recycling of changes in fair value on cash flow hedges	52	19	77
– Recycling of share of OCI of equity-accounted investments	(878)	59	46
<b>Total comprehensive income for the period</b>	9 836	5 784	8 975
<b>Profit attributable to:</b>			
Owners of the parent	8 224	4 334	7 283
– Continuing operations	6 759	4 233	7 069
– Discontinued operations	1 465	101	214
Non-controlling interests	2 362	1 224	1 943
– Continuing operations	1 935	1 194	1 881
– Discontinued operations	427	30	62
<b>Profit for the period</b>	10 586	5 558	9 226
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	7 638	4 523	7 103
– Continuing operations	6 853	4 479	6 928
– Discontinued operations	785	44	175
Non-controlling interests	2 198	1 261	1 872
– Continuing operations	1 969	1 248	1 821
– Discontinued operations	229	13	51
<b>Total comprehensive income for the period</b>	9 836	5 784	8 975
<b>Attributable earnings per share</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
Aggregate			
– Basic	3 290	1 727	2 902
– Diluted	3 290	1 727	2 902
Continuing operations			
– Basic	2 704	1 687	2 817
– Diluted	2 704	1 687	2 817
Discontinued operations			
– Basic	586	40	85
– Diluted	586	40	85

# CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	At 30 June 2021 Reviewed Rm	(Re-presented) At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>	65 651	66 031	65 824
Property, plant and equipment	38 360	39 766	38 395
Intangible assets (note 14)	3 011	3 179	3 095
Right-of-use assets	426	504	453
Inventories	139	138	128
Equity-accounted investments (note 15)	20 324	18 310	20 006
Financial assets (note 23)	1 867	2 812	2 141
Deferred tax	938	753	1 076
Other assets (note 16)	586	569	530
<b>Current assets</b>	9 746	11 633	9 033
Inventories	1 840	1 889	1 821
Financial assets (note 23)	163	272	169
Trade and other receivables (note 23)	3 219	2 572	2 827
Cash and cash equivalents	3 920	5 436	3 196
Other assets (note 16)	604	1 464	1 020
<b>Non-current assets held-for-sale (note 17)</b>	2 391	1 741	3 749
<b>Total assets</b>	77 788	79 405	78 606
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and other components of equity</b>			
Share capital	996	1 021	1 021
Other components of equity	993	2 702	2 495
Retained earnings	38 202	34 004	35 265
<b>Equity attributable to owners of the parent</b>	40 191	37 727	38 781
Non-controlling interests	10 092	9 061	9 340
<b>Total equity</b>	50 283	46 788	48 121
<b>Non-current liabilities</b>	21 738	22 812	19 103
Interest-bearing borrowings (note 18)	10 010	10 327	7 448
Lease liabilities (note 19)	481	515	493
Other payables	33	65	24
Provisions (note 21)	2 180	2 676	1 946
Retirement employee obligations	153	179	147
Financial liabilities (note 23)	502	603	782
Deferred tax	8 353	8 331	8 236
Other liabilities (note 22)	26	116	27
<b>Current liabilities</b>	4 611	9 193	10 244
Interest-bearing borrowings (note 18)	526	3 331	6 163
Lease liabilities (note 19)	31	39	29
Trade and other payables	2 509	2 875	2 940
Provisions (note 21)	224	141	185
Financial liabilities (note 23)	544	235	49
Overdraft (note 18)		1 758	17
Other liabilities (note 22)	777	814	861
<b>Non-current liabilities held-for-sale (note 17)</b>	1 156	612	1 138
<b>Total liabilities</b>	27 505	32 617	30 485
<b>Total equity and liabilities</b>	77 788	79 405	78 606

# CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

## Other components of equity

	Share capital Rm	Foreign currency translation Rm	Financial instruments revaluation Rm
<b>At 31 December 2019 (Audited)</b>	1 021	1 906	(35)
<i>Total comprehensive income/(loss)</i>		282	(188)
– Profit for the period			
– Other comprehensive income/(loss) for the period		282	(188)
<i>Transactions with owners</i>			
Contributions and distributions			
– Dividends paid (note 6)			
– Share-based payments movement			
Changes in ownership interest			
– Deemed disposal of joint venture			
– Acquisition of subsidiaries <sup>1</sup>			
<b>At 30 June 2020 (Reviewed) (Re-presented)</b>	1 021	2 188	(223)
<i>Total comprehensive (loss)/income</i>		(319)	(32)
– Profit for the period			
– Other comprehensive (loss)/income for the period		(319)	(32)
<i>Transactions with owners</i>			
Contributions and distributions			
– Dividends paid (note 6)			
– Distributions to NCI option holders			
– Share-based payments movement			
Changes in ownership interest			
– Recognition of NCI			
<b>At 31 December 2020 (Audited)</b>	1 021	1 869	(255)
<i>Total comprehensive (loss)/income</i>		(694)	111
– Profit for the period			
– Other comprehensive (loss)/income for the period		(694)	111
<i>Transactions with owners</i>	(25)		
Contributions and distributions	(25)		
– Dividends paid (note 6)			
– Distributions to NCI option holders			
– Share-based payments movement			
– Shares repurchased and cancelled <sup>2</sup>	(25)		
– Share repurchase expenses			
– Shares to be repurchased <sup>2</sup>			
Changes in ownership interest			
– Disposal of associates <sup>3</sup>			
<b>At 30 June 2021 (Reviewed)</b>	996	1 175	(144)

<sup>1</sup> Relates to the recognition of NCI option holders within the Cennergri group arising at acquisition from the Cennergri business combination (refer note 4.1).

<sup>2</sup> Relates to the repurchase and cancellation of 6 080 823 ordinary shares to the value of R956 million in terms of the share repurchase programme of R1.5 billion announced. At 30 June 2021, the broker was mandated to continue with the repurchase of shares to a value of R544 million.

<sup>3</sup> Relates to the net reclassifications within equity from the retirement employee obligations reserve and equity-settled reserve to retained earnings upon the divestment from Tronox SA and Tronox Holdings plc.

Equity-settled Rm	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
883	(39)	4	4	31 032	34 776	8 111	42 887
63	(2)	34		4 334	4 523	1 261	5 784
				4 334	4 334	1 224	5 558
	(2)	34			189	37	226
(210)				(1 362)	(1 572)	(311)	(1 883)
(152)				(1 420)	(1 572)	(458)	(2 030)
				(1 420)	(1 420)	(458)	(1 878)
(152)					(152)		(152)
(58)				58		147	147
(58)				58			
						147	147
736	(41)	38	4	34 004	37 727	9 061	46 788
5	20	(43)		2 949	2 580	611	3 191
				2 949	2 949	719	3 668
5	20	(43)			(369)	(108)	(477)
162				(1 688)	(1 526)	(332)	(1 858)
162				(1 614)	(1 452)	(521)	(1 973)
				(1 614)	(1 614)	(520)	(2 134)
						(1)	(1)
162					162		162
				(74)	(74)	189	115
				(74)	(74)	189	115
903	(21)	(5)	4	35 265	38 781	9 340	48 121
	1	(4)		8 224	7 638	2 198	9 836
				8 224	8 224	2 362	10 586
	1	(4)			(586)	(164)	(750)
(427)	55		(544)	(5 287)	(6 228)	(1 446)	(7 674)
(242)			(544)	(5 417)	(6 228)	(1 446)	(7 674)
				(4 482)	(4 482)	(1 441)	(5 923)
						(5)	(5)
(242)				(931)	(242)		(242)
				(4)	(956)		(956)
			(544)		(4)		(4)
(185)	55			130	(544)		(544)
(185)	55			130			
476	35	(9)	(540)	38 202	40 191	10 092	50 283

#### 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 reserves (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 financial assets classified at FVOCI.

# CONDENSED GROUP STATEMENT OF CASH FLOWS

	6 months ended 30 June 2021 Reviewed Rm	6 months ended 30 June 2020 Reviewed Rm	12 months ended 31 December 2020 Audited Rm
<b>Cash flows from operating activities</b>	2 857	3 542	5 493
Cash generated by operations	3 973	4 732	7 770
Settlement of contingent consideration		(195)	(198)
Interest paid	(525)	(677)	(1 305)
Interest received	74	120	192
Tax paid	(665)	(438)	(966)
<b>Cash flows from investing activities</b>	8 280	(1 181)	(1 556)
Property, plant and equipment acquired (note 13)	(1 174)	(1 264)	(3 175)
Intangible assets acquired			(2)
Proceeds from disposal of property, plant and equipment	9	4	34
Decrease in other financial assets at amortised cost	34	41	79
Increase in ESD loans	(37)	(22)	(41)
Decrease in ESD loans	33	28	61
Deferred consideration paid for acquisition of associates		(214)	(349)
Decrease in loan to joint venture		14	
Decrease in loan to associate	2		13
Decrease in lease receivables	7	7	15
Cash transferred on transfer of operation			(14)
Acquisition of subsidiaries		(1 304)	(1 402)
Increase in environmental rehabilitation funds	(41)	(65)	(111)
Dividend income received from equity-accounted investments	3 663	1 557	3 263
Proceeds from disposal of associate classified as non-current assets held-for-sale	5 763		
Dividend income from financial assets and non-current assets held-for-sale	21	37	73
<b>Cash flows from financing activities</b>	(10 384)	(441)	(2 469)
Interest-bearing borrowings raised (note 18)	4 725	1 750	1 750
Interest-bearing borrowings repaid (note 18)	(7 792)	(38)	(88)
Lease liabilities paid (note 19)	(19)	(15)	(32)
NCI options exercised			115
Distributions to NCI option holders	(5)		(1)
Increase in loan from NCI			69
Decrease in loan from NCI	(51)		
Dividends paid (note 6)	(4 482)	(1 420)	(3 034)
Dividends paid to BEE Parties	(1 441)	(458)	(978)
Shares acquired in the market to settle share-based payments	(359)	(260)	(270)
Shares repurchased	(960)		
<b>Net increase in cash and cash equivalents</b>	753	1 920	1 468
Cash and cash equivalents at beginning of the period	3 187	1 719	1 719
Translation difference on movement in cash and cash equivalents of foreign entities	(5)	39	
<b>Cash and cash equivalents at end of the period</b>	3 935	3 678	3 187
Cash and cash equivalents	3 920	5 436	3 196
Cash and cash equivalents classified as non-current assets held-for-sale	15		8
Overdraft		(1 758)	(17)

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE BACKGROUND

Exxaro, a public company incorporated in South Africa, is a diversified resources group with interests in the coal (controlled and non-controlled), energy (controlled and non-controlled) and ferrous (controlled and non-controlled) markets. These reviewed condensed group interim financial statements as at and for the six-month period ended 30 June 2021 (interim 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 interim financial statements have been prepared in accordance with IFRS (as issued by the IASB), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

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

The interim financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 31 December 2020, which have been prepared in accordance with IFRS. The interim 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 interim financial statements were authorised for issue by the board of directors on 10 August 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 2020.

## 3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS

The accounting policies applied are consistent with those of the previous financial year. The policy for recognising and measuring income taxes in the interim reporting period is consistent with that applied in the previous interim reporting period as described in 3.1 below. A number of new or amended standards became effective for the current reporting period. The group did not have to change its accounting policies nor make retrospective adjustments as a result of adopting these standards.

### 3.1 Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. As such, the effective tax rate used in the interim financial statements may differ from management's estimate of the effective tax rate for the group annual financial statements. The estimated weighted average effective annual tax rate used for the six-month period ended 30 June 2021 is 8.4%, compared to 11.1% for the six-month period ended 30 June 2020.

The main reconciling items between the standard tax rate of 28% and the effective tax rate result from:

- Share of income of equity-accounted investments and dividend income (-16.2%)
- Exempt income and distributions to beneficiaries of the ESOP Trust (-0.5%)
- Share based-payment deductions (-0.6%)
- Translation differences recycled to profit or loss on disposal of investment in foreign associate (-2.1%)
- Capital gains (0.1%) from:
  - the divestment of the Tronox investments (-0.7%)
  - a deemed capital gain (0.8%) on the intercompany sale and purchase of the RBCT shares between ECC (seller) and Exxaro Coal Proprietary Limited (purchaser) in 2017 as a result of the de-grouping corporate tax rule triggered by the ECC group leaving the Exxaro group of companies as which is expected to take place in the second half of 2021
- Non-residents tax (0.1%)
- Prior year tax adjustments (-0.2%)
- Deferred tax assets not recognised (0.1%)
- Other deductions (-0.3%).

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 3. ACCOUNTING POLICIES AND OTHER COMPLIANCE MATTERS *continued*

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

New accounting standards, amendments to accounting standards and interpretations issued, that are relevant to the group, but not yet effective on 30 June 2021 have not been early adopted. The group continuously evaluates the impact of these standards and amendments.

### 3.2 Impact of COVID-19 on financial reporting

Management assessed the impact that the COVID-19 pandemic had on financial reporting, (in particular revenue, inventory, impairment of non-current assets and allowances for ECLs) and concluded that it was not material.

From a solvency and liquidity perspective, in addition to operational measures implemented to combat the spread of COVID-19 and the drawdown on the new facility, further downside scenarios have been used to stress test our position. The group was not at risk of breaching its debt covenants. As a result, management and our board of directors believe that the group has sufficient liquidity to withstand an interruption to our operations and will remain a going concern for the foreseeable future.

## 4. RE-PRESENTATION OF COMPARATIVE INFORMATION

The condensed group statement of comprehensive income (and related notes) and condensed group statement of financial position (and related notes) have been re-presented as follows:

### 4.1 Reporting period: 30 June 2020

The 30 June 2020 reporting period was re-presented for the following items:

#### *Finalisation of the Cennergi business combination*

The accounting for the acquisition of Cennergi in terms of IFRS 3 *Business Combinations* 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).

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

The impact of the re-presentation was as follows:

	Previously presented	Re-presented	Impact
<b>Condensed group statement of financial position</b>			
Intangible assets: Goodwill (Rm)	3 032	3 179	147
Non-controlling interests (Rm)	8 914	9 061	(147)



# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 4. RE-PRESENTATION OF COMPARATIVE INFORMATION *continued*

### 4.1 Reporting period: 30 June 2020 *continued*

#### *Non-current assets classified as held-for-sale and discontinued operations*

- The investment in Black Mountain no longer met the criteria to be classified as a non-current asset held-for-sale nor a discontinued operation due to the suspension of the sales process in December 2020. This resulted in the retrospective application of the equity method.
- The investment in Tronox SA has been identified as a discontinued operation (refer note 8).

The impact of the re-presentation was as follows:

	Previously presented	Re-presented	Impact
<b>Condensed group statement of comprehensive income</b>			
Share of income of equity-accounted investments (Rm)	2 355	2 260	(95)
Profit for the period from discontinued operations (Rm)	36	131	95
<b>Attributable earnings per share</b>			
Continuing operations			
– Basic (cents)	1 713	1 687	(26)
– Diluted (cents)	1 713	1 687	(26)
Discontinued operations			
– Basic (cents)	14	40	26
– Diluted (cents)	14	40	26
<b>Condensed group statement of financial position</b>			
Equity-accounted investments (Rm)	17 438	18 310	872
Non-current assets held-for-sale (Rm)	2 613	1 741	(872)

### 4.2 Reporting period: 31 December 2020

The 31 December 2020 reporting period was re-presented for the following item:

#### *Discontinued operations*

The investment in Tronox SA has been identified as a discontinued operation (refer note 8).

The impact of the re-presentation was as follows:

	Previously presented	Re-presented	Impact
<b>Condensed group statement of comprehensive income</b>			
Share of income of equity-accounted investments (Rm)	6 411	6 204	(207)
Profit for the period from discontinued operations (Rm)	69	276	207
<b>Attributable earnings per share</b>			
Continuing operations			
– Basic (cents)	2 880	2 817	(63)
– Diluted (cents)	2 880	2 817	(63)
Discontinued operations			
– Basic (cents)	22	85	63
– Diluted (cents)	22	85	63

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 5. RECONCILIATION OF GROUP HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interest Rm	Net Rm
<b>6 months ended 30 June 2021 (Reviewed)</b>				
Profit attributable to owners of the parent				8 224
Adjusted for:	(2 210)	376	414	(1 420)
– IAS 16 Net losses on disposal of property, plant and equipment	10	(4)	(1)	5
– IAS 21 Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate	(876)		197	(679)
– IAS 28 Net gains on disposal of associates	(1 339)	379	217	(743)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	(5)	1	1	(3)
<b>Headline earnings</b>				6 804
Continuing operations				6 748
Discontinued operations				56
<b>6 months ended 30 June 2020 (Reviewed) (Re-presented)<sup>1</sup></b>				
Profit attributable to owners of the parent				4 334
Adjusted for:	(1 319)	3	297	(1 019)
– IAS 16 Gain on transfer of operation	(14)		3	(11)
– IAS 16 Net gains on disposal of property, plant and equipment	(9)	(3)	3	(9)
– IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(18)	5	3	(10)
– IAS 28 Gain on deemed disposal of JV	(1 321)		298	(1 023)
– IAS 28 Share of equity-accounted investments' separately identifiable remeasurements	(3)	1		(2)
– IAS 36 Impairment charges of non-current assets	46		(10)	36
<b>Headline earnings</b>				3 315
Continuing operations <sup>1</sup>				3 184
Discontinued operations <sup>1</sup>				131
<b>12 months ended 31 December 2020 (Audited) (Re-presented)<sup>1</sup></b>				
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 investment in foreign associate	(13)		3	(10)
– IAS 28 Losses on dilution of investments in associates	20		(5)	15
– IAS 28 Net gain on deemed disposal of JV	(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
<b>Headline earnings</b>				7 417
Continuing operations <sup>1</sup>				7 122
Discontinued operations <sup>1</sup>				295

<sup>1</sup> Relates to the re-presentation of Tronox SA's financial performance from continuing operations to discontinued operations (refer note 4.1 and 4.2).

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 5. RECONCILIATION OF GROUP HEADLINE EARNINGS continued

	6 months ended 30 June 2021 Reviewed cents	(Re-presented) <sup>1</sup> 6 months ended 30 June 2020 Reviewed cents	(Re-presented) <sup>1</sup> 12 months ended 31 December 2020 Audited cents
<b>Headline earnings per share</b>			
Aggregate			
– Basic	2 722	1 321	2 955
– Diluted	2 722	1 321	2 955
Continuing operations <sup>1</sup>			
– Basic	2 699	1 269	2 837
– Diluted	2 699	1 269	2 837
Discontinued operations <sup>1</sup>			
– Basic	23	52	118
– Diluted	23	52	118

<sup>1</sup> Relates to the re-presentation of Tronox SA's financial performance from continuing operations to discontinued operations (refer note 4.1 and 4.2).

Refer note 6 for details regarding the number of shares.

## 6. DIVIDEND DISTRIBUTIONS

The final dividend relating to the 2020 financial year of 1 243 cents per share (R3 119 million to external shareholders) was paid in May 2021.

Following the disposal of Exxaro's shareholding in Tronox Holdings plc in March 2021, a special dividend of 543 cents per share (R1 363 million to external shareholders) was also paid in May 2021.

An interim cash dividend, number 37, for 2021 of 2 077 cents per share, was approved by the board of directors on 10 August 2021. The dividend is payable on 4 October 2021 to shareholders who will be on the register on 1 October 2021. This interim dividend, amounting to approximately R5 076 million (to external shareholders), has not been recognised as a liability in these interim financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2021.

The interim 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 1 661.60000 cents per share. Exxaro company's tax reference number is 9218/098/14/4.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 6. DIVIDEND DISTRIBUTIONS *continued*

	6 months ended 30 June 2021 Reviewed Rm	6 months ended 30 June 2020 Reviewed Rm	12 months ended 31 December 2020 Audited Rm
<b>Dividends paid</b>	4 482	1 420	3 034
Final dividend	3 119	1 420	1 420
Special dividend	1 363		
Interim dividend			1 614

	cents	cents	cents
<b>Dividend per share (paid)</b>	1 786	566	1 209
Final dividend	1 243	566	566
Special dividend	543		
Interim dividend			643

	At 30 June 2021 Reviewed	At 30 June 2020 Reviewed	At 31 December 2020 Audited
Issued share capital (number of shares) <sup>1</sup>	352 625 931	358 706 754	358 706 754
Ordinary shares (million)			
– Weighted average number of shares	250	251	251
– Diluted weighted average number of shares	250	251	251

<sup>1</sup> On 30 June 2021, 6 080 823 ordinary shares were cancelled in terms of the share repurchase programme.

## 7. 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 for the six-month period ended 30 June 2020 has been re-presented 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.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

### Coal

The coal reportable segment is split between commercial (Waterberg and Mpumalanga), tied and other operations. The commercial Mpumalanga operations include a 50% (30 June 2020: 50%; 31 December 2020: 50%) investment in Mafube (a JV with SACO, previously known as Anglo) and a 49% (30 June 2020: 49%; 31 December 2020: 49%) equity interest in Tumelo which was classified as a non-current asset held-for-sale on 31 December 2020 as part of the ECC operation. The 10.26% (30 June 2020: 10.36%; 31 December 2020: 10.26%) effective equity interest in RBCT is included in the other coal operations. The ECC operation, included in the commercial Mpumalanga reportable segment, was classified as a non-current asset held-for-sale on 31 December 2020 (refer note 17). 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

The energy reportable segment includes Cennergi as a controlled operation from 1 April 2020 (an equity interest of 50% up to 31 March 2020). It further includes an equity interest of 28.59% (30 June 2020: 28.59%; 31 December 2020: 28.59%) in LightApp, as well as an equity interest of 22% (30 June 2020: 22%; 31 December 2020: 22%) in GAM.

### Ferrous

The ferrous reportable segment mainly comprises the 20.62% (30 June 2020: 20.62%; 31 December 2020: 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<sub>2</sub>

Following the disposal of Tronox Holdings plc and Tronox SA, the TiO<sub>2</sub> reportable segment has been discontinued (refer note 8).

### Other

The other reportable segment is split between the base metals and other reportable segments. The 26% (30 June 2020: 26%; 31 December 2020: 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 a 25.85% (30 June 2020: 26.86%; 31 December 2020: 25.85%) equity interest in Insect Technology, the Ferroland agricultural operation and the corporate office which renders services to operations and other customers. The equity interest in Curapipe was sold on 9 November 2020.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

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

6 months ended 30 June 2021 (Reviewed)	Coal				
	Commercial				Energy Rm
	Water-berg Rm	Mpumalanga Rm	Tied Rm	Other Rm	
<b>External revenue (note 9)</b>	8 168	3 960	2 386	11	539
<b>Segmental net operating profit/(loss)</b>	3 549	(149)	75	(145)	225
– Continuing operations	3 549	(149)	75	(145)	225
– Discontinued operations					
External finance income (note 11)	11	1		2	5
External finance costs (note 11)	(21)	(73)		(22)	(251)
Income tax (expense)/benefit	(1 036)	87	(26)	173	6
– Continuing operations	(1 036)	87	(26)	173	6
– Discontinued operations					
Depreciation and amortisation (note 10)	(692)	(299)	(7)	(17)	(194)
Net gains on disposal of associates					
– Discontinued operations					
Share of income/(loss) of equity-accounted investments		98		3	(5)
– Continuing operations (note 12)		98		3	(5)
– Discontinued operations (note 8)					
<b>Cash generated by/(utilised in) operations</b>	4 311	(11)	126	(761)	368
<b>Capital spend (note 13)</b>	(928)	(215)	(1)	(6)	
<b>At 30 June 2021 (Reviewed)</b>					
<b>Segmental assets and liabilities</b>					
Deferred tax <sup>1</sup>		130	(185)	637	91
Equity-accounted investments (note 15)		1 511		2 056	91
External assets	30 419	5 933	1 153	2 247	9 098
<b>Assets</b>	30 419	7 574	968	4 940	9 280
Non-current assets held-for-sale (note 17)		2 391			
<b>Total assets</b>	30 419	9 965	968	4 940	9 280
External liabilities	2 096	1 475	1 002	930	5 380
Deferred tax <sup>1</sup>	7 113	201		155	936
<b>Liabilities</b>	9 209	1 676	1 002	1 085	6 316
Non-current liabilities held-for-sale (note 17)		1 156			
<b>Total liabilities</b>	9 209	2 832	1 002	1 085	6 316

<sup>1</sup> Offset per legal entity and tax authority.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

	Ferrous			Other		Total Rm
	Alloys Rm	Other ferrous Rm	TiO <sub>2</sub> Rm	Base metals Rm	Other Rm	
<b>6 months ended 30 June 2021 (Reviewed)</b>						
<b>External revenue</b> (note 9)	74				6	15 144
<b>Segmental net operating profit/(loss)</b>	6	(1)	2 217		(529)	5 248
– <i>Continuing operations</i>	6	(1)			(529)	3 031
– <i>Discontinued operations</i>			2 217			2 217
External finance income (note 11)	2				61	82
External finance costs (note 11)					(100)	(467)
Income tax (expense)/benefit	(1)		(379)		208	(968)
– <i>Continuing operations</i>	(1)				208	(589)
– <i>Discontinued operations</i>			(379)			(379)
Depreciation and amortisation (note 10)	(5)				(74)	(1 288)
Net gains on disposal of associates			1 339			1 339
– <i>Discontinued operations</i>			1 339			1 339
Share of income/(loss) of equity-accounted investments		6 321	54	199		6 670
– <i>Continuing operations</i> (note 12)		6 321		199		6 616
– <i>Discontinued operations</i> (note 8)			54			54
<b>Cash generated by/(utilised in) operations</b>	(17)	(2)			(41)	3 973
<b>Capital spend</b> (note 13)					(24)	(1 174)
<b>At 30 June 2021 (Reviewed)</b>						
<b>Segmental assets and liabilities</b>						
Deferred tax <sup>1</sup>	16				249	938
Equity-accounted investments (note 15)		15 469		1 197		20 324
External assets	322	26			4 937	54 135
<b>Assets</b>	338	15 495		1 197	5 186	75 397
Non-current assets held-for-sale (note 17)						2 391
<b>Total assets</b>	338	15 495		1 197	5 186	77 788
External liabilities	25	1			7 087	17 996
Deferred tax <sup>1</sup>	(1)				(51)	8 353
<b>Liabilities</b>	24	1			7 036	26 349
Non-current liabilities held-for-sale (note 17)						1 156
<b>Total liabilities</b>	24	1			7 036	27 505

<sup>1</sup> Offset per legal entity and tax authority.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

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

6 months ended 30 June 2020 (Reviewed) (Re-presented)	Coal				
	Commercial				
	Water- berg Rm	Mpuma- langa Rm	Tied Rm	Other Rm	Energy Rm
<b>External revenue</b> (note 9)	7 615	4 076	2 005	34	283
<b>Segmental net operating profit/(loss)</b> <sup>1</sup>	3 501	(240)	80	(30)	1 402
– <i>Continuing operations</i>	3 501	(240)	80	(30)	1 402
External finance income (note 11)	23	2	3	10	5
External finance costs (note 11)	(27)	(90)		(23)	(143)
Income tax (expense)/benefit	(1 059)		(31)	255	17
– <i>Continuing operations</i>	(1 059)		(31)	255	17
Depreciation and amortisation (note 10)	(685)	(260)	(11)	(12)	(97)
Gain on deemed disposal of JV					1 321
Gain on transfer of operation				14	
Share of income/(loss) of equity-accounted investments		35		10	4
– <i>Continuing operations</i> (note 12)		35		10	4
– <i>Discontinued operations</i> (note 8)					
<b>Cash generated by/(utilised in) operations</b>	4 283	105	168	144	189
<b>Capital spend</b> (note 13)	(796)	(392)	(1)		
<b>At 30 June 2020 (Reviewed) (Re-presented)</b>					
<b>Segmental assets and liabilities</b>					
Deferred tax <sup>2</sup>		(117)	(137)	485	155
Equity-accounted investments (note 15)		1 372		2 078	126
Loans to equity-accounted investments		113			
External assets	28 872	9 714	1 065	2 489	9 520
<b>Assets</b>	28 872	11 082	928	5 052	9 801
Non-current assets held-for-sale (note 17)					
<b>Total assets</b>	28 872	11 082	928	5 052	9 801
External liabilities	1 917	2 404	864	1 251	5 550
Deferred tax <sup>2</sup>	6 690	675		54	964
<b>Liabilities</b>	8 607	3 079	864	1 305	6 514
Non-current liabilities held-for-sale (note 17)		612			
<b>Total liabilities</b>	8 607	3 691	864	1 305	6 514

<sup>1</sup> Segmental net operating profit or loss has been re-presented to reflect the change in the allocation of corporate costs.

<sup>2</sup> Offset per legal entity and tax authority.



# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

6 months ended 30 June 2020 (Reviewed) (Re-presented)	Ferrous			Other		Total Rm
	Alloys Rm	Other ferrous Rm	TiO <sub>2</sub> Rm	Base metals Rm	Other Rm	
<b>External revenue</b> (note 9)	60				5	14 078
<b>Segmental net operating profit/(loss)<sup>1</sup></b>	9				(653)	4 069
– <i>Continuing operations</i>	9				(653)	4 069
External finance income (note 11)					93	136
External finance costs (note 11)					(174)	(457)
Income tax (expense)/benefit					237	(581)
– <i>Continuing operations</i>					237	(581)
Depreciation and amortisation (note 10)	(3)				(63)	(1 131)
Gain on deemed disposal of JV						1 321
Gain on transfer of operation						14
Share of income/(loss) of equity-accounted investments		2 259	95		(48)	2 355
– <i>Continuing operations</i> (note 12)		2 259			(48)	2 260
– <i>Discontinued operations</i> (note 8)			95			95
<b>Cash generated by/(utilised in) operations</b>	5				(162)	4 732
<b>Capital spend</b> (note 13)					(75)	(1 264)
<b>At 30 June 2020 (Reviewed) (Re-presented)</b>						
<b>Segmental assets and liabilities</b>						
Deferred tax <sup>2</sup>	14				353	753
Equity-accounted investments (note 15)		10 770	2 494	872	598	18 310
Loans to equity-accounted investments						113
External assets	281	25			6 522	58 488
<b>Assets</b>	295	10 795	2 494	872	7 473	77 664
Non-current assets held-for-sale (note 17)			1 741			1 741
<b>Total assets</b>	295	10 795	4 235	872	7 473	79 405
External liabilities	32	6			11 650	23 674
Deferred tax <sup>2</sup>					(52)	8 331
<b>Liabilities</b>	32	6			11 598	32 005
Non-current liabilities held-for-sale (note 17)						612
<b>Total liabilities</b>	32	6			11 598	32 617

<sup>1</sup> Segmental net operating profit or loss has been re-presented to reflect the change in the allocation of corporate costs.

<sup>2</sup> Offset per legal entity and tax authority.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

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

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

<sup>1</sup> Offset per legal entity and tax authority.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 7. SEGMENTAL INFORMATION continued

12 months ended 31 December 2020 (Audited) (Re-presented)	Ferrous		Other			Total Rm
	Alloys Rm	Other ferrous Rm	TiO <sub>2</sub> Rm	Base metals Rm	Other Rm	
<b>External revenue</b> (note 9)	147				13	28 924
<b>Segmental net operating profit/(loss)</b>	4			93	(1 703)	4 293
– <i>Continuing operations</i>	4			93	(1 703)	4 293
External finance income (note 11)					159	215
External finance costs (note 11)	(1)				(373)	(1 047)
Income tax (expense)/benefit	7				27	(719)
– <i>Continuing operations</i>	7				27	(719)
Depreciation and amortisation (note 10)	(6)				(134)	(2 436)
Impairment charges					(504)	(1 882)
Gain on deemed disposal of JV (note 10)						1 321
Gains on disposal of joint operation and transfer of operation (note 10)						21
Share of income/(loss) of equity-accounted investments		6 125	207	122	(110)	6 411
– <i>Continuing operations</i> (note 12)		6 125		122	(110)	6 204
– <i>Discontinued operations</i> (note 8)			207			207
<b>Cash generated by/(utilised in) operations</b>	(38)	(4)			1 251	7 770
<b>Capital spend</b> (note 13)	(2)				(112)	(3 175)
<b>At 31 December 2020 (Audited)</b>						
<b>Segmental assets and liabilities</b>						
Deferred tax <sup>1</sup>	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
<b>Assets</b>	326	12 847	2 628	995	5 063	74 857
Non-current assets held-for-sale (note 17)			1 741			3 749
<b>Total assets</b>	326	12 847	4 369	995	5 063	78 606
External liabilities	29	3			9 713	21 111
Deferred tax <sup>1</sup>					(53)	8 236
<b>Liabilities</b>	29	3			9 660	29 347
Non-current liabilities held-for-sale (note 17)						1 138
<b>Total liabilities</b>	29	3			9 660	30 485

<sup>1</sup> Offset per legal entity and tax authority.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 8. DISCONTINUED OPERATIONS

The discontinued operations are:

### **Tronox SA**

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. This resulted in the derecognition of the investment in Tronox SA and recognition of an additional investment in Tronox Holdings plc.

It was concluded that the related performance and cash flow information be presented as a discontinued operation as the investment in Tronox SA represents a separate geographical area of operation of the TiO<sub>2</sub> reportable segment.

### **Tronox Holdings plc**

On 1 March 2021, Exxaro concluded a public offering in the United States of its 21 975 315 Tronox Holdings plc Ordinary Shares. The shares were sold at a public offering price of US\$18.25 per share which was reduced by underwriting discounts and commissions resulting in an achieved price per share of US\$17.43.

It was concluded that the related performance and cash flow information be presented as a discontinued operation as the investment in Tronox Holdings plc represents a major geographical area of operation as well as the majority of the TiO<sub>2</sub> reportable segment.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 8. DISCONTINUED OPERATIONS continued

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

	6 months ended 30 June 2021 Reviewed Rm	(Re-presented) <sup>1</sup> 6 months ended 30 June 2020 Reviewed Rm	(Re-presented) <sup>2</sup> 12 months ended 31 December 2020 Audited Rm
<b>Financial performance</b>			
Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate	876		
Gains on financial instruments revaluations recycled to profit or loss	2		
<b>Operating profit</b>	878		
Net gains on disposal of associates <sup>3</sup>	1 339		
– Total disposal consideration	7 781		
– Carrying amount of investments sold	(6 442)		
<b>Net operating profit</b>	2 217		
Dividend income received from non-current assets held-for-sale		36	69
Share of income of equity-accounted investments	54	95	207
<b>Profit before tax</b>	2 271	131	276
Income tax expense	(379)		
<b>Profit for the period from discontinued operations</b>	1 892	131	276
<b>Other comprehensive loss, net of tax</b>	(878)	(74)	(50)
<i>Items that have subsequently been reclassified to profit or loss:</i>	(878)		
– Recycling of share of OCI of equity-accounted investments	(878)		
<i>Items that may subsequently be reclassified to profit or loss:</i>		(72)	(50)
– Share of OCI of equity-accounted investments		(72)	(50)
<i>Items that will not be reclassified to profit or loss:</i>		(2)	
– Share of OCI of equity-accounted investments		(2)	
<b>Total comprehensive income for the period</b>	1 014	57	226
<b>Cash flow information</b>			
Cash flow attributable to investing activities			
– Dividend income received from non-current assets held-for-sale		36	69
– Proceeds from disposal of associate classified as non-current assets held-for-sale	5 763		
<b>Cash flow attributable to discontinued operations</b>	5 763	36	69

<sup>1</sup> Refer note 4.1.

<sup>2</sup> Refer note 4.2.

<sup>3</sup> Comprises a loss of R664 million on the disposal of Tronox SA and a gain of R2 003 million on the disposal of Tronox Holdings plc.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 9. 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.

6 months ended 30 June 2021 (Reviewed)	Coal				Ferrous		Other	Total Rm
	Commercial		Tied Rm	Other Rm	Energy Rm	Alloys Rm	Other Rm	
	Waterberg Rm	Mpumalanga Rm						
<b>Segmental revenue reconciliation</b>								
Segmental revenue <sup>1</sup>	8 168	3 960	2 386	11	539	74	6	15 144
Export sales allocated to selling entity	(1 063)	(3 559)		4 622				
<b>Total revenue</b>	7 105	401	2 386	4 633	539	74	6	15 144
<b>By timing and major type of goods and services</b>								
<b>Sale of goods at a point in time</b>	7 105	401	1 904	4 622	539	71	6	14 648
Coal	7 105	401	1 904	4 622				14 032
Renewable energy					539			539
Ferrosilicon						71		71
Biological goods							6	6
<b>Rendering of services over time</b>			482	11		3		496
Stock yard management services				104				104
Project engineering services				378				378
Other mine management services					11			11
Transportation services						1		1
Other services						2		2
<b>Total revenue</b>	7 105	401	2 386	4 633	539	74	6	15 144
<b>By major geographic area of customer<sup>2</sup></b>								
<b>Domestic</b>	7 105	401	2 386	11	539	74	6	10 522
<b>Export</b>				4 622				4 622
Europe								2 888
Asia								1 612
Other								122
<b>Total revenue</b>	7 105	401	2 386	4 633	539	74	6	15 144
<b>By major customer industries</b>								
Public utilities	6 051		2 386		539			8 976
Merchants	105	256		4 622				4 983
Steel	497	68		11				576
Mining	25	73				52		150
Manufacturing	220					16		236
Food and beverage	108							108
Cement	82	2						84
Other	17	2				6	6	31
<b>Total revenue</b>	7 105	401	2 386	4 633	539	74	6	15 144

<sup>1</sup> Coal segmental revenue is based on the origin of coal production.

<sup>2</sup> Determined based on the customer supplied by Exxaro.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 9. REVENUE continued

6 months ended 30 June 2020 (Reviewed)	Coal				Energy Rm	Ferrous Alloys Rm	Other Rm	Total Rm
	Commercial							
	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm				
<b>Segmental revenue reconciliation</b>								
Segmental revenue <sup>1</sup>	7 615	4 076	2 005	34	283	60	5	14 078
Export sales allocated to selling entity	(1 091)	(3 757)		4 848				
<b>Total revenue</b>	6 524	319	2 005	4 882	283	60	5	14 078
<b>By timing and major type of goods and services</b>								
<b>Sale of goods at a point in time</b>	6 524	319	1 732	4 800	283	56	5	13 719
Coal	6 524	319	1 732	4 800				13 375
Renewable energy					283			283
Ferrosilicon						56		56
Biological goods							5	5
<b>Rendering of services over time</b>			273	82		4		359
Stock yard management services				73				73
Project engineering services			200					200
Other mine management services				34				34
Transportation services				48		1		49
Other services						3		3
<b>Total revenue</b>	6 524	319	2 005	4 882	283	60	5	14 078
<b>By major geographic area of customer<sup>2</sup></b>								
<b>Domestic</b>	6 524	319	2 005	34	283	60	4	9 229
<b>Export</b>				4 848			1	4 849
Europe				1 910			1	1 911
Asia				2 249				2 249
Other				689				689
<b>Total revenue</b>	6 524	319	2 005	4 882	283	60	5	14 078
<b>By major customer industries</b>								
Public utilities	5 721		2 005	263	283			8 272
Merchants	92	184		4 192		2		4 470
Steel	375	17		77				469
Mining	83			127		45		255
Manufacturing	126					11		137
Cement	50							50
Food and beverage	61							61
Chemicals		116						116
Other	16	2		223		2	5	248
<b>Total revenue</b>	6 524	319	2 005	4 882	283	60	5	14 078

<sup>1</sup> Coal segmental revenue is based on the origin of coal production.

<sup>2</sup> Determined based on the customer supplied by Exxaro.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 9. REVENUE continued

12 months ended 31 December 2020 (Audited)	Coal				Energy Rm	Ferrous Alloys Rm	Other Rm	Total Rm
	Commercial							
	Waterberg Rm	Mpumalanga Rm	Tied Rm	Other Rm				
<b>Segmental revenue reconciliation</b>								
Segmental revenue <sup>1</sup>	15 449	8 037	4 355	34	889	147	13	28 924
Export sales allocated to selling entity	(2 002)	(7 357)		9 359				
<b>Total revenue</b>	<b>13 447</b>	<b>680</b>	<b>4 355</b>	<b>9 393</b>	<b>889</b>	<b>147</b>	<b>13</b>	<b>28 924</b>
<b>By timing and major type of goods and services</b>								
<b>Sale of goods at a point in time</b>	13 447	680	3 744	9 293	889	139	12	28 204
Coal	13 447	680	3 744	9 293				27 164
Renewable energy					889			889
Ferrosilicon						139		139
Biological goods							12	12
<b>Rendering of services over time</b>			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
<b>Total revenue</b>	<b>13 447</b>	<b>680</b>	<b>4 355</b>	<b>9 393</b>	<b>889</b>	<b>147</b>	<b>13</b>	<b>28 924</b>
<b>By major geographic area of customer<sup>2</sup></b>								
<b>Domestic</b>	13 447	680	4 355	34	889	147	8	19 560
<b>Export</b>				9 359			5	9 364
Europe				3 904			3	3 907
Asia				4 539			2	4 541
Other				916				916
<b>Total revenue</b>	<b>13 447</b>	<b>680</b>	<b>4 355</b>	<b>9 393</b>	<b>889</b>	<b>147</b>	<b>13</b>	<b>28 924</b>
<b>By major customer industries</b>								
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
Cement	132							132
Food and beverage	250						8	258
Chemicals		145						145
Other	38	8		405			5	456
<b>Total revenue</b>	<b>13 447</b>	<b>680</b>	<b>4 355</b>	<b>9 393</b>	<b>889</b>	<b>147</b>	<b>13</b>	<b>28 924</b>

<sup>1</sup> Coal segmental revenue is based on the origin of coal production.

<sup>2</sup> Determined based on the customer supplied by Exxaro.



# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 10. SIGNIFICANT ITEMS INCLUDED IN OPERATING EXPENSES

	6 months ended 30 June 2021 Reviewed Rm	6 months ended 30 June 2020 Reviewed Rm	12 months ended 31 December 2020 Audited Rm
Raw materials and consumables	(1 883)	(1 844)	(3 744)
Staff costs	(2 643)	(2 523)	(5 103)
Royalties	(389)	(348)	(575)
Contract mining	(1 065)	(1 175)	(2 409)
Repairs and maintenance	(1 402)	(1 208)	(2 421)
Railage and transport	(1 211)	(1 528)	(3 101)
Movement in provisions	187	1 049	1 100
Movement in indemnification asset		(798)	(798)
Depreciation and amortisation	(1 288)	(1 131)	(2 436)
– Depreciation of property, plant and equipment	(1 172)	(1 053)	(2 237)
– Depreciation of right-of-use assets	(32)	(35)	(71)
– Amortisation of intangible assets	(84)	(43)	(128)
Gain on deemed disposal of JV <sup>1</sup>		1 321	1 321
Loss on financial instruments revaluations recycled to profit or loss on deemed disposal of JV <sup>1</sup>		(59)	(59)
Fair value adjustments on contingent consideration			(3)
Hedge ineffectiveness on interest rate swaps	(3)	(11)	(57)
Legal and professional fees	(287)	(286)	(653)
Net (losses)/gains on disposal of property, plant and equipment	(10)	9	(92)
Net gains on translation differences recycled to profit or loss on deregistration and liquidation of foreign entities			103
Net gains on translation differences recycled to profit or loss on disposal of investment in foreign associate			13
Gain on disposal of joint operation			17
Gain on transfer of operation		14	4
Loss on dilution of investment in associates			(20)
Expected credit losses <sup>2</sup>	65	77	144
Write-off of trade and other receivables	(79)	(5)	(35)
Write-down of inventories to net realisable value		(105)	(9)
Insurance recoveries for		32	32
– Business interruption		14	14
– Property, plant and equipment		18	18

<sup>1</sup> Relates to the step-up acquisition of Cennergi.

<sup>2</sup> 30 June 2021 relates mainly to a reversal of an ECL recognised on the loan to Tumelo, amounting to R27 million, as well as a non-performing trade debtor which was written off, amounting to R78 million, which was offset by an ECL recognised on the ESD loans, amounting to R37 million.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 11. NET FINANCING COSTS

	6 months ended 30 June 2021 Reviewed Rm	6 months ended 30 June 2020 Reviewed Rm	12 months ended 31 December 2020 Audited Rm
<b>Finance income</b>	82	136	215
Interest income	79	131	209
Reimbursement of interest income on environmental rehabilitation funds	(2)		(5)
Finance lease interest income	4	4	8
Commitment fee income	1	1	3
<b>Finance costs</b>	(467)	(457)	(1 047)
Interest expense	(390)	(490)	(984)
Net fair value loss on interest rate swaps designated as cash flow hedges: recycled from OCI	(72)	(26)	(107)
– Realised fair value loss	(93)	(48)	(153)
– Unrealised fair value gain	21	22	46
Unwinding of discount rate on rehabilitation costs	(133)	(160)	(305)
Recovery of unwinding of discount rate on rehabilitation costs	15	19	38
Interest expense on lease liabilities	(27)	(26)	(54)
Amortisation of transaction costs	(9)	(4)	(9)
Borrowing costs capitalised <sup>1</sup>	149	230	374
<b>Total net financing costs</b>	<b>(385)</b>	<b>(321)</b>	<b>(832)</b>
<sup>1</sup> <i>Borrowing costs capitalisation rate (%)</i>	6.34	8.88	7.79

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 12. SHARE OF INCOME OF EQUITY-ACCOUNTED INVESTMENTS

	6 months ended 30 June 2021 Reviewed Rm	(Re-presented) 6 months ended 30 June 2020 Reviewed Rm	(Re-presented) 12 months ended 31 December 2020 Audited Rm
<b>Unlisted investments</b>			
<b>Associates</b>	6 518	2 212	6 124
SIOC	6 321	2 259	6 125
RBCT	3	10	5
Black Mountain	199		122
Insect Technology		(48)	(109)
LightApp	(5)	(9)	(18)
Curapipe			(1)
<b>Joint ventures</b>	98	48	80
Mafube	98	35	67
Cennergi		13	13
<b>Share of income of equity-accounted investments</b>	6 616	2 260	6 204

## 13. CAPITAL SPEND AND CAPITAL COMMITMENTS

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Capital spend</b>			
To maintain operations	686	672	2 225
To expand operations	488	592	950
<b>Total capital spend on property, plant and equipment</b>	1 174	1 264	3 175
<b>Capital commitments</b>			
Contracted	1 449	2 589	2 339
– Contracted for the group (owner-controlled)	760	2 313	1 990
– Share of capital commitments of equity-accounted investments	689	276	349
Authorised, but not contracted	1 913	1 839	1 484

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 14. INTANGIBLE ASSETS

	Goodwill Rm	Customer contracts Rm	Patents and licenses Rm	Total Rm
<b>At 30 June 2021 (Reviewed)</b>				
<b>Gross carrying amount</b>				
At beginning of the period	521	2 685	39	3 245
At end of the period	521	2 685	39	3 245
<b>Accumulated amortisation</b>				
At beginning of the period		(123)	(27)	(150)
Charges for the period		(82)	(2)	(84)
At end of the period		(205)	(29)	(234)
<b>Net carrying amount at end of the period</b>	<b>521</b>	<b>2 480</b>	<b>10</b>	<b>3 011</b>
<b>At 30 June 2020 (Reviewed) (Re-presented)</b>				
<b>Gross carrying amount</b>				
At beginning of the period	1 524		43	1 567
Acquisition of subsidiaries	521	2 685		3 206
At end of the period	2 045	2 685	43	4 773
<b>Accumulated amortisation</b>				
At beginning of the period			(27)	(27)
Charges for the period		(41)	(2)	(43)
At end of the period		(41)	(29)	(70)
<b>Accumulated impairment</b>				
At beginning of the period	(1 524)			(1 524)
At end of the period	(1 524)			(1 524)
<b>Net carrying amount at end of the period</b>	<b>521</b>	<b>2 644</b>	<b>14</b>	<b>3 179</b>
<b>At 31 December 2020 (Audited)</b>				
<b>Gross carrying amount</b>				
At beginning of the period	1 524		43	1 567
Additions			2	2
Acquisition of subsidiaries	521	2 685		3 206
Exchange differences			1	1
Reclassification to non-current assets held-for-sale	(1 524)		(7)	(1 531)
At end of the period	521	2 685	39	3 245
<b>Accumulated amortisation</b>				
At beginning of the period			(27)	(27)
Charges for the period		(123)	(5)	(128)
Reclassification to non-current assets held-for-sale			5	5
At end of the period		(123)	(27)	(150)
<b>Accumulated impairment</b>				
At beginning of the period	(1 524)			(1 524)
Reclassification to non-current assets held-for-sale	1 524			1 524
At end of the period				
<b>Total intangible assets</b>	<b>521</b>	<b>2 562</b>	<b>12</b>	<b>3 095</b>

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 15. EQUITY-ACCOUNTED INVESTMENTS

	At 30 June 2021 Reviewed Rm	(Re-presented) At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Associates</b>	18 813	16 938	18 594
SIOC	15 469	10 770	12 820
Tronox SA <sup>1</sup>		2 494	2 628
RBCT	2 056	2 078	2 053
Black Mountain <sup>2</sup>	1 197	872	995
Insect Technology <sup>3</sup>		598	
LightApp	91	126	98
<b>Joint Ventures</b>	1 511	1 372	1 412
Mafube	1 511	1 372	1 412
<b>Total equity-accounted investments</b>	20 324	18 310	20 006

<sup>1</sup> The investment in Tronox SA was sold on 24 February 2021 (refer note 8).

<sup>2</sup> Refer note 4.1 for the reclassification of Black Mountain from non-current assets held-for-sale to equity-accounted investments.

<sup>3</sup> The investment in Insect Technology was fully impaired on 31 December 2020.

## 16. OTHER ASSETS

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Non-current</b>			
Reimbursements <sup>1</sup>	426	431	373
Biological assets	28	24	28
Lease receivables	49	57	53
Other	83	57	76
<b>Total non-current other assets</b>	586	569	530
<b>Current</b>			
Indemnification asset: Total S.A.		612	
VAT	351	511	504
Royalties	60	75	127
Prepayments	29	42	144
Current tax receivables	119	196	198
Lease receivables	7	6	6
Other	38	22	41
<b>Total current other assets</b>	604	1 464	1 020
<b>Total other assets</b>	1 190	2 033	1 550

<sup>1</sup> Amounts recoverable from Eskom in respect of the rehabilitation, environmental expenditure and retirement employee obligations of the Matla operation at the end of LoM.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 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.

On 8 April 2021, Exxaro signed a sale and purchase agreement (SPA) with Overlooked Colliery. On 30 June 2021, the conditions precedent to the SPA were not yet fulfilled (refer note 27).

The ECC operation is carried at its fair value less costs of disposal which represents the discounted value of the offer price negotiated with Overlooked Colliery.

The ECC operation is reported as part of the coal commercial 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.

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

	At 30 June 2021 Reviewed Rm	(Re-presented) <sup>1</sup> At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Assets</b>			
Property, plant and equipment	903		841
Right-of-use assets	1		1
Intangible assets	2		2
Investments in associates		1 741	1 741
– Tronox Holdings plc		1 741	1 741
Non-current financial assets	679		655
– Environmental rehabilitation funds	679		655
Inventories	449		149
Current financial assets	164		139
– Loans to associate: Tumelo	164		139
Trade and other receivables	50		39
Current tax receivable			21
Cash and cash equivalents	15		8
Other current assets	128		153
<b>Non-current assets held-for-sale</b>	<b>2 391</b>	<b>1 741</b>	<b>3 749</b>
<b>Liabilities</b>			
Non-current lease liabilities	(9)		(13)
Other non-current payables	(2)		(7)
Non-current provisions	(785)	(595)	(724)
Retirement employee obligations	(1)	(17)	(1)
Deferred tax	(21)		(21)
Trade and other payables	(293)		(289)
Current lease liabilities	(8)		(8)
Current tax payable			(1)
Current provisions			(2)
Other current liabilities	(37)		(72)
<b>Non-current liabilities held-for-sale</b>	<b>(1 156)</b>	<b>(612)</b>	<b>(1 138)</b>
<b>Net non-current assets held-for-sale</b>	<b>1 235</b>	<b>1 129</b>	<b>2 611</b>

<sup>1</sup> Refer note 4.1 for the reclassification of Black Mountain from non-current assets held-for-sale to equity-accounted investments.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 18. INTEREST-BEARING BORROWINGS

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Non-current<sup>1</sup></b>	10 010	10 327	7 448
Loan facility <sup>2</sup>	4 731	7 746	1 748
Project financing <sup>3</sup>	4 636	1 581	4 700
Bonds	643	1 000	1 000
<b>Current<sup>1</sup></b>	526	3 331	6 163
Loan facility <sup>2</sup>	43	58	6 050
Project financing <sup>3</sup>	124	3 271	110
Bonds	359	2	3
<b>Total interest-bearing borrowings</b>	10 536	13 658	13 611
<i>Summary of interest-bearing borrowings by period of redemption:</i>			
Less than six months	108	3 325	107
Six to 12 months	418	6	6 056
Between one and two years	172	6 469	1 379
Between two and three years	878	1 284	1 082
Between three and four years	1 430	1 154	915
Between four and five years	4 014	95	349
Over five years	3 516	1 325	3 723
<b>Total interest-bearing borrowings</b>	10 536	13 658	13 611
<sup>1</sup> Reduced by the amortisation of transaction costs:			
– Non-current	(5)	(4)	(2)
– Current	(19)	(9)	(6)
<sup>2</sup> The loan facility was refinanced during April 2021 which resulted in the extinguishment of the previous loan facility and recognition of the refinanced loan facility.			
<sup>3</sup> Interest-bearing borrowings relating to the Cennergi group.			
<b>Overdraft</b>			
Bank overdraft		1 758	17

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. At 30 June 2020 there was a technical non-compliance in relation to the project financing agreements resulting in the total balance being classified as current, this was however rectified before 31 December 2020 as agreed with the financial institutions.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 18. INTEREST-BEARING BORROWINGS continued

Below is a summary of the salient terms and conditions of the facilities at 30 June 2021:

	Refinanced loan facility		
	Bullet term loan	Amortised term loan	Revolving credit facility
Aggregate nominal amount (Rm)	2 500	2 250	3 250
Issue date	26 April 2021	26 April 2021	26 April 2021
Maturity date	26 April 2026	26 April 2026	26 April 2026
Capital payments	The total outstanding amount is payable on final maturity date	Repay each loan in full in equal consecutive semi-annual instalments on the last business day of April and October of each year	The total outstanding amount is payable on final maturity date
Duration (months)	60	60	60
Secured or unsecured	Unsecured	Unsecured	Unsecured
Undrawn portion (Rm)	nil	nil	3 250
<b>Interest</b>			
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 240 basis points (2.40%)	3-month JIBAR plus a margin of 300 basis points (3.00%)	1-month JIBAR plus a margin of 265 basis points (2.65%)
Effective interest rates for the transaction costs	0.11%	0.13%	N/A
	Project financing		
	Tsitsikamma SPV loan facility	Amakhala SPV loan facilities	Amakhala SPV loan facilities
Remaining nominal amount outstanding (Rm)	1 897	2 715	147
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 <sup>1</sup>	Secured	Secured	Secured
Undrawn portion (Rm)	115	273	nil
<b>Interest</b>			
Interest payment basis	Floating rate <sup>2</sup>	Floating rate <sup>2</sup>	Fixed rate
Interest payment period	Bi-annual	Bi-annual	Bi-annual
Interest rate	3-month JIBAR plus an all-in of 265 basis points (2.65%)	3-month JIBAR plus an all-in margin ranging from 360 basis points to 681 basis points (3.60% to 6.81%)	An all-in margin ranging from 360 basis points to 670 basis points (3.60% to 6.70%) plus: 1) 8.00% until June 2021 2) 9.46% from July 2021 to maturity

<sup>1</sup> Security held over the assets and share capital of Tsitsikamma SPV and Amakhala SPV respectively.

<sup>2</sup> Interest payments are hedged from a floating rate to a fixed rate (refer note 23.2).



# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 18. INTEREST-BEARING BORROWINGS continued

DMTN Programme (bonds)		
	R357 million senior unsecured floating rate note	R643 million senior unsecured floating rate note
Aggregate nominal amount (Rm)	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
<b>Interest</b>		
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%)

## 19. LEASE LIABILITIES

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
Non-current	481	515	493
Current	31	39	29
<b>Total lease liabilities</b>	<b>512</b>	<b>554</b>	<b>522</b>
<i>Summary of lease liabilities by period of redemption:</i>			
Less than six months	15	17	14
Six to 12 months	16	22	15
Between one and two years	41	39	34
Between two and three years	46	48	43
Between three and four years	48	39	43
Between four and five years	60	48	53
Over five years	286	341	320
<b>Total lease liabilities</b>	<b>512</b>	<b>554</b>	<b>522</b>
<b>Analysis of movement in lease liabilities</b>			
At beginning of the period	522	488	488
New leases	1	24	24
Acquisition of subsidiaries		55	55
Reclassification to non-current liabilities held-for-sale	4		(21)
Lease remeasurement adjustments	4	1	10
Lease modification adjustments			(3)
Exchange difference on translation		1	1
Capital repayments	(19)	(15)	(32)
– Lease payments	(46)	(41)	(86)
– Interest charges	27	26	54
<b>At end of the period</b>	<b>512</b>	<b>554</b>	<b>522</b>

The lease liabilities relate to the right-of-use assets. Interest is based on incremental borrowing rates ranging between 6.075% and 10.43%.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 20. NET DEBT

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
Net debt is presented by the following items on the statement of financial position:			
<b>Non-current interest-bearing debt</b>	(10 500)	(10 842)	(7 954)
Interest-bearing borrowings	(10 010)	(10 327)	(7 448)
Lease liabilities	(481)	(515)	(493)
Lease liabilities classified as non-current liabilities held-for-sale	(9)		(13)
<b>Current interest-bearing debt</b>	(565)	(3 370)	(6 200)
Interest-bearing borrowings	(526)	(3 331)	(6 163)
Lease liabilities	(31)	(39)	(29)
Lease liabilities classified as non-current liabilities held-for-sale	(8)		(8)
<b>Net cash and cash equivalents</b>	3 935	3 678	3 187
Cash and cash equivalents	3 920	5 436	3 196
Cash and cash equivalents classified as non-current assets held-for-sale	15		8
Overdraft		(1 758)	(17)
<b>Total net debt</b>	<b>(7 130)</b>	<b>(10 534)</b>	<b>(10 967)</b>

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 20. NET DEBT continued

Analysis of movement in net debt:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities from financing activities		Total Rm
		Non-current interest-bearing debt Rm	Current interest-bearing debt Rm	
<b>Net debt at 31 December 2019 (Audited)</b>	1 719	(7 452)	(77)	(5 810)
<b>Cash flows</b>	1 920	(1 750)	53	223
Operating activities	3 542			3 542
Investing activities	(1 181)			(1 181)
Financing activities	(441)	(1 750)	53	(2 138)
– Interest-bearing borrowings raised	1 750	(1 750)		
– Interest-bearing borrowings repaid	(38)		38	
– Lease liabilities paid	(15)		15	
– Dividends paid (note 6)	(1 420)			(1 420)
– Dividends paid to BEE Parties	(458)			(458)
– Shares acquired in the market to settle share-based payments	(260)			(260)
<b>Non-cash movements</b>	39	(1 640)	(3 346)	(4 947)
Amortisation of transaction costs			(4)	(4)
Interest accrued			114	114
Lease remeasurements and modifications		(3)		(3)
New leases		(24)		(24)
Acquisition of subsidiaries		(4 847)	(222)	(5 069)
– Leases		(48)	(7)	(55)
– Project financing		(4 799)	(215)	(5 014)
Transfers between non-current and current liabilities		3 234	(3 234)	
Translation difference on movement in cash and cash equivalents of foreign entities	39			39
<b>Net debt at 30 June 2020 (Reviewed)</b>	3 678	(10 842)	(3 370)	(10 534)

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 20. NET DEBT continued

Analysis of movement in net debt continued:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities from financing activities		Total Rm
		Non-current interest-bearing debt Rm	Current interest-bearing debt Rm	
<b>Net debt at 30 June 2020 (Reviewed)</b>	3 678	(10 842)	(3 370)	(10 534)
<b>Cash flows</b>	(452)		67	(385)
Operating activities	1 951			1 951
Investing activities	(375)			(375)
Financing activities	(2 028)		67	(1 961)
– Interest-bearing borrowings repaid	(50)		50	
– NCI option exercised	115			115
– Distributions to NCI option holders	(1)			(1)
– Increase in loan from NCI	69			69
– Lease liabilities paid	(17)		17	
– Dividends paid (note 6)	(1 614)			(1 614)
– Dividends paid to BEE Parties	(520)			(520)
– Shares acquired in the market to settle share-based payments	(10)			(10)
<b>Non-cash movements</b>	(39)	2 888	(2 897)	(48)
Amortisation of transaction costs			(5)	(5)
Lease remeasurements and modifications		(4)		(4)
Transfers between non-current and current liabilities		2 892	(2 892)	
Translation difference on movement in cash and cash equivalents of foreign entities	(39)			(39)
<b>Net debt at 31 December 2020 (Audited)</b>	3 187	(7 954)	(6 200)	(10 967)

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 20. NET DEBT continued

Analysis of movement in net debt continued:

	Cash and cash equivalents/ (overdraft) Rm	Liabilities from financing activities		Total Rm
		Non-current interest-bearing debt Rm	Current interest-bearing debt Rm	
<b>Net debt at 31 December 2020 (Audited)</b>	3 187	(7 954)	(6 200)	(10 967)
<b>Cash flows</b>	753	(2 975)	6 061	3 839
Operating activities	2 857			2 857
Investing activities	8 280			8 280
Financing activities	(10 384)	(2 975)	6 061	(7 298)
– Interest-bearing borrowings raised	4 725	(4 725)		
– Interest-bearing borrowings repaid	(7 792)	1 750	6 042	
– Distributions to NCI option holders	(5)			(5)
– Decrease in loan from NCI	(51)			(51)
– Lease liabilities paid	(19)		19	
– Dividends paid (note 6)	(4 482)			(4 482)
– Dividends paid to BEE Parties	(1 441)			(1 441)
– Shares acquired in the market to settle share-based payments	(359)			(359)
– Shares repurchased	(960)			(960)
<b>Non-cash movements</b>	(5)	429	(426)	(2)
Amortisation of transaction costs		(3)	(6)	(9)
Interest accrued			17	17
Lease remeasurements		(4)		(4)
New leases		(1)		(1)
Transfers between non-current and current liabilities		437	(437)	
Translation difference on movement in cash and cash equivalents of foreign entities	(5)			(5)
<b>Net debt at 30 June 2021 (Reviewed)</b>	3 935	(10 500)	(565)	(7 130)

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 21. PROVISIONS

	Environmental rehabilitation				Other site closure costs Rm	Other Rm	Total Rm
	Restoration Rm	Decommis- sioning Rm	Residual impact Rm				
<b>At 30 June 2021 (Reviewed)</b>							
At beginning of the period	1 420	295	323	79	14		2 131
Charge to operating expenses (note 10)	88	10	89				187
– Additional provision	127	11	90				228
– Unused amounts reversed	(39)	(1)	(1)				(41)
Unwinding of discount rate on rehabilitation costs (note 11)	90	18	25				133
Provisions capitalised to property, plant and equipment		31					31
Utilised during the period	(10)		(3)		(4)		(17)
Reclassification to non-current liabilities held-for-sale	(43)	(2)	(18)	2			(61)
<b>Total provisions at end of the period</b>	<b>1 545</b>	<b>352</b>	<b>416</b>	<b>81</b>	<b>10</b>		<b>2 404</b>
– Non-current	1 373	352	389	62	4		2 180
– Current	172		27	19	6		224
<b>At 30 June 2020 (Reviewed)</b>							
At beginning of the period	2 432	544	1 345	83			4 404
(Reversal)/charge to operating expenses (note 10)	(136)	(34)	(888)	9			(1 049)
– Additional provision	73		23	9			105
– Unused amounts reversed	(209)	(34)	(911)				(1 154)
Unwinding of discount rate on rehabilitation costs (note 11)	84	23	53				160
Provisions capitalised to property, plant and equipment		(83)					(83)
Utilised during the period	(7)		(1)				(8)
Reclassification to non-current liabilities held-for-sale	(2)		800				798
Acquisition of subsidiary	6	29	4				39
Transfer of operation	(642)	(97)	(705)				(1 444)
<b>Total provisions at end of the period</b>	<b>1 735</b>	<b>382</b>	<b>608</b>	<b>92</b>			<b>2 817</b>
– Non-current	1 634	382	590	70			2 676
– Current	101		18	22			141

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 21. PROVISIONS continued

	Environmental rehabilitation			Other site closure costs Rm	Other Rm	Total Rm
	Restoration Rm	Decommissioning Rm	Residual impact Rm			
<b>At 31 December 2020 (Audited)</b>						
At beginning of the period	2 432	544	1 345	83		4 404
(Reversal)/charge to operating expenses (note 10)	(60)	(85)	(986)	14	17	(1 100)
– Additional provisions	316	14	44	16	17	407
– Unused amounts reversed	(376)	(99)	(1 030)	(2)		(1 507)
Unwinding of discount rate on rehabilitation costs (note 11)	169	44	92			305
Provisions capitalised to property, plant and equipment		(88)				(88)
Utilised during the period	(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)
<b>Total provisions at end of the period</b>	<b>1 420</b>	<b>295</b>	<b>323</b>	<b>79</b>	<b>14</b>	<b>2 131</b>
– Non-current	1 284	295	300	60	7	1 946
– Current	136		23	19	7	185

## 22. OTHER LIABILITIES

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Non-current</b>			
Termination benefits <sup>1</sup>		92	
Income received in advance	26	24	27
<b>Total non-current other liabilities</b>	<b>26</b>	<b>116</b>	<b>27</b>
<b>Current</b>			
Termination benefits <sup>1</sup>	118	181	205
Leave pay	243	217	225
Bonuses	233	231	271
VAT	14	34	31
Royalties		3	
Carbon tax	5		5
Current tax payables	41	54	34
Other	123	94	90
<b>Total current other liabilities</b>	<b>777</b>	<b>814</b>	<b>861</b>
<b>Total other liabilities</b>	<b>803</b>	<b>930</b>	<b>888</b>

<sup>1</sup> During 2019, Exxaro announced the implementation of TVP's. Under this policy, employees that qualified would receive a severance package in exchange for termination of employment.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 23. FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Non-current</b>			
<b>Financial assets</b>			
<i>Financial assets at FVOCI</i>	218	279	222
Equity: unlisted – Chifeng	218	279	222
<i>Financial assets at FVPL</i>	1 328	1 793	1 247
Debt: unlisted – environmental rehabilitation funds	1 328	1 793	1 247
<i>Financial assets at amortised cost</i>	321	740	672
ESD loans <sup>1</sup>	56	117	79
– Gross	65	117	79
– Impairment allowances	(9)		
Other financial assets at amortised cost	265	623	593
– Environmental rehabilitation funds	92	377	386
– Deferred pricing receivable <sup>2</sup>	179	250	212
– Impairment allowances	(6)	(4)	(5)
<b>Financial liabilities</b>			
<i>Financial liabilities at amortised cost</i>	(10 060)	(10 392)	(7 541)
Interest-bearing borrowings	(10 010)	(10 327)	(7 448)
Other payables	(33)	(65)	(24)
Loan from NCI <sup>3</sup>	(17)		(69)
<i>Derivative financial liabilities designated as hedging instruments</i>	(485)	(603)	(713)
Cash flow hedge derivatives: interest rate swaps <sup>4</sup>	(485)	(603)	(713)

<sup>1</sup> Interest-free loans advanced to successful applicants in terms of the Exxaro ESD programme.

<sup>2</sup> 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%.

<sup>3</sup> 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.

<sup>4</sup> Refer note 23.2.



# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 23. FINANCIAL INSTRUMENTS continued

The group holds the following financial instruments (continued):

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Current</b>			
<b>Financial assets</b>			
<i>Financial assets at amortised cost</i>	7 297	8 280	6 192
Loans to associates and joint ventures		113	
Associates		113	
–Tumelo <sup>1</sup>		168	
– Impairment allowances		(55)	
ESD loans <sup>2</sup>	95	83	105
– Gross	124	84	106
– Impairment allowances	(29)	(1)	(1)
Other financial assets at amortised cost	63	76	64
– Deferred pricing receivable <sup>3</sup>	66	57	64
– Deferred consideration receivable <sup>4</sup>		19	1
– Employee receivables	4	6	4
– Loan to FM trust		1	
– Impairment allowances	(7)	(7)	(5)
Trade and other receivables	3 219	2 572	2 827
Trade receivables	3 148	2 302	2 698
– Gross	3 172	2 400	2 793
– Impairment allowances	(24)	(98)	(95)
Other receivables	71	270	129
– Gross	86	334	153
– Impairment allowances	(15)	(64)	(24)
Cash and cash equivalents	3 920	5 436	3 196
<i>Financial assets at FVPL</i>	5		
Derivative financial assets	5		
<b>Financial liabilities</b>			
<i>Financial liabilities at amortised cost</i>	(3 579)	(8 101)	(9 120)
Interest-bearing borrowings	(526)	(3 331)	(6 163)
Deferred consideration payable <sup>5</sup>		(137)	
Share repurchase <sup>6</sup>	(544)		
Trade and other payables	(2 509)	(2 875)	(2 940)
– Trade payables	(1 262)	(1 445)	(1 371)
– Other payables	(1 247)	(1 430)	(1 569)
Overdraft		(1 758)	(17)
<i>Financial liabilities at FVPL</i>		(98)	(49)
Derivative financial liabilities			(49)
Contingent consideration <sup>7</sup>		(98)	

<sup>1</sup> Loan granted to Tumelo. The loan is interest free, unsecured and repayable on demand, unless otherwise agreed by the parties. This has been reclassified to non-current assets held-for-sale on 31 December 2020 (refer note 17).

<sup>2</sup> Interest-free loans advanced to successful applicants in terms of the Exaro ESD programme.

<sup>3</sup> 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%.

<sup>4</sup> Relates to deferred consideration receivable which arose on the disposal of mineral properties.

<sup>5</sup> Relates to deferred consideration payable in relation to the acquisition of the investment in Insect Technology.

<sup>6</sup> Relates to the remaining amount of the R1.5 billion which was committed to be used for the repurchase of Exaro's ordinary shares. At 30 June 2021, the broker was mandated to continue with the repurchase of shares.

<sup>7</sup> Relates to the Cennergi acquisition.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 23. FINANCIAL INSTRUMENTS continued

The group has granted the following loan commitments:

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Total loan commitments<sup>1</sup></b>	250	1 113	981
Mafube <sup>2</sup>	250	250	250
Insect Technology <sup>3</sup>		863	731

<sup>1</sup> The loan commitments were undrawn for the reporting periods.

<sup>2</sup> Revolving credit facility available for five years, ending 2023.

<sup>3</sup> A US\$50 million term loan facility available from 2020 to 2025, subject to certain performance 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 30 June 2021 (Reviewed)	Fair value Rm	Level 2 Rm	Level 3 Rm
<b>Financial assets at FVOCI</b>	218		218
Equity: unlisted – Chifeng	218		218
<b>Financial assets at FVPL</b>	1 328	1 328	
Non-current debt: unlisted – environmental rehabilitation funds	1 328	1 328	
<b>Derivative financial assets</b>	5	5	
Current derivative financial assets	5	5	
<b>Derivative financial liabilities designated as hedging instruments</b>	(485)	(485)	
Non-current cash flow hedge derivatives: interest rate swaps	(485)	(485)	
<b>Net financial assets held at fair value</b>	1 066	848	218
<b>At 30 June 2020 (Reviewed)</b>	<b>Fair value Rm</b>	<b>Level 2 Rm</b>	<b>Level 3 Rm</b>
<b>Financial assets at FVOCI</b>	279		279
Equity: unlisted – Chifeng	279		279
<b>Financial assets at FVPL</b>	1 793	1 793	
Non-current debt: unlisted – environmental rehabilitation funds	1 793	1 793	
<b>Financial liabilities at FVPL</b>	(98)		(98)
Current contingent consideration	(98)		(98)
<b>Derivative financial liabilities designated as hedging instruments</b>	(603)	(603)	
Non-current cash flow hedge derivatives: interest rate swaps	(603)	(603)	
<b>Net financial assets held at fair value</b>	1 371	1 190	181

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 23. FINANCIAL INSTRUMENTS continued

### 23.1 Fair value hierarchy continued

	Fair value Rm	Level 2 Rm	Level 3 Rm
<b>At 31 December 2020 (Audited)</b>			
<b>Financial assets at FVOCI</b>	222		222
Equity: unlisted – Chifeng	222		222
<b>Financial assets at FVPL</b>	1 247	1 247	
Non-current debt: unlisted – environmental rehabilitation funds	1 247	1 247	
<b>Derivative financial liabilities</b>	(49)	(49)	
Current derivative financial liabilities	(49)	(49)	
<b>Derivative financial liabilities designated as hedging instruments</b>	(713)	(713)	
Non-current cash flow hedge derivatives: interest rate swaps	(713)	(713)	
<b>Net financial assets held at fair value</b>	707	485	222

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

	Chifeng Rm	Total Rm
<b>At 31 December 2019 (Audited)</b>	235	44
<i>Movement during the period</i>		
Gains recognised in OCI (pre-tax effect) <sup>1</sup>	44	44
Acquisition of subsidiaries <sup>2</sup>		(98)
Settlements <sup>3</sup>		195
Exchange losses recognised in profit or loss		(4)
<b>At 30 June 2020 (Reviewed)</b>	279	181
<i>Movement during the period</i>		
Losses recognised in OCI (pre-tax effect) <sup>1</sup>	(57)	(57)
Losses recognised in profit or loss		(3)
Settlements <sup>3</sup>		101
<b>At 31 December 2020 (Audited)</b>	222	222
<i>Movement during the period</i>		
Losses recognised in OCI (pre-tax effect) <sup>1</sup>	(4)	(4)
<b>At 30 June 2021 (Reviewed)</b>	218	218

<sup>1</sup> Tax on Chifeng amounts to nil (30 June 2020: nil; 31 December 2020: nil).

<sup>2</sup> Relates to the acquisition of the remaining 50% interest in Cennergi.

<sup>3</sup> 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.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS *continued*

## 23. FINANCIAL INSTRUMENTS *continued*

### 23.1 Fair value hierarchy *continued*

#### *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.

### 23.2 Hedge accounting: Cash flow hedges

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.

#### 23.2.1 *Financial performance effects of hedging recognised during the period:*

		6 months ended 30 June 2021 Reviewed Rm	6 months ended 30 June 2020 Reviewed Rm	12 months ended 31 December 2020 Audited Rm
Fair value losses resulting from hedge ineffectiveness	Operating expenses	(3)	(11)	(57)
Fair value losses on settlement of underlying swap (reclassified)	Finance costs	(72)	(26)	(107)

#### 23.2.2 *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 condensed group 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 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<i>Cash flow hedge reserve – interest rate swaps</i>	(156)	(246)	(308)
– Gross	(217)	(342)	(428)
– Deferred tax thereon	61	96	120
Balance of share of movements of equity-accounted investees		(19)	2
Balance of NCI share of financial instruments revaluation reserve	12	42	51
<b>Financial instruments revaluation reserve</b>	<b>(144)</b>	<b>(223)</b>	<b>(255)</b>

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 23. FINANCIAL INSTRUMENTS continued

### 23.2 Hedge accounting: Cash flow hedges continued

#### 23.2.2 Hedging reserves continued

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

	Gross Rm	Tax Rm	Net Rm
<b>At 31 December 2019 (Audited)</b>			
<i>Movement during the period</i>			
Change in fair value of interest rate swaps recognised in OCI	(368)	103	(265)
Reclassified from OCI to profit or loss in finance costs	26	(7)	19
<b>At 30 June 2020 (Reviewed)</b>			
<i>Movement during the period</i>			
Change in fair value of interest rate swaps recognised in OCI	(167)	47	(120)
Reclassified from OCI to profit or loss in finance costs	81	(23)	58
<b>At 31 December 2020 (Audited)</b>			
<i>Movement during the period</i>			
Change in fair value of interest rate swaps recognised in OCI	139	(39)	100
Reclassified from OCI to profit or loss in finance costs	72	(20)	52
<b>At 30 June 2021 (Reviewed)</b>			
	(217)	61	(156)

#### 23.2.3 Hedging instruments

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
<b>Hedged items: Cash flows on floating rate project financing linked to JIBAR</b>			
Nominal amount	3 854	4 156	3 885
Gross carrying amount in cash flow hedge reserve	(217)	(342)	(428)
Cumulative loss in fair value used for calculating hedge ineffectiveness	(396)	(368)	(535)
<b>Hedging instruments: Outstanding receive floating, pay fixed contracts</b>			
Nominal amount	3 854	4 156	3 885
Carrying amount	(485)	(603)	(713)
Cumulative loss in fair value used for calculating hedge ineffectiveness	(456)	(379)	(592)
– Cumulative effective loss in fair value	(396)	(368)	(535)
– Cumulative ineffective loss in fair value	(60)	(11)	(57)

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. The swaps cover 60% of the remaining loan notional value.
- Amakhala SPV floating rate facilities:
  - IFC facilities: 8.42% up to 30 June 2031. The swaps cover 100% of the remaining loans notional values.
  - A and C banking facilities: 8.00% up to 30 June 2021. The swaps cover 100% of the remaining loans notional values. 9.46% up to 30 June 2026. The swaps cover 100% of the remaining loans notional values.

The interest rate swaps 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.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 24.1 Contingent liabilities

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
Operational guarantees <sup>1,2</sup>	4 399	4 532	4 531
– Financial guarantees ceded to the DMRE	4 148	4 239	4 239
– Other financial guarantees	251	293	292
<b>Total contingent liabilities</b>	<b>4 399</b>	<b>4 532</b>	<b>4 531</b>

<sup>1</sup> Includes guarantees to banks and other institutions in the normal course of business from which it is anticipated that no material liabilities will arise.

<sup>2</sup> Includes an amount of R579 million (31 December 2020: R579 million) relating to the ECC operation, which was classified as a non-current asset held-for-sale on 31 December 2020.

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

#### Share of equity-accounted investments' contingent liabilities

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
Share of contingent liabilities of equity-accounted investments	1 429	1 161	1 535

### 24.2 Contingent assets

	At 30 June 2021 Reviewed Rm	At 30 June 2020 Reviewed Rm	At 31 December 2020 Audited Rm
Back-to-back guarantees	134	134	134
Other <sup>1</sup>	175		
<b>Total contingent assets</b>	<b>309</b>	<b>134</b>	<b>134</b>

<sup>1</sup> Guarantees issued to Exxaro in terms of the SPA entered into for the divestment of the ECC operation.

The timing and occurrence of any possible inflows of the contingent assets are uncertain.

## 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 six-month period ended 30 June 2021, 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.

# NOTES TO THE REVIEWED CONDENSED GROUP INTERIM FINANCIAL STATEMENTS continued

## 27. EVENTS AFTER THE REPORTING PERIOD

Details of the interim dividend are provided in note 6.

Subsequent to 30 June 2021, the following notable event occurred:

On 2 August 2021, all conditions precedent to the ECC transaction were fulfilled. The conditions precedent included the approval of the South African competition authorities and the DMRE. The ECC transaction will now proceed to closure with a closing date of 31 August 2021.

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 interim financial statements for the six-month period ended 30 June 2021, as set out on pages 19 to 61, have been reviewed by the company's external auditor, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report on the condensed group interim financial statements is available for inspection at Exxaro's registered office, together with the financial statements identified in the external auditor's report.

## 29. KEY MEASURES<sup>1</sup>

	At 30 June 2021	At 30 June 2020	At 31 December 2020
Closing share price (rand per share)	168.42	130.44	138.90
Market capitalisation (Rbn)	59.39	46.79	49.82
Average rand/US\$ exchange rate (for the period ended)	14.53	16.65	16.45
Closing rand/US\$ spot exchange rate	14.33	17.23	14.62

<sup>1</sup> Non-IFRS numbers.

# CORPORATE INFORMATION

## REGISTERED OFFICE

Exxaro Resources Limited  
the conneXXion  
263B West Avenue  
Die Hoewes, Centurion  
0163  
Tel: +27 12 307 5000  
Fax: +27 12 323 3400

This report is available at: [www.exxaro.com](http://www.exxaro.com)

## DIRECTORS

Executive: MDM Mgojo (chief executive officer), N Tsengwa (chief executive officer, designate), PA Koppeschaar (finance director)  
Non-executive: L Mbatha, VZ Mntambo, IN Malevu, MLB Msimang  
Independent non-executive: MG Qhena (chairman), GJ Fraser-Moleketi (lead independent director), LI Mophatlane, EJ Myburgh, V Nkonyeni, CJ Nxumalo, PCCH Snyders

## PREPARED UNDER THE SUPERVISION OF:

PA Koppeschaar CA(SA)  
SAICA registration number: 00038621

## ACTING GROUP COMPANY SECRETARY

AK Mare, Inlexso Proprietary Limited

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
13 Biermann Avenue  
Rosebank, 2196  
Private Bag X9000  
Saxonwold, 2132

## INVESTOR RELATIONS

MI Mthenjane  
Tel: +27 12 307 7393

## LEAD EQUITY SPONSOR AND DEBT SPONSOR

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

## JOINT EQUITY SPONSOR

Tamela Holdings Proprietary Limited  
Tel: +27 11 783 5027/4907

## 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/Exxaro/2082021>

**Conference call details:** [www.diamondpass.net/2606217](http://www.diamondpass.net/2606217)



## ANNEXURE: ACRONYMS

<b>AEPS</b>	Attributable earnings per share
<b>Amakhala SPV</b>	Amakhala Emoyeni RE Project 1 (RF) Proprietary Limited
<b>AMSA</b>	ArcelorMittal SA Limited
<b>Anglo</b>	Anglo South Africa Capital Proprietary Limited
<b>API4</b>	All publications index 4 (FOB Richards Bay 6000/kcal/kg)
<b>B-BBEE</b>	Broad-based black economic empowerment
<b>BEE</b>	Black economic empowerment
<b>BEE Parties</b>	External shareholders of Eyesizwe
<b>Black Mountain</b>	Black Mountain Proprietary Limited
<b>Cennergi</b>	Cennergi Proprietary Limited or Cennergi group of companies
<b>CFR</b>	Cost and freight
<b>Chifeng</b>	Chifeng Kumba Hongye Corporation Limited
<b>Companies Act</b>	Companies Act No 71 of 2008 of South Africa, as amended
<b>Curapipe</b>	Curapipe Systems Limited
<b>DHSWS</b>	Department of Human Settlement, Water and Sanitation
<b>DMRE</b>	Department of Mineral Resources and Energy
<b>DMTN</b>	Domestic Medium-Term Note
<b>DVA</b>	Debt value adjustment
<b>EBITDA</b>	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)
<b>ECC</b>	Exxaro Coal Central Proprietary Limited
<b>ECL(s)</b>	Expected credit loss(es)
<b>ESD</b>	Enterprise and supplier development
<b>ESG</b>	Environment, social and governance
<b>ESOP Trust</b>	Exxaro Employee Share Ownership Trust
<b>Exxaro</b>	Exxaro Resources Limited
<b>Eyesizwe</b>	Eyesizwe (RF) Proprietary Limited, special purpose private company which has a 30.52% shareholding in Exxaro
<b>Ferroland</b>	Ferroland Grondtrust Proprietary Limited
<b>FOB</b>	Free on board
<b>FVOCI</b>	Fair value through other comprehensive income
<b>FVPL</b>	Fair value through profit or loss
<b>GAM</b>	Global Asset Management Limited
<b>GDP</b>	Gross domestic product
<b>GWh</b>	Gigawatt hour
<b>HEPS</b>	Headline earnings per share
<b>IAS</b>	International Accounting Standard(s)
<b>IASB</b>	International Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standard(s)
<b>IFRS 3</b>	IFRS 3 <i>Business Combinations</i>
<b>IFRS 5</b>	IFRS 5 <i>Non-current Assets Held-for-Sale and Discontinued Operations</i>
<b>Insect Technology</b>	Insect Technology Group Holdings UK Limited

## ANNEXURE: ACRONYMS continued

<b>JIBAR</b>	Johannesburg Interbank Agreed Rate
<b>JSE</b>	JSE Limited
<b>JV</b>	Joint Venture
<b>kt</b>	Kilo tonnes
<b>LightApp</b>	LightApp Technologies Limited
<b>Listings Requirements</b>	JSE Listings Requirements
<b>LoM</b>	Life of mine
<b>LTIFR</b>	Lost-time injury frequency rate
<b>Mafube</b>	Mafube Coal Proprietary Limited
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act 28 of 2002
<b>Mt</b>	Million tonnes
<b>NCI</b>	Non-controlling interests
<b>OCI</b>	Other comprehensive income
<b>Overlooked Colliery</b>	Overlooked Colliery Proprietary Limited
<b>Prime Rate</b>	South African prime bank rate
<b>RBCT</b>	Richards Bay Coal Terminal Proprietary Limited
<b>Rbn</b>	Rand billion
<b>Rm</b>	Rand million
<b>RoM</b>	Run of mine
<b>SACO</b>	South Africa Coal Operations Proprietary Limited which is a subsidiary of Thungela Resources Limited
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SIOC</b>	Sishen Iron Ore Company Proprietary Limited
<b>SMME</b>	Small, medium and micro-enterprises
<b>SPA</b>	Sale and purchase agreement
<b>SSCC</b>	Semi-soft coking coal
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TFR</b>	Transnet Freight Rail
<b>TiO<sub>2</sub></b>	Titanium dioxide
<b>Tronox</b>	Exxaro's investment in Tronox entities
<b>Tronox SA</b>	Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited
<b>Tsitsikamma SPV</b>	Tsitsikamma Community Wind Farm Proprietary Limited
<b>Tumelo</b>	Tumelo Coal Mines Proprietary Limited
<b>TVP(s)</b>	Targeted Voluntary Severance Package(s)
<b>UK</b>	United Kingdom
<b>US\$</b>	United States dollar
<b>VAT</b>	Value Added Tax
<b>WANOS</b>	Weighted average number of shares

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