

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")

TRADING STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

Shareholders are advised that Exxaro and its directors have reasonable certainty relating to the expected financial results of Exxaro for the six-month period ended 30 June 2020.

Headline earnings per share (HEPS) for the six-month period ended 30 June 2020 are expected to decrease between 34% and 18% compared to the six-month period ended 30 June 2019. This was mainly due to the accounting of non-controlling interest for the outside shareholders of Eyesizwe RF Proprietary Limited from 1 November 2019. HEPS are based on a weighted average number of shares (WANOS) of 251 million.

Attributable earnings per share (AEPS) for the six-month period ended 30 June 2020 are expected to decrease between 43% and 27% compared to the six-month period ended 30 June 2019. In addition to the accounting of non-controlling interest for the external shareholders of Eyesizwe RF in the current period, the financial results in both periods were influenced by various once-off items, such as the gain on the partial disposal of Tronox Holdings plc and the redemption of the membership interest in Tronox UK in the comparative period as well as a gain on the deemed disposal of the previously held 50% equity interest in the Cennergi joint venture during the current period. Our income from equity-accounted investments is also lower than the comparable period, mainly due to our investment in Sishen Iron Ore Company Proprietary Limited. AEPS are based on WANOS of 251 million.

EBITDA⁽¹⁾ for the six-month period ended 30 June 2020 are expected to increase between 12% and 28% compared to the six-month period ended 30 June 2019. Whilst Exxaro's operations were declared an "essential service" during the lockdown period, being able to operate, the environment remained challenging. However, our own managed operations were resilient, resulting in higher commercial coal revenue supported by record coal export volumes, albeit at lower US dollar prices, but benefiting from a weaker exchange rate during the period. Following the acquisition of the remaining 50% equity interest, Cennergi is now consolidated from 1 April 2020. Operating costs were negatively impacted by some inflationary pressure, additional distribution costs related to higher export volumes and higher buy-in costs for coal, but partially offset by the positive impact of the higher discount rates used in rehabilitation provisions and foreign exchange gains.

After adjusting for non-core items⁽²⁾ for both financial years core HEPS^(3,4) for the six-month period ended 30 June 2020 are expected to increase between 1% and 17%, compared to the six-month period ended 30 June 2019.

After adjusting for non-core items for both financial periods core EBITDA for the six-month period ended 30 June 2020 are expected to increase between 30% and 46% compared to the six-month period ended 30 June 2019.



The expected ranges are summarised below: -

	30 June 2019	30 June 2020	30 June 2020
	Reported earnings	Expected earnings	Expected range
HEPS	1 730 cents	1 142 – 1 420 cents	34% - 18% decrease
AEPS	2 589 cents	1 476 – 1 891 cents	43% - 27% decrease
EBITDA ⁽¹⁾	R3 188 million	3 585 – 4 078 (R Million)	12% - 28% increase
Core HEPS ^(3,4)	1 201 cents	1 218 – 1 406 cents	1% - 17% increase
Core EBITDA	R2 813 million	3 654 – 4 106 (R Million)	30% - 46% increase

Shareholders are advised that Exxaro will release its reviewed financial results for the six-month period ended 30 June 2020 on 13 August 2020. Further details are available on our website, www.exxaro.com.

The forecast financial information on which this trading statement is based has not been reviewed, audited nor reported on by Exxaro's external auditors.

This statement is issued in compliance with the JSE Listings Requirements.

⁽¹⁾EBITDA is calculated by adjusting net operating profit before tax with depreciation, amortisation, impairment charges/reversals and net losses or gains on disposal of assets and investments (including translation differences recycled to profit or loss).

⁽²⁾Non-core items are defined as gains and losses on transactions adjusted in the calculation of headline earnings plus any other gains or losses relating to major non-recurring transactions or corporate actions, which is identified by management at each reporting period. -.

⁽³⁾Core HEPS are the same as core AEPS.

⁽⁴⁾Due to our BEE shareholder, Eyesizwe settling its acquisition debt in October 2019, Eyesizwe's outside shareholders was treated as a non-controlling interest for the Exxaro group from 1 November 2019. The core WANOS for the six-month period ended 30 June 2019 was therefore 332 million shares and core WANOS for the six-month period ended 30 June 2020 was 251 million shares.

These are not defined terms under International Financial Reporting Standards (IFRS) and may not be comparable with similarly titled measures reported by other companies. The afore-mentioned adjustments are the responsibility of the directors of Exxaro. The adjustments have been prepared for illustrative purposes only and due to their nature, may not fairly present Exxaro's financial position, changes in equity, results of operations or cash flows.

Editor's note:

Exxaro is one of the largest South African based diversified resources companies, with interests in the coal, titanium dioxide, iron ore and energy. www.exxaro.com



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Pretoria

11 August 2020

Sponsor to Exxaro Resources Limited

Absa Corporate and Investment Bank, a division of Absa Bank Limited

