

EXXARO RESOURCES LIMITED

Incorporated in the Republic of South Africa

(Registration Number: 2000/011076/06)

JSE share code: EXX

ISIN: ZAE000084992

ADR code: EXXAY

Bond Code: EXX04

ISIN No: ZAG000160326

Bond Code: EXX05

ISIN No: ZAG000160334

(“Exxaro” or the “Company”)

TRADING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Shareholders are advised that Exxaro and its directors have a reasonable degree of certainty relating to the expected financial results of Exxaro for the year ended 31 December 2020.

Headline earnings per share (“HEPS”) for the year ended 31 December 2020 are expected to decrease between 0% and 6% compared to the year ended 31 December 2019. This was mainly due to the accounting of non-controlling interest for the outside shareholders of Eyesizwe RF Proprietary Limited (“Eyesizwe”) for the full year compared to only two months during the 2019 financial year, partially offset by better profitability from Exxaro’s own operations and higher income from the Company’s equity-accounted investments.

Attributable earnings per share (“AEPS”) for the year ended 31 December 2020 are expected to decrease between 35% and 21% compared to the year ended 31 December 2019. In addition to the accounting of non-controlling interest for the external shareholders of Eyesizwe 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 year (+R2 335 million) and impairment charges (-R1 882 million) in the current year, partially offset by a gain on the deemed disposal of the previously held 50% equity interest in the Cennergi Proprietary Limited (“Cennergi”) joint venture (+R1 321 million), during the current year. Impairment charges relate mainly to our Exxaro Central Coal (“ECC”) mine. Our income from equity-accounted investments is higher than the comparable year, mainly due to our investment in Sishen Iron Ore Company Proprietary Limited.

EBITDA⁽¹⁾ for the year ended 31 December 2020 are expected to increase between 13% and 27% compared to the year ended 31 December 2019. Whilst Exxaro’s operations were declared an “essential service” during the lockdown periods and able to operate, the environment remained challenging. However, the Company’s own managed operations were resilient, resulting in higher commercial coal revenue and record coal export volumes, albeit at lower US dollar prices, but benefiting from a weaker exchange rate during the year. Following the acquisition of the remaining 50% equity interest, Cennergi is now consolidated from 1 April 2020. Operating costs were negatively impacted by inflationary pressure, additional distribution costs related to higher export volumes and higher buy-in costs for coal, partially offset by foreign exchange gains and the positive impact of the higher discount rates used in rehabilitation provisioning.

After adjusting for non-core items⁽²⁾ for both financial years core HEPS⁽³⁾ for the year ended 31 December 2020 are expected to increase between 17% and 31%, compared to the year ended 31 December 2019.

Core EBITDA⁽¹⁾ for the year ended 31 December 2020 are expected to increase between 16% and 30%, compared to the year ended 31 December 2019.

The expected ranges are summarised below: -

	30 December 2019	31 December 2020	31 December 2020
	Reported earnings	Expected earnings	Expected range
HEPS	3 027 cents	2 845 – 3 027 cents	0% - 6% decrease
AEPS	3 908 cents	2 540 – 3 087 cents	21% - 35% decrease
EBITDA ⁽¹⁾	R5 953 million	6 727 – 7 560 (R Million)	13% - 27% increase
Core HEPS ⁽³⁾	2 354 cents	2 754 – 3 084 cents	17% - 31% increase
Core EBITDA	R5 832 million	6 765 – 7 582 (R Million)	16% - 30% increase



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Shareholders are advised that Exxaro will release its reviewed financial results for the year ended 31 December 2020 on 18 March 2021. 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.

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 and will be detailed in the reviewed financial statements.

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.

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Pretoria

15 March 2021

Lead Sponsor to Exxaro Resources Limited

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



Joint Equity Sponsor to Exxaro Resources Limited

Tamela Holdings Proprietary Limited



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