



ANNEXURES

PWC ASSURANCE REPORT

Independent Assurance Report to the Directors of Exxaro Resources Limited

We have been engaged by the directors of Exxaro Resources Limited ("Exxaro" or the "Company") to perform an assurance engagement in respect of Selected Sustainability Information reported in Exxaro's Integrated Report for the year ended 31 December 2016 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 3 November 2016.

Independence, Quality Control and Expertise

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Scope and Subject Matter

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows:

Reasonable assurance

The following information in the Report (page 88) was selected for an expression of reasonable assurance:

- Fatality Frequency Rate (FFR) - Employees and Contractors
- Lost Time Injury Frequency Rate (LTIFR) - Employees and Contractors
- Total electricity efficiency (MWh/production tonnes)
- Indirect CO₂ emissions from electricity (scope 2) - CO₂ tonnes

Limited assurance

The following information in the Report (page 88) was selected for an expression of limited assurance:

- Occupational Health Incident Frequency Rate (OHIFR) - Employees and Contractors
- Direct CO₂ emissions from own operations (scope 1) - CO₂ tonnes
- Other indirect emissions (scope 3) - CO₂ tonnes
- Number of Level 2 and 3 Environmental Incidents

We refer to this information as the Selected Sustainability Information.

We have carried out work on the data reported for the current year only and have not performed any procedures with respect to earlier periods, except where specifically indicated, or any other elements included in Exxaro's Integrated Report and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

Respective responsibilities of the Directors and PricewaterhouseCoopers Inc.

The directors are responsible for the selection, preparation and presentation of the Selected Sustainability Information in accordance with the criteria set out on page 90 of the Report, referred to as the "Reporting Criteria". The directors are also responsible for designing, implementing and maintaining internal controls as the directors determine is necessary to enable the preparation of the Selected Sustainability Information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the Selected Sustainability Information for reasonable assurance has been prepared, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Sustainability Information for limited assurance has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusions, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the Report for the year ended 31 December 2016, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Sustainability Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our work consisted of:

- › reviewing processes that Exxaro have in place for determining the Selected Sustainability Information included in the Report;
- › obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information;
- › conducting interviews with management at the sampled operations and at head office;
- › applying the assurance criteria in evaluating the data generation and reporting processes;
- › performing control walkthroughs;
- › testing the accuracy of data reported on a sample basis for limited and reasonable assurance;
- › reviewing the consolidation of the data at head office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends; and
- › reviewing the consistency between the Selected Sustainability Information and related statements in Exxaro's Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Sustainability Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Sustainability Information in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact

comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Report in the context of the Reporting Criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third party information.

Conclusions

Reasonable assurance

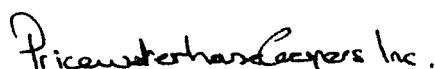
Based on the results of our reasonable assurance procedures, in our opinion, the Selected Sustainability Information for the year ended 31 December 2016, has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the Selected Sustainability Information for the year ended 31 December 2016, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of Exxaro's website is the responsibility of Exxaro's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Exxaro website.



PricewaterhouseCoopers Inc.

Director: Jayne Mammatt
Registered Auditor

2 Eglin Road
7 April 2017

INDICATORS ASSURED

Key performance indicator	Level of assurance	2013	2014	2015	2016
Fatalities	Reasonable	0	1	#	#
Fatality frequency rate (FFR) – employees and contractors	Reasonable			0	0
Lost-time injuries (LTIs) – employees and contractors	Reasonable	41	36	#	#
Lost-time injury frequency rate (LTIFR) – employees and contractors	Reasonable	0,19	0,19	0,17	0,09
Occupational health incident frequency rate (OHIFR) – Reported cases – employees and contractors	Limited			0,36	0,35 [†] 0,42 [†]
Total people participating in HIV/Aids voluntary counselling and testing (VCT)	Limited	5 853	1 642	#	#
Number of reported (and accepted) cases of pneumoconiosis	Limited	Reported = 37 Accepted = 3	Reported = 12 Accepted = 2	#	#
Number of reported (and accepted) cases of occupational tuberculosis	Limited	Reported = 40 Accepted = 9	Reported = 20 Accepted = 5	#	#
Number of reported (and accepted) cases of noise-induced hearing loss	Limited	Reported = 8 0	Reported = 16 Accepted = 2	#	#
Total diesel used (GJ)	Reasonable	2 128 665	2 103 148	#	#
Total electricity used (GJ)	Reasonable	2 011 719	2 135 581	#	#
Electricity efficiency (kWh/production tonnes)	Reasonable	4,4	4,2	3,72	12,86
Direct CO ₂ emissions from own operations (scope 1)	Limited	235 506	229 762	235 179	271 657
Indirect CO ₂ emissions from electricity (scope 2)	Reasonable	525 282	557 624	521 905	500 990
Other indirect emissions (scope 3)	Limited	69 736 911	74 768 143	73 846 816	71 651 102
Total year-on-year change in emissions:					
Scope 1	Limited		26 597 (3,40%)	#	#
Scope 2					
Number of level 2 and 3 environmental incidents	Limited	Level 2 = 7 Level 3 = 0	Level 2 = 3 Level 3 = 0	Level 2 = 18 Level 3 = 0	Level 2 = 5 Level 3 = 0
Procurement from BEE entities (R value and % of total procurement)	Reasonable			#	#
› Capital		1 937 107 893 49%	1 545 247 148 57%		#
› Services		2 620 387 614 58%	2 641 029 589 71%		#
› Consumable goods		2 654 651 605 62%	3 091 454 498 75%		#
Employment equity	Reasonable			#	#
› Top management		60%	67%		#
› Senior management		53%	42%		#
› Middle management		55%	57%		#
› Junior management		65%	73%		#
› Core and critical skills			98%		#
Total potable water (municipal and Eskom) and metered potable water (Grootegeluk only) (m ³)	Limited	2 504 390	2 304 686	2 194 398	#
Hazardous waste to landfill (tonnes)	Limited	1 349	1 542	1 814	#
Number of bursars	Limited	#	88	#	#
Number of professionals-in-training	Limited	#	86	#	#

[#] These indicators have not been assured by PwC for the respective years. For 2016, this reflected the shift in material issues, required cost savings, and indicators required by GRI G4.

[†] Includes ECC at 0,42 and excludes ECC at 0,35.

These indicators have been prepared in line with Exxaro's internally defined criteria. Refer to the glossary on page 90 for criteria.

MINING CHARTER PERFORMANCE

Element	Metric	Actual 2012	Actual 2013	Actual 2014*	Actual 2015**	Actual 2016#
Ownership	Black ownership	● 52,14%	● 52,09%	● 52,09%	● 52,09%	● 45,3%##
Beneficiation	Domestic use	● Yes	● Yes	● Yes	● Yes	● Yes
Procurement and enterprise development	Capital goods	● 59%	● 49%	● 34%	● 53%	● 70,5%
	Services	● 37%	● 58%	● 69%	● 82%	● 48,2%
	Consumables	● 47%	● 62%	● 71%	● 79%	● 62,6%
Employment equity	Top management	● None	● 60%	● 67%	● 79%	● 71,4%
	Senior management	● 44%	● 53%	● 42%	● 34%	● 51,6%
	Middle management	● 54%	● 55%	● 57%	● 56%	● 40,3%
	Junior management	● 69%	● 65%	● 73%	● 75%	● 80,9%
	Core and critical skills	● 98%	● 96%	● 98%	● 96%	● 78,4%
Human resources development	Percentage of payroll (excl levies)	● 6,6%	● 5,3%	● 6,8%	● 5,0%	● 6,1%
Community development	Percentage of net profit after tax or LED project completion	● 4,7%	● 0,9%	● 1,8%	● 62%	● 80%
Housing and living	Hostel conversion Occupancy rate Home ownership	● No employees sharing rooms	● Number of people sharing – 0	● 100%	● 100%	● 100%
Sustainable development	Environment	Rehabilitation and closure plans drafted for all mines	● Implementation of approved EMPs	● 91%	● 93%	Not reported
	Health and safety	MOSH leading practices and MHSC research findings investigated and implemented	Leadership strategies (programmes implemented)	● 98%	● 90%	● 80,7%
	Research and development	100%	100%	100%	100%	Not reported
Reporting	Annual reporting to DMR	● Yes	● Yes	● Yes	● Yes	● Yes

● Missed target

● Missed target by <5%

● Met/exceeded target

* The 2014 scorecard reflects the average across eight operational mining right sites only.

** The 2015 scorecard reflects the average across seven operational mining right sites only and excludes the ECC mines.

The 2016 scorecard includes ECC.

As at 31 December 2016.

GLOSSARY

	Indicator	Definition
Safety and health	Number of fatalities	A fatality includes all work-related incidents that resulted in a fatality
	Fatality frequency rate (FFR) – employees and contractors	Rate per 200 000 hours of fatalities due to all causes for both employees and contractors
	Number of lost-time injuries (LTI) – employees and contractors	LTI is a work-related injury resulting in the employee/contractor being unable to attend work or perform the full duties of regular work on the next calendar day. Restricted work cases are counted as LTIs
	Lost-time injury frequency rate (LTIFR) – employees and contractors	Rate per 200 000 hours of LTIs due to all causes for both employees and contractors
	Total number of people participating in HIV/Aids voluntary counselling and testing (VCT)	Total number of employees who have received counselling and tested for HIV
	Number of reported and accepted cases of pneumoconiosis	Number of reported and accepted cases of pneumoconiosis in the reporting period. An occurrence of pneumoconiosis which is reported to Medical Bureau for Occupational Disease and DMR
	Number of reported and confirmed cases of occupational tuberculosis	Number of reported and accepted cases of occupational tuberculosis in the reporting period. An occurrence of occupational tuberculosis which is reported to Medical Bureau for Occupational Disease and DMR
	Number of reported and accepted cases of noise-induced hearing loss (NIHL)	Number of reported and accepted cases of NIHL in the reporting period. An occurrence of NIHL which is reported to Rand Mutual Assurance and DMR
Occupational health incident frequency rate (OHIFR) – Reported cases (employees and contractors)	<p>Number of reported cases of occupational diseases in the reporting period. An occurrence of an occupational disease which is reported to Medical Bureau for Occupational Disease and DMR, and for NIHL reported to Rand Mutual Assurance</p> <p>These occupational diseases are:</p> <ul style="list-style-type: none"> › Reported occupational tuberculosis › Reported cases of chronic obstructive airway disease › Reported cases of pneumoconiosis › Reported cases of noise-induced hearing loss › Reported cases of silicosis <p>Occupational diseases are monitored and reported for employees and contractors. The rate is calculated per 200 000 hours for both employees and contractors</p>	

	Indicator	Definition
Environment	Total diesel used (GJ)	Direct energy consumption by diesel used
	Total electricity used (GJ)	Direct energy consumption by electricity used
	Total electricity (MWh/ production tonnages)	Total electricity used, measured in megawatt-hours (MWh), divided by production measured in kilo tonnes
	Direct CO ₂ emissions from own operations (scope 1)	Total scope 1 emissions include total litres of diesel oil used for primary production activities, fugitive emissions from mining activities and limestone emissions created through mining activities converted to tonnes CO ₂ e
	Indirect CO ₂ emissions from electricity (scope 2)	Total electricity purchased converted to tonnes CO ₂ e Electricity-based emissions are derived from the grid emissions factor for South Africa (0,94t CO ₂ e/MWh)
	Other indirect emissions (scope 3)	Total scope 3 emissions from use of sold products and upstream transportation and distribution
	Number of integrated water use licence (IWUL) applications approved	An approved IWUL is a licence signed by the Department of Water and Sanitation director-general acting under authority delegated by the minister. An approved/signed licence authorises water uses applied for under section 21 of the National Water Act, 1998
	Number of integrated water use licences (IWUL) pending	An integrated water use licence application lodged with the Department of Water and Sanitation for processing and awaiting decision by the department
	Number of level 2 and 3 environmental incidents	<ul style="list-style-type: none"> › Level 2 - reportable environmental incidents with reversible on-site and immediate surrounding impacts, will involve over 48hrs clean-up activities and a negative impact on shareholder value of R50 000 to R500 000 worth of damage has definitely occurred › Level 3 - reportable environmental incidents with irreversible on-site, immediate and remote areas impacts, will involve long-term clean-up activities and a negative impact on shareholder value of >R500 001 worth of damage has definitely occurred
	Total potable water use	Total invoiced potable water (municipal and Eskom) and metered potable water (Grootegeluk only) (m ³)
	Hazardous waste to landfill	Hazardous waste disposed of to legal landfill during the reporting period
Mining charter	Procurement spend from BEE entities (R value per capital goods, consumables and services)	The support of BEE (black economic empowerment) suppliers in line with the Exxaro preferential procurement policy and mining charter requirements for the review period
	Employment equity	Demographic breakdown of workforce as per mining charter requirements for the review period
Training	Number of bursaries awarded	Total number of bursaries awarded in the reporting period. A student who receives a bursary that covers university fees and expenses from Exxaro (bursar). This student is offered work experience in university holidays (working bursar) and, on the successful completion of a degree, is offered employment from Exxaro
	Number of professionals in training	Total number of professionals in training (PIT) in the reporting period. A PIT is an employee holding a three-year contract to gain practical experience on the mines

ADMINISTRATION

Group company secretary and registered office

CH Wessels
Exxaro Resources Limited
Roger Dyason Road
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South Africa
Telephone +27 12 307 5000

Sponsor

Absa Bank Limited (acting through its corporate and investment bank division)
Barclays Sandton North
15 Alice Lane
Sandton, 2196

Company registration number: 2000/011076/06

JSE share code: EXX

ISIN code: ZAE000084992

Auditors

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2 Eglin Road
Sunninghill, 2157

Commercial bankers

Absa Bank Limited

Corporate law advisers

EOH Legal Services Proprietary Limited
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