

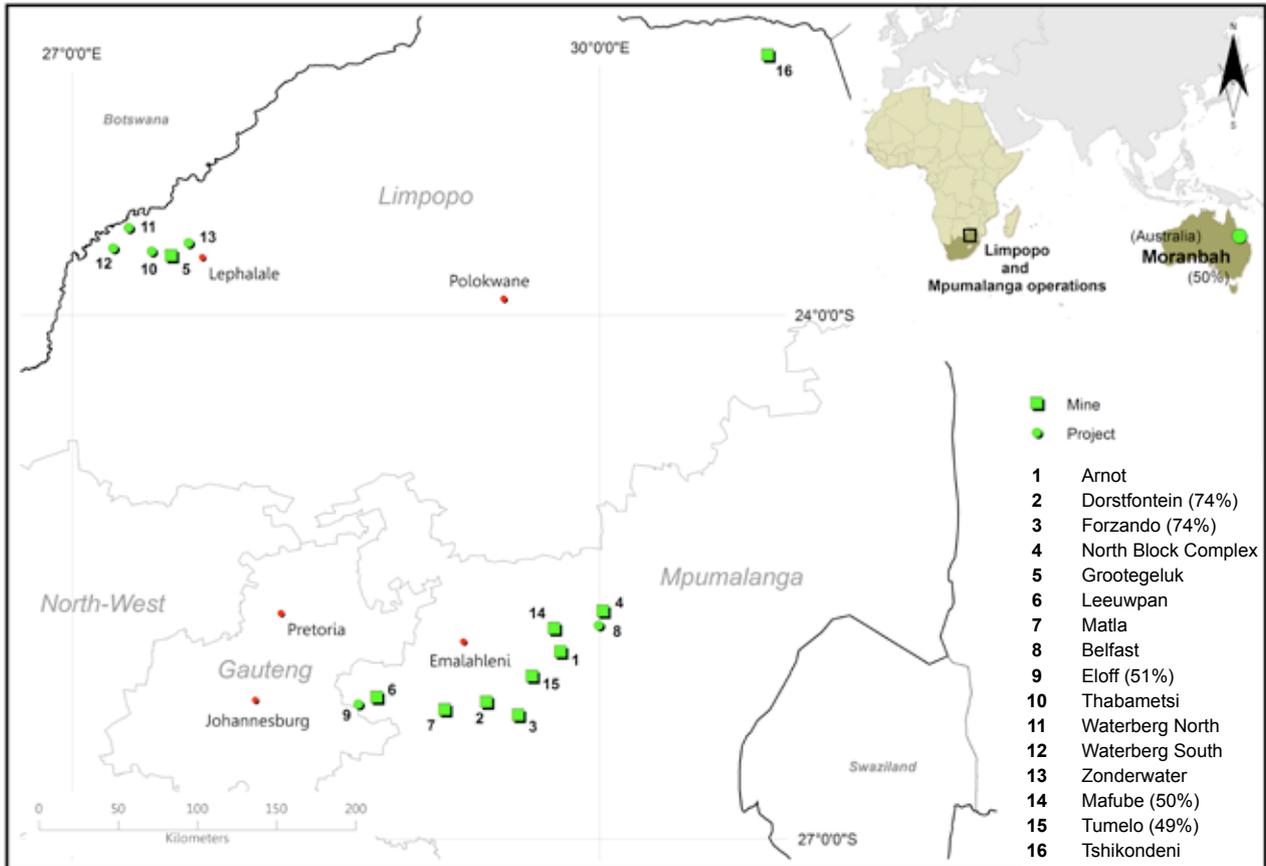


04

MINERAL RESOURCES AND RESERVES STATEMENT

MINERAL RESOURCES AND RESERVES STATEMENT

Exxaro's coal resources and reserves



Exxaro is committed to the principles of transparency, materiality and competence and continuously strives to enhance the level of estimating and reporting mineral resources and ore reserves.

The reported mineral resources and reserves information presented here is a summarised introduction of governance, assurance and methodologies applied as well as an overview of significant mineral tenure items for the reporting period. This summary is supported by the Consolidated Mineral Resource and Reserve (CMRR) report on our website. The content of the CMRR report is compiled from detailed independent reports received from appointed competent persons at the various operations and projects and available on request from the group company secretary. In addition, each operation or project maintains an individual competent person's report that encapsulates the systematic and detailed estimation process conducted by or supervised by that person. These reports are aligned with the checklist and guideline of the reporting and assessment criteria table of the SAMREC Code and are scrutinised and updated when required. Competent persons have sufficient relevant experience and consented to the inclusion of the information in the form and context in which it appears in the CMRR report, which also includes their particulars.

The CMRR report is aligned with JSE Listings Requirements (section 12) and provides comprehensive information on reporting governance, competence, tenure, risk, assurance, auxiliary descriptions of applicable properties and the mineral resources and ore reserves estimates underpinning Exxaro's current operations and growth projects.

The mineral resources and ore reserves are summarised in the CMRR report. Mineral resources and ore reserves are reported as those remaining on 31 December 2016 and compared with the corresponding estimates as reported on 31 December 2015. Significant changes in resource or reserve figures are explained.

Mineral resources are reported including resources that have been converted to ore reserves and at a 100% Exxaro ownership, irrespective of the individual operation or project's attributable shareholding. An exception is our reporting for Gamsberg and Black Mountain, as figures from Vedanta Resources plc represent resources excluding those mineral resources converted to reserves. The reported estimates are not an inventory of all mineral occurrences identified, but a reasonable estimate of those, which under assumed and justifiable technical, environmental, legal and economic conditions, may be economically extractable at present (ore reserves) and eventually in future (mineral resources).

Mineral resources and ore reserves were estimated on an operational or project basis and in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code - 2007 edition; July 2009 amended version) for African properties, except for Vedanta's property, and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code - 2012) for Australian and Vedanta properties. For coal resources and reserves under Exxaro Resources' management control, estimation is in line with the South African National Standard: South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004).

Exxaro reports mineral estimates that are directly under its management control and includes estimates for entities in which we hold a 25% interest or more. Supplementary descriptions are provided for projects and operations directly under Exxaro's management control. For projects and operations included in the Exxaro mineral resource and ore reserve statement but in which Exxaro does not have management control, the reader is referred to that company's website for supplemental information as outlined in the CMRR report.

The annual estimation and reporting process is managed through the Exxaro geosciences policy and associated mineral resource and reserve reporting procedure. The documents dictate technical requirements for estimation and reporting, and include guidelines on methodologies, templates and assurance. Both the policy and procedures are aligned with the guidelines of the SAMREC Code and, for South African coal reporting, SANS 10320:2004. The processes and calculations associated with the estimation process have been audited by internal competent persons and are audited by external consultants when deemed essential. For mines or projects in which Exxaro does not hold the controlling interest, figures have been compiled by competent persons from the applicable companies and have not been audited by Exxaro.

Resource estimations are based on the latest available geological models, which incorporate all new validated geological information and, if applicable, revised seam, resource definitions and resource classifications. The geological models are compiled as a rule between May and September of the reporting year to align with the subsequent reserve estimation process. For the Exxaro operations and projects, Exxaro uses a systematic review process that measures the level of maturity of the exploration work done, the extent of the geological potential, the mineability, security of tenure and associated geological risks/opportunities to establish an eventual extraction outline (EEO). The outline reflects the boundary within which occurrences are considered to have reasonable and realistic prospects for eventual economic extraction (RRPEEE). Exxaro continuously examines various aspects of the mineral resource estimation process; in 2016, we have conferred specifically on concepts put forward by the SAMREC (2016) and SANS (2015) rewrites and will apply these concepts in the 2017 estimation period and end-2017 mineral resource reporting.

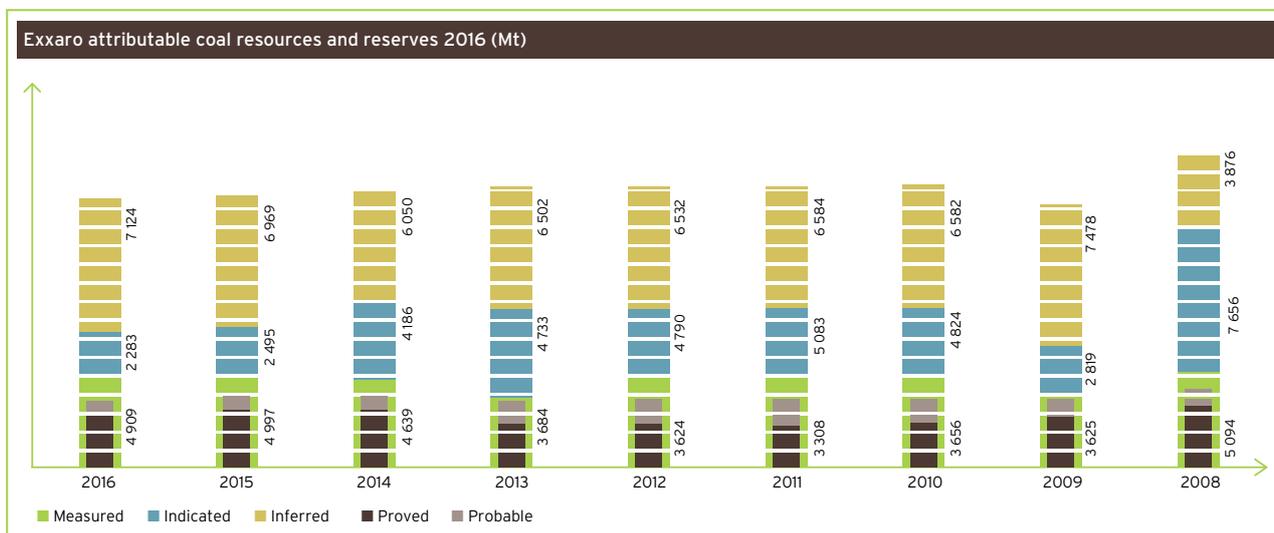
The location, quantity, quality and continuity of grade/quality and geology within the EEO are known to varying degrees of confidence and continuously tested through exploration activities such as geophysical surveys, drilling and bulk sampling. Mineral resources are classified into inferred, indicated or measured categories based on the degree of geological confidence. Distribution of points of observation (drilling positions, trenches, etc), quality assurance and quality control in sample collection, evaluation of structural complexities and, in the case of operations, reconciliation results, are considered in classifying resources. A formal, annually compiled and signed-off exploration strategy outlines activities planned to investigate areas of low confidence and/or geological or structural complexities to ensure resources of a high level of geological confidence are considered for mine planning.

Ore reserves have the same meaning as mineral reserves, as defined in the applicable reporting codes. Ore reserves are estimated using relevant modifying factors at the time of reporting (mining, metallurgical, economic, marketing, legal environmental, social and regulatory requirements). Modifying factors are reviewed before and after reserve estimation by the persons responsible for ensuring all factors are timeously and appropriately considered. Signed-off reserve fact packs that record losses, recoveries/yields, cost, commodity prices, exchange rates and other required factors applied are documented in each life of mine and independent competent person's reports. Reported ore reserves are derived from indicated and measured mineral resources only, ie those modified or converted into proved or probable ore reserves, that is run-of-mine, which in turn have been scheduled for processing. Changes in the market, increased awareness of protecting the natural environment and changing legislation requirements demand a change in the utilisation strategy and execution of mining operations. Exxaro continuously assesses the various life-of-mine strategic plans to consider the best way of addressing these challenges.

Mineral resources and ore reserves quoted fall within existing Exxaro mine or prospecting rights. Rights are of sufficient duration (or convey a legal right to convert or renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules. The only exceptions are the Grooteeluk (executed March 2011 for 30 years), Matla (executed March 2015 for 10 years) and Forzando (executed June 2013 for 16 years) operations where adequate ore reserves exist for life-of-mines extending well beyond the period for which they were granted.

Exxaro has a world-class coal resource portfolio comprising fully owned operations and projects and a number of jointly owned operations and projects in South Africa and Australia. The fully owned coal operations and projects in South Africa are located in both the large and highly prospective Waterberg coalfield in Limpopo and the more mature Highveld and Witbank coalfields in Mpumalanga.

The Exxaro total attributable coal resource has slightly decreased (~2,8%) mainly as a result of mining depletion and updating geological models with new information. Changes in total resources and movements in individual categories are more prominent at operations than projects, reflecting the current Exxaro strategy to focus primarily on optimising core operations. A significant amount of brownfields exploration has been conducted over recent years. Exploration drilling focused on the medium term, targeting areas of current or emerging geological complexity (eg Matla and Grooteeluk coal mines) but also long term to extend our life-of-mine plans (eg Dorstfontein, Forzando and Matla).



MINERAL RESOURCES AND RESERVES STATEMENT (CONTINUED)

The Waterberg is regarded as the future of South African coal mining. Exxaro holds significant coal resources in the Waterberg, primarily within the Grootegeluk mine and a number of nearby prospecting rights. Grootegeluk secures thermal coal reserves to Eskom's Matimba and newly commissioned Medupi power stations, and produces semi-soft coking and metallurgical coal through eight beneficiation plants. The Grootegeluk complex is continuously evolving, illustrated by commissioning an in-pit mobile crusher system, ramp-up of the GG7 and GG8 beneficiation plants and commissioning a first-of-its-kind cyclic-operated coal slimes ponds facility.

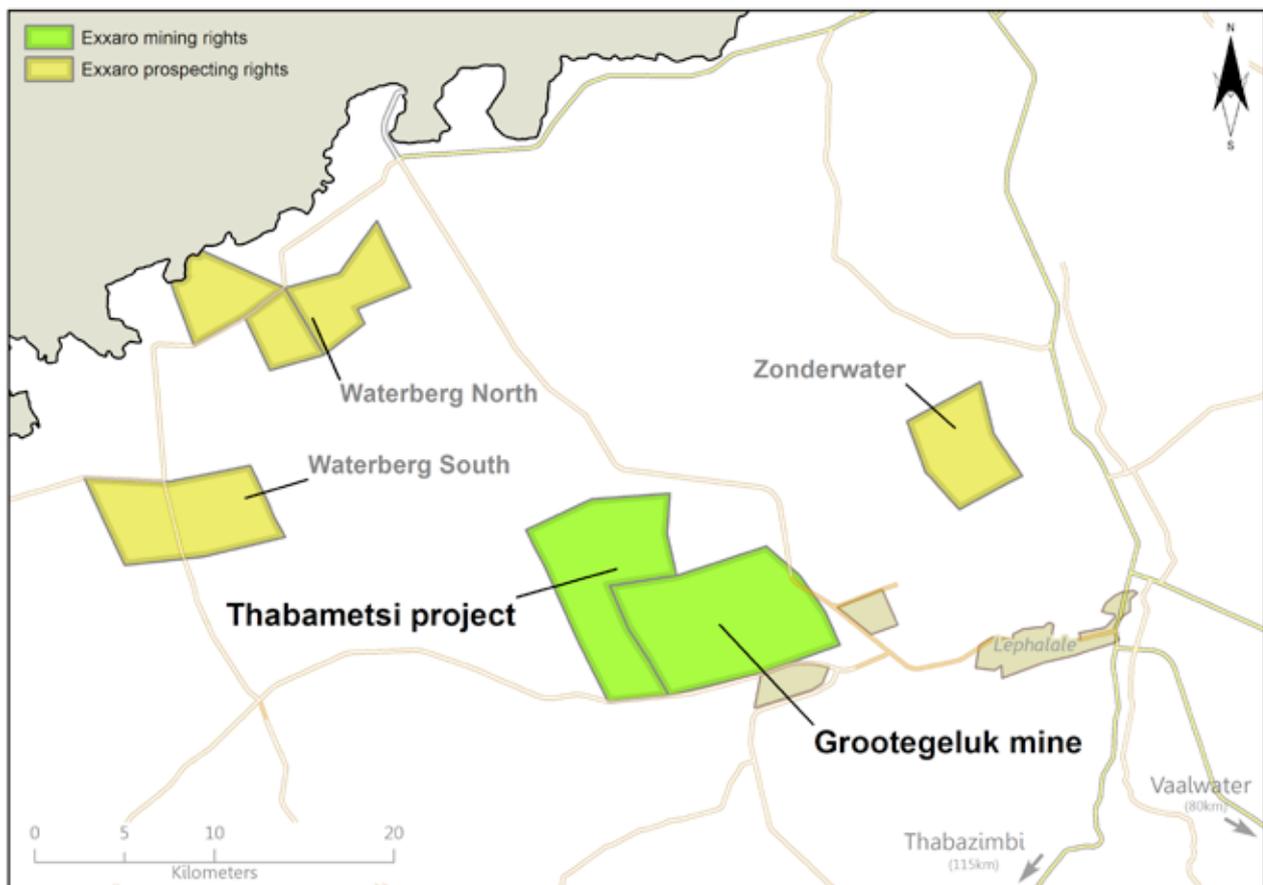
The Grootegeluk geological model was updated in the reporting year with a significant amount of new information. The development of this large open-pit operation poses a number of challenges, including an increase in total sulphur content, thinning of the upper benches used to produce semi-soft coking coal as well as the increase in the magnitude of fault displacement. In response to these challenges, we created a short-term grade-control model, and introduced a close-spaced infill drilling programme and new geometallurgy simulation approach. The Grootegeluk life of mine is currently under review and a number of projects to enhance existing performance are at an advanced stage, notably the construction of the GG6 expansion beneficiation plant (upgrading the GG2 plant). The expansion will add a second stage of beneficiation to the

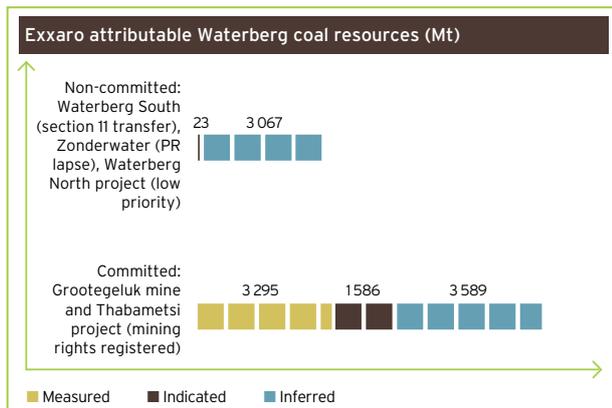
existing GG2 plant and upgrade the two tip-bins to a higher capacity. The project aims to triple the capacity of the current GG6 plant, producing a high-ash semi-soft coking coal suitable for the export market and as power station coal.

Four projects are located near Grootegeluk mine. The Thabametsi project, to the west of Grootegeluk, was granted a new mining right in July 2016. The project will supply coal to the Thabametsi power plant that was selected as a successful bidder under the Department of Energy's coal baseload IPP procurement programme. The first phase of development is an open-pit operation that would use coal from the Volksrust formation, and provide power station coal (~3Mt per year) to the adjacent Thabametsi power plant. This project signifies an exciting new phase for Exxaro in the Waterberg.

The Zonderwater underground coal gasification project has been suspended after a due-diligence study. A subsequent review of current potential for conventional underground coal mining proved unsatisfactory and Exxaro will therefore relinquish the prospecting right when it lapses in early 2017. The approval of a section 11 (ministerial consent) for the Waterberg South project is pending and there is a reasonable expectation that application will be granted in 2017, transferring ownership to a new owner.

Exxaro mining and prospecting rights in the Waterberg





A number of Exxaro-owned open-pit and underground operations and projects are in Mpumalanga. The Matla operation is a tied coal supplier to Eskom and North Block Complex (NBC) produces power station coal for Eskom but also serves the export market and a number of local consumers with a range of coal products. Arnot, an Eskom tied mine, is in closure after termination of the coal-supply agreement with Eskom.

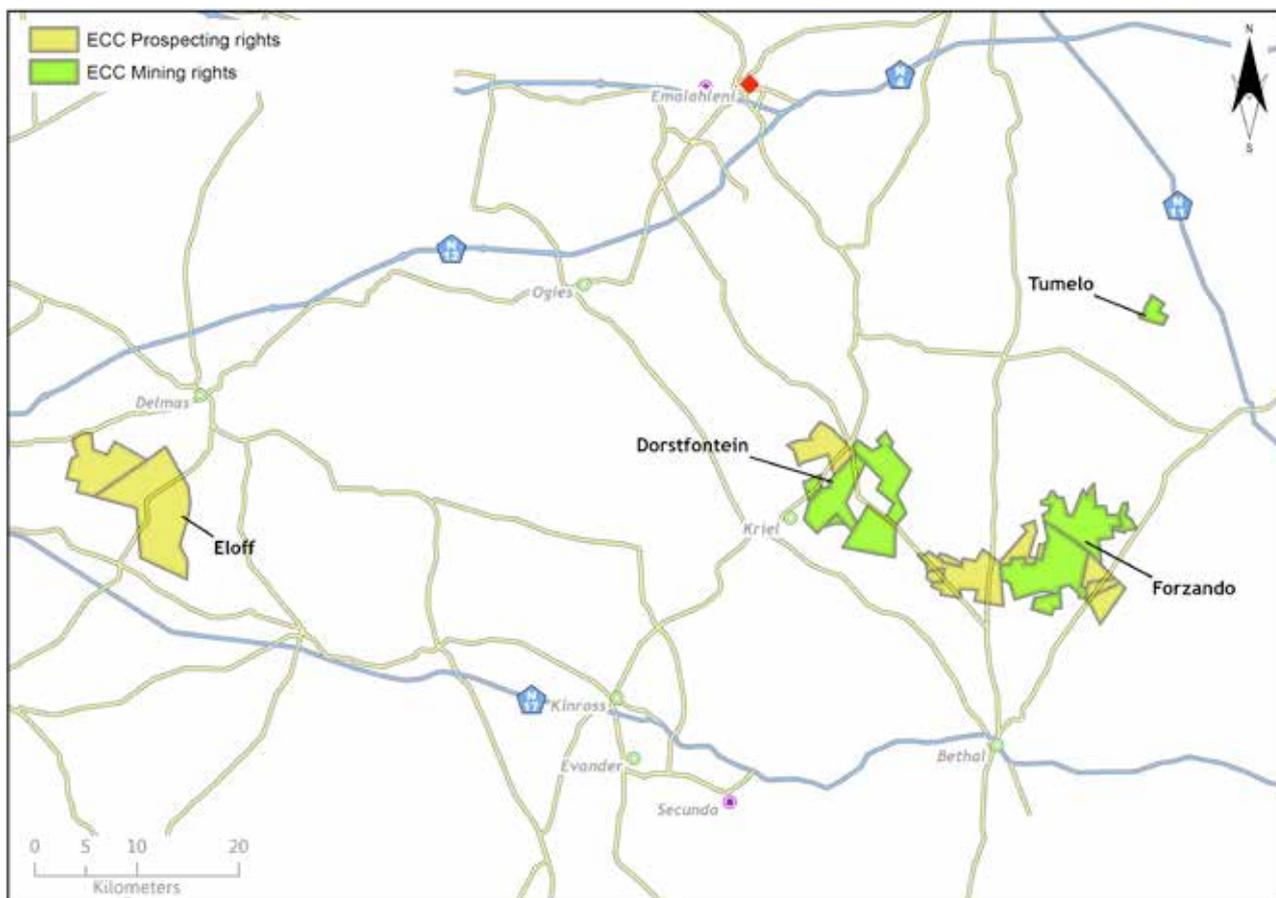
The valued outcomes of an extensive revision of Matla mine in the reporting year position the operation ideally to overcome operational challenges should the necessary capital be timeously approved. Mine 1, one of three Matla shafts, was stopped in 2015 due to pillar instability but the potential impact

was mitigated by moving mining sections and increasing production. A significant amount of new drilling information, update of the geological model and revision of the life-of-mine plan (LOMP) established a solid platform for future operational expansion and excellence. Two feasibility studies were concluded to enhance future reserves (seams 2 and 4) by establishing an incline and decline above and below current workings and introducing additional continuous mining (CM) sections for when the shortwall ground is depleted. Both projects form part of the LoMP and are awaiting final capital approval by Eskom.

At Leeuwan mine, the OI feasibility study was concluded and approved by Exxaro management. The OI reserve contributes to around 50% of the operation's ore reserves and is a material part of its LoMP. The two mining rights of Leeuwan mine are both executed and the approval of a ministerial consent (section 102) submitted to amalgamate the two rights is pending.

North Block Complex (NBC) includes the mining areas of Glisa (converted mining right), Strathrae (converted mining right) and Eerstelingsfontein, an executed new mining right. Environmental approvals for Eerstelingsfontein have been granted and approval for renewal of the mining right, timeously submitted in March 2013, is pending. In addition, the renewal for a prospecting right and application for a new mining right for the Glisa South project area, adjacent to Glisa mine, were submitted in November 2013. An appeal, currently being addressed through the regional mining development and environment committee, is in progress.

Locality map for ECC mining and prospecting rights



MINERAL RESOURCES AND RESERVES STATEMENT (CONTINUED)

Exxaro holds a 74% interest in a number of mining rights under Exxaro Coal Central (ECC) for the operations of Forzando (FZO) and Dorstfontein (DCM) and adjacent prospecting rights, as well as a 49% interest in the mining right of Tumelo (see map on page 81). A full review of the Dorstfontein and Forzando operations has been concluded. The market strategy and LoMP were meticulously revised, extending life of mine at Dorstfontein from five to 15 years and at Forzando from five to 20 years. Focused exploration drilling supported the advancement of the Dorstfontein East open-pit (pit 1, extension) and underground (pit 3) reserve areas as well as life-of-mine development of the underground Dorstfontein West and Forzando operations. A number of exploration projects are located next to the Dorstfontein and Forzando operations. The strategy to conclude investigations of these assets and move them into the operational arena is progressing well. This is illustrated by the approval of a section 102 application incorporating the Forzando West prospecting right into the Forzando South mining right and a pending section 102 application to include the Rietkuil Vhakoni resources into the Dorstfontein East mining right.

ECC also holds a 49% interest in the prospecting right of Schurvekop (1063PR), adjacent to the Forzando operation, of which Mmakau Coal Mining is the majority owner. A mining right was submitted by Mmakau Coal in the third quarter of the reporting year. The legislative process following the mining right submission is on schedule.

ECC holds a 51% interest in the Eloff prospecting right, near the town of Delmas and close to Exxaro's Leeuwpans operation. A mining right application, compiled in the reporting year, will be submitted in the first quarter of 2017, underlining the growth potential of the larger ECC complex.

The Moranbah South project area in Australia includes two mineral development licences (MDLs 277 and 377) and two exploration permits for coal (EPCs 548 and 602). The current terms of both mineral development licences will expire in 2018; MDL277 on 31 July 2018 and MDL377 on 30 September 2018. The current term of EPC548 expires on 22 February 2017 (renewal application lodged 11 November 2016). The current term of EPC602 expires on 31 December 2018. Exxaro has a reasonable expectation that approval of the renewal of EPC548 will not be withheld. Exploration activities comply with all licence requirements.

The disinvestment from the Mayoko iron ore project and Inyanda coal mine were concluded in the reporting year and are therefore excluded from 2016 reporting.

The objective to manage and optimise Exxaro's core mineral assets and review mineral asset projects was strongly pursued in the reporting year and will continue in the coming year. The approach will be to enhance understanding of the mineral resources through the innovative integration and interpretation

of available information and tracking value creation. The primary objective will be to support Exxaro's quest to continuously improve on safe working conditions and to maintain and enhance the mineral resources needed to sustain its competitiveness.

The person at Exxaro designated to take corporate responsibility for mineral resources, Henk Lingenfelder, the undersigned, has reviewed and endorsed the reported estimates. Mr Lingenfelder is a member of the Geological Society of South Africa and registered (400038/11) with the South African Council for Natural Scientific Professions. He has a BSc (hons) in geology and 21 years of experience as an exploration and mining geologist in coal, iron ore and industrial minerals, of which six are specific to coal and iron ore estimation.



JH Lingenfelder
BSc geology (hons)
Pr Sci Nat (400038/11)
Group manager geoscience

Roger Dyason Road
Pretoria West
0183

The person at Exxaro designated to take corporate responsibility for ore reserves, Chris Ballot, the undersigned, has reviewed and endorsed the reported estimates. Mr Ballot is a mining engineer registered (20060040) with the Engineering Council of South Africa. He has 20 years of experience as a mining engineer in iron ore, mineral sands and coal in various technical and management roles.



CC Ballot
BEng mining ECSA 20060040
Group manager mining

Roger Dyason Road
Pretoria West
0183