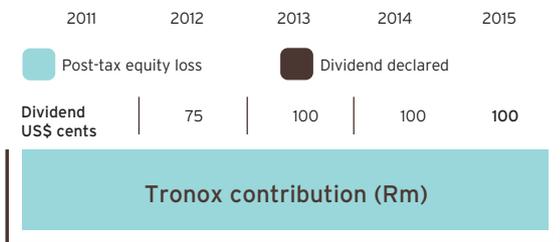
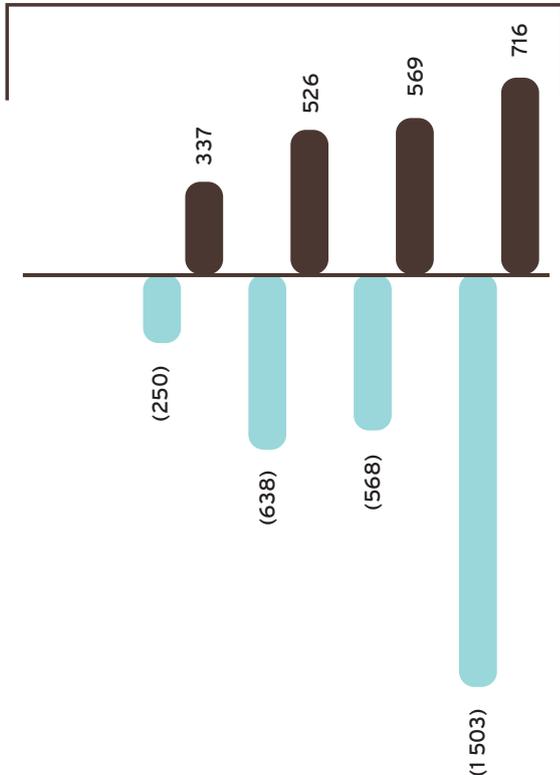
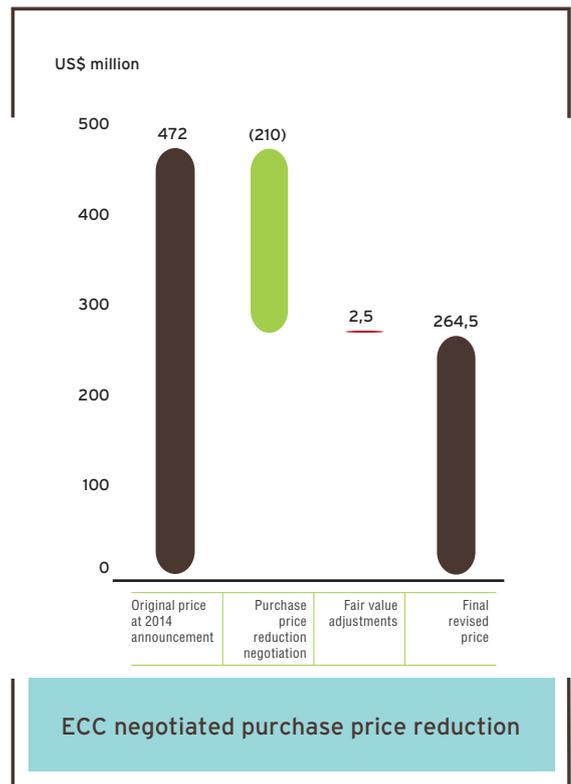


BOARD REVIEW (CONTINUED)

We expect to receive lower dividends from this investment in 2016 as Tronox recently communicated a revised quarterly dividend payout policy of US\$0,045 cents per share. Given prevailing market conditions, we will maintain our investment in Tronox, but as with SIOC, the investment thesis of both significant investments will receive much attention from the board in 2016.



An aspect we are very pleased with, and which we also spent considerable time on in 2015, is the finalisation of the TCSA (now ECC) acquisition at a much-reduced purchase price (in response to the severe decline in commodity prices). Securing additional export allocation at RBCT and further entrenching ourselves as a premier coal producer in South Africa has been a strategic imperative for a number of years and a diversification priority to counteract our dependency on Eskom. The financial impact of the transaction is discussed in more detail in the audit committee report, while detailed information on ECC's optimisation and performance is included in the executive review.



Dependency on Eskom

The impact of this material issue was definitely more prevalent in 2015, compared to previous years. On the positive side, our coal business is considered defensive given the long-term offtake agreements with Eskom for 92% of coal produced.

However, our dependency on Eskom to deliver in line with coal supply and offtake agreement (CSA) conditions, especially for the tied operations, required the board to take some tough decisions this year.

The sustainability, risk and compliance (SRC) committee report discusses the decision to close Matla mine 1 due to safety concerns stemming from a delay by Eskom to spend the requisite capital, as well as Eskom's decision to terminate the Arnot CSA and the unfortunate impact on employees and communities.

In addition, resulting from further delays to commission Medupi power station, negotiations on a potential tenth addendum to the Medupi CSA have started. The board will monitor the relationship with Eskom in 2016 and continue attempts to work with the utility to ensure electricity supply to South Africa.