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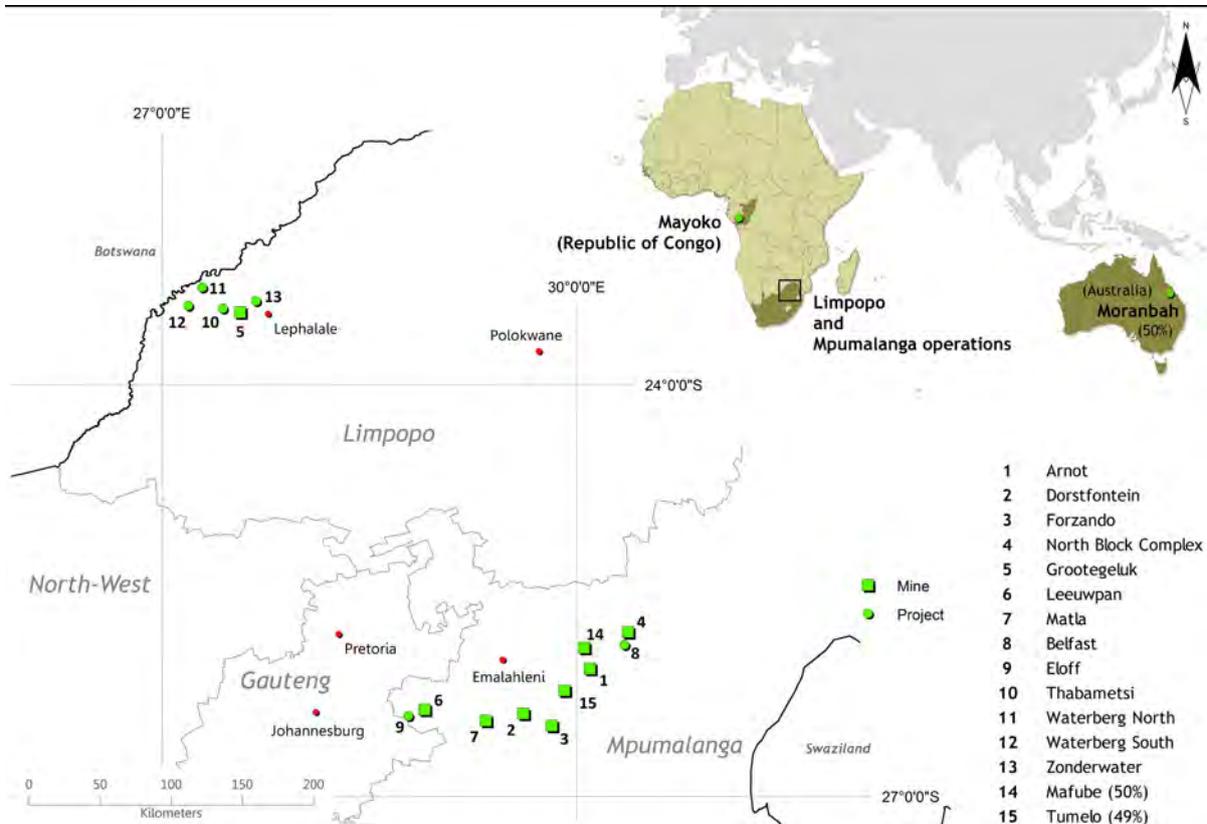
# MINERAL RESOURCES AND RESERVES



# MINERAL RESOURCES AND RESERVES STATEMENT

Location of Exxaro's declared mineral resources and ore reserves

## LOCALITY MAP FOR 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 presented here are 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 Exxaro Resources Limited, Mineral Resource and Reserve Report (CMRR) 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. 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, which also includes their particulars. The CMRR report is aligned with 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.

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. 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.

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.



FULL MINERAL RESOURCES AND RESERVES REPORT ON THIS WEBSITE

Resource estimations are based on the latest available resource models. For Exxaro operations and projects, we use a systematic review process that measures several resource-modifying factors to establish an eventual extraction outline (EEO). The outline reflects the boundary within which mineral occurrences are considered to have reasonable and realistic prospects for eventual economic extraction. Exxaro continuously examines various aspects of the mineral resource estimation process and, in the year ahead, we will continue to confer specifically on the concepts put forward by the yet-to-be-ratified SAMREC (2016) and SANS 10320:2004 rewrites.

Ore reserves have the same meaning as mineral reserves as defined in the applicable reporting codes. Ore reserves are estimated using the relevant reserve modifying factors at the time of reporting. 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 Grootegeeluk (executed March 2011 for 30 years) and Matla (executed March 2015 for ten years) operations where adequate ore reserves exist for lives of mine (LoM) extending well beyond the period for which they were granted.

The decline in both coal price and demand exerted pressure on economic viability assumptions for our operations and projects and subsequent definition of the reserve base. Two of the company's operations, Tshikondeni and Inyanda, are in the process of mine closure and a third operation, Arnot, is re-evaluating its operating model after termination of the Eskom CSA. As discussed elsewhere in the report, in reaction to these challenges, the company has embarked on several cost-saving initiatives to preserve cash and minimise cost. The emphasis on operational excellence and a strategic focus to realise key projects allowed us to re-evaluate the strategic fit of projects in the portfolio.

As a result, section 11 applications were submitted and approvals are pending for the Arnot South and Kranspan (resources not declared) and Waterberg South project areas.

Exxaro has a world-class coal resource portfolio consisting of fully-owned operations and projects and a number of jointly-owned operations and projects in South Africa and Australia (section 01). Coal operations and projects in South Africa are located in both the large and highly prospective Waterberg coalfield in Limpopo province and the more mature Highveld and Witbank coalfields in Mpumalanga province.

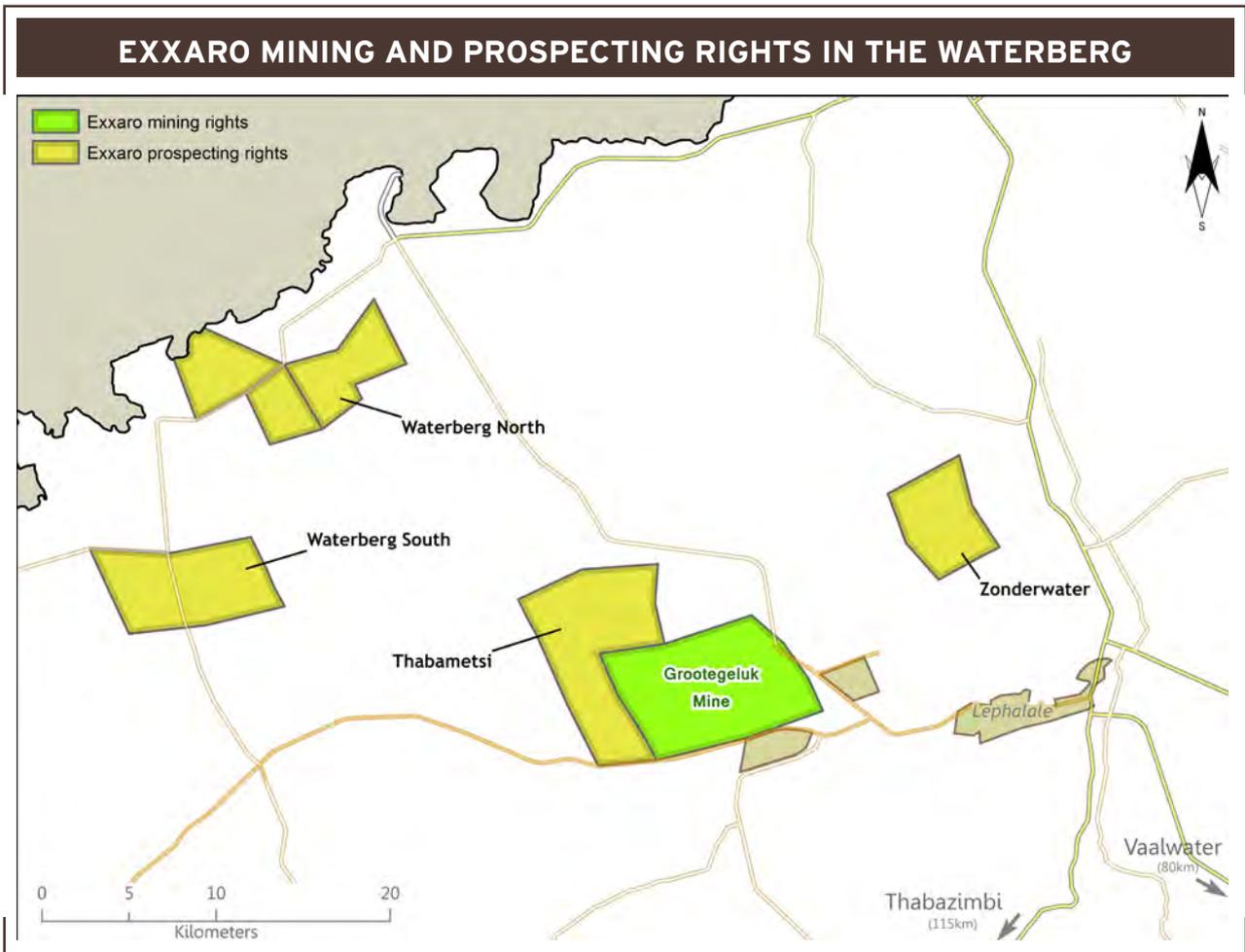
Estimated to contain 40-50% of South Africa's remaining coal resources, the Waterberg can truly be viewed as the future of South African coal mining. Exxaro holds an estimated 5,2 billion tonnes of measured (3,5 billion tonnes) and indicated (1,7 billion tonnes) coal resources in the Waterberg primarily within the Grootegeeluk mine and adjacent project of Thabametsi. Grootegeeluk 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 (annual production of 23,6Mt). The Grootegeeluk 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.

All studies at phase 1 of the Thabametsi project, an open-pit mining operation that will produce power station coal as an on-site IPP, have been concluded, resulting in the first time reporting of phase 1 ore reserves. A new mining right application was submitted in April 2012 and Exxaro has reasonable expectation that the right will be granted in the first half of 2016.

Approvals to renew prospecting rights for the Waterberg North and South and a section 11 application for Waterberg South are pending. A review of the 2014 study results of Zonderwater is under way, resulting in the first-time reporting of mineral resources for Zonderwater.

A number of Exxaro fully owned open pit and underground coal operations and projects are in Mpumalanga. The Matla and Arnot operations are dedicated coal suppliers to Eskom. North Block Complex and Leeuwpan, in addition to producing power station coal, also produce a range of specialised coal products for the export market and a number of local consumers.

Mining at one of the three shafts at Matla, mine 1, was halted due to pillar instability and safety concerns as detailed in the SRC committee report. The potential impact on overall production and coal quality was mitigated by moving mining sections and increasing production. Two bankable feasibility studies on the north-west access and shortwall replacement projects were concluded. The objective of these projects is to establish access into future reserves 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. The converted mining right of Matla was executed in March 2015, and submitted for registration.



Arnot mine, a +40-year operation 43km east of Middelburg in Mpumalanga, was contracted to supply coal to the nearby Eskom Arnot power station until 31 December 2015. The expiry of the CSA with Eskom, which is based on specific cost configurations, creates uncertainty on the Arnot ore reserve. Exxaro reviewed the operation and has, based on reasonable internal cost assumptions, identified specific resource areas that will realise current economic viability and which were converted to ore reserves. The reported reserve estimates are classified in the probable reserve category because of current market uncertainty (Eskom CSA). Exxaro is currently reviewing various scenarios which include different cost assumptions and market options, and it is therefore pertinent to caution on possible material reserve changes that might emerge from this review in 2016. The Arnot converted mining right is executed. The right was submitted for registration, but was referred back due to incorrect historical property-naming conventions. The corrections were made and the right was resubmitted for registration.

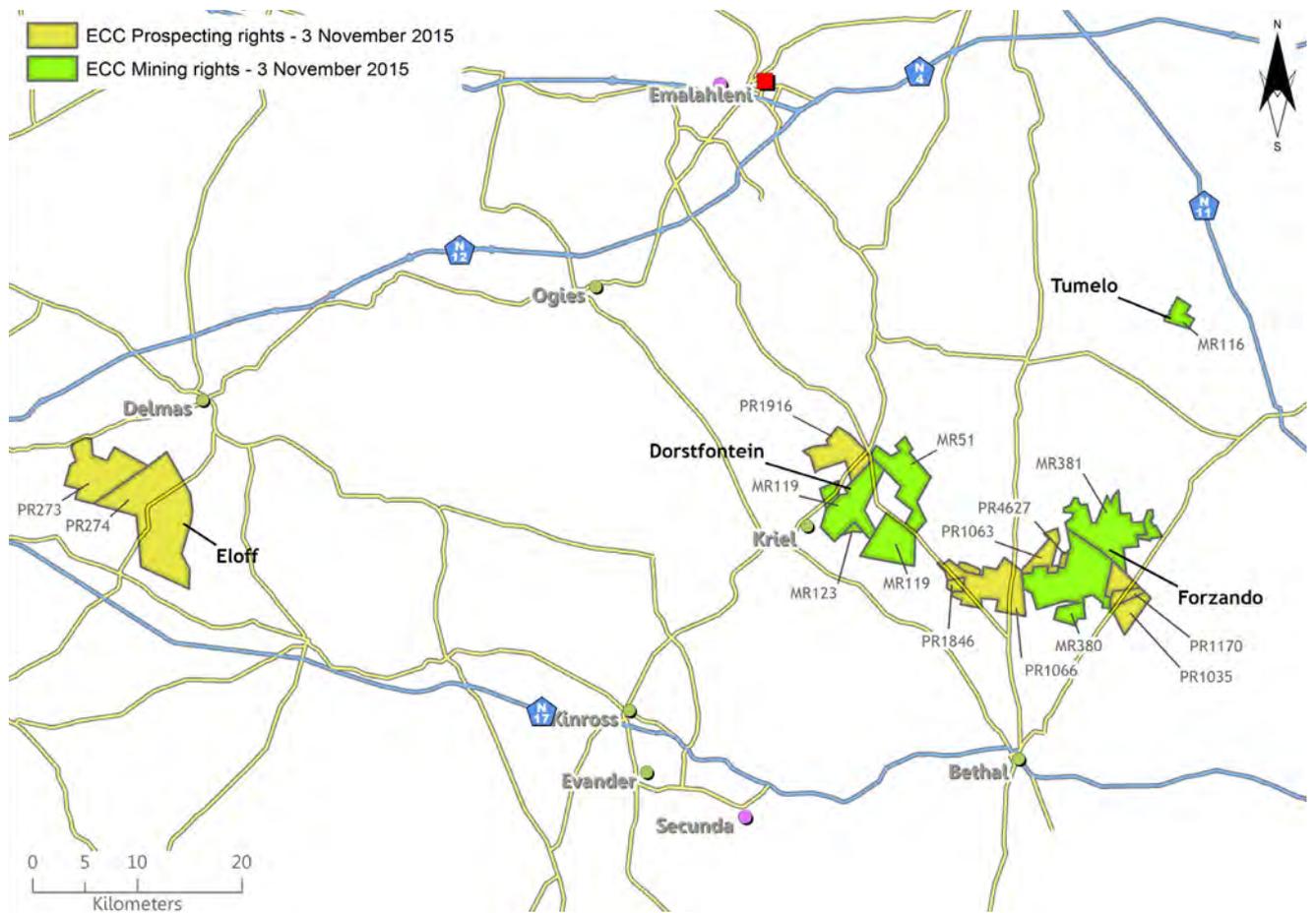
At Leeuwan mine, the OI feasibility study (a critical element of the mine's LoM optimisation project) is reaching finalisation. Reviews of specific processing parameters and reduced capital requirements are under way. The project area contributes to ~50% of the operation's ore reserves and forms a material part of its LoM. An executive management ruling on the project is expected in the first half of 2016. The converted mining right and adjacent new mining right at Leeuwan mine are both executed and the approval of a ministerial consent (section 102) submitted

to amalgamate the two rights is pending. Exxaro owns the OI reserve surface rights for areas north of the R50 road and negotiations for surface rights south of the R50 road (remainder of the OI reserve area) have been concluded and contractually agreed, subject to specific conditions.

NBC, near the town of Belfast in Mpumalanga, holds three mining rights on which two operating mines (Glisa: converted, executed mining right; and Eerstelingsfontein: converted, executed mining right, renewal pending), and one operation in the process of mine closure (Strathrae; converted mining right, execution pending) are located. Early 2015 saw the start of mining activities at Eerstelingsfontein, which was a highlight given deteriorating coal qualities at Glisa. In addition, two projects - one immediately south to the Glisa operation (Glisa South) and one further south (Belfast) - also form part of NBC and for which resources were declared. A renewal for the Glisa South prospecting right and subsequent application for a new mining right were submitted in November 2013. An appeal is currently being addressed through the regional mining development and environment committee. The mining right for the Belfast project was registered in March 2015. Exxaro applied for an extension of the start of mining activities pending the resolution of an appeal on the IWUL, which extension was granted.

The Inyanda mining right was executed in November 2006. An administrative error highlighted during closure resulted in the need to submit an application for re-execution of the Inyanda right. Re-execution is expected to be concluded in the first quarter of 2016.

LOCALITY MAP FOR ECC MINING AND PROSPECTING RIGHTS



As discussed elsewhere in the report, Exxaro acquired TCSA (ECC) after a successful bidding process.

Exxaro holds a 74% interest in a number of mining rights under 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. ECC also holds a 51% interest of the Eloff prospecting right, near Delmas and close to our Leeuwan operation.

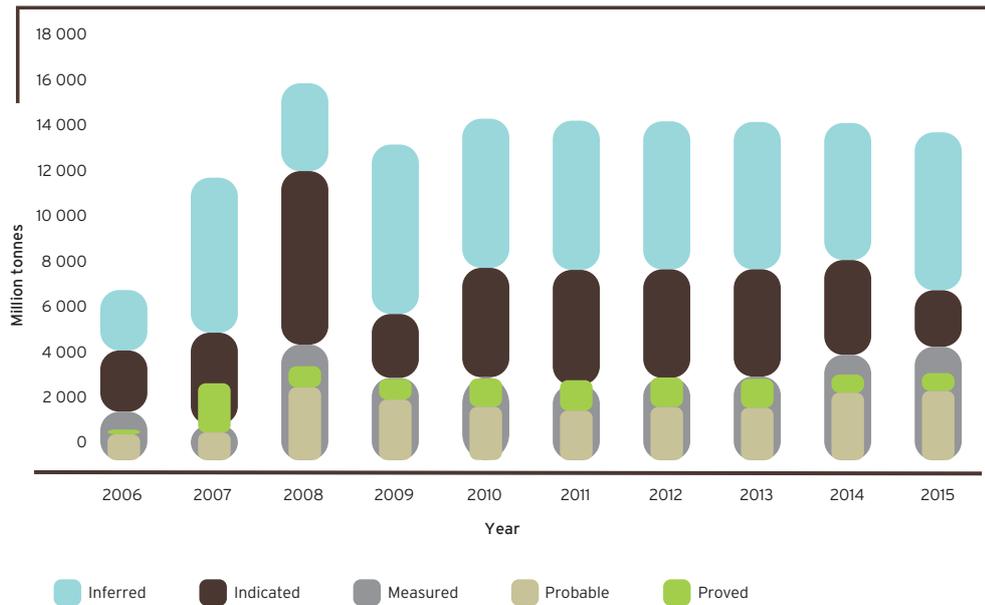
A number of concerns on important resource and reserve estimation methodologies were identified during the due diligence of the TCSA mineral assets. This necessitated a complete review and subsequent update of the geological models of Dorstfontein, Forzando and Eloff, and the 2015 coal resource estimates are based on these updated models. The impact on operations because of the lower Exxaro long-term price forecast, as well as the potential impact of updated geological models on current mine plans are, however, ongoing and reserve estimates reported this year are based on the TCSA mine plans of 2013/14. The individual ore reserve estimates reported reflect the current five-year business plan of Dorstfontein West and East and Forzando South and it is therefore appropriate to caution on possible material reserve changes that might emerge from LoM studies in 2016.

The Dorstfontein complex comprises an eastern, primarily open-cut, operation (DCM East) and a western underground operation, Dorstfontein West (DCM West).

The operations are located on three mining rights granted for 30 years: 123MR, executed June 2012; 119MR, executed June 2012; and 51MR, executed June 2006. The Rietkuil Vhakoni prospecting right (1916PR), for which a section 102 was timeously submitted for incorporation into the Dorstfontein complex mining right, is viewed as a potential extension of the Dorstfontein complex operation pending current LoM study reviews.

The Forzando complex comprises two underground mines, Forzando North mine (FZON) and Forzando South mine (FZOS), located on two mining rights granted and executed in June 2013 for 16 years. FZON was placed under care-and-maintenance in 2004 and FZOS started in 2006 exploiting the S4L, operating with four CM sections. The renewal applications of the Kalabasfontein prospecting rights 1035PR and 1170PR were approved and executed in June 2015 and a section 102 for inclusion of the Forzando West (1066PR) prospecting right into the Forzando South mining right was timeously submitted. ECC has reasonable expectation that the approval will not be withheld.

## MINERAL RESOURCES AND RESERVES (CONTINUED)



### Exxaro attributable coal resources and reserves

The application to renew the prospecting right of Legdaar (1846PR) was submitted in early 2015 and approval is pending. ECC holds a 49% interest in the Schurvekop 1063PR prospecting right, majority owned by Mmakau Mining Proprietary Limited, to the north of the Forzando mining right. The owners aim to submit a mining right in the second half of 2016.

The Tumelo operation consists of one mining right (116MR). The operation was put under care-and-maintenance in early 2014. Evaluation of the mineral resource is under way. The Eloff project is near Delmas and close to Exxaro's Leeuwan operation. The project consists of two prospecting rights, 273 and 274PR, on which three major coal seams are explored. Desktop studies, reviewing the potential of the coal resource and strategic fit in the ECC portfolio, are under way.

The Mayoko iron ore project in the RoC is currently at concept phase level of study. The Mayoko mining exploitation convention was concluded between the RoC government and Exxaro Mayoko SA on 29 January 2014. This convention is still subject to certain conditions precedent, such as concluding all agreements on access to rail and port infrastructure and its ratification, as discussed elsewhere in the report. All activities related to the subsequent prefeasibility phase have been put on hold and the project is on care-and-maintenance until conclusion of the mining convention. The far-north Ngoubou-Ngoubou exploration permit lapsed on 2 December 2015 and was not renewed because of limited potential.

The person in 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 19 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.

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The person in 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 19 years of experience as a mining engineer in iron ore, mineral sands and coal in various technical and management roles.

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