## Overview of the Replacement BEE Transaction

### Summary of transaction steps

1. **Reinvesting MS333 Shareholders** reinvest a minimum of 26,623,276 Exxaro Shares into New BEECo, through BEE SPV (MS333 Reinvestment)

2. **The IDC** reinvests 12,337,616 Exxaro Shares into New BEECo (IDC Reinvestment)

3. **Exxaro** subscribes for equity in New BEECo (Exxaro Equity Investment)

4. **New BEECo** raises funding from third parties (Third Party Funding)

5. **New BEECo** utilises the funding raised in step 3 and 4 above and subscribes for additional Exxaro Shares, in order for New BEECo to own 30.0% of Exxaro Shares (New Exxaro Share Issue)

   - Shares to be issued at a discount (Exxaro Facilitation Discount)

### Indicative shareholding structure

- **Reinvesting MS333 Shareholders** (individually, either directly or indirectly)

  - **BEE SPV**
    - **Exxaro**
      - **New BEECo**
        - **IDC**
          - **Third party funders**

- ZAR 700,000,000 of the third party funding to be guaranteed by the IDC

- **Equity subscription at a discount**

- **30.0% New BEECo**

- **51.0% Exxaro**

- **25.4% New BEECo**

- **30.0% New BEECo**

- **23.6% IDC**

- **100.0% BEE SPV**
# Pro-forma effect on Exxaro shares outstanding, share price and market cap

- Alongside shows the pro-forma effect on Exxaro’s number of shares outstanding, share price and market cap assuming Reinvesting MS333 Shareholders reinvest 26 623 276 Exxaro Shares and the IDC reinvests 12 337 616 Exxaro Shares.

- It shows the effects at different assumed Exxaro share prices (Reference Price).

- The Second Repurchase occurs at a 5% discount to the Reference Price.

- The New Exxaro Share Issue is done for the new funding raised through Third Party Funding and the Exxaro Equity Investment (refer to page 4).

- The relative accretion/dilution in the Exxaro share price and market cap is the same regardless of the Reference Price.

<table>
<thead>
<tr>
<th></th>
<th>Number of Exxaro Shares (m)</th>
<th>Exxaro share price (ZAR)</th>
<th>Exxaro market cap (ZAR'bn)</th>
<th>Exxaro share price (ZAR)</th>
<th>Exxaro market cap (ZAR'bn)</th>
<th>Exxaro share price (ZAR)</th>
<th>Exxaro market cap (ZAR'bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before Second Repurchase and New Exxaro Share Issue</td>
<td>314.2 (^{(1)})</td>
<td>75.00 (^{(5)})</td>
<td>23.6</td>
<td>86.41 (^{(5)})</td>
<td>27.1</td>
<td>95.00 (^{(6)})</td>
<td>29.8</td>
</tr>
<tr>
<td>Second Repurchase</td>
<td>(22.7) (^{(2)})</td>
<td>71.25 (^{(6)})</td>
<td>(1.6)</td>
<td>82.09 (^{(6)})</td>
<td>(1.9)</td>
<td>90.25 (^{(6)})</td>
<td>(2.0)</td>
</tr>
<tr>
<td>New Exxaro Share Issue</td>
<td>69.3 (^{(3)})</td>
<td>44.93</td>
<td>3.1 (^{(7)})</td>
<td>51.77</td>
<td>3.6 (^{(7)})</td>
<td>56.92</td>
<td>3.9 (^{(7)})</td>
</tr>
<tr>
<td>After Second Repurchase and New Exxaro Share Issue</td>
<td>360.7</td>
<td>69.46</td>
<td>25.1</td>
<td>80.03</td>
<td>28.9</td>
<td>87.99</td>
<td>31.7</td>
</tr>
<tr>
<td>Accretion / (Dilution)</td>
<td>(12.9%) (^{(4)})</td>
<td>(7.4%) (^{(6)})</td>
<td>6.3% (^{(6)})</td>
<td>(7.4%) (^{(6)})</td>
<td>6.3% (^{(6)})</td>
<td>(7.4%) (^{(8)})</td>
<td>6.3% (^{(8)})</td>
</tr>
</tbody>
</table>

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\(^{(1)}\) Current Exxaro Shares outstanding
\(^{(2)}\) Exxaro Shares to be repurchased from MS333 as agreed
\(^{(3)}\) Additional number of Exxaro Shares to be issued for New BEECo to own 30.0% of Exxaro post implementation of the Second Repurchase and Replacement BEE Transaction. This assumes Reinvesting MS333 Shareholders reinvest 26 623 276 Exxaro Shares and the IDC reinvests 12 337 616 Exxaro Shares.
\(^{(4)}\) \(314.2 / 360.7 - 1\) ⇒ This calculation doesn’t show the effect of Exxaro’s holding in New BEECo, which is calculated on page 5.
\(^{(5)}\) Illustrative Reference Price of Second Repurchase and New Exxaro Share Issue as described in the detailed cautionary announcement released on 26 June 2017.
\(^{(6)}\) Second Repurchase occurs at 5% discount to Reference Price.
\(^{(7)}\) New funding raised from Third Party Funding and Exxaro Equity Investment (refer to page 4).
\(^{(8)}\) \(\text{(After Second Repurchase and New Exxaro Share Issue / Before Second Repurchase and New Exxaro Share Issue)} - 1\)
Pro-forma Replacement BEE Transaction capital structure and value

- After implementation of the Replacement BEE Transaction (and the Second Repurchase) New BEECo will own 30.0% of the Exxaro Shares outstanding which will equate to 108.2m shares, contributed as follows:
  - MS333 Reinvestment – 26.6m
  - IDC Reinvestment – 12.3m
  - New Exxaro Share Issue – 69.3m (New cash funding + Exxaro Facilitation Discount (44.8m + 24.5m))

<table>
<thead>
<tr>
<th>Funding source</th>
<th>Percentage of Replacement BEE Transaction capital structure</th>
<th>Comment</th>
<th>Number of Exxaro Shares (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funding</td>
<td>100.0%</td>
<td>Equating to 30% of Exxaro Shares</td>
<td>108.2</td>
</tr>
<tr>
<td>Exxaro Facilitation Discount</td>
<td>22.6%</td>
<td>Fixed percentage</td>
<td>24.5</td>
</tr>
<tr>
<td>Reinvestments</td>
<td>36.0%</td>
<td>Percentage varies with MS333 Reinvestment</td>
<td>38.9</td>
</tr>
<tr>
<td>MS333 Reinvestment</td>
<td>24.6%</td>
<td>Variable percentage, with 24.6% being the minimum percentage</td>
<td>26.6</td>
</tr>
<tr>
<td>IDC Reinvestment</td>
<td>11.4%</td>
<td>Fixed percentage</td>
<td>12.3</td>
</tr>
<tr>
<td>New cash funding</td>
<td>41.4%</td>
<td>Percentage varies with Third Party Funding</td>
<td>44.8</td>
</tr>
<tr>
<td>Exxaro Equity Investment</td>
<td>19.9%</td>
<td>Fixed percentage</td>
<td>21.5</td>
</tr>
<tr>
<td>Third Party Funding</td>
<td>21.5%</td>
<td>Variable percentage, with 21.5% being the maximum percentage which is reduced by the percentage by which the MS333 Reinvestment exceeds 24.6%</td>
<td>23.3</td>
</tr>
</tbody>
</table>

Indicative value post implementation of the Replacement BEE Transaction (ZAR'bn)

<table>
<thead>
<tr>
<th>Share price (3)</th>
<th>7.5</th>
<th>8.7</th>
<th>9.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZAR69.46</td>
<td>1.7</td>
<td>2.0</td>
<td>2.2</td>
</tr>
<tr>
<td>ZAR80.03</td>
<td>2.7</td>
<td>3.1</td>
<td>3.4</td>
</tr>
<tr>
<td>ZAR87.99</td>
<td>3.1</td>
<td>3.6</td>
<td>3.9</td>
</tr>
</tbody>
</table>

(1) Capital structure as agreed between MS333, the IDC and Exxaro
(2) Assumes Reinvesting MS333 Shareholders reinvest 26 623 276 Exxaro Shares and the IDC reinvests 12 337 616 Exxaro Shares
(3) Pro-forma Exxaro share price after the Second Repurchase and New Exxaro Share Issue (refer to page 3)
Impact of first repurchase and Exxaro Equity Investment on dilution

- The Exxaro market cap will increase with the cash received pursuant to the New Exxaro Share Issue, which consists of:
  - The Exxaro Equity Investment – It will be carried on Exxaro’s balance sheet as an asset investment (with the cash effect being neutral)
  - Third Party Funding – which will increase Exxaro’s cash
  - Cash utilised for the Second Repurchase will reduce Exxaro’s market cap

- The IFRS impact of the Exxaro Equity Investment is still to be determined

- From an economic and accounting perspective, the benefit of the Exxaro Equity Investment will be the same, as shown alongside

- The first repurchase reduces dilution (per value per share) from 7.4% to 6.5%

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### Exxaro market cap (ZAR’bn)

- **Before first repurchase:** 30.6
- **Before Exxaro Equity Investment:** 28.9
- **Net of Exxaro Equity Investment:** 27.1

### Number of Exxaro Shares (m)

- **Before first repurchase:** 358.1
- **Current number of Exxaro Shares:** 360.7
- **New Exxaro Share Issue:** 339.2

### Impact on value per share

- **Before first repurchase:** 85.58
- **Before Exxaro Equity Investment:** 80.03
- **Net of Exxaro Equity Investment:** 80.03

**Dilution percentage from existing share price:** (7.4%) **(6.5%)**

**Dilution percentage taking account of first repurchase:** (6.5%) **(7.4%)**
Indicative Replacement BEE Transaction participants

- The alongside structure shows the MS333 shareholding structure with an indication of the reinvesting shareholders.

- It is anticipated that most of the BEE shareholders will reinvest a portion of their net value.

- The exact reinvestment remains subject to a formal election process to be conducted by MS333.

Overview of the Replacement BEE Transaction

- Funding source
  - Percentage of Replacement BEE Transaction capital structure
  - Comment
  - Number of Exxaro Shares (m)
  - Indicative value

Total funding 100.0%
Equating to 30% of Exxaro Shares

Exxaro Facilitation Discount 22.6%
Fixed percentage

Reinvestments:
- 36.0%
  - Percentage varies with MS333 Reinvestment
- 24.6%
  - Variable percentage, with 24.6% being the minimum percentage
- 11.4%
  - Fixed percentage
- 41.4%
  - Percentage varies with Third Party Funding

New cash funding:
- 19.9%
  - Fixed percentage
- 21.5%
  - Fixed percentage
- 21.5%
  - Variable percentage, with 21.5% being the maximum percentage which is reduced by the percentage by which the MS333 Reinvestment exceeds 24.6%

Overview of the Replacement BEE Transaction participants

- Indicative Replacement BEE Transaction participants
  - The alongside structure shows the MS333 shareholding structure with an indication of the reinvesting shareholders
  - It is anticipated that most of the BEE shareholders will reinvest a portion of their net value
  - The exact reinvestment remains subject to a formal election process to be conducted by MS333

- Reinvesting
- Broad based

MS333