
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

NOTHING IN THIS CIRCULAR CONSTITUTES OR FORMS PART OF ANY OFFER FOR SALE OR SOLICITATION OF ANY OFFER TO BUY OR SUBSCRIBE FOR ANY SECURITIES OF EXXARO RESOURCES LIMITED, NOR SHALL IT OR ANY PART OF IT FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER.

RELATED PARTIES TO EXXARO ARE NOT ENTITLED TO ACQUIRE ANY TRONOX SHARES PURSUANT TO ANY DISPOSAL AUTHORISED BY THE APPROVALS OBTAINED IN TERMS OF THIS CIRCULAR.

- The definitions and interpretations set out on pages 9 to 14 of this Circular apply, mutatis mutandis, to this whole Circular (unless specifically defined where used or the context indicates a contrary intention).
 - If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.
 - If you have disposed of all your Shares, this Circular with the Form of Proxy should be handed to the purchaser of such Shares or to the CSDP, broker or other agent through whom such disposal was effected.
 - Exxaro Shareholders are referred to pages 5 and 6 of this Circular, which set forth the detailed action required of them in respect of the matters dealt with in this Circular.
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POWERING POSSIBILITY

Exxaro Resources Limited

(Incorporated in the Republic of South Africa)
(Registration No. 2000/011076/06)
Share code: EXX
ISIN ZAE000084992
ADR code: EXXAY
("Exxaro" or the "Company")

CIRCULAR TO EXXARO SHAREHOLDERS

Regarding:

- **Exxaro's stated intention to monetise its shareholding in Tronox and further to the First Disposal concluded in October 2017, to ensure compliance with the JSE's aggregation rule which may trigger a Category 1 transaction upon Subsequent Disposals, Exxaro Shareholders are being asked to approve the disposal of up to all of the remaining Tronox Shares owned by the Company, in the best possible manner taking into account prevailing market conditions and standard market related terms and discounts, provided that such sales shall not be to related persons as defined in paragraph 10.1(b) of the Listings Requirements;**

and incorporating:

- **a Notice of General Meeting of Exxaro Shareholders; and**
- **a Form of Proxy (to be completed by Certificated Exxaro Shareholders and Dematerialised Exxaro Shareholders with "own-name" registration only).**

Transaction Sponsor to Exxaro

J.P.Morgan

Independent Reporting Accountants for Exxaro



Legal Adviser on SA Law

 **NORTON ROSE FULBRIGHT**

Legal Adviser on US Law



Sponsor to Exxaro



Date of issue: Wednesday, 25 April 2018

This Circular is available in English only and copies thereof may be obtained during normal business hours from the registered offices of Exxaro and the Sponsor at the addresses set out in the "Corporate Information and Advisors" section of this Circular. This Circular will also be available on the Exxaro website (www.exxaro.com) as from the date of posting hereof until the date of the General Meeting.

DISCLAIMERS AND FORWARD LOOKING STATEMENTS

GENERAL

This Circular is for information purposes only and does not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States or any other jurisdiction. Any securities referred to herein may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or in a transaction not subject to, or made pursuant from an exemption from, the registration requirements thereunder. The United States Securities and Exchange Commission (the "SEC") has not approved or disapproved the securities described herein or passed upon the adequacy of this Circular. Any representation to the contrary is a criminal offense.

CERTAIN FORWARD LOOKING STATEMENTS

Certain statements included in this Circular, as well as oral statements that may be made by Exxaro, or by officers, directors or employees acting on its behalf related to the subject matter hereof, constitute or are based on forward-looking statements. Forward-looking statements are not based on historical facts, and are generally preceded by, followed by or include the words "may", "will", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", "is designed to" or similar phrases. In this Circular, for example, statements which relate to expected timings of the Subsequent Disposals (including completion), potential benefits of the Subsequent Disposals (including statements regarding growth, cost savings, benefits from and access to international financing and financial re-ratings). These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Exxaro that could cause Exxaro's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, Exxaro's ability to complete and/or implement the Subsequent Disposals; the inability to complete and/or implement the Subsequent Disposals due to failure to obtain approval of the Exxaro Shareholders or other conditions in any underwriting/placement agreement that may be agreed at the time of a specific Subsequent Disposal; Exxaro's ability to implement its strategy and any changes thereto; Exxaro's future financial position, plans, strategies, objectives, capital expenditures, projected costs and anticipated cost savings and financing plans; changes in the market price of coal, TiO₂ and ferrous as well as the energy markets, fluctuations in exchange rates, currency devaluations, inflation and other macro-economic monetary policies; the occurrence of labour disruptions and industrial actions; changes in relevant government regulations, particularly environmental, tax, health and safety regulations and new legislation affecting water, mining, mineral rights and business ownership, including any interpretation thereof which may be subject to dispute; power disruption, constraints and cost increases; the outcome and consequence of any potential or pending litigation or regulatory proceedings or environmental, health or safety issues; the occurrence of temporary stoppages of mines for safety incidents and unplanned maintenance; the occurrence of hazards associated with underground and surface mining; operating in new geographies and regulatory environments where Exxaro had no previous experience; changes in assumptions underlying Exxaro's estimation of its current mineral reserves; supply chain shortages and increases in the price of production inputs; economic, business, political and social conditions in South Africa, Europe, the United States and elsewhere; the ability of Exxaro to comply with requirements that it operates in a sustainable manner; failure of Exxaro's information technology and communications systems; the success of Exxaro's business strategy, exploration and development activities; the availability, terms and deployment of capital or credit; Exxaro's ability to hire and retain senior management or sufficient technically skilled employees, as well as its ability to achieve sufficient representation of historically disadvantaged South Africans in its management positions; the adequacy of Exxaro's insurance coverage; uncertainty regarding the title to Exxaro's properties; social unrest, sickness or natural or man-made disaster at informal settlements in the vicinity of Exxaro's African operations; the impact of Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (HIV/AIDS), tuberculosis and other contagious diseases. For further information about the risks, uncertainties and other factors that may cause the actual results and performance of Exxaro to differ from those noted in any forward-looking statements, please review Exxaro's latest Annual Results for the year ended 31 December 2017 or Tronox's Annual Report on Form 10-K for the year ended 31 December 2017, filed with the SEC on 1 March 2018 and available at: <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001530804&owner=exclude&count=40>. New factors that could cause the business

of Exxaro not to develop as expected may emerge from time to time, and it is not possible to predict all such factors. Exxaro undertakes no obligation and does not intend to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Circular or to reflect any change in Exxaro's expectations with regard thereto, except as may be required by law.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

CORPORATE INFORMATION AND ADVISORS

Exxaro Registered Address

Roger Dyason Road
Pretoria West, 0183
South Africa
PO Box 9229
Pretoria, 0001
South Africa
Website: www.exxaro.com

Executive Directors

MDM Mgojo (Chief Executive Officer)
PA Koppeschaar (Finance Director)

Non-executive Chairman

Dr D Konar – Independent (Chairman)

Non-executive Directors

Dr CJ Fauconnier – Independent
MW Hlahla
D Mashile-Nkosi
S Mayet – Independent
L Mbatha
VZ Mntambo
EJ Myburgh – Independent
V Nkonyeni – Independent
A Sing
PCCH Snyders – Independent
J van Rooyen – Independent

Company Secretary

SE van Loggerenberg
Exxaro Resources Limited
(Registration number 2000/011076/06)
Roger Dyason Road
Pretoria West, 0183
(PO Box 9229, Pretoria, 0001)

Investor Enquiries

Mzila Mthenjane
Executive Head: Stakeholder Affairs
Exxaro Resources Limited
(Registration number 2000/011076/06)
Roger Dyason Road
Pretoria West, 0183
(PO Box 9229, Pretoria, 0001)
Tel: +27 12 307 7393
E-mail: investorrelations@exxaro.com

Transfer Secretaries South Africa

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
South Africa
(PO Box 61051, Marshalltown, 2107, South Africa)
Tel: +27 11 370 5000
Fax: +27 11 688 5248

Tronox

Corporate office: Australia
Lot 22, Mason Road
Kwinana Beach
Western Australia, 6167

PO Box 305, Kwinana, Western Australia 6966
Corporate office: United States
263 Tresser Boulevard
Suite 1100
Stamford, Connecticut 06901
United States

Legal Advisors to Exxaro on SA Law

Norton Rose Fulbright South Africa Incorporated
(Registration number 1984/003385/21)
15 Alice Lane
Sandton, 2196
(PO Box 784903, Sandton, 2146)

Auditors and Independent Reporting Accountant to Exxaro

PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
4 Lisbon Lane
Waterfall city
Jukskei View, 2090
(Private Bag x36, Sunninghill, 2157)

Legal Advisors to Exxaro on US Law

Orrick
51 W 52nd Street
New York, New York
10019
United States

Transaction Sponsor to Exxaro

J.P. Morgan Equities South Africa Proprietary Limited
(Registration number 1995/011815/07)
1 Fricker Road
Illovo
Johannesburg
2196
South Africa
(Private Bag X9936, Sandton, 2196, South Africa)

JSE Sponsor to Exxaro

Absa Bank Limited (acting through its Corporate and
Investment Banking division)
(Registration number 1986/004794/0606)
North Campus
15 Alice Lane
Sandton, 2196
(PO Box 7735, Johannesburg, 2000)

ACTION REQUIRED BY EXXARO SHAREHOLDERS

The definitions and interpretations commencing on page 9 of this Circular apply, mutatis mutandis, to this section (unless specifically defined where used or the context indicates a contrary intention).

Exxaro Shareholders are requested to take note of the following information regarding the actions required by them in connection with this Circular.

1. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, legal advisor, accountant, or other professional advisor immediately.

If you have disposed of all your Shares, please forward this Circular to the person to whom you disposed of such Shares or to the broker, CSDP, banker or other agent through whom you disposed of such Shares.

2. General Meeting

A General Meeting of Exxaro Shareholders has been convened in terms of the Notice of General Meeting attached hereto for purposes of considering and, if deemed fit, passing, with or without modification, the resolution set out in the Notice of General Meeting. The General Meeting will be held at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa at 10:00 (South African time) on Thursday, 24 May 2018.

3. Dematerialised Exxaro Shareholders without “own name” registration

If you have Dematerialised your Shares without “own name” registration, then the following actions are relevant to you in connection with the General Meeting:

Voting at the General Meeting

- If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish them with your voting instructions.
- If your CSDP or broker does not obtain voting instructions from you, they will vote in accordance with the instructions contained in the agreement concluded between you and your CSDP or broker.
- You must **NOT** complete the attached Form of Proxy.

Attendance and representation at the General Meeting

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the General Meeting in person, or if you wish to send a proxy to represent you at the General Meeting. Your CSDP or broker will issue the necessary letter of representation to you or your proxy to attend the General Meeting.

4. Dematerialised Exxaro Shareholders with “own name” registration and Certificated Exxaro Shareholders

If you have not Dematerialised your Shares or have Dematerialised your Shares with “own name” registration, then the following is relevant to you in connection with the General Meeting:

Voting, attendance and representation at the General Meeting

- You may attend, speak and vote at the General Meeting in person.
- Alternatively, you may appoint one or more proxies to represent you at the General Meeting by completing the attached Form of Proxy in accordance with the instructions it contains. A proxy need not be an Exxaro Shareholder. It is requested that the Form of Proxy be lodged with or posted to the Transfer Secretaries to be received by no later than **10:00 (South African time) on Tuesday, 22 May 2018**. If you do not lodge or post the Form of Proxy to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the Form of Proxy lodged with the chairman of the General Meeting immediately prior to any matter to which the proxy relates being considered at the General Meeting.

Exxaro does not accept responsibility and will not be held liable, under any applicable law or regulation, for any action of, or omission by, the CSDP or broker of a Dematerialised Exxaro Shareholder, including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner to notify such beneficial owner of the General Meeting or of the matters set forth in this Circular.

5. IDENTIFICATION OF EXXARO SHAREHOLDERS

Exxaro Shareholders are entitled to attend, speak and vote at the General Meeting. In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as an Exxaro Shareholder, or as a proxy for an Exxaro Shareholder, has been reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport.

TABLE OF CONTENTS

	<i>Page</i>
DISCLAIMERS AND FORWARD LOOKING STATEMENTS	1
CORPORATE INFORMATION AND ADVISORS	3
ACTION REQUIRED BY EXXARO SHAREHOLDERS	5
IMPORTANT DATES AND TIMES	8
DEFINITIONS AND INTERPRETATIONS	9
1. INTRODUCTION	15
2. EXXARO	15
3. RATIONALE FOR SUBSEQUENT DISPOSALS	16
4. INTENDED USE OF PROCEEDS	16
5. PROPOSED SUBSEQUENT DISPOSALS	17
6. OVERVIEW OF TRONOX	17
7. PROSPECTS	19
8. <i>PRO FORMA</i> FINANCIAL EFFECTS OF THE FINANCIAL ADJUSTMENTS ON HISTORICAL INFORMATION	21
9. INFORMATION ON DIRECTORS	23
10. MAJOR SHAREHOLDERS	26
11. LITIGATION STATEMENT	26
12. OPINION AND RECOMMENDATIONS	26
13. DIRECTORS' RESPONSIBILITY STATEMENT	26
14. CONSENTS	27
15. CONFLICTS	27
16. NOTICE OF GENERAL MEETING	27
17. ACTION TO BE TAKEN BY EXXARO SHAREHOLDERS	27
18. FEES	28
19. DOCUMENTS AVAILABLE FOR INSPECTION	28
20. DOCUMENTS INCORPORATED BY REFERENCE	29
ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION OF TRONOX	30
ANNEXURE 2 – <i>PRO FORMA</i> FINANCIAL INFORMATION	36
ANNEXURE 3 – INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF <i>PRO FORMA</i> FINANCIAL INFORMATION	50
ANNEXURE 4 – MATERIAL LOANS	52
ANNEXURE 5 – MATERIAL CONTRACTS	55
NOTICE OF GENERAL MEETING	56
FORM OF PROXY	Attached

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 9 of this Circular apply mutatis mutandis to this section (unless specifically defined where used or the context indicates a contrary meaning).

Last Practicable Date	Friday, 6 April 2018
The record dates for purposes of receiving the Notice of General Meeting (being the date on which an Exxaro Shareholder must be recorded in the Register in order to receive the Notice of General Meeting)	Friday, 13 April 2018
Circular posted to Exxaro Shareholders on	Wednesday, 25 April 2018
Last day to trade in order to be eligible to participate in and vote at the General Meeting	Tuesday, 15 May 2018
Record date to determine Exxaro Shareholders eligible to participate in and vote at the General Meeting	Friday, 18 May 2018
Last day for proxy votes to be submitted	Tuesday, 22 May 2018
General Meeting of Exxaro Shareholders at 10:00 on	Thursday, 24 May 2018
Results of General Meeting released on SENS	Thursday, 24 May 2018
Results of General Meeting published in the South African press	Friday, 25 May 2018

Notes:

- (1) All dates and times are South African dates and times.
- (2) The dates and times may be changed by Exxaro. Any change will be published on SENS and in the South African press.
- (3) If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the documents attached hereto, unless the context indicates otherwise:

- the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and vice versa; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and vice versa and cognate expressions shall bear corresponding meanings; and
- all dates and times referred to are South African times and dates, unless otherwise stated.

“ADR”	means American depository receipt being a certificate evidencing a specific number of ADSs;
“ADSs”	means American depository shares, each of which represents 1 Share;
“Alkali Business”	means the alkali chemical business of Tronox Alkali Corporation (a subsidiary of Tronox), which was sold on 1 September 2017 in terms of the stock purchase agreement as announced by Tronox in a press release on 2 August 2017 and as reported to the SEC on Current Reports on Form 8-K filed on 3 August 2017 and 7 September 2017;
“Annual Results”	means Exxaro’s annual results for the year ended 31 December 2017 as per Condensed Consolidated Annual Results published on 8 March 2018;
“Arnot Colliery”	means the colliery operated by Exxaro Coal Mpumalanga Proprietary Limited, under the name Arnot colliery;
“Board” or “Directors”	means the board of directors of Exxaro as constituted from time to time, which at the date of this Circular is as set out in the Corporate Information and Advisors section of this Circular; and “Director” shall mean any one of the directors of Exxaro, as the context may require;
“BEE”	means black economic empowerment, as defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended, and as read with the MPRDA;
“BEE Shares”	means the 107 612 026 Shares that NewBEECo holds pursuant to the Replacement BEE Transaction;
“Black Mountain”	means Black Mountain Mining Proprietary Limited (registration number 2005/040096/07), a private company incorporated in accordance with the laws of South Africa, and a subsidiary of Vedanta Resources Plc in which Exxaro holds a minority stake;
“Business Day”	means a day other than (i) a Saturday or Sunday, or (ii) a gazetted public holiday in South Africa;
“Cennergi”	means Cennergi Proprietary Limited (registration number 2006/036355/07), a private company incorporated in accordance with the laws of South Africa, of which Exxaro holds 50% of the ordinary issued share capital, and Tata Power Company Limited holds the balance;
“Certificated Share”	means Shares represented by a share certificate or other physical document of title, which has not been surrendered for Dematerialisation in terms of the requirements of Strate and which may no longer be traded on the JSE;

“Certificated Exxaro Shareholder”	means an Exxaro Shareholder who holds Certificated Shares;
“Chifeng”	means, collectively, Chifeng Kumba Hongye Corporation Limited and Chifeng NFC Kumba Hongye Zinc Corporation Limited, of which Exxaro owns an effective stake of 11.7%;
“Circular”	means this circular dated Wednesday, 25 April 2018, including the Notice of General Meeting and the Form of Proxy attached hereto;
“Circular Record Date”	means the date on which an Exxaro Shareholder must be recorded in the Register in order to receive the Circular and Notice of General Meeting;
“Companies Act”	means the South African Companies Act, 2008;
“Company Secretary”	means the Company Secretary of Exxaro from time to time, who as at the date of this Circular is as set out in the Corporate Information and Advisors section of this Circular;
“Corporate Reorganisation”	means the internal reorganisation implemented during the fourth quarter of 2016 by Tronox to simplify its corporate structure and thereby improve operational, administrative, and commercial synergies within each of its operating segments;
“Cristal”	means The National Titanium Dioxide Company Limited, which is 79% owned by Tasnee (a listed Saudi joint-stock company), 20% owned by Gulf Investment Corporation (a company equally owned by the six states of the Gulf Cooperation Council) and 1% owned by the chairman (Dr.Talal Al-Shair), and as well as its subsidiaries;
“Cristal Transaction”	means the agreement entered into between Tronox and Cristal on 21 February 2017 to acquire Cristal’s TiO ₂ business for \$1 673 million in cash (subject to a working capital adjustment at closing) plus 37 580 000 of Tronox’s Class A ordinary shares, as announced by Tronox in a press release on 21 February 2017 and as reported to the SEC on a current report on Form 8-K on 21 February 2017. On 1 March 2018, Tronox and Cristal entered into an amendment to the to the transaction agreement. The amendment provides for an extension of the termination date under the original transaction agreement to 30 June 2018, with automatic three-month extensions to 31 March 2019, if necessary based on the status of outstanding regulatory approvals. The amendment also provides that Tronox has the right to terminate the amended transaction agreement if it determines that the outstanding regulatory approvals are not reasonably likely to be obtained. In the event that such termination by Tronox is on or after 1 January 2019, or if regulatory approval has not been obtained by 31 March 2019 and Tronox or Cristal elects to terminate the amended transaction agreement, then Tronox is required to pay Cristal a \$60 million termination fee;
“CSDP”	means a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both in terms of the central securities depository rules published in terms of the Financial Markets Act, and includes an external participant, where appropriate, as contemplated in the Financial Markets Act;
“Dematerialised” and “Dematerialisation”	means the process whereby physical share certificates are replaced with electronic records evidencing ownership of Shares for the purpose of Strate, as contemplated in the Financial Markets Act;

“Dematerialised Shares”	means Shares that have been Dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which Shares may be traded on the JSE;
“Dematerialised Exxaro Shareholder”	means an Exxaro Shareholder who holds Dematerialised Shares;
“Electrolytic Business”	means the electrolytic business of Tronox Electrolytic Operations based in Henderson, Nevada for which Tronox announced on 21 March 2018 that it had entered into a definitive agreement, pursuant to which EMD Acquisition LLC agreed to acquire certain of the assets and liabilities of the Electrolytic Business for \$13 million in cash, subject to certain working capital adjustments;
“Exxaro” or the “Company”	means Exxaro Resources Limited (Registration No. 2000/011076/06), a public company duly registered and incorporated under the laws of South Africa;
“Exxaro Shareholder”	means a registered holder of issued Shares, as reflected in the Register;
“Financial Markets Act”	means the South African Financial Markets Act, No. 19 of 2012;
“First Disposal”	means Exxaro’s disposal of 22 425 000 Tronox Shares on 10 October 2017 and announced on Exxaro’s website on 11 October 2017;
“Form of Proxy”	means the <i>blue</i> Form of Proxy attached to, and forming part of, this Circular;
“FTC”	means the US Federal Trade Commission;
“General Meeting”	means the General Meeting convened in terms of the attached Notice of General Meeting to be held at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West at 10:00 on Thursday, 24 May 2018, in order for Exxaro Shareholders to vote on the Ordinary Resolution set out in the attached Notice of General Meeting;
“Group”	means Exxaro and its subsidiaries;
“HSR Act”	means the Hart–Scott–Rodino Antitrust Improvements Act of 1976 (HSR Act) which is a set of amendments to the antitrust laws of the United States, principally the Clayton Antitrust Act. The HSR Act provides that parties must not complete certain mergers, acquisitions or transfers of securities or assets, including grants of executive compensation, until they have made a detailed filing with the U.S. Federal Trade Commission and Department of Justice and waited for those agencies to determine that the transaction will not adversely affect U.S. commerce under the antitrust laws. While parties can carry out due diligence and plan for post-merger integration, they may not take any steps to integrate operations, such as an acquiring party obtaining operational control of the acquired party;
“HDSA”	the meaning given to it, or any equivalent or replacement term, in the broad-based socio-economic empowerment charter for the South African Mining Industry, developed under section 100 of the MPRDA, as amended or replaced from time to time;
“IFRS”	means International Financial Reporting Standards;

“JSE”	means the Johannesburg Stock Exchange, operated by JSE Limited (registration number 2005/022939/06), a public company and incorporated in accordance with the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act;
“Listings Requirements”	means the Listings Requirements published by the JSE, as amended from time to time;
“Last Practicable Date”	means Friday, 6 April 2018, being the last practicable date on which information contained in this Circular can be updated prior to finalisation of this Circular;
“LTIFR”	means Lost-time injury frequency rate;
“Mafube”	means Mafube Coal Mining Proprietary Limited (registration number 2004/017532/07), a private company incorporated in accordance with the laws of South Africa. Mafube forms part of the investment portfolio of Exxaro with a 50:50 joint venture with Anglo American Plc;
“Mineral Sands Operations”	means Tronox’s minerals sands operations consisting of two product streams, titanium feedstock and synthetic rutile;
“MOI”	means the memorandum of incorporation of the Company, as in force from time to time;
“MPRDA”	means the Mineral and Petroleum Resources Development Act, 2002;
“NCOE”	means Notional Cost of Employment;
“NewBEECo”	means Eyesizwe (RF) Proprietary Limited (RF), registration number 2016/473215/07, a special purpose private company incorporated in accordance with the laws of South Africa, of which Exxaro holds 24.9% of the ordinary issued share capital, Industrial Development Corporation holds 22.9% and K2016475450 (South Africa) Proprietary Limited (RF) holds 52.2%, and which hold the BEE Shares pursuant to the Replacement BEE Transaction;
“North Block Complex”	means North Block Complex Coal operations situated outside the town of Belfast in Mpumalanga. NBC Coal consists of the Glisa and Eerstelingsfontein operating mines;
“Notice of General Meeting”	means the notice to Exxaro Shareholders convening the General Meeting to conduct the business described therein and to consider and, if deemed fit, adopt with or without modification, the resolutions set forth therein, and which notice is attached to, and forms part of, this Circular;
“NYSE”	means the New York Stock Exchange;
“own-name Dematerialised Exxaro Shareholders”	means Dematerialised Exxaro Shareholders who have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-register of Dematerialised Exxaro Shareholders;
“Ordinary Resolution”	means the ordinary resolution set out in the Notice of General Meeting attached to and forming part of this Circular;
“PRC”	means the People’s Republic of China;

“Purchase Agreement”	means a stock purchase agreement entered into on 21 February 2017 by Tronox US Holdings Inc, Tronox Alkali Corporation, and Genesis Energy L.P., which was filed with the SEC on a Current Report on Form 8-K on 21 February 2017, pursuant to which Genesis Energy L.P. agreed to acquire the Alkali Business for \$1 325 million in cash from Tronox, subject to a working capital adjustment;
“R”, “Rand” or “ZAR”	means South African rand, the lawful currency of South Africa;
“RBCT”	means Richards Bay Coal Terminal Proprietary Limited (Registration No. 1973/014256/07) a private company duly registered and incorporated under the laws of South Africa, in which Exxaro holds an indirect effective shareholding of 10.82%;
“Register”	means the register of Certificated Exxaro Shareholders maintained by the Transfer Secretaries on behalf of the Company and the sub-registers of Dematerialised Exxaro Shareholders maintained by the relevant CSDPs;
“Replacement BEE Transaction”	means the BEE transaction implemented on 11 December 2017, which resulted in Exxaro being held 30% by HDSAs, and which transaction was detailed in the Exxaro circular dated 23 October 2017;
“Saudi GAAP”	means Saudi Arabian Generally Accepted Accounting Principles;
“SEC”	means the US Securities and Exchange Commission;
“Secondary shares”	means the sale of existing shares of common stock that are sold to investors in the offering;
“SENS”	means the Stock Exchange News Service of the JSE;
“Shares”	means the no par value ordinary Shares in the share capital of Exxaro as at the Last Practicable Date;
“Share Trust”	means Kumba Resources Management Share Trust;
“SSCC”	means semi-soft coking coal;
“SAICA”	means the South African Institute of Chartered Accountants;
“SIOC”	means Sishen Iron Ore Company Proprietary Limited (registration number 2000/011085/07), a private company incorporated in accordance with the laws of South Africa and a subsidiary of the listed entity Kumba Iron Ore Limited in which Exxaro holds a minority stake;
“South Africa”	means the Republic of South Africa;
“Sponsor”	means Exxaro’s sponsor appointed pursuant to the Listings Requirements, being ABSA Bank Limited (Registration No. 1986/004794/0606), a public company duly registered and incorporated under the laws of South Africa;
“Strate”	means Strate Proprietary Limited (Registration No. 1998/022242/07), a private company, and a licensed central securities depository registered in terms of the Financial Markets Act;
“Subsequent Disposal”	means the disposal of up to all of the remaining Tronox Shares at the best possible price in the opinion of the Board, acting reasonably, taking into account prevailing market conditions and standard market-related terms and discounts, either in one transaction or as a series of transactions, and “Subsequent Disposals” has a corresponding meaning;

“TiO₂”	means Titanium dioxide;
“Transfer Secretaries”	means individually and/or collectively, as the context may require, Computershare Investor Services Proprietary Limited (Registration No. 2004/003647/07), a private company duly registered and incorporated under the laws of South Africa;
“Tronox”	means Tronox Limited, an Australian company listed on the New York Stock Exchange;
“Tronox Annual Report”	means the Tronox annual report in Form 10-K for the year ended 31 December 2017, filed with the SEC on 1 March 2018;
“Tronox Board”	means the board of directors of Tronox, as constituted from time to time;
“Tronox Divestment”	means the First Disposal and any Subsequent Disposals, together being the disposal of up to 100% of the Tronox Shares held by Exxaro;
“Tronox Proxy Statement”	means the Definitive Proxy Statement mailed to Tronox shareholders and filed by Tronox with the SEC on 31 August 2017 and available on the SEC’s website (https://goo.gl/wZ3iev) as well as on Tronox’s website and incorporated into this Circular by reference, as set out in Annexure 1, paragraph 21;
“Tronox SA”	means, collectively, Tronox KZN Sands Proprietary Limited and Tronox Mineral Sands Proprietary Limited, being subsidiaries of Tronox in which Exxaro holds a minority stake;
“Tronox Shares”	means all the Tronox Class B ordinary shares held by Exxaro. Under the terms of the Tronox Constitution, a Class B ordinary share automatically, without any further action by any person, converts to a Tronox Class A ordinary share on a one-to-one basis when a Class B ordinary share is transferred to a person that is not an affiliate of Exxaro;
“Tronox UK”	means Tronox Sands Limited Liability Partnership in the UK, a subsidiary of Tronox in which Exxaro holds a minority members interest;
“United Kingdom” or “UK”	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US GAAP”	means US Generally Accepted Accounting Principles;
“US\$” or “\$”	means United States dollars, the lawful currency of the United States; and
“VAT”	means Value Added Tax levied in terms of the South African Value Added Tax Act, 1991.



POWERING POSSIBILITY

Exxaro Resources Limited

(Incorporated in the Republic of South Africa)

(Registration No. 2000/011076/06)

Share code: EXX

ISIN ZAE000084992

ADR code: EXXAY

("Exxaro" or the "Company")

CIRCULAR TO EXXARO SHAREHOLDERS

PART

1. INTRODUCTION

During September 2011, Exxaro announced its intention to contribute its Mineral Sands Operations into Tronox, in an exchange for an approximate 38% stake in Tronox, resulting in Exxaro being the largest single shareholder in Tronox (the transaction closed in June, 2012). In addition to its holding into the structure at the Tronox level, Exxaro also retained a 26% direct equity interest in the South African operations by retaining shares in Tronox SA. Tronox owns the remaining 74% shareholding in Tronox SA. The completed transaction created the first fully vertically integrated mine to pigment producer and a global leader with a significant asset base that is expandable and low on the cost curve. This positioned Exxaro as an international resource company with geographical and commodity diversification. Subsequent to the initial transaction, Exxaro increased its Tronox shareholding to approximately 43% (representing approximately 51.154 million Tronox Shares).

On 8 March 2017, Exxaro announced its intention to monetise its Tronox stake in order to focus on its core activities and to fund capital commitments. Exxaro disposed of 22 425 000 Tronox Shares in the first US registered public offering completed on 10 October 2017 (First Disposal), representing approximately 19% of Tronox's total voting shares outstanding. The offering consisted entirely of Tronox Class A ordinary shares listed on the NYSE, valued at approximately US\$474 million (ZAR6 525 million) based on net proceeds after underwriters' fees. Exxaro now holds 28 729 280 shares or an approximate 24% stake in Tronox valued at approximately US\$476 million (ZAR5 727 million) assuming a Tronox Share price of US\$16.57 per share, being a 5% discount to the Tronox Share price at the Last Practicable Date, net of assumed transaction costs estimated at 4% translated at an exchange rate of R12.03 as of the Last Practicable Date.

In line with previous announcements by Exxaro, this Circular pertains to Exxaro's stated strategy of monetising its investment in Tronox. As a result of the Listings Requirements' aggregation rules (paragraphs 9.11 and 9.14 of the Listings Requirements), a further sell down by Exxaro of its investment in Tronox may result in a Category 1 transaction. Accordingly, Exxaro wishes to retain flexibility by seeking shareholder approval in order to best execute on Exxaro's stated strategy depending on market conditions, as deemed appropriate by the Directors.

The purpose of this Circular is to provide Exxaro Shareholders with information pertaining to the proposed further sell down of Exxaro's remaining shares in Tronox and to convene a General Meeting at which Exxaro Shareholders will be required to consider and, if deemed fit, to pass the resolution necessary to approve and implement the Subsequent Disposals of the remaining investment in Tronox.

2. EXXARO

Exxaro is a diversified resources group with interests in the coal, TiO₂, ferrous and energy markets. The coal operations produce thermal coal, metallurgical coal, and SSCC products in the Waterberg and Mpumalanga regions. Exxaro's asset base consists of coal operations and coal tied operations which

make up a majority of the businesses assets. The company also has an investment portfolio including joint venture investments in Mafube (50:50) and Cennergi (50:50) as well as investments in SIOC (21%), Tronox (24%) and Black Mountain (26%) over which Exxaro has significant influence.

Coal

The coal operations are mainly situated in the Waterberg and Mpumalanga regions of South Africa, and are split between coal commercial operations and coal tied operations. Coal commercial operations include a 50% investment in Mafube (a joint venture with Anglo South Africa Capital Proprietary Limited) as well as a 10.82% effective equity interest in RBCT. The coal operations produce thermal coal, metallurgical coal and SSCC.

Ferrous

The ferrous segment comprises a 20.62% equity interest in SIOC (located in the Northern Cape province) reported within the other ferrous operating segment as well as the FerroAlloys operations (referred to as Alloys).

TiO₂

Exxaro holds approximately a 24% equity interest in Tronox and a 26% equity interest in Tronox SA, as well as a 26% member's interest in Tronox UK.

Energy

The energy segment comprises a 50% investment in Cennergi (a South African joint venture with Tata Power Company Limited) which operates two windfarms.

Other

This reportable segment comprises the 26% equity interest in Black Mountain (located in the Northern Cape province), an effective investment of 11.7% in Chifeng (located in the PRC) and the corporate office which renders services to operations within the group and other customers.

Exxaro has a primary listing on the JSE and has a secondary listing of ADRs on the NYSE.

There has been no material change in the financial or trading position of Exxaro since the publishing of the Annual Results for the period ended 31 December 2017, except for the payment of the special dividend to shareholders on 5 March 2018 amounting to ZAR4 502 million relating to the First Disposal of Exxaro's shareholding in Tronox. Exxaro also declared a final dividend of 400 cents per share, payable to shareholders of ordinary shares on 23 April 2018.

3. RATIONALE FOR SUBSEQUENT DISPOSALS

On 8 March 2017, Exxaro announced its intention to monetise its stake in Tronox in order to focus on its core activities and to fund capital commitments.

- Exxaro's Board determined that it will explore available alternatives to monetise its stake in Tronox in a thoughtful, efficient and staged process over time;
- Exxaro currently holds 28 729 280 shares in Tronox, representing a beneficial ownership of approximately 24%, with an approximate value of US\$476 million (ZAR5 727 million) assuming a Tronox Share price of U\$16.57 per share, being a 5% discount to the Tronox Share price at the Last Practicable Date, net of assumed transaction costs estimated at 4% translated at an exchange rate of R12.03 as of the Last Practicable Date;
- Tronox announced on 21 February 2017, a definitive agreement to acquire the titanium dioxide business of Cristal for US\$1 673 million of cash (subject to a working capital adjustment at closing) plus 37 580 000 of Tronox's Class A ordinary shares;
- Post implementation of the Cristal Transaction, Exxaro's current ownership in Tronox would dilute from approximately 24% to approximately 18%; and
- Exxaro and Tronox have a strong, longstanding relationship that the companies intend to maintain through this period of transition, and Tronox has informed Exxaro that it intends to cooperate and assist in the monetisation process.

4. INTENDED USE OF PROCEEDS

The funds from the proposed Subsequent Disposal of Tronox Shares will be used to focus on core activities, fund capital commitments, repay debt and make distributions to shareholders. On 13 February 2018 Exxaro declared a special dividend amounting to 1 255 cents per share following the First Disposal of its shareholding in Tronox. The dividend amounting to ZAR4 502 million was paid to shareholders, including treasury shares held by NewBEECo and Share Trust, on 5 March 2018.

5. PROPOSED SUBSEQUENT DISPOSALS

Exxaro Shareholders are referred to the SENS announcement made on 8 March 2017, where Exxaro announced its intention to monetise its Tronox stake in order to focus on core activities and to fund capital commitments. Exxaro had a beneficial ownership of approximately 43% in Tronox at the time of the announcement.

On 10 October 2017, Exxaro disposed of a portion of its investment in Tronox by way of a US registered public offering to various US investors. Exxaro disposed of 22 425 000 Class A ordinary shares representing approximately 19% out of its 43% stake. The net proceeds from the sale of the Class A ordinary shares in the offering was approximately US\$474 million (approximately ZAR6 525 million). The First Disposal represented a Category 2 transaction in terms of the Listings Requirements as it constituted approximately 15% of Exxaro's market capitalisation at that time. The First Disposal reduced Exxaro's ownership of Tronox's total outstanding voting shares from 51 154 280 to 28 729 280, representing approximately 24% of Tronox's total outstanding voting shares. The remaining 28 729 280 Tronox Shares which are held by Exxaro are Class B ordinary shares. Under the terms of the Tronox Constitution, a Class B ordinary share automatically, without any further action by any person, converts to a Class A ordinary share on a one-to-one basis when a Class B ordinary share is transferred to a person that is not an affiliate of Exxaro.

Exxaro aims to seek shareholder approval in the event that the sale of any second follow on offering triggers the aggregation rules set by the JSE (paragraphs 9.11 and 9.14 of the Listings Requirements), stating that transactions which sum to greater than 30% of the Company's market capitalisation (within a twelve-month period) are deemed to be a Category 1 transaction and hence require shareholder approval. The Subsequent Disposals of all of the remaining Tronox Shares held by Exxaro may trigger the aggregation rules of the Listings Requirements for a Category 1 transaction (depending on the Exxaro Share price, Tronox Share price and ZAR to US\$ exchange rate). Accordingly, Exxaro wishes to retain flexibility in order to execute the stated strategy for a period of 12 months from the date of General Meeting, depending on market conditions as deemed appropriate by the Directors, acting reasonably.

6. OVERVIEW OF TRONOX

Tronox is a vertically integrated mining and inorganic chemical business. Tronox mines and processes titanium ore, zircon and other minerals, and manufactures titanium dioxide pigments that add brightness and durability to paints, plastics, paper, and other everyday products. Tronox operate mines and mineral processing plants in South Africa and Australia, and pigment manufacturing plants in the United States, the Netherlands and Australia.

The following information is excerpted from the Tronox Annual Report:

Tronox's net sales in 2017 increased by 30% compared to 2016 primarily due to the impact of higher selling prices for Pigment of \$200 million, Zircon of \$28 million, Pig iron of \$16 million, Slag Fines of \$5 million and Natural Rutile of \$2 million. Higher volume and product mix for Pigment of \$38 million, CP Slag of \$35 million, Zircon of \$18 million, Pig Iron of \$13 million, Ilmenite of \$13 million, Synthetic Rutile of \$8 million, Slag Fines of \$3 million and Natural Rutile of \$2 million also contributed to the increase in net sales for the year ended 2017. The impact from foreign currency translation versus 2016 was \$7 million favourable.

Tronox's gross profit margin in 2017 was 23% of net sales compared to 10% in the prior year. The increase of \$254 million in Tronox's gross margin was primarily due to higher selling prices of \$254 million, higher volumes and product mix of \$28 million, the impact of lower production costs of \$16 million, due primarily to a higher facility utilisation, partially offset by unfavourable changes in foreign currency translation of \$44 million primarily from the South African Rand and Australian dollar.

Selling, general and administrative (SG&A) expenses increased by 33% in 2017 compared to 2016. Included in SG&A are \$124 million and \$63 million of corporate expenses for 2017 and 2016, respectively. The \$61 million increase in corporate expenses was due to higher professional fees of \$46 million related

to the Cristal Transaction, higher employee share-based and other compensation costs of \$11 million and higher other general and administrative costs of \$4 million. SG&A costs associated with Tronox's TiO₂ activities increased \$1 million from the prior year period primarily due to higher employee stock-based and other compensation costs and unfavourable changes in foreign currency translation.

Restructuring costs were \$2 million lower than 2016. TiO₂ and corporate restructuring costs were each \$1 million lower in 2017 compared to 2016.

Tronox income from operations for 2017 was \$138 million, \$261 million from TiO₂ activities offset by \$123 million of corporate expenses, which includes \$124 million of SG&A and a \$1 million reversal of restructuring expense. Loss from operations for 2016 was \$56 million, \$6 million income from operations from the TiO₂ activities and \$62 million of corporate expenses. Income from operations for the TiO₂ activities increased by \$255 million compared to 2016 primarily due to an increase in gross profit of \$254 million, \$2 million decrease in restructuring costs, offset by a \$1 million increase in selling, general and administrative expenses. Corporate general and administrative expenses for 2017 increased for the reasons noted above in the discussion of the SG&A expenses.

Tronox gain or loss on debt extinguishment in 2017 was a loss of \$28 million compared to a gain \$4 million in 2016 due to the refinancing of the term loan and notes in the third quarter of 2017.

Other expense, net in 2017 primarily consisted of a net realised and unrealised foreign currency loss of \$20 million, offset by interest income of \$10 million. Other expense, in 2016 primarily consisted of a net realised and unrealised foreign currency loss of \$31 million, offset by interest income of \$3 million. The change in the net realised and unrealised foreign currency is primarily driven by the strengthening of the South African Rand as of 31 December 2017 used in the remeasurement of the U.S. Dollar denominated open trade and notes receivable positions.

Tronox's effective tax rates in 2017 and 2016 differ from the United Kingdom statutory rate of 19% and the Australian statutory rate of 30% primarily due to valuation allowances and income in foreign jurisdictions taxed at rates different than the statutory rates. Additionally, the net income impact of the Corporate Reorganisation was a benefit of \$137 million in the fourth quarter of 2016, reflecting the reversal of \$139 million of withholding tax accruals, offset by a foreign currency loss of \$2 million. For the year ended 31 December 2016, the net income impact was \$107 million, reflecting a net reduction in withholding tax accruals of \$110 million, offset by a foreign currency loss of \$3 million.

Net loss from continuing operations available to ordinary shares of Tronox was \$106 million (2016: \$140 million), or \$0.89 per diluted share (2016: \$1.20 per share). Net loss from discontinued operations available to ordinary shares of Tronox, net of tax, was \$179 million (2016: net income of \$79 million). On 20 February 2018, the Tronox board of directors declared a quarterly dividend of \$0.045 per share to holders of Class A ordinary shares and Class B ordinary shares at the close of business on 12 March 2018, totalling \$5 million, which was paid on or about 26 March 2018.

Tronox's Directors are Ilan Kaufhal (Non-executive Chairman), Jeffrey N. Quinn (Chief Executive Officer and Director), Daniel Blue (Director), Andrew P. Hines (Director), Wayne A. Hinman (Director), Peter B. Johnson (Interim Chief Executive Officer and Director), Siphon Nkosi (Director), Mxolisi Mgojo (Director), Ginger M Jones (Director). On implementation of the Subsequent Disposals, Mxolisi Mgojo intends to resign from his position on the Tronox Board.

Exxaro Shareholders are referred to the Tronox annual results for the year ended 31 December 2017 for additional information. See "Paragraph 20 — Documents Incorporated by Reference" for further information and for details on how to access information incorporated by reference.

Exxaro has been a major shareholder in Tronox since acquiring a significant stake in the listed company in June 2012.

On 5 December 2017, the FTC announced that it had commenced a lawsuit seeking to block the proposed Cristal Transaction, stating its view that the proposed transaction would violate US antitrust laws by significantly reducing competition in the North American market (comprised of the United States and Canada) for chloride process titanium dioxide. In the lawsuit, the FTC alleged that the combination would increase the risk of coordinated action among the remaining titanium dioxide competitors, and increase the risk of future anticompetitive output reductions by Tronox. The Cristal Transaction cannot proceed until Tronox and the FTC agree appropriate remedies (if any) or a court decision is awarded in Tronox's favour to allow the proposed transaction to proceed. The FTC has announced that the administrative trial is

scheduled to begin on 18 May 2018. In a separate action, on 20 December 2017, Tronox announced that the European Commission initiated a Phase II review of the Cristal Transaction, giving the Commission 90 working days (a period that may be extended or shortened) to make a final decision as to whether the proposed transaction would significantly impede effective competition in the European Economic Area.

Tronox has since negotiated rigorously with the European Commission regarding the planned acquisition of Cristal. On 23 January 2018, Tronox filed a lawsuit in the United States District Court for the Northern District of Mississippi seeking declaratory and injunctive relief to prevent the FTC from blocking the Tronox's proposed acquisition of the titanium dioxide business of Cristal, which it withdrew in March 2018 after securing an amend to the Cristal Transaction agreement, as discussed below.

On 29 January 2018, Tronox announced the Kingdom of Saudi Arabia's General Authority for Competition has approved Tronox's proposed acquisition of the titanium dioxide business of Cristal. To date, Australia, China, New Zealand, Turkey, South Korea, and Colombia have also approved the proposed acquisition.

Additionally, on 1 March 2018, Tronox and Cristal entered into an amendment to the Cristal Transaction agreement. The amendment provides for an extension of the termination date under the original transaction agreement to 30 June 2018, with automatic three-month extensions to 31 March 2019, if necessary based on the status of outstanding regulatory approvals. The amendment also provides that Tronox has the right to terminate the amended transaction agreement if it determines that the outstanding regulatory approvals are not reasonably likely to be obtained. In the event that such termination by Tronox is on or after 1 January 2019, or if regulatory approval has not been obtained by 31 March 2019 and Tronox or Cristal elects to terminate the amended transaction agreement, then Tronox is required to pay Cristal a \$60 million termination fee.

7. PROSPECTS

Exxaro Outlook

In 2017, the best global economic growth rate in seven years was supported by sound macroeconomic policies, which enabled key world economies to grow at or above trend. Barring any shock, this global expansion momentum is expected to continue into 2018. The current favourable global environment, strong global growth outlook and rising global trade volumes, as well as positive foreign international sentiment are expected to support South Africa's growth prospects.

Exxaro expects an improvement in the operational results of the coal business for first half of 2018 primarily driven by:

- Good export prices leading to a shortage of coal in domestic markets, underpinning stronger domestic prices;
- The Medupi offtake is expected to follow minimum agreed coal supply agreement volumes. This will be the first commercial year for the minimum contract volumes as agreed in the coal supply agreement after the previous addendums;
- Stable seaborne demand internationally; and
- Exxaro's operational excellence process delivering sustainable improved results as well as technology and innovation improvements starting to contribute positively with the establishment of the innovation project office.

A relatively stable international thermal coal market is anticipated for first half 2018. The iron ore market remains well supplied and expected to soften somewhat as further volumes enter the market. The current strong titanium dioxide pigment fundamentals momentum is anticipated to continue into first half 2018.

The Group's interests in Tronox, Black Mountain, North Block Complex, Arnot Colliery and Chifeng remain non-core and Exxaro intends to divest from these investments. The divestment from Tronox has commenced as announced by Exxaro on SENS on 2 October 2017 and 11 October 2017. Exxaro has also reviewed its coal portfolio as part of its optimisation programme, with specific focus on closure and/or divestment from assets that do not meet expected value, robustness of earnings and net operating profit margin requirements. On 8 March 2018, it was announced that Exxaro had concluded an agreement to dispose of the North Block Complex. Exxaro currently owns 20% in SIOC, 24% in Tronox, 50% in Mafube as well as Cennergi, and 26% in Black Mountain.

Maintaining relationships with key stakeholders is crucial for Exxaro to achieve its objectives and to continue to create value for the Exxaro Shareholders. The Replacement BEE Transaction was critical in this regard. The Replacement BEE Transaction was fully implemented on 11 December 2017.

Tronox Recent Developments

During the fourth quarter of 2016, Tronox implemented various steps of the Corporate Reorganisation. As a result of the Corporate Reorganisation, Tronox reduced its cross-jurisdictional financing arrangements, eliminated administrative activities and reversed the deferred tax assets related to intercompany interest deductions. The related withholding tax accrual amounts were also reversed as a result of the Corporate Reorganisation. Additionally, Tronox reduced its deferred tax assets related to losses carried forward which will no longer be available for the utilisation. In connection with the Corporate Reorganisation during the first quarter of 2017, Tronox became managed and controlled in the UK, with no additional impacts to the consolidated provision for income taxes due to the valuation allowances in various jurisdictions.

On 21 February 2017, Tronox and Cristal entered into the Cristal Transaction. Following the closing of the Cristal Transaction, Cristal will own approximately 24% of the outstanding ordinary voting shares (including both Class A and Class B) of Tronox.

The Cristal Transaction is conditioned upon the receipt of various regulatory approvals, including antitrust clearance in numerous jurisdictions. On 13 April 2017, the FTC issued a request for additional information to Tronox and Cristal in connection with its filing under the HSR Act. On 5 December 2017, the FTC announced that it would not approve the Cristal Transaction as proposed and filed an administrative action to prevent the parties from consummating the transaction. On 23 January 2018, Tronox filed suit against the FTC in the U.S. District Court for the Northern District of Mississippi seeking a declaration that the Cristal Transaction is lawful under applicable law, among other things, which it withdrew after agreeing to amend The Cristal Transaction, as discussed below. On 21 December 2017, the European Commission announced that after its initial review, it would pursue Phase II investigation of the Cristal Transaction before reaching a decision to approve it, with or without conditions. The transaction agreement provides for customary representations, warranties and covenants that are subject, in some cases, to specified exceptions and qualifications contained in the transaction agreement. There can be no assurance, however, that all closing conditions for the Cristal Transaction will be satisfied and, if they are satisfied, that they will be satisfied in time for the closing to occur by 30 June 2018 (subject to automatic 3-month extensions to 31 March 2019 if necessary, based on the status of outstanding regulatory approvals), at which time either party to the transaction agreement may mutually agree to extend the closing date or terminate the transaction agreement if the Cristal Transaction has not closed by such time.

On 2 October 2017, at a special meeting of Tronox shareholders, Tronox's shareholders approved a resolution to issue 37 580 000 Class A Tronox ordinary shares to Cristal in connection with the Cristal Transaction, and the resulting acquisition of interests in such Class A Tronox ordinary shares by Cristal and certain other persons and entities, at the closing of such acquisition.

On 1 September 2017, Tronox completed the sale of the Alkali Business and in connection therewith, Tronox recognised a loss of \$233 million, net of tax, during the year ended 31 December 2017. As a result of the Alkali Sale, Alkali's results of operations were reported as discontinued operations in the Tronox Annual Report. As a result of the sale of the Alkali business, Tronox now operates under one operating and reportable segment, TiO₂.

On 21 March 2018, Tronox announced that it had entered into a definitive agreement, pursuant to which EMD Acquisition LLC agreed to acquire certain of the assets and liabilities of the Tronox Electrolytic Operations based in Henderson, Nevada for \$13 million in cash, subject to certain working capital adjustments. As a result of the approval of the transaction and its entry into the purchase agreement, Tronox concluded that it is expected to record a pre-tax impairment charge and write-down in the quarter ending 31 March 2018 in the range of \$25 million to \$30 million. As a result of the expected sale, Tronox has concluded that the assets and liabilities included in the transaction will be classified as held for sale as of the quarter ended 31 March 2018.

Tronox Business Environment

The following discussion excerpted from the Tronox Annual Report includes trends and factors that may affect future operating results of Tronox:

The Tronox pigment business benefited from a global industry recovery that began in the first quarter of 2016. To meet healthy demand, Tronox operated its pigment plants at high utilisation rates while matching pigment production volumes to sales volumes and keeping inventory at or below normal levels. Global pigment pricing has rebounded with successive gains in each quarter since the first quarter of 2016. Tronox believes pigment inventories, in the aggregate, are at or below normal levels at both customer and producer locations globally resulting in a continued tight supply-demand balance. Tronox continues to

use a significant majority of its high-grade titanium feedstock for its pigment production. Tronox expects moderate cost increases related to other raw material inputs such as electrodes, coke, and electricity as commodity markets strengthen. The zircon market has stabilised but remains in a tight supply-demand balance and Tronox expects modest price gains to continue in 2018.

8. PRO FORMA FINANCIAL EFFECTS OF THE FINANCIAL ADJUSTMENTS ON HISTORICAL INFORMATION

The table below sets out the *pro forma* financial effects of the Special Dividend declared by Exxaro and Subsequent Disposal of Tronox (collectively, the “*Pro Forma* Financial Adjustments”) on, inter alia, Exxaro’s net asset value per share, tangible net asset value per share, basic earnings or loss per share, diluted earnings or loss per share, headline earnings or loss per share and diluted headline earnings or loss per share, based on the most recently published Reviewed Condensed Consolidated Annual Financial Statements for the year ended 31 December 2017, which were available at the Last Practicable Date.

The *pro forma* financial effects should be read in conjunction with the *pro forma* Condensed Consolidated Statement of Comprehensive Income, the *pro forma* Condensed Consolidated Statement of Financial Position and the *pro forma* Reconciliation of Group Headline Earnings (included in Annexure 2 of this Circular) (collectively, the “*Pro Forma* Financial Information”) and the accompanying report of the Independent Reporting Accountant (included in Annexure 3 to this Circular).

The *Pro Forma* Financial Information is the responsibility of the Directors and was prepared for illustrative purposes only which may not, because of its nature, fairly present Exxaro’s financial position, changes in equity and results of operations or cash flows after the *Pro Forma* Financial Adjustments. It does not purport to be indicative of what the Reviewed Condensed Consolidated Financial results would have been, had the *Pro Forma* Financial Adjustments been implemented on a different date.

The *Pro Forma* Financial Information has been prepared to illustrate the impact of the *Pro Forma* Financial Adjustments on the Reviewed Condensed Consolidated Annual Financial Statements of Exxaro for the year ended 31 December 2017, had the *Pro Forma* Financial Adjustments occurred on 1 January 2017 for purposes of the Condensed Consolidated Statement of Comprehensive Income as well as the Reconciliation of Group Headline Earnings and on 31 December 2017 for purposes of the Condensed Consolidated Statement of Financial Position.

The *pro forma* financial effects of the *Pro Forma* Financial Adjustments are set out in the table below:

	Before <i>Pro Forma</i> Financial Adjust- ments (a)	After <i>Pro Forma</i> Special Dividend (b) ⁽¹⁾	After <i>Pro Forma</i> Special Dividend and Subsequent Disposal (c) ⁽¹⁾	Percentage change % (b) vs. (a)	Percentage change % (c) vs. (b)
For the year ended 31 December 2017					
Basic earnings per share (aggregate)	1 923	1 901	3 630	(1%)	91%
– Basic earnings per share (continuing operations)	876	854	954	(3%)	12%
– Basic earnings per share (discontinued operations)	1 047	1 047	2 676	–	156%
– Diluted earnings per share (aggregate)	1 724	1 703	3 253	(1%)	91%
Diluted earnings per share (continuing operations)	786	765	855	(3%)	12%
– Diluted earnings per share (discontinued operations)	938	938	2 398	–	156%
Headline earnings per share (aggregate)	502	479	679	(5%)	42%
– Headline earnings per share (continuing operations)	682	659	759	(3%)	15%
– Headline loss per share (discontinued operations)	(180)	(180)	(80)	–	(56%)
Diluted headline earnings per share (aggregate)	450	429	609	(5%)	43%
– Diluted headline earnings per share (continuing operations)	611	590	680	(3%)	15%
– Diluted headline loss per share (discontinued operations)	(161)	(161)	(71)	–	(56%)
Net asset value per share ⁽²⁾	160	147	157	(8%)	7%
Tangible net asset value per share ⁽³⁾	157	145	154	(8%)	6%
Weighted average number of shares	311	311	311	–	–
Diluted weighted average number of shares	347	347	347	–	–
Number of shares in issue net of treasury shares	251	251	251	–	–

Notes

(1) Detailed notes and assumptions to the *pro forma* financial effects are presented in Annexure 2.

(2) Net asset value per share is computed by dividing total equity attributable to owners of the parent of the Group by the total number of Shares in issue, net of treasury shares.

(3) Tangible net asset value per share is equal to the total equity attributable to owners of the parent of the Group less the sum of intangible assets, goodwill and deferred tax asset divided by the total number of Shares in issue, net of treasury shares.

9. INFORMATION ON DIRECTORS

No new directors of the Company are proposed under or as a result of the Subsequent Disposals. The members of the Board as of the date of this Circular are set forth below.

The remuneration and the benefits of the Directors, prescribed officers and senior management will not be varied as a result of any Subsequent Disposal. Other than what is disclosed in the Annual Financial Statements, no other amounts have been paid or owing by Exxaro or any subsidiaries.

Directors remuneration (as at 31 December 2017)

	NCOE/guaranteed remuneration plus circumstantial		Short-term incentives		Long-term incentives		Other		Gains on management share schemes		Share-based payment expense ⁵		Gains on management share schemes		Total remuneration expense					
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R				
Executive directors																				
MDM Mgojo	5 728 207	225 121	550 135	3 598 366	2 585 196	2 530										12 689 555	8 696 044	(2 585 196)	18 800 403	
PA Koppeschaar	3 930 987	232 161	357 477	2 275 231	1 301 286	2 530										8 099 672	3 203 239	(1 301 286)	10 001 625	
Total executive directors' remuneration	9 659 194	457 282	907 612	5 873 597	3 886 482	5 060										20 789 227	11 899 283	(3 886 482)	28 802 028	
Prescribed officers																				
V Balgobind	2 463 772	205 664	238 629	1 260 065	143 678	32 730										4 344 538	2 170 339	(143 678)	6 371 199	
AW Diedericks	3 240 455	127 684	320 484	1 598 280	1 058 546	60 323										6 405 772	2 810 936	(1 058 546)	8 158 162	
JG Meyer	3 060 455	307 684	320 484	1 598 280	1 063 570	60 330										6 410 803	2 620 682	(1 063 570)	7 967 915	
MI Mthenjane	3 246 788	83 365	282 329	1 565 289	889 223	2 530										6 069 524	2 064 715	(889 223)	7 245 016	
Dr N Tsengwa	3 376 576	169 004	296 746	1 933 844	741 789	2 530										6 520 489	2 837 266	(741 789)	8 615 966	
SE van Loggerenberg ⁶	1 587 963	90 106	113 521	615 239	149 382	7 030										2 563 241	405 607	(149 382)	2 819 466	
M Vetri	3 212 286	41 206	317 698	1 547 397	910 083	2 530										6 031 200	2 180 284	(910 083)	7 301 401	
CH Wessels ⁷	1 533 721	59 453	124 356	94 030	530 227	2 530										2 469 310	791 249	(530 227)	2 730 332	
Total prescribed officers' remuneration	21 722 016	1 084 166	2 014 247	10 212 424	5 486 498	170 533										40 814 877	15 881 078	(5 486 498)	51 209 457	

	Fees for services R	Benefits and allowances R	Total R
Non-executive directors			
S Dakile-Hlongwane	553 756	4 190	557 946
Dr CJ Fauconnier	1 124 340	30 044	1 154 384
MW Hlahla	387 528	3 931	391 459
Dr D Konar (chairman)	1 783 803		1 783 803
S Mayet ⁸	372 034	1 100	373 134
VZ Mntambo	498 967		498 967
EJ Myburgh	501 061	9 887	510 948
V Nkonyeni	532 156		532 156
Dr MF Randera	486 834	10 764	497 598
J van Rooyen	748 806		748 806
PCCH Snyders	556 462	31 286	587 748
D Zihlangu	482 848	10 963	493 811
Total non-executive director remuneration	8 028 595	102 165	8 130 760

Notes:

- (1) Includes leave days purchased as well as travel and acting allowances.
- (2) All incentive schemes are performance related and were approved by the board.
- (3) Comprise long service awards, zero-fatality and LTIFR rewards.
- (4) Includes leave encashments.
- (5) Amount recognised for share-based payment expenses, in terms of IFRS 2, in respect of the equity-settled share-based payment schemes for the services rendered during the year. The employee will only be entitled to the options once all vesting conditions have been met.
- (6) Appointed as company secretary and legal 1 October 2017. The remuneration information provided is for the full year.
- (7) Resigned on 30 September 2017.
- (8) Fees paid to employer.

Retirement amounts relate to defined contribution retirement funds.

Directors of the Board

Name	Designation	Business address
Executive Directors		
MDM Mgojo	Chief Executive Officer	Roger Dyason Road, Pretoria West
PA Koppeschaar	Finance Director	Roger Dyason Road, Pretoria West
Directors of the Board		
D Konar (Dr)	Independent non-executive (Chairman)	Roger Dyason Road, Pretoria West
CJ Fauconnier (Dr)	Independent non-executive Director	Roger Dyason Road, Pretoria West
MW Hlahla	Non-executive Director	Roger Dyason Road, Pretoria West
D Mashile-Nkosi	Non-executive Director	Roger Dyason Road, Pretoria West
S Mayet	Independent non-executive Director	Roger Dyason Road, Pretoria West
L Mbatha	Non-executive Director	Roger Dyason Road, Pretoria West
VZ Mntambo	Non-executive Director	Roger Dyason Road, Pretoria West
EJ Myburgh	Independent non-executive Director	Roger Dyason Road, Pretoria West
V Nkonyeni	Independent non-executive Director	Roger Dyason Road, Pretoria West
A Sing	Independent non-executive Director	Roger Dyason Road, Pretoria West
PCCH Snyders	Independent non-executive Director	Roger Dyason Road, Pretoria West
J van Rooyen	Independent non-executive Director	Roger Dyason Road, Pretoria West

Share Ownership of Directors and Prescribed Officers

The following sets forth, to the knowledge of Exxaro's management, the direct beneficial interests in Shares owned by the Directors, prescribed officers, and their associates as at Friday, 6 April 2018 and in respect of any Director who resigned during the 18-month period preceding Friday, 6 April 2018. To the best knowledge of Exxaro, none of the individuals hold any indirect beneficial interests.

Directors' interests

	Direct number of shares		Indirect number of shares		Percentage shareholding	
	2018	2017	2018	2017	2018	2017
Beneficial interest^{1,2}						
D Konar (Dr)	6 168	6 168	–	–	0.00%	0.00%
S Dakile-Hlongwane ³	–	–	–	188 655	0.00%	0.05%
CJ Fauconnier (Dr)	47 500	47 500	–	–	0.01%	0.01%
PA Koppeschaar	13 988	13 998	–	–	0.00%	0.00%
D Mashile-Nkosi ⁴	–	–	4 225 088	–	1.18%	–
MDM Mgojo	–	–	4 671 041	4 806 028	1.30%	1.34%
VZ Mntambo	–	–	4 448 839	4 462 866	1.24%	1.24%
J van Rooyen	–	–	1 500	1 500	0.00%	0.00%
DR Zihlangu ³	–	–	–	344 899	0.00%	0.01%
Total	67 666	67 666	13 346 468	9 803 948	3.73%	2.74%
Non-beneficial interest^{1,2}						
CJ Fauconnier	–	–	1 000	1 000	0.00%	0.00%
PA Koppeschaar	–	–	1 337	1 337	0.00%	0.00%
MDM Mgojo	–	–	18 741	18 741	0.01%	0.01%
Total	–	–	21 078	21 078	0.01%	0.01%

Notes:

- (1) No interests were held by Directors' associates.
- (2) The table captures the Directors' interests as at 31 December 2017 and the last practicable date (for 2018).
- (3) Resigned on 6 March 2018.
- (4) Appointed 6 March 2018.

Directors' interests held in Exxaro will not be impacted by the Subsequent Disposal.

Executive Directors' Contracts of Employment

The Directors' service contract and remuneration will not be varied directly as a result of any Subsequent Disposal.

Directors' Interests in Subsequent Transactions

Save for the disclosures set out above, no Directors have a material beneficial interest, whether direct or indirect, in the Subsequent Transactions. Except as has been disclosed in relation the Replacement BEE Transaction, no Directors have a material interest in a transaction that was effected by Exxaro during the current or immediately preceding financial year, nor during an earlier financial year in respect of an outstanding or unperformed interest.

10. MAJOR SHAREHOLDERS

Insofar as it is known to the Board, the following Exxaro Shareholders, other than Directors of the Board, have a direct beneficial interest of 5% or more of the Shares and hold no indirect beneficial interests in the Shares, as at the Last Practicable Date:

Exxaro Shareholder	Number of Shares held	% of Shares after implementation of the Replacement BEE Transaction¹
NewBEECo	107 612 026 ⁽²⁾	30.0% ⁽³⁾
PIC	32 020 893	8.9%
Coronation	27 656 339	7.7%
Exxaro Shareholders with >5%	167 289 258	46.6%
Exxaro Independent Shareholders	191 417 496	53.4%
Total Exxaro Shareholders	358 706 754⁽¹⁾	100.0%

Notes:

(1) Based on the total number of ordinary shares issued by Exxaro, including treasury shares of 158 218 held by Share Trust and 107 612 026 held by NewBEECo.

(2) Equates to 30% of Shares gross of treasury shares.

11. LITIGATION STATEMENT

The Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had, in the 12 months preceding the date of this Circular, a material effect on the financial position of Exxaro.

The Directors are aware of the lawsuit filed on 5 December 2017 by the U.S. Federal Trade Commission (FTC) seeking to block the Cristal Transaction. Exxaro will continue to monitor developments with this matter, which Tronox is obligated to disclose to the public by the NYSE listing rules, and communicate with shareholders accordingly.

12. OPINION AND RECOMMENDATIONS

The Directors are of the opinion that:

- the Company and the Group will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of approval of the Subsequent Disposals;
- the assets of the Company and the Group will exceed the liabilities of the Company and the Group for a period of at least 12 months after the date of approval of the Subsequent Disposals. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Group's latest audited group annual financial statements;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of at least 12 months after the date of approval of the Subsequent Disposals;

The Directors unanimously recommend that Exxaro Shareholders vote in favour of the Ordinary Resolution at the General Meeting. Each of the Directors who holds shares intends to vote his or her Shares in favour of the Ordinary Resolution at the General Meeting.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in the "Corporate Information and Advisors" section of this Circular, individually and collectively accept full responsibility for the accuracy of the information given in relation to Exxaro, and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements. The Directors are not in possession of, nor did they use any financial information in relation to Tronox in creating this Circular, other than is publicly available. Consequently, the Directors take no

responsibility in relation to the accuracy or completeness of any financial information regarding Tronox, and only accept responsibility for the accuracy of the reproduction of such information.

14. CONSENTS

The various advisors, whose names appear in the “Corporate Information and Advisors” section of this Circular have given and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this Circular.

15. CONFLICTS

JPMorgan Chase & Co. together with its affiliates and subsidiaries (collectively “J.P. Morgan”) is a full services securities firm and a commercial bank engaged in securities trading and brokerage activities as well as providing investment banking, asset management, financing and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals on a global basis.

J.P. Morgan Equities South Africa Proprietary Limited fulfils the functions of the transaction sponsor to the Company. In addition, the J.P. Morgan Group is one of many funders to the Company (less than 10% of the Company's borrowings). The J.P. Morgan Group is a full services securities firm and commercial bank and may potentially provide underwriting and/or other investment banking services to the Company in the future. It is J.P. Morgan's opinion that the performance of these functions does not represent a conflict of interest for J.P. Morgan, nor do they impair J.P. Morgan's independence from the Company or its objectivity in its professional dealings with the Company or in relation to the matters contemplated in this Circular.

J.P. Morgan recognizes its responsibility for compliance with applicable securities laws and regulations in relation to such activities and has internal policies and control procedures in place to ensure that any potential conflicts of interest between the various roles fulfilled by J.P. Morgan are carefully managed.

16. NOTICE OF GENERAL MEETING

The General Meeting will be held at the registered office of Exxaro, the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West at 10:00 on Thursday, 24 May 2018 in order for Exxaro Shareholders to consider and, if deemed fit, pass the Ordinary Resolution.

17. ACTION TO BE TAKEN BY EXXARO SHAREHOLDERS

A Form of Proxy is attached for the convenience of Certificated and own-name Dematerialised Exxaro Shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. It is requested that the Form of Proxy be lodged with or posted to the Transfer Secretaries to be received by no later than **10:00 (South African time) on Tuesday, 22 May 2018**. If the Form of Proxy is not lodged or posted to reach the Transfer Secretaries by the relevant time, Exxaro Shareholders will nevertheless be entitled to have the Form of Proxy lodged with the chairman of the General Meeting immediately prior to any matter to which the proxy relates being considered at the General Meeting.

The CSDP or broker, as the case may be, of Dematerialised Exxaro Shareholders other than those with own-name registration, should contact such Dematerialised Exxaro Shareholders to ascertain how they wish their votes to be cast at the General Meeting and thereafter cast their votes in accordance with their instructions. If such Dematerialised Exxaro Shareholders have not been contacted, it is recommended that they contact their CSDP or broker, as the case may be, to advise them as to how they wish their vote to be cast.

Dematerialised Exxaro Shareholders, other than those with own-name registration, who wish to attend the General Meeting and vote at it, must request a letter of representation from their CSDP or broker, as the case may be.

18. FEES

It is estimated that the total expenses which have been incurred by Exxaro or that are expected to be incurred by Exxaro relating to the Subsequent Disposals will amount to between approximately R1.0 and R1.5 million (excluding VAT). Payment will be made to the following parties according to the amounts indicated.

Name	Description	R'000
J.P. Morgan	Transaction Sponsor fees	100
Norton Rose Fulbright	Legal advisor fees	225
Ince	Printing, publishing and distribution expenses	400
JSE	Documentation, inspection and ruling request fees	90
PwC	Independent Reporting Accountants fees	650
Total		1 465

Except as disclosed above, there have been no preliminary expenses incurred within the preceding three years.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the office of the Exxaro Company Secretary during normal business hours at the registered office of Exxaro, at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa from the date of this Circular up to and including Wednesday, 23 May 2018:

- the Independent Reporting Accountant's report on the *pro forma* financial information as set out in "Annexure 3 — Independent Reporting Accountants' Report On the Compilation Of *Pro Forma* Financial Information";
- a copy of Exxaro's annual results for the years ended 2016 and 2015 and the published, Annual Results for the year ended 31 December 2017;
- a copy of Exxaro's BEE circular dated 23 October 2017;
- a copy of Tronox's annual results for the years ended 2017, 2016, and 2015;
- a signed copy of this Circular (available in English only);
- MOI of Exxaro and its major subsidiaries;
- a copy of the Directors' service contracts; and
- the letters of consent referred to in paragraph 14 above.

20. DOCUMENTS INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on the Company's website at <http://www.exxaro.com/> or where applicable on Tronox's website at <http://www.tronox.com/>. Such information will be available for inspection, at no charge, at the office of the Company Secretary during normal business hours at the registered office of Exxaro, at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa from the date of this Circular up to and including Wednesday, 23 May 2018:

Information incorporated by reference	Specific location on website
Exxaro's Annual Results for the year ended 31 December 2017;	http://www.exxaro.com/wp-content/uploads/2017/08/Exxaro-Hi-Res-16.59.pdf
Exxaro's annual results for the year ended 2016;	http://www.exxaro-reports.co.za/reports/ar-2016/exxaro-ir-2016/index.php
Exxaro's annual results for the year ended 2015;	http://www.exxaro.com/ar/2015/Exxaro_2015_Group_Annual_Financial_Statements.pdf
Exxaro's Replacement BEE Transaction circular dated 23 October 2017;	http://www.exxaro.com/wp-content/uploads/2012/11/Exxaro-Circular_Combined.pdf
Exxaro's MOI;	http://www.exxaro.com/index.php/investors/listing-information/
Exxaro SENS announcement of 8 March 2017, for the intention to begin a path to monetise its stake in Tronox; and	http://www.profiledata.co.za/JSE_SENS_PDF/history/2017/03/08/SENS_20170308_S382391.pdf
Disposal of a portion of Exxaro's investment in Tronox	http://www.profiledata.co.za/JSE_SENS_PDF/history/2017/10/11/SENS_20171011_S390431.pdf
Tronox's annual results for the year ended 31 December 2017, on Form 10-K.	https://www.sec.gov/Archives/edgar/data/1530804/000114036118011324/s002093x1_10k.htm
Tronox's annual results for the year ended 31 December 2016, on Form 10-K.	https://www.sec.gov/Archives/edgar/data/1530804/000114036117008936/form10k.htm
Tronox's annual results for the year ended 31 December 2015, on Form 10-K.	https://www.sec.gov/Archives/edgar/data/1530804/000114036116054747/form10k.htm
Tronox's Prospectus filed pursuant to Rule 424(b)(3) on 6 October 2017, on Form 424B3	https://www.sec.gov/Archives/edgar/data/1530804/000156761917002153/s001903x5_424b3.htm
Tronox Cristal Transaction announcement	https://www.sec.gov/Archives/edgar/data/1530804/000156761917000239/s001545x6_defa14a.htm
Tronox extension of termination date	https://www.sec.gov/Archives/edgar/data/1530804/000114036118011049/form8k.htm
Cristal purchase agreement, on Form 8-K	https://www.sec.gov/Archives/edgar/data/1530804/000156761917000222/s001545x3_8k.htm
Tronox enters into purchase agreement to sell Electrolytic operations	https://www.sec.gov/Archives/edgar/data/1530804/000114036118014485/s002146x1_8k.htm

By order of the Board

EXXARO RESOURCES LIMITED

SE van Loggerenberg

Company Secretary

Pretoria West

18 April 2018

REGISTERED OFFICES OF EXXARO

HISTORICAL FINANCIAL INFORMATION OF TRONOX

The following tables sets forth Tronox's summary consolidated data as of and for the years ended 31 December 2017, 2016 and 2015. This information was derived from Tronox's consolidated historical financial statements and related notes appearing in Tronox's Annual Reports on Form 10-K for the years ended 31 December 2017 and 2016, which are incorporated by reference into this circular. Tronox prepares financial statements in accordance with US GAAP. All information pertaining to Tronox has been derived from publicly available sources. The Directors accept responsibility for the accuracy of reproduction of such information, but not in relation to the factual accuracy of the information itself. The Directors are not in possession of any information in relation to Tronox that is not publicly available.

CONSOLIDATED BALANCE SHEETS at 31 December

	2017 Audited US\$m	2016 Audited US\$m	2015 Audited US\$m
ASSETS			
Current assets			
Cash and cash equivalents	1 116	248	229
Restricted cash	653	3	5
Accounts receivable, net of allowance for doubtful accounts	336	278	391
Inventories, net	473	499	630
Prepaid and other assets	53	28	46
Income taxes receivable	8	11	–
Total assets of discontinued operations	–	1 671	–
Total current assets	2 639	2 738	1 301
Non-current assets			
Property, plant and equipment, net	1 115	1 092	1 843
Mineral leaseholds, net	885	877	1 604
Intangible assets, net	198	223	244
Inventories, net	3	14	12
Other long-term assets	24	20	23
Total assets	4 864	4 964	5 027
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	165	136	159
Accrued liabilities	163	150	180
Short-term debt	–	150	150
Long-term debt due within one year	17	16	16
Income taxes payable	3	1	43
Total liabilities of discontinued operations	–	111	–
Total current liabilities	348	564	548
Non-current liabilities			
Long-term debt	3 130	2 888	2 910
Pension and post-retirement healthcare benefits	103	115	141
Asset retirement obligations	79	73	77
Long-term deferred tax liabilities	171	151	143
Other long-term liabilities	18	20	98
Total liabilities	3 849	3 811	3 917

	2017 Audited US\$m	2016 Audited US\$m	2015 Audited US\$m
Shareholders' Equity			
Tronox Limited Class A ordinary shares	1	1	1
Tronox Limited Class B ordinary shares	–	–	–
Capital in excess of par value	1 558	1 524	1 500
(Accumulated deficit)/retained earnings	(327)	(19)	93
Accumulated other comprehensive loss	(403)	(497)	(596)
Total Tronox Limited shareholders' equity	829	1 009	998
Non-controlling interest	186	144	112
Total equity	1 015	1 153	1 110
Total liabilities and equity	4 864	4 964	5 027

CONSOLIDATED STATEMENTS OF OPERATIONS
for the year ended 31 December

	2017 Audited US\$m	2016 Audited US\$m	2015 Audited US\$m
Net sales	1 698	1 309	1 510
Cost of goods sold	(1 310)	(1 175)	(1 491)
Gross profit	388	134	19
Selling, general and administrative expenses	(251)	(189)	(199)
Restructuring income/(expense)	1	(1)	(21)
Income/(loss) from operations	138	(56)	(201)
Interest and debt expense, net	(188)	(185)	(176)
(Loss)/gain on extinguishment of debt	(28)	4	–
Other (expense)/income, net	(9)	(27)	28
Loss before income taxes	(87)	(264)	(349)
Income tax (provision)/benefit	(6)	125	(23)
Net loss from continuing operations	(93)	(139)	(372)
(Loss)/profit from discontinued operations, net of tax	(179)	79	55
Net loss	(272)	(60)	(317)
Net income attributable to non-controlling interest	13	1	12
Net loss attributable to Tronox Limited	(285)	(61)	(329)
(Loss)/earnings per share, basic and diluted:			
Continuing operations	(0.89)	(1.20)	(3.31)
Discontinued operations	(1.50)	0.68	0.47
Loss per share, basic and diluted	(2.39)	(0.52)	(2.84)
Weighted average shares outstanding, basic and diluted (in thousands)	119 502	116 161	115 566

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
for the year ended 31 December

	2017	2016	2015
	Audited	Audited	Audited
	US\$m	US\$m	US\$m
Net loss	(272)	(60)	(317)
Other comprehensive income/(loss):			
Foreign currency translation adjustments	125	119	(292)
Pension and postretirement plans:			
– Actuarial (losses)/gains, net of taxes	(6)	(18)	12
– Amortisation of unrecognised actuarial losses, net of taxes	3	2	3
– Prior service credit (no tax impact)	–	(4)	–
– Pension and post-retirement benefit curtailments loss (no tax impact)	–	(1)	–
– Settlement gain on the Netherlands Pension Plan, (no tax impact)	–	31	–
– Impact of transfer of Alkali pension obligation upon sale (no tax impact)	5	–	–
Unrealised (losses)/gains on derivative financial instruments, (no tax impact)	(4)	3	–
Other comprehensive income/(loss)	123	132	(277)
Total comprehensive (loss)/income	(149)	72	(594)
Comprehensive income/(loss) attributable to non-controlling interest:			
Net income	13	1	12
Foreign currency translation adjustments	29	31	(77)
Comprehensive income/(loss) attributable to non-controlling interest	42	32	(65)
Comprehensive (loss)/income attributable to Tronox Limited	(191)	40	(529)

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 31 December

	2017	2016	2015
	Audited	Audited	Audited
	US\$m	US\$m	US\$m
Cash Flows from Operating Activities:			
Net loss	(272)	(60)	(317)
Loss from discontinued operations, net of tax	179	(79)	(55)
Net loss from continuing operations	(93)	(139)	(372)
Adjustments to reconcile net loss to net cash provided by operating activities:			
– Depreciation, depletion and amortisation	182	177	253
– Corporate reorganisation	–	(107)	–
– Deferred income taxes	2	(9)	(1)
– Share-based compensation expense	31	24	22
– Amortisation of deferred debt issuance costs and discount on debt	15	11	11
– Pension and post-retirement healthcare benefit expense	3	2	1
– Loss/(gain) on extinguishment of debt	28	(4)	–
Other, net	37	50	(3)
Contributions to employee pension and post-retirement plans	(23)	(19)	(15)
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(50)	(21)	10
Decrease in inventories	60	107	154
(Increase)/decrease in prepaid and other assets	(28)	(5)	3
Increase in accounts payable and accrued liabilities	1	17	–
Increase in taxes payable	1	2	4
Cash provided by operating activities	166	86	67
Cash Flows from Investing Activities:			
Capital expenditures	(91)	(86)	(165)
Debt proceeds restricted for Cristal acquisition	(651)	–	–
Proceeds from the sale of business	1 325	–	–
Proceeds from the sale of assets	–	2	1
Acquisition of business	–	–	(1 650)
Cash provided by/(used in) investing activities	583	(84)	(1 814)
Cash Flows from Financing Activities:			
Repayments of long-term debt	(2 342)	(31)	(18)
Repayments of short-term debt	(150)	–	–
Proceeds from long-term debt	2 589	–	750
Debt issuance costs	(37)	–	(15)
Call premium paid	(14)	–	–
Dividends paid	(23)	(46)	(117)
Restricted stock and performance-based shares settled in cash for taxes	(12)	(1)	(1)
Proceeds from the exercise of warrants and options	13	–	3
Cash provided by/(used in) financing activities	24	(78)	602
Discontinued operations:			
Cash provided by operating activities	107	126	150
Cash used in investing activities	(25)	(33)	(26)
Net cash flows provided by discontinued operations	82	93	124
Effects of exchange rate changes on cash and cash equivalents	13	2	(26)
Net increase/(decrease) in cash and cash equivalents	868	19	(1 047)
Cash and cash equivalents at beginning of period	248	229	1 276
Cash and cash equivalents at end of period	1 116	248	229

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Tronox Limited Class A Ordinary Shares US\$m	Tronox Limited Class B Ordinary Shares US\$m	Capital in Excess of par Value US\$m	(Accumulated Retained Earnings Deficit) US\$m	Accumulated Other Comprehensive Loss US\$m	Shareholders' Equity US\$m	Non-controlling Interest US\$m	Total Equity US\$m
Balance at 1 January 2015	1	-	1 476	536	(398)	1 615	177	1 792
Net (loss)/income	-	-	-	(329)	-	(329)	12	(317)
Other comprehensive loss	-	-	-	-	(200)	(200)	(77)	(277)
Shares-based compensation	-	-	21	-	-	21	-	21
Class A and Class B share dividends	-	-	-	(118)	-	(118)	-	(118)
Warrants and options exercised	-	-	3	-	-	3	-	3
Balance at 31 December 2015	1	-	1 500	89	(598)	992	112	1 104
Net (loss)/income	-	-	-	(61)	-	(61)	1	(60)
Other comprehensive income	-	-	-	-	101	101	31	132
Shares-based compensation	-	-	25	-	-	25	-	25
Class A and Class B share dividends	-	-	-	(47)	-	(47)	-	(47)
Shares cancelled	-	-	(1)	-	-	(1)	-	(1)
Balance at 31 December 2016	1	-	1 524	(19)	(497)	1 009	144	1 153
Net (loss)/income	-	-	-	(285)	-	(285)	13	(272)
Other comprehensive income	-	-	-	-	94	94	29	123
Shares-based compensation	-	-	33	-	-	33	-	33
Class A and Class B share dividends	-	-	-	(23)	-	(23)	-	(23)
Warrants and options exercised	-	-	13	-	-	13	-	13
Shares cancelled	-	-	(12)	-	-	(12)	-	(12)
Balance at 31 December 2017	1	-	1 558	(327)	(403)	829	186	1 015

A reconciliation from US GAAP to IFRS for the years ended 31 December 2016 and 2015 has not been provided as Exxaro publishes Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position as part of the note disclosures within the Group Annual Financial Statements.

A reconciliation from US GAAP to IFRS for the year ended 31 December 2017 has been included as part of the *Pro Forma* Financial Information presented in Annexure 2 to this circular.

Below is an extract of the Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position for the years ended 31 December 2016 and 2015, prepared in accordance with IFRS and adjusted to reflect adjustments made by Exxaro when applying the equity method, from Exxaro's Group Annual Financial Statements for the years ended 31 December 2016 and 2015.

	2016 Audited R'm	2015 Audited R'm
Statements of Comprehensive Income		
Revenue	40 268	27 071
Operating expenses	(39 726)	(29 007)
Net operating profit/(loss)	542	(1 936)
Finance income	51	90
Finance costs	(3 633)	(2 317)
Income from investments	1	–
Loss before tax	(3 039)	(4 163)
Income tax benefit	2 154	551
Loss for the year	(885)	(3 612)
Other comprehensive income	194	1 754
Total comprehensive loss for the year	(691)	(1 858)

	2016 Audited R'm	2015 Audited R'm
Statements of Financial Position		
Non-current assets	55 999	63 877
Current assets	14 857	17 207
Total assets	70 856	81 084
Equity and liabilities		
Total equity	16 639	18 268
Equity attributable to owners of the parent	14 687	16 519
Non-controlling interests	1 952	1 749
Non-current liabilities	46 863	54 255
Current liabilities	7 354	8 561
Total equity and liabilities	70 856	81 084

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information of Exxaro included below, comprising the *pro forma* Condensed Consolidated Statement of Comprehensive Income, the *pro forma* Condensed Consolidated Statement of Financial Position and *pro forma* Reconciliation of Group Headline Earnings, is based on the Reviewed Condensed Consolidated Annual Financial Statements of Exxaro for the year ended 31 December 2017 after adjusting for the Special Dividend (the “*Pro Forma* Financial Information”).

The *Pro Forma* Financial Information has been prepared to illustrate the impact of the Subsequent Disposal of Tronox on the Reviewed Condensed Consolidated Annual Financial Statements of Exxaro for the year ended 31 December 2017 after adjusting for the Special Dividend, had the Subsequent Disposals occurred on 1 January 2017 for purposes of the Condensed Consolidated Statement of Comprehensive Income as well as the Reconciliation of Group Headline Earnings and on 31 December 2017 for purposes of the Condensed Consolidated Statement of Financial Position.

The *Pro Forma* Financial Information is the responsibility of the Directors and was prepared for illustrative purposes only and may not, because of its nature, fairly present Exxaro’s financial position, changes in equity and results of operations or cash flows after the Subsequent Disposals. It does not purport to be indicative of what the Reviewed Condensed Consolidated Financial results would have been, had the *Pro Forma* Financial Adjustments been implemented on a different date.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Before ⁽¹⁾ 31 December 2017 Rm	Special Dividend Rm	Pro Forma After Special Dividend Rm	Reversal of equity accounting Rm	Subsequent Disposals Rm	Transaction costs Rm	31 December 2017 Rm	Pro Forma After 31 December 2017 Rm
Revenue	22 813	–	22 813	–	–	–	22 813	22 813
Operating expenses	(17 593)	–	(17 593)	–	–	(1) ⁽¹²⁾	(17 594)	(17 594)
Operating profit/(loss)	5 220	–	5 220	–	–	(1)	5 219	5 219
BEE creditentials	(4 245)	–	(4 245)	–	–	–	(4 245)	(4 245)
Net operating profit/(loss)	975	–	975	–	–	(1)	974	974
Finance income	217	(107) ⁽²⁾	110	–	434 ⁽⁸⁾	–	544	544
Finance costs	(828)	6 ⁽³⁾	(822)	–	–	–	(822)	(822)
Income from financial assets	2	–	2	–	–	–	2	2
Share of income of equity-accounted investments	3 952	–	3 952	–	–	–	3 952	3 952
Profit/(loss) before tax	4 318	(101)	4 217	–	434	(1)	4 650	4 650
Income tax (expense)/benefit	(1 542)	30 ⁽⁴⁾	(1 512)	–	(121) ⁽⁹⁾	–	(1 633)	(1 633)
Profit/(loss) for the year from continuing operations	2 776	(71)	2 705	–	313	(1)	3 017	3 017
Profit for the year from discontinued operations	3 256	–	3 256	1 027 ⁽⁵⁾	4 038 ⁽¹⁰⁾	–	8 321	8 321
Profit/(loss) for the year	6 032	(71)	5 961	1 027	4 351	(1)	11 338	11 338
Other comprehensive loss, net of tax	(1 352)	–	(1 352)	(89)	(1 707)	–	(3 148)	(3 148)
<i>Items that will not be reclassified to profit or loss:</i>	13	–	13	(134)	–	–	(121)	(121)
– Remeasurement of post-employment benefit obligation	(29)	–	(29)	–	–	–	(29)	(29)
– Share of comprehensive income/(loss) of equity-accounted investments	42	–	42	(134) ⁽⁶⁾	–	–	(92)	(92)
<i>Items that may be subsequently reclassified to profit or loss:</i>	(92)	–	(92)	45	–	–	(47)	(47)
– Unrealised losses on translation of foreign operations	(62)	–	(62)	–	–	–	(62)	(62)
– Revaluation of financial assets available-for-sale	(14)	–	(14)	–	–	–	(14)	(14)
– Share of comprehensive (loss)/income of equity-accounted investments	(16)	–	(16)	45 ⁽⁷⁾	–	–	29	29
<i>Items that have subsequently been reclassified to profit or loss:</i>	(1 273)	–	(1 273)	–	(1 707)	–	(2 980)	(2 980)
– Losses on translation of foreign operations	58	–	58	–	–	–	58	58
– Share of comprehensive loss of equity-accounted investments	(1 331)	–	(1 331)	–	(1 707) ⁽¹¹⁾	–	(3 038)	(3 038)
Total comprehensive income/(loss) for the year	4 680	(71)	4 609	938	2 644	(1)	8 190	8 190

	Before ⁽¹⁾ 31 December 2017 Rm	Special Dividend Rm	Pro Forma After Special Dividend Rm	Reversal of equity accounting Rm	Subsequent Disposals Rm	Transaction costs Rm	Pro Forma After 31 December 2017 Rm
Profit/(loss) attributable to:							
Owners of the parent	5 982	(71)	5 911	1 027	4 351	(1)	11 288
– Continuing operations	2 726	(71)	2 655	–	313	(1)	2 967
– Discontinued operations	3 256	–	3 256	1 027	4 038	–	8 321
Non-controlling interests	50	–	50	–	–	–	50
– Continuing operations	50	–	50	–	–	–	50
Profit/(loss) for the year	6 032	(71)	5 961	1 027	4 351	(1)	11 338
Total comprehensive income/(loss) attributable to:							
Owners of the parent	4 630	(71)	4 559	938	2 644	(1)	8 140
– Continuing operations	2 545	(71)	2 474	–	313	(1)	2 786
– Discontinued operations	2 085	–	2 085	938	2 331	–	5 354
Non-controlling interests	50	–	50	–	–	–	50
– Continuing operations	50	–	50	–	–	–	50
Total comprehensive income/(loss) for the year	4 680	(71)	4 609	938	2 644	(1)	8 190
Attributable earnings per share (cents)							
Aggregate							
– Basic	1 923	–	1 901	–	–	–	3 630
– Diluted	1 724	–	1 703	–	–	–	3 253
Continuing operations							
– Basic	876	–	854	–	–	–	954
– Diluted	786	–	765	–	–	–	855
Discontinued operations							
– Basic	1 047	–	1 047	–	–	–	2 676
– Diluted	938	–	938	–	–	–	2 398
Ordinary shares (million)							
Weighted average number of shares	311	–	311	–	–	–	311
Diluted weighted average number of shares	347	–	347	–	–	–	347

Notes and assumptions

1. Extracted from Exxaro's Reviewed Condensed Consolidated Annual Financial Statements for the year ended 31 December 2017.

Special Dividend

2. Exxaro declared a Special Dividend amounting to R12.55 per share, totalling R4 500 million, from the proceeds received on the First Disposal. This amount excludes the special dividend paid in relation to the treasury shares held by Share Trust amounting to R2 million. The *Pro Forma* adjustment reflects interest income assumed to be forgone on the proceeds received from the First Disposal which was utilised to pay the Special Dividend. The interest income forgone has been calculated from 10 October 2017, being the date the proceeds from the First Disposal were received, to 31 December 2017 at an average deposit interest rate of 7.29%. The interest income will have a continuing effect on the Consolidated Statement of Comprehensive Income.
3. Adjustment for interest expense/finance cost assumed not to have been incurred on the preference share liability which was settled by means of the Special Dividend received by NewBEECo. The interest expense/finance cost was based on the settlement amount of R1 351 million for a period from 11 December 2017, being the date on which the preference share liability was recognised, to 31 December 2017 (20 days) at an interest rate of 8.6%. The interest expense will have a continuing effect on the Consolidated Statement of Comprehensive Income.
4. The tax charge represents income tax on the finance income adjustment referred to in note 2 above. This will not have a continuing effect on the Consolidated Statement of Comprehensive Income.

Reversal of equity accounting (in relation to the Subsequent Disposal)

5. Reversal of Exxaro's share of the equity-accounted loss, amounting to R1 027 million, recognised for the year ended 31 December 2017 in relation to the remaining Tronox Investment which was presented as part of the profit for the year from discontinued operations.
6. Reversal of Exxaro's share of Tronox's remeasurements of post-employment benefit obligations, amounting to R22 million, and share-based payment reserve movements, amounting to R112 million, included in other comprehensive income of Exxaro for the year ended 31 December 2017.
7. Reversal of Exxaro's share of Tronox's unrealised losses on translation of foreign operations and financial instrument revaluations, amounting to R34 million and R11 million respectively, included in other comprehensive income of Exxaro for the year ended 31 December 2017.

Subsequent Disposal

8. The proceeds on the Subsequent Disposal was calculated based on the disposal of 28 729 280 Tronox Shares at an assumed Tronox Share price of US\$16.57 per share, being a 5% discount to the Tronox Share price at the Last Practicable Date, net of assumed transaction costs estimated at 4% translated at an exchange rate of R12.03. It is assumed that the proceeds on the Subsequent Disposal of R5 727 million will be placed on call, realising net interest at Exxaro's twelve-month average deposit interest rate of 7.57%. From the date a decision is reached on the alternate application of the funds, Exxaro may no longer earn interest on these funds.
9. The tax charge represents income tax on the finance income adjustment referred to in note 8 above.
10. Adjustment to profit for the year from discontinued operations comprises the following:

	Before 31 December 2017 Rm	Reversal of equity accounting Rm	Subsequent Disposal Rm	<i>Pro Forma</i> After 31 December 2017 Rm
Losses on financial instruments revaluations recycled to profit or loss	(1)	–	(1) ⁽¹⁾	(2)
Gains on translation differences recycled to profit or loss on partial disposal of investment in foreign associate	1 332	–	1 708 ⁽²⁾	3 040
Other operating expenses	(106)	–	–	(106)
Operating income	1 225	–	1 707	2 932
Gain on partial disposal of associate	3 860	–	2 331 ⁽³⁾	6 191
Net operating profit	5 085	–	4 038	9 123
Share of loss of equity-accounted investment	(1 829)	1 027	–	(802)
Profit before tax	3 256	1 027	4 038	8 321
Income tax expense	–	–	– ⁽⁴⁾	–
Profit for the year from discontinued operations	3 256	1 027	4 038	8 321

(1) The adjustment of R1 million is based on Exxaro's share of Tronox's financial instrument revaluation reserve as at 30 September 2017, date the application of the equity method ceased. The release of the loss from the financial instruments revaluation reserve to profit or loss will not have a continuing effect on the Consolidated Statement of Comprehensive Income.

(2) The adjustment of R1 708 million is based on Exxaro's share of Tronox's foreign currency translation reserve as at 30 September 2017, date the application of the equity method ceased. The gain on translation differences released to profit or loss will not have a continuing effect on the Consolidated Statement of Comprehensive Income.

(3) The gain on disposal is the net of R5 727 million proceeds on disposal and R3 396 million carrying value. The proceeds on disposal was calculated based on the disposal of 28 729 280 Tronox Shares at an assumed Tronox Share price of US\$16.57 per share, being a 5% discount to the Tronox Share price at the Last Practicable Date, net of assumed transaction costs estimated at 4% translated at an exchange rate of R12.03. The carrying value on disposal is based on the carrying value of the remaining Tronox investment as at 31 December 2017. The gain on Subsequent Disposal will not have a continuing effect on the Consolidated Statement of Comprehensive Income.

(4) The tax charge amounts to nil as the Subsequent Disposal results in a capital loss for Exxaro company.

11. The adjustment of R1 707 million comprises the recycling to profit or loss of Exxaro's share of Tronox's foreign currency translation reserve, amounting to a gain of R1 708 million, and Exxaro's share of Tronox's financial instrument revaluation reserve, amounting to a loss of R1 million, which previously formed part of other comprehensive income.

Transaction costs

12. Transaction costs of R1 million incurred by Exxaro are charged to income as incurred and have no continuing effect on the Condensed Statement of Comprehensive Income. These costs are not deductible for tax purposes.
13. All *pro forma* effects have a continuing impact unless where otherwise stated above.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Before ⁽¹⁾ 31 December 2017	Special dividend	After Pro Forma Special Dividend	Subsequent Disposal	Transaction costs ⁽⁹⁾	Pro Forma After 31 December 2017
	Rm	Rm	Rm	Rm	Rm	Rm
ASSETS						
Non-current assets	47 706	–	47 706	–	–	47 706
Property, plant and equipment	24 362	–	24 362	–	–	24 362
Biological assets	34	–	34	–	–	34
Intangible assets	17	–	17	–	–	17
Investments in associates	15 810	–	15 810	–	–	15 810
Investments in joint ventures	1 479	–	1 479	–	–	1 479
Financial assets	5 433	–	5 433	–	–	5 433
Deferred tax	571	–	571	–	–	571
Current assets	10 936	(4 500)	6 436	5 727	(1)	12 162
Inventories	1 055	–	1 055	–	–	1 055
Financial assets	48	–	48	–	–	48
Trade and other receivables	3 199	–	3 199	–	–	3 199
Current tax receivable	28	–	28	–	–	28
Cash and cash equivalents	6 606	(4 500) ⁽²⁾	2 106	5 727 ⁽⁵⁾	(1)	7 832
Non-current assets held-for-sale	3 910	–	3 910	(3 396) ⁽⁶⁾	–	514
Total assets	62 552	(4 500)	58 052	2 331	(1)	60 382
EQUITY AND LIABILITIES						
Capital and other components of equity						
Share capital	1 021	–	1 021	–	–	1 021
Other components of equity	8 120	–	8 120	(1 955) ⁽⁷⁾	–	6 165
Retained earnings	30 962	(3 149) ⁽³⁾	27 813	4 286 ⁽⁸⁾	(1)	32 098
Equity attributable to owners of the parent	40 103	(3 149)	36 954	2 331	(1)	39 284
Non-controlling interests	(738)	–	(738)	–	–	(738)
Total equity	39 365	(3 149)	36 216	2 331	(1)	38 546

	Before⁽¹⁾ 31 December 2017	Special dividend	After Pro Forma Special Dividend	Subsequent Disposal	Transaction costs⁽⁹⁾	Pro Forma After 31 December 2017
	Rm	Rm	Rm	Rm	Rm	Rm
Non-current liabilities	17 409	(1 351)	16 058			16 058
Interest-bearing borrowings	6 480	(1 351) ⁽⁴⁾	5 129	-	-	5 129
Provisions	3 864	-	3 864	-	-	3 864
Post-retirement employee obligations	227	-	227	-	-	227
Financial liabilities	850	-	850	-	-	850
Deferred tax	5 988	-	5 988	-	-	5 988
Current liabilities	4 127	-	4 127	-	-	4 127
Trade and other payables	3 237	-	3 237	-	-	3 237
Interest-bearing borrowings	2	-	2	-	-	2
Current tax payable	368	-	368	-	-	368
Financial liabilities	371	-	371	-	-	371
Provisions	95	-	95	-	-	95
Overdraft	54	-	54	-	-	54
Non-current liabilities held-for-sale	1 651	-	1 651	-	-	1 651
Total liabilities	23 187	(1 351)	21 836	-	-	21 836
Total equity and liabilities	62 552	(4 500)	58 052	2 331	(1)	60 382
Number of shares in issue, net of treasury shares (millions)	251	-	251	-	-	251
Net asset value per share (Rand) ⁽¹⁰⁾	160	-	147	-	-	157
Tangible net asset value per share (Rand) ⁽¹¹⁾	157	-	145	-	-	154

Notes and assumptions

1. Extracted from Exxaro's Reviewed Condensed Consolidated Annual Financial Statements for the year ended 31 December 2017.

Special Dividend

2. Represents the Special Dividend paid to shareholders of R12.55 per share, totalling R4 500 million, from the proceeds received on the First Disposal. This amount excludes the special dividend paid in relation to the treasury shares held by Share Trust amounting to R2 million. The Special Dividend paid was calculated based on a Special Dividend declared of R12.55 per share for a total number of issued ordinary shares net of treasury shares, amounting to 250 936 510 issued ordinary shares and R12.55 per share for the treasury shares, amounting to 107 612 026 issued ordinary shares, received by NewBEECo.
3. Adjustment to retained earnings comprises the Special Dividend paid which was calculated based on a Special Dividend declared of R12.55 per share for a total number of issued ordinary shares net of treasury shares, amounting to 250 936 510 issued ordinary shares.
4. Adjustment to interest-bearing borrowings comprises the portion of the preference share liability being settled which was calculated based on the Special Dividend declared of R12.55 per share for the treasury shares, amounting to 107 612 026 issued ordinary shares, received by NewBEECo which will be utilised to settle the preference share liability.

Subsequent Disposal

5. Represents cash received from the Subsequent Disposal amounting to R5 727 million. The proceeds on disposal was calculated based on the disposal of 28 729 280 Tronox Shares at an assumed Tronox Share price of US\$16.57 per share, being a 5% discount to the Tronox Share price at the latest practical date, net of assumed transaction costs estimated at 4% translated at an exchange rate of R12.03.
6. An amount of R3 396 million was derecognised from non-current asset held-for-sale for the carrying value relating to the Subsequent Disposal of Tronox Shares. The amount is based on the portion of the carrying value of the remaining Tronox investment as at 31 December 2017 which is being disposed of under the Subsequent Disposal.
7. Adjustments to other components of equity comprise:
 - a gain on Exxaro's share of Tronox's translation differences being released to profit or loss amounting to R1 708 million;
 - the release of a loss from Exxaro's share of Tronox's financial instruments revaluation reserve to profit or loss amounting to R1 million; and
 - Exxaro's share of Tronox's net reclassification within equity from retirement benefit obligation reserve amounting to R118 million (debit) and equity-settled reserve amounting to R366 million (credit) to retained earnings as a result of the divestment from Tronox.
8. The adjustment to retained earnings comprises the release of the adjustments from other components of equity discussed above and the gain on disposal. The gain on disposal is the net of R5 727 million proceeds on disposal, net of assumed transaction costs and R3 396 million carrying value. The carrying value on disposal is based on the carrying value of the Remaining Tronox Investment as at 31 December 2017.

Transaction costs

9. Transaction costs of R1 million represents costs incurred by Exxaro in relation to the transaction and has no continuing effect on the Condensed Statement of Financial Position.

Financial measures

10. Net asset value per share is computed by dividing total equity attributable to owners of the parent of the Group by the total number of Shares in issue, net of treasury shares.
11. Tangible net asset value per share is equal to the total equity attributable to owners of the parent of the Group less the sum of intangible assets, goodwill and deferred tax asset divided by the total number of Shares in issue, net of treasury shares.

PRO FORMA RECONCILIATION OF GROUP HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE

	Before Pro Forma Financial Adjustments ⁽¹⁾	Special Dividend	After Pro Forma Special Dividend	Reversal of equity accounting	Subsequent Disposal	Transaction costs	After Pro Forma Financial Adjustments ⁽²⁾
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Profit attributable to owners of the parent	5 982	(71)	5 911	1 027	4 351	(1)	11 288
Adjusted for:	(4 422)	-	(4 422)	(714)	(4 039)	-	(9 175)
- IAS 16 Compensation from third parties for items of property, plant and equipment impaired, abandoned or lost	(2)	-	(2)	-	-	-	(2)
- IAS 16 Net losses on disposal of property, plant and equipment	43	-	43	-	-	-	43
- IAS 21 Net gains on translation differences recycled to profit or loss on the liquidation of a foreign subsidiary and partial disposal of investment in foreign associate	(1 274)	-	(1 274)	-	(1 708)	-	(2 982)
- IAS 28 Loss on dilution of investment in associate	106	-	106	-	-	-	106
- IAS 28 Share of equity-accounted investments' impairment reversal of property, plant and equipment	(716)	-	(716)	-	-	-	(716)
- IAS 28 Share of equity-accounted investment's loss on disposal of a subsidiary	1 271	-	1 271	(714)	-	-	557
- IAS 28 Share of equity-accounted investments' separate identifiable remeasurements	10	-	10	-	-	-	10
- IAS 28 Gain on partial disposal of investment in associate	(3 860)	-	(3 860)	-	(2 331)	-	(6 191)

	Before Pro Forma Financial Adjustments ⁽¹⁾	Special Dividend	After Pro Forma Special Dividend	Reversal of equity accounting	Subsequent Disposal	Transaction costs	After Pro Forma Financial Adjustments ⁽²⁾
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Headline earnings/(loss)	1 560	(71)	1 489	313	312	(1)	2 113
– Continuing operations	2 120	(71)	2 049	–	313	(1)	2 361
– Discontinued operations	(560)	–	(560)	313	(1)	–	(248)
Headline earnings/(loss) per share (cents)							
Aggregate							
– Basic	502	–	479	–	–	–	679
– Diluted	450	–	429	–	–	–	609
Continuing operations							
– Basic	682	–	659	–	–	–	759
– Diluted	611	–	590	–	–	–	680
Discontinued operations							
– Basic	(180)	–	(180)	–	–	–	(80)
– Diluted	(161)	–	(161)	–	–	–	(71)

Notes and assumptions

1. Extracted from Exxaro's reviewed condensed consolidated annual financial statements for the year ended 31 December 2017.
2. Assumed that the Pro Forma Financial Adjustments occurred on 1 January 2017 for purposes of the Reconciliation of Group Headline Earnings and Headline earnings per share.

RECONCILIATION FROM US GAAP TO IFRS

A reconciliation from US GAAP to IFRS of the Statement of Financial Position as at 31 December 2017 and the Statement of Operations for the year ended 31 December 2017 for Tronox has been provided as Exxaro will not publish a Summarised Statement of Comprehensive Income and Summarised Statement of Financial Position for the year ended 31 December 2017. Exxaro is exempt from this disclosure requirement in terms of *IFRS 12 Disclosures of Interests in Other Entities* as the Tronox investment was classified as a non-current asset held-for-sale on 30 September 2017.

Refer below for the reconciliation from US GAAP to IFRS of the Tronox Statement of Financial Position as at 31 December 2017:

	US GAAP US\$m	IFRS adjustments US\$m	IFRS US\$m	IFRS Rm
Current assets				
Cash and cash equivalents	1 116	–	1 116	13 813
Restricted cash	653	–	653	8 082
Trade and other receivables, net	395	4 ⁽¹⁾	399	4 932
Inventories, net	473	13 ⁽²⁾	486	6 012
Other current assets	2	–	2	20
Total current assets	2 639	17	2 656	32 859
Non-current assets				
Property, plant and equipment, net	1 115	15 ⁽³⁾	1 130	13 978
Mineral leaseholds, net	885	439 ⁽⁴⁾	1 324	16 378
Intangible assets, net	198	(178) ⁽⁵⁾	20	253
Inventories, net	3	–	3	37
Financial assets	13	–	13	167
Other non-current assets	11	(2) ⁽⁶⁾	9	112
Total non-current assets	2 225	274	2 499	30 925
Total assets	4 864	291	5 155	63 784
Current liabilities				
Trade and other payables	283	–	283	3 513
Derivative financial instruments	1	7 ⁽⁷⁾	8	100
Current tax liabilities	3	–	3	42
Non-current borrowings due within one year	17	–	17	208
Current provisions	43	–	43	533
Total current liabilities	347	7	354	4 396
Non-current liabilities				
Borrowings, net	3 130	–	3 130	38 724
Deferred tax liabilities	171	5 ⁽⁸⁾	176	2 171
Retirement benefit obligations	103	(1) ⁽⁹⁾	102	1 265
Decommissioning liabilities	79	51 ⁽¹⁰⁾	130	1 606
Non-current provisions	12	–	12	146
Other non-current liabilities	6	–	6	80
Total non-current liabilities	3 501	55	3 556	43 992
Total liabilities	3 848	62	3 910	48 388
Net assets	1 016	229	1 245	15 396
Equity				
Share capital	1 560	1 036 ⁽¹¹⁾	2 596	22 801
Reserves	(403)	94 ⁽¹²⁾	(309)	(5 532)
Accumulated losses	(327)	(900)	(1 227)	15 234
Total shareholders' equity	830	230	1 060	13 099
Non-controlling interest	186	(1)	185	2 297
Total equity	1 016	229	1 245	15 396

Notes

Assets and liabilities were translated at a closing spot rate of R12.37 as at 31 December 2017 and equity reserves were translated at the effective historical exchange rates.

1. In terms of IFRS, overburden costs which qualify as an asset are deferred and amortised to profit or loss as the underlying ore is mined. The overburden asset is classified as a prepayment as the ore is mined in less than one year after the incurrence of the costs. In terms of US GAAP, overburden costs are recognised immediately in profit or loss as part of production costs.
2. In terms of IFRS, inventory was adjusted for a portion of the additional depreciation recognised on the Tiwest joint venture (Tiwest JV) which relates to inventory not yet sold as well as net realisable value (NRV) adjustments arising on the variance between the IFRS inventory values and estimated selling prices less costs. Refer note 4 below.
3. The adjustment includes the capitalisation of overburden costs which are expensed under US GAAP and an impairment charge recognised under IFRS for the 2017 financial year.
4. In terms of US GAAP, the step-up of the assets was limited to the 50% of the Tiwest JV acquired from Exxaro as part of the transaction which closed in June 2012. The 50% of Tronox's originally owned Tiwest JV was not stepped-up. However, in terms of IFRS, both pieces were stepped-up in accordance with *IFRS 3 Business Combinations*.
5. In terms of US GAAP, a fresh start intangible asset was recorded by Tronox upon emergence from bankruptcy. In terms of IFRS, the intangible asset did not meet the recognition criteria of *IAS 38 Intangible Assets* and as a result were not recognised.
6. This relates to differences in presentation of debt issuance costs related to credit facilities. Under IFRS, when the revolver is drawn on, a pro rata share of the related debt issuance costs are reclassified from other non-current asset to non-current borrowings resulting in a lower debt issuance costs in other non-current assets under IFRS. There is no adjustment to non-current borrowings as the extinguishment of debt which arose due to the refinancing resulted in the remaining unamortised debt issuance costs being written off to profit or loss.
7. In terms of US GAAP, the share warrants are accounted for as equity instruments and changes in fair value are not recognised. However, in terms of IFRS, the share warrants are classified as derivative liabilities and initially recognised at fair value and subsequently are remeasured to fair value at each reporting period with the changes recognised in profit or loss.
8. This reflects the tax effect of the differences between IFRS and US GAAP book income as well as the deferred tax accounting differences between IFRS and US GAAP, which is primarily related to the South African operations.
9. In terms of IFRS, the retirement benefit obligation is calculated based on the expected retirement age. However, in terms of US GAAP, the retirement benefit obligation is calculated based on the earliest permissible retirement age. As a result of the South African post-retirement medical plan permitting early retirement the US GAAP retirement benefit obligation is calculated on a shorter retirement age.
10. This reflects the IFRS adjustments for the rehabilitation liability assessment which arose because of the differences between US GAAP and IFRS in calculating the undiscounted cash flows as well as the applicable discount rate and producer price index rate.
11. During the adoption of IFRS, Tronox was emerging from Bankruptcy. There were differences which arose between US GAAP and IFRS as a result of the fresh start adjustments made for US GAAP. In addition, there were differences in the accounting for a reorganisation, share warrants and share-based payment reserves between US GAAP and IFRS.
12. Primarily relates to actuarial losses recognised on pension schemes which are reclassified at the end of each year in terms of IFRS.

Refer below for the reconciliation from US GAAP to IFRS of the Tronox Statement of Operations for the year ended 31 December 2017:

	US GAAP US\$m	IFRS adjustments US\$m	IFRS US\$m	IFRS Rm
Net revenues	1 698	–	1 698	22 349
Cost of goods sold	(1 305)	(33) ⁽¹⁾	(1 338)	(17 608)
Gross profit	393	(33)	360	4 741
Selling, general and administrative expenses	(251)	15 ⁽²⁾	(236)	(3 107)
Restructuring income	1	–	1	14
Impairment losses	–	(19) ⁽³⁾	(19)	(252)
Other operating expense, net	(20)	(39) ⁽⁴⁾	(59)	(780)
Income from operations	123	(76)	47	616
Interest and debt expense, net	(193)	1 ⁽⁵⁾	(192)	(2 529)
Gain on extinguishment of debt	(28)	(1) ⁽⁶⁾	(29)	(392)
Other non-operating income, net	(11)	–	(11)	(150)
Loss from continuing operations before income taxes	(87)	(76)	(163)	(2 155)
Income tax (expense) / benefit	(6)	10 ⁽⁷⁾	4	63
Net loss from continuing operations	(93)	(66)	(159)	(2 092)
Net loss from discontinued operations, net of tax	(179)	7⁽⁸⁾	(172)	(2 309)
Net loss	(272)	(59)	(331)	(4 401)

Notes

Profit or loss items were translated at the average achieved exchange rate of R13.16.

1. Comprises IFRS adjustments for the following items:
 - IAS 2 *Inventories*: additional depreciation recognised on the Tiwest JV which was capitalised to inventory sold during the period as well as NRV adjustments arising on the variance between the IFRS inventory values and estimated selling prices less costs, increased losses amounting to US\$16 million;
 - IAS 16 *Property, Plant and Equipment*: additional depreciation recognised on the step-up value of the Tiwest JV assets, increased losses amounting to US\$19 million;
 - IFRS 2 *Share-Based Payment*: treatment of the vesting period over which the share-based payment expense is recognised varies, decreased losses amounting to US\$1 million; and
 - IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*: capitalisation of overburden costs compared to overburden costs being expensed under US GAAP, decreased losses amounting to US\$1 million.
2. Comprises IFRS adjustments for the following items:
 - IAS 38 *Intangible Assets*: reversal of amortisation charges, reduced losses amounting to US\$22 million, recognised on the intangible assets which did not meet the recognition criteria in terms of IFRS; and
 - IAS 19 *Employee Benefits*: requirement to limit the return on plan assets which is not required under US GAAP, increased losses amounting to US\$7 million.
3. IAS 36 *Impairment of Assets*: this reflects the IFRS adjustment for the impairment charge of the Electrolytic business. Tronox concluded that an indication of impairment existed at 31 December 2017 for this cash generating unit. Tronox performed an impairment assessment under IFRS using a discounted cash flow method, specifically the value in use approach. Under US GAAP, the existence of an indication of impairment requires a recoverability test, which compares the undiscounted cash flows of the asset group to the carrying amounts of the asset group. When Tronox performed this test under US GAAP there was no impairment.

4. Comprises IFRS adjustments for the following items:
 - IAS 21 *The Effects of Changes in Foreign Exchange Rates*: translation differences arising on the IFRS adjustments, increased losses amounting to US\$4 million; and
 - IAS 39 *Financial Instruments: Recognition and Measurement*: treatment of shares warrants as a financial liability compared to equity under US GAAP, increased losses amounting to US\$35 million.
5. IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: this reflects the IFRS adjustments for the rehabilitation liability because of the differences between US GAAP and IFRS requirements with respect to the discount rate used in calculating the fair value of the liability and the related accretion expense as well as the differences in the methodology used in subsequent measurement of the liability.
6. IAS 39 *Financial Instruments: Recognition and Measurement*: this relates to differences in presentation of debt issuance costs related to credit facilities. Under IFRS, when the revolver is drawn on, a pro rata share of the related debt issuance costs are reclassified from other non-current assets to non-current borrowings. When the related principal is extinguished, the remaining unamortised debt issuance costs in non-current borrowings are written off to debt extinguishment costs.
7. IAS 12 *Income Taxes*: tax adjustment is mainly related to benefits being driven from the depletion of the higher Tiwest JV asset basis under IFRS.
8. This difference primarily resulted from the accounting differences between US GAAP and IFRS with respect to accounting for prior service costs in pension accounting. Under IFRS, effects of plan amendments are recognised immediately in profit or loss. Under US GAAP, the impact of plan amendments is recognised in other comprehensive income and then amortised through profit or loss over the remaining estimated length of service of plan participants, for an active plan, or over the estimated remaining life expectancy of plan participants, for inactive plans. In 2016, Tronox Alkali had a plan amendment which resulted from a new collective bargaining agreement with the workers' union. This amendment increased the pension liability. Under IFRS, this amount was recognised immediately in profit or loss, thereby immediately impacting net asset value of Alkali. Under US GAAP, the amount was recognised in other comprehensive income, this treatment also impacted equity. The difference resulted at the time of disposal of Alkali. The remaining debit in other comprehensive income was written off against the liability balance resulting in a higher net asset value under US GAAP. Under IFRS, there was no balance to write off, so the impact remained in equity. Because the transaction price was the same for both US GAAP and IFRS, the higher net asset value for US GAAP resulted in a higher loss on sale under US GAAP than that realised under IFRS.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

18 April 2018
The Board of Directors
Exxaro Resources Limited
1 Roger Dyason Road
Pretoria West, 2093
South Africa

Independent reporting accountant's assurance report on the compilation of *Pro Forma* Financial Information of Exxaro Resources Limited

Introduction

Exxaro Resources Limited ("Exxaro or "the Company") is issuing a circular to its shareholders ("the Circular") regarding the disposal of up to all of the Company's remaining shares in Tronox ("Tronox") ("the Subsequent Disposals")

At your request and for the purposes of the Circular to be dated on or about 25 April 2018, we present our assurance report on the compilation of the *pro forma* financial information of Company by the directors. The *pro forma* financial information, presented in Annexure 2 and paragraph 8 to the Circular consists of the *pro forma* Condensed Consolidated Statement of Comprehensive Income for the twelve months ended 31 December 2017, the *pro forma* Condensed Statement of Financial Position as at 31 December 2017, the reconciliation of the Tronox results from US GAAP to IFRS as at and for the year ended 31 December 2017 and the *pro forma* financial effects (the "*Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 2 to the Circular.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Subsequent Disposals on the Company's reported financial position as at 31 December 2017 and the company's financial performance for the period then ended, as if the Subsequent Disposals had taken place at 31 December 2017 and 1 January 2017, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's Condensed Consolidated Annual Financial Statements for the year ended 31 December 2017 on which a review report has been published.

Directors' responsibility

The directors of the Company are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 2 to the Circular. The directors of the Company are also responsible for the financial information from which it has been prepared.

Our independence and quality control

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.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Annexure 2 to the Circular based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and described in Annexure 2 to the Circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 2 to the Circular.

PricewaterhouseCoopers Inc.

Director: Michal Kotze

Registered Auditor

Waterfall

18 April 2018

MATERIAL LOANS

No Subsequent Disposal will result in any change to the material loans of either Exxaro or Tronox.

The loans and borrowings of Exxaro are detailed below as per the annual results, also refer to note 18 of the annual results. There have been no new material loans and borrowings in the Exxaro Group since the last reporting period, being the year ended 31 December 2017, neither will any new loans or borrowings occur as a result of the Subsequent Disposals.

Interest-bearing borrowings

	At 31 December	
	2017 Reviewed Rm	2016 Audited Rm
Non-current¹	6 480	6 002
Loan facility	3 474	5465
Bond issue	520	520
Preference share liability	2 483	
Finance leases	3	17
Current²	2	503
Loan facility	(9)	(8)
Bond issue	–	479
Preference share liability	(5)	–
Finance leases	16	32
Total interest-bearing borrowings	6 482	6 505
<i>Summary of loans and finance leases by period of redemption</i>		
– Less than six months	1	496
– Six to 12 months	1	7
– Between one and two years	509	5
– Between two and three years	(13)	514
– Between three and four years	3 239	(9)
– Between four and five years	2 620	5 244
– Over five years	125	248
Total interest-bearing borrowings	6 482	6 505

Notes:

1. The non-current portion includes R44 million (2016: R35 million) in respect of transaction costs that will be amortised using the effective interest rate method, over the term of the facilities.
2. The current portion represents capital repayments amounting to R16 million (2016: R512 million), reduced by capitalised transaction costs amounting to R14 million (2016: R9 million).

Minimum finance lease payments:

	At 31 December	
	2017	2016
	Reviewed	Audited
	Rm	Rm
– Not later than one year	17	35
– Later than one year but not later than five years	3	18
Total	20	53
Less: future finance charges	(1)	(4)
Present value of finance lease liabilities	19	49
– Non-current	3	17
– Current	16	32
Overdraft	–	–
Bank overdraft	54	12

The bank overdraft is repayable on demand and interest payable is based on current South African money market rates. There were no defaults or breaches in terms of interest-bearing borrowings during the reporting periods.

Loan facility

The loan facility comprises a:

- R3 250 million bullet term loan facility with a term of five years (term loans)
- R2 000 million amortised term loan facility with a term of seven years (term loans)
- R2 750 million revolving credit facility with a term of five years (revolving credit facility).

Interest is based on JIBAR plus a margin of 3.25% (2016: 3.25%) for the bullet term loan facility (R3 250 million), JIBAR plus a margin of 3.60% (2016: 3.60%) for the amortised term loan facility (R2 000 million) and JIBAR plus a margin of 3.25% (2016: 3.25%) for the revolving credit facility (R2 750 million). The effective interest rate for the transaction costs on the term loans is 0.24% (2016: 0.32%). Interest is paid on a quarterly basis for the term loans, and on a monthly basis for the revolving credit facility.

The undrawn portion relating to the term loan facilities amounts to R1 750 million (2016: R1 750 million). The undrawn portion of the revolving credit facility amounts to R2 750 million (2016: R750 million).

Background on loan facilities:

- The loan facilities originated during 2016 for the refinancing of Exxaro's previous debt and for general corporate purposes;
- The loan facilities have no conversion or redemption rights and will be settled on maturity date; and
- As at 31 December 2017 there are no debts that are repayable within the 12 months.

Bond issue

In terms of Exxaro's R5 000 million Domestic Medium-Term Note programme, a senior unsecured floating rate note (bond) of R1 000 million was issued in May 2014. The outstanding bond comprises a R520 million senior unsecured floating rate note due 19 May 2019.

During 2017 the R480 million senior unsecured floating rate note was settled. Interest on the R520 million bond is based on JIBAR plus a margin of 1.95% (2016: 1.95%). The effective interest rate for the transaction costs was 0.13% (2016: 0.13%) for the R480 million bond and 0.08% (2016: 0.08%) for the R520 million bond. Interest is paid on a quarterly basis for both bonds.

Background on bond issue:

- The bond was issued in 2014 as part of Exxaro's strategy of diversifying sources of funding to optimise its corporate funding portfolio. The bond proceeds are used for general corporate purposes;
- The bonds have no conversion or redemption rights and will be settled on maturity date;
- As at 31 December 2017 there are no debts that are repayable within the 12 months; and
- Domestic medium-term note programme is listed on the interest rate market of the JSE (bond market).

Preference share liability

The preference share liability relates to the consolidation of NewBEECo. The preference share liability represents 249 069 Class "A" variable rate cumulative redeemable preference shares issued on 11 December 2017 by NewBEECo at an issue price of R10 000 per share. The preference shares are redeemable five years after the subscription date or earlier as agreed between the parties at R10 000 per share plus the cumulative preference dividends. The preference shareholders are entitled to receive a dividend equal to the issue price multiplied by the dividend rate of 80% of Prime Rate calculated on a daily basis based on a 365-day year compounded per period and capitalised per period.

Subscription undertakings for the full value of the preference shares were secured at a total cost of R23.8 million. The preference share liability will be measured at amortised cost and the transaction costs have therefore been included on initial measurement. The amount will be amortised over the five-year period.

Background on preference share liability:

- Arose during 2017 from the Replacement BEE Transaction. The funding was utilised by NewBEECo to fund the acquisition of the Exxaro shares;
- The shares held by NewBEECo in Exxaro have been pledged as security for the preference share liability;
- No conversion rights. There are early redemption rights and final redemption rights; and
- As at 31 December 2017 there are no debts that are repayable within the 12 months.

Finance leases

Included in interest-bearing borrowings are obligations relating to finance leases for mining equipment.

MATERIAL CONTRACTS

Save for Exxaro's Replacement BEE Transaction set out in a circular dated 23 October 2017, and information disclosed on Tronox in this circular, there have been no material contracts, other than in the ordinary course of business, within the two years preceding the Last Practicable Date, or concluded at any time, and which contain an obligation or settlement that is material to Exxaro or any of its subsidiaries at the date of this circular.



POWERING POSSIBILITY

Exxaro Resources Limited

(Incorporated in the Republic of South Africa)

(Registration No. 2000/011076/06)

Share code: EXX

ISIN ZAE000084992

ADR code: EXXAY

("Exxaro" or the "Company")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached shall bear the same meanings herein.

Notice is hereby given to Exxaro Shareholders that a General Meeting of the Exxaro Shareholders will be held at the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, South Africa, at 10:00 on Thursday, 24 May 2018 to consider and, if deemed fit, pass, with or without amendment, the Ordinary Resolution set out hereunder in the manner required by the Companies Act, and the Listings Requirements and other stock exchanges on which Shares are listed.

Kindly note that in terms of section 63(1) of the Companies Act, meeting participants (including proxies) will be required to present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of that person to participate and vote at the General Meeting, either as an Exxaro Shareholder, or as a proxy for an Exxaro Shareholder, has been reasonably verified before being entitled to attend or participate in the General Meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licenses and passports.

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Companies Act (and to the extent relevant the Listings Requirements), the Board has set the record dates for the purposes of determining which Exxaro Shareholders are entitled to:

- receive notice of the General Meeting (being the date on which an Exxaro Shareholder must be registered in the Register in order to receive notice of the General Meeting), which date is Friday, 13 April 2018; and
- participate in and vote at the General Meeting (being the date on which an Exxaro Shareholder must be registered in the Register in order to participate in and vote at the General Meeting), which date is Tuesday, 15 May 2018.

Exxaro Shareholders who have not Dematerialised their Shares or who have Dematerialised their Shares with "own name" registration, and who are entitled to attend, participate in and vote at the General Meeting, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be an Exxaro Shareholder and shall be entitled to vote on a show of hands or a poll. It is requested that proxy forms be lodged with or posted to the so as to reach the Transfer Secretaries by no later than **10:00 (South African time) on Tuesday, 22 May 2018**. If Exxaro Shareholders who have not Dematerialised their Shares or who have Dematerialised their Shares with "own name" registration, and who are entitled to attend, participate in and vote at the General Meeting do not deliver proxy forms to the Transfer Secretaries by the time stipulated above, such Exxaro Shareholders will nevertheless be entitled to lodge the Form of Proxy in respect of the General Meeting immediately prior to the General Meeting, in accordance with the instructions therein.

Exxaro Shareholders who have Dematerialised their Shares, other than those Exxaro Shareholders who have Dematerialised their Shares with "own name" registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the General Meeting, to obtain the necessary letter of representation to do so.

On a show of hands, every Exxaro Shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of Shares such Exxaro Shareholder holds. On a poll, every Exxaro Shareholder present in person or represented by proxy and entitled to vote, shall be entitled to cast one vote per Exxaro Share held.

Transaction Approvals

It is resolved:

ORDINARY RESOLUTION NUMBER 1

Approval to dispose all of the remaining Tronox Shares

THAT Exxaro's stated intention to monetise its shareholding in Tronox and further to the First Disposal concluded in October 2017, to ensure compliance with the JSE's aggregation rule which may trigger a Category 1 transaction upon Subsequent Disposals, Exxaro Shareholders are being asked to approve the disposal of up to all of the remaining Tronox Shares owned by the Company, in the best possible manner taking into account prevailing market conditions and standard market related terms and discounts, provided that such sales shall not be to related persons as defined in paragraph 10.1(b) of the Listings Requirements.

ORDINARY RESOLUTION NUMBER 2

Approval to allow any two Directors authorisation to sign all such documents and do all such other things in relation to the implementation of Ordinary Resolution 1

THAT any two Directors, acting jointly, be and are hereby authorised to sign all such documents and to do all such other things as may be necessary or desirable for or incidental to the implementation of the Ordinary Resolution Number 1. Insofar as any such action has been taken or any such documents have been signed before the date of these resolutions, to the extent permissible by law, such actions and/or signatures be retrospectively approved and ratified in their entirety.

The reason for Ordinary Resolution Number 1 is that the proposed sales to dispose of the remaining Exxaro stake in Tronox may trigger the aggregation rules for a category 1 transaction for the purposes of section 9 of the Listings Requirements (depending on the Exxaro share price, Tronox share price and ZAR to US\$ exchange rate). Exxaro is therefore required to obtain the approval of the Exxaro Shareholders for the disposal of its remaining Tronox stake, in accordance with the provisions of the Listings Requirements. Exxaro aims to complete the Subsequent Disposals in an efficient and timely manner and in the best interests of Exxaro Shareholders. The effect of passing Ordinary Resolution Number 1 will be that Exxaro will have obtained the approval of the Exxaro Shareholders for the Subsequent Disposals as required in terms of the Listings Requirements. For Ordinary Resolution Number 1 to be approved by the Exxaro Shareholders, it must be supported by more than 50% (fifty percent) of the voting rights exercised on the Ordinary Resolution.

By order of the Directors

SE van Loggerenberg
Company Secretary
Pretoria West
18 April 2018



POWERING POSSIBILITY

Exxaro Resources Limited

(Incorporated in the Republic of South Africa)
(Registration No. 2000/011076/06)
Share code: EXX
ISIN ZAE000084992
ADR code: EXXAY
("Exxaro" or the "Company")

FORM OF PROXY

FOR USE BY CERTIFICATED EXXARO SHAREHOLDERS AND OWN-NAME DEMATERIALIZED EXXARO SHAREHOLDERS AT THE GENERAL MEETING OF EXXARO TO BE HELD AT THE EXXARO CORPORATE CENTRE, ROGER DYASON ROAD, PRETORIA WEST, SOUTH AFRICA, AT 10:00 ON THURSDAY, 24 MAY 2018

Certificated Exxaro Shareholders or Dematerialised Exxaro Shareholders with "own-name" registration, and who are entitled to attend and vote at the General Meeting, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a Exxaro Shareholder and shall be entitled to vote on a show of hands or poll.

Exxaro Shareholders who have Dematerialised their Shares, other than own-name Dematerialised Exxaro Shareholders, with a CSDP or broker should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Exxaro Shareholders, other than own name Dematerialised Exxaro Shareholders who have Dematerialised their Shares must not return this Form of Proxy to the Transfer Secretaries or deliver it to the Chairman of the General Meeting. Their instructions must be sent to their CSDP or broker for action.

I/We (Full name in block letters)

of (address)

Telephone

Cellphone

E-mail

being the holder/s of shares in the issued share capital of the Company hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the Chairman of the General Meeting.

as my/our proxy to attend, speak on my/our behalf at the General Meeting to be held at the registered office of Exxaro, the Exxaro Corporate Centre, Roger Dyason Road, Pretoria West at 10:00 on Thursday, 24 May 2017 and at any adjournment thereof, and to vote or to abstain from voting on my/our behalf on the Ordinary Resolution to be proposed at the General Meeting as follows:

	For	Against	Abstain
Ordinary Resolution 1 – Approval of the Subsequent Disposals as required by and in terms of the Listings Requirements			
Ordinary Resolution 2 – Approval to allow any two Directors authorisation to sign all such documents and do all such other things in relation to the implementation of Ordinary Resolution 1.			

Every person entitled to vote who is present at the General Meeting or its proxy shall be entitled to –

a) on a show of hands, one vote, irrespective of the number of Shares such person holds or represents, provided that a proxy shall irrespective of the number of shareholders he/she represents, have only one vote;

b) on a vote by poll, one vote for each Share such person holds or represents.

A proxy may not delegate his/her authority to act on his/her behalf to another person. (see note 10).

This proxy form will lapse and cease to be of force and effect immediately after the General Meeting of the Company and any adjournment(s) thereof, unless it is revoked earlier (as to which see notes 15 and 16).

Signed at _____ on _____ 2018

(Name in block letters)

Signature

Assisted by me (where applicable)

This proxy form is not for use by holders of American Depository Receipts issued by the Bank of New York Mellon. Please read the notes and instructions below.

Summary of Exxaro Shareholders' rights in respect of proxy appointments as set out in sections 56 and 58 of the Companies Act and notes to the Form of Proxy:

- (1) Section 56 grants voting rights to holders of beneficial interest in certain circumstances, namely if the beneficial interest includes the right to vote on the matter, and the person's name is on the Company's register of disclosures as the holder of a beneficial interest. A person who has a beneficial interest in any securities that are entitled to be voted on by him/her, may demand a proxy appointment from the registered holder of those securities, to the extent of that person's beneficial interest, by delivering such a demand to the registered holder, in writing, or as required by the applicable requirements of a central securities depository.
- (2) A proxy appointment must be in writing, dated and signed by the person appointing the proxy.
- (3) Forms of proxy must be delivered to the Company before a proxy may exercise any voting rights at the General Meeting. In respect of the General Meeting this must be done either by returning the Form of Proxy to Computershare Investor Services (Proprietary) Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, to be received on or before 10:00 on Tuesday, 22 May 2018 or if not so received, by presenting it to a representative of Computershare Investor Services Proprietary Limited at the premises of the venue for the General Meeting immediately before the commencement of the General Meeting; alternatively by presenting it to the Company Secretary at the premises of the Company at any time up to the last Business Day before the date of the General Meeting. Forms can be posted or hand delivered.
- (4) Each person entitled to exercise any voting rights at the General Meeting may appoint a proxy or proxies to attend, speak, vote or abstain from voting in place of that holder.
- (5) A person entitled to vote may insert the name of a proxy or the name of an alternative proxy of the holder's choice in the space provided, with or without deleting the name of the Chairman of the General Meeting as default proxy. Any such deletion must be initialled. The person whose name stands first on the Form of Proxy and who is present at the General Meeting shall be entitled to act as proxy to the exclusion of the person whose name follows as an alternative. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the General Meeting.
- (6) An "X" in the appropriate box indicates that all your voting rights are exercisable by that holder. If no instructions are provided in the Form of Proxy, then the proxy shall be entitled to vote or abstain from voting on all matters put to a vote at the General Meeting, as the proxy deems fit in respect of all your voting rights exercisable thereat.
- (7) You or your proxy are not obliged to exercise all your voting rights exercisable, but the total of the voting rights cast by you or on your behalf may not exceed the total of the voting rights exercisable by you.
- (8) Your authorisation to the proxy, including the Chairman of the General Meeting, to vote on your behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
- (9) The completion and lodging of this Form of Proxy will not preclude you from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, in which case the appointment of any proxy will be suspended to the extent that you choose to act in person in the exercise of your speaking and voting rights at the General Meeting.
- (10) The Company's MOI does not permit delegation by a proxy.
- (11) Documentary evidence establishing the authority of a person attending the General Meeting on your behalf in a representative capacity or signing this Form of Proxy in a representative capacity must be attached to this form.
- (12) The Company will accept an original and valid identity document, driver's license or passport as satisfactory identification.
- (13) Any insertions, deletions or alterations to this form must be initialled by the signatory(ies).
- (14) The appointment of a proxy is revocable unless you expressly state otherwise in the Form of Proxy.
- (15) You may revoke the proxy appointment by: (i) cancelling it in writing, or making a later, inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company at its premises or at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 for the attention of Computershare Investor Services Proprietary Ltd, or to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, to be received before the replacement proxy exercises any of your rights at the General Meeting.
- (16) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on your behalf at the later of (i) the date stated in the revocation instrument, if any; and (ii) the date on which the revocation instrument is delivered as required in paragraph 15.
- (17) If this Form of Proxy has been delivered to the Company in accordance with paragraph 3 then, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to the holder of the voting rights must be delivered by the Company to:
 - (a) the holder; or
 - (b) the proxy, if the holder has:
 - (i) directed the Company to do so, in writing; and
 - (ii) has paid any reasonable fee charged by the Company for doing so.
- (18) In terms of section 56 of the Act, the registered holder of any shares in which any person has a beneficial interest, must deliver to each such person a notice of any meeting of the Company at which those shares may be voted on, within two Business Days after receiving such a notice from the Company.

TRANSFER OFFICES

South Africa
18 April 2018