OVERVIEW OF COAL RESOURCE AND COAL RESERVE ESTIMATES

OUR STRATEGY

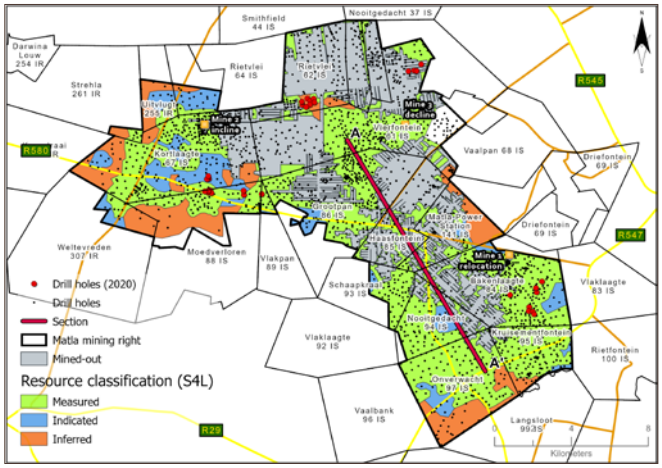
The Coal Resource and Coal Reserve strategy focuses on sustaining, developing and growing the mineral asset base by employing responsible and innovative technical management. Value extracted from the mineral assets is continuously reviewed with mine planning, considering evolving knowledge of the mineral asset's geological complexities and its opportunities.

Our competent persons are the custodians of the mineral asset and therefore accountable for ensuring its integrity and applying pioneering technology in combination with trusted knowledge to optimise its exploitation thereof.

Our projects, operations and expansion initiatives are built on trusted and assured Coal Resources and Coal Reserves, creating a platform for the LoM from which annual business plans are derived. The Mineral Resource managers of each operation are the custodians of the LoM and ensure professional execution of the business plans, stimulating profitability and return on investment while guarding against irresponsible exploitation.

Exxaro reviews macro-economic and other factors that may affect the Reserves on an annual basis. In 2019, we initiated an early value process, aligned with the Exxaro strategy, to contribute our effort towards our greater sustainable growth. The strategy entailed reviewing current practice and then compiling optimised exploitation plans, focusing on extracting higher value earlier in the life of operations. The optimised plans seek to unlock earlier value, importantly, without compromising the worth of the underlying Coal Resource. The optimum product mix for the operations was subsequently reviewed, calculating the margin based on the yield curve, mining cost and revenue per block to produce an optimum pit shell followed by consideration of the mining sequence. The maximum value sequence was approximated from high to low margin, allowing for mining practicalities and costs. The process ensured that all profitable blocks would be mined while the current value of future cash flows is maximised. It also ensured maximum value for our stakeholders by yielding early value without compromising future sustainability.

In early 2020, the new strategy was approved. Our 2020 and five-year exploration plans at the various operations were subsequently aligned with the new strategy. This was done to support the changes in mine layouts, ensuring that the Coal Resources and geotechnical parameters, which underpin the mining areas brought forward in the mine schedules, are of an acceptable level of confidence. A good example of this is at Grootegeluk where large-diameter resource drilling in the latter part of the LoM was changed to core and open-hole drilling in the much earlier introduced open-pit



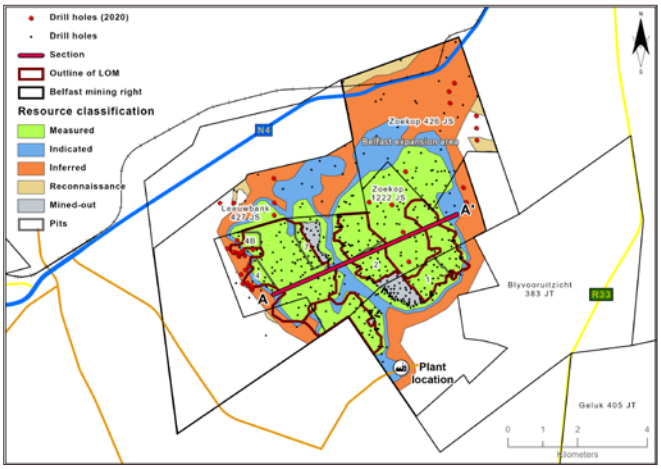
Matla mine outline

turnaround box-cut position. The newly introduced operational mine plans were subsequently embedded in Exxaro's business processes through incorporation into the LoM, business and budget plans. This process was completed during the reporting year for the Grootegeluk and Belfast operations.

In 2020, we continued with our strategic drive towards the use of innovation and technology in the execution of our exploration activities, as well as Resource and Reserve estimation processes. In 2019, we indicated that a number of initiatives were implemented, including the centrally managed acQuire database and the EQuIS groundwater database system. We reaped the benefits during 2020, increasing the ease and speed of core logging and sampling, and improving our data validation and accessibility of our geological and hydrogeological information to the rest of the business. Implementation of the EQuIS groundwater database and installation of telemetry systems for real-time data acquisition at Grootegeluk and Belfast ensure fast and effective decision making regarding water management as well as empowering us to take proactive steps in compliance with our water use licence requirements.

For the development of LoM plans, the mining department is transitioning from Runge's Xpac to the new Runge Xpac software solutions, namely opencast coal solution (OCCS) and underground coal solution (UGCS), for development of mine layouts and mine schedules. These tools shorten development time and reduce the need to convert information from one software package to another. This enables the department to develop more scenarios than possible in the past, improving the selection process when finalising the LoM plans. In 2019, OCCS software was implemented at Belfast and

Grootegeluk mine outline



Belfast mine outline

OVERVIEW OF COAL RESOURCE AND COAL RESERVE ESTIMATES
continued

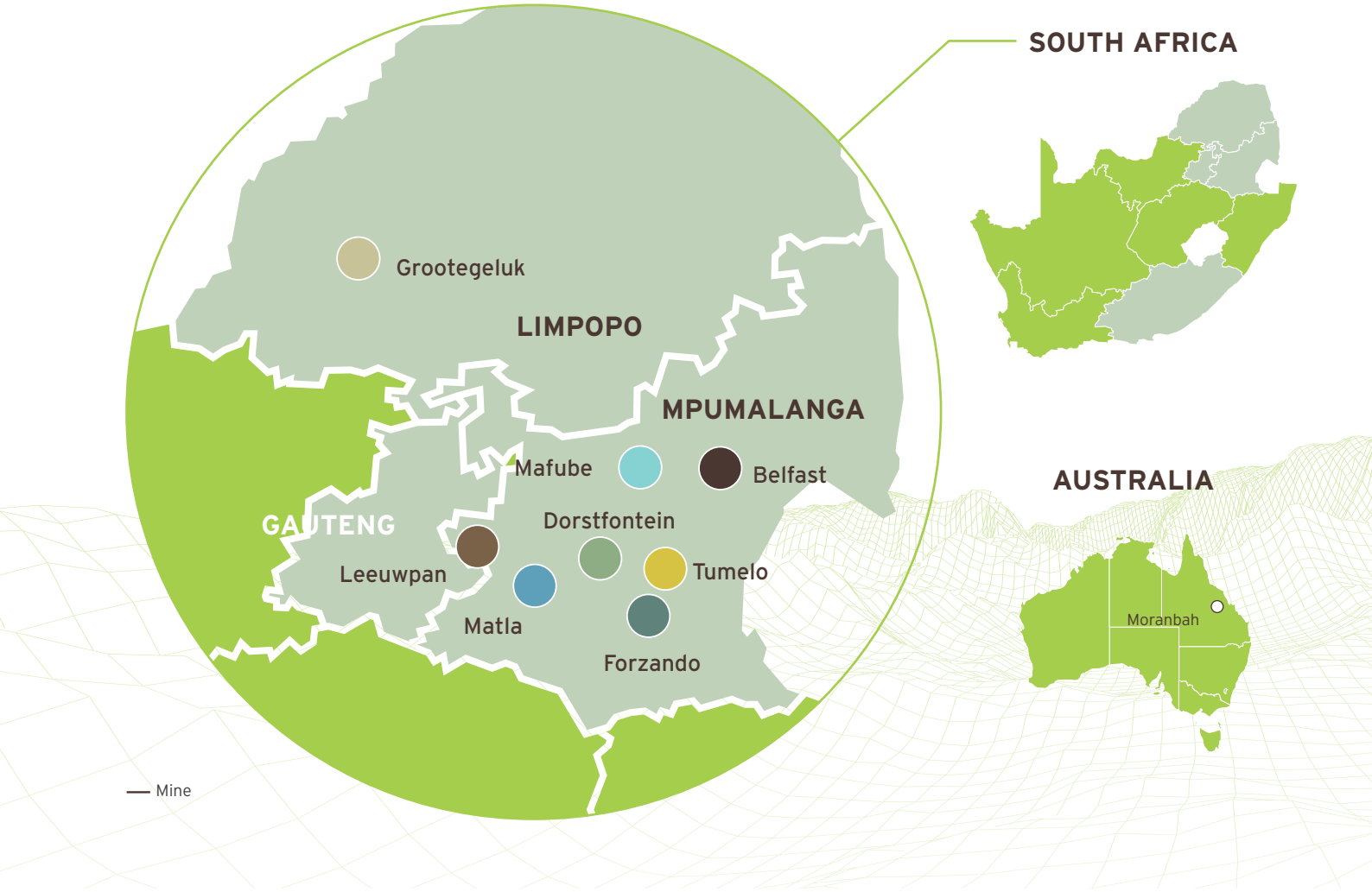
implementation was subsequently rolled out in 2020 at Grootegeluk. The change will empower us with more integrated and time-effective work flow, creating value-adding mine plans for faster and accurate decision making.

The execution of our exploration plans were significantly impacted by the outbreak of the COVID-19 pandemic. The outbreak coincided with the dry season, typically the period when we conduct drilling, surface geophysics and other field exploration activities at our operations. Drilling programmes were, as would be expected, postponed at the first lockdown and we only started with limited exploration activities later in the year when access to the sites was allowed under very strict health regulations. The operational exploration teams have, however, reacted very well to the challenge, completing around 60% of our planned drill holes after revising the plans in May/June and prioritising activities to support the most pertinent objectives of the original 2020 exploration plans.

At Grootegeluk we updated the Resource model with available drilling results. Our improved structural interpretation of the position and orientation of the interpreted fault positions in the northern pit will require additional drilling to ensure we outline the position of the faults more accurately. Most of the faulting could be managed through selective mining in the past. However, we have observed, in the past number of years, that the position and orientation of geological faulting increasingly impacts on the management of our geological bench horizons, disrupting our strict RoM quality control to the various coal processing plants. We plan to drill 54 holes in 2021, targeting resource, overburden, geological faulting, geotechnical and hydrogeological aspects of the coal deposit primarily within the northern pit.

The Approvals at Matla, an Eskom-tied underground mine, have been received to execute three expansion projects, namely Matla Mine 1 access shaft, Mine 2 incline and Mine 3 decline to access the large remaining S4 and S2 underground Coal Reserves. The decline at Matla 3 is in progress and Matla Mine 1 relocation was initiated with first coal expected in the fourth quarter of 2022. The strategic intent of the exploitation strategy at Matla is to supply Eskom in accordance with the coal supply agreement regarding volumes and quality at the lowest possible cost. Our exploration activities were also interrupted by the lockdown and only approximately 30% of the planned holes could be completed. Drilling was primarily focused at Mine 3 low seam where derisking of geological challenges like faulting, presence of sills and dykes, as well as basement highs, disrupts seam thickness continuity, and occasionally impacted coal qualities were targeted. A major achievement in 2020 was the successful execution of surface-to-seam directional drilling at the Mine 2 north-west access project. The targeted S4 Resource in this area presents challenging geological structural conditions and a number of long directional traces drilled from surface assisted tremendously in outlining geological structures, refining mine access design and optimising mine panel layouts. This drilling methodology proved to be vital for future Matla mine development areas. The drilling programmes for 2021 to 2023 will

Figure 1: Locations of our coal operations and projects



focus primarily on the new Mine 1, Mine 2 (decline) and Mine 3 (incline) project areas.

The ramp-up of production at Belfast mine is progressing well. The box-cut strategy was re-examined to ensure that the maximum value is unlocked for stakeholders. The opencast plan was reaffirmed as the best solution and actual operational performance data was captured as to update future LoM fact packs. Detail box-cut infill drilling at Belfast in 2019, at pits 1 and 7, underpinned the importance of adequate investigations during box-cut positioning and design. Exploration in 2020 mainly focused on infill drilling in and in front of these two pits, as well as the newly introduced pits 4 and 4B on the western side of the Coal Reserve, which forms part of the updated mine plan. The objective, as in 2019, was to derisk the box-cut areas regarding seam thinning, weathering and overburden characteristics. A number of holes were also drilled in the northern Belfast expansion area where environmental approvals and access have been secured. Additional drilling in the expansion area will continue in 2021.

A number of exploration activities were conducted at our Moranbah South JV project in Australia's Bowen Basin. A large three-dimensional (3D) seismic geophysical survey was completed during the reporting year, improving our understanding of the geological faulting within the project area. We also conducted a review of the 2012 3D seismic survey results, applying improved technology and innovative techniques to optimise the data sets. The integrated, optimised 2012 and new 2020 survey results will be used in updating the geological structural and resource models in 2021. In addition, a number of large and thin-size cored holes were drilled, investigating a suite of coal qualities, metallurgical and coking characteristics. We will continue with exploration activities during 2021.

We continuously strive to enhance the level of estimation and reporting of Mineral Resources and Mineral Reserves, committed to our governance structures and associated assurance processes. In 2020, we conducted strict internal reviews during the update of the geological and structural models at our Grootegeluk, Matla, Dorstfontein and Forzando operations. Peer review findings on data validation were addressed before the compilation of geological models was initiated. Our geological models were scrutinised by a review team consisting of geoscience, geotechnical, structural and mining specialists before sign-off and handover to mining was concluded. Reserve fact packs of all our operations were reviewed during the reporting period and updated mine plans for Grootegeluk and Belfast were peer reviewed. We also conducted a number of technical reviews of development projects with specific focus on the estimation that underpins the fundamentals of these projects. Reviews of the alternative mining solution and backfill phase 3 projects at Grootegeluk, the Belfast expansion project, Leeuwpan's heavy mobile equipment strategy ,as well as the Mine 1 and north-west development projects at Matla were concluded. A number of technical findings, as well significant value-unlocking opportunities, were documented and subsequently included in the various project development processes. Ernst & Young Inc. (EY) conducted an external estimation process audit at the Belfast operation. No critical findings were reported but a number of minor findings regarding housekeeping were highlighted. Correction measures were subsequently developed and implemented. Recommendations were also received to enhance the efficiency of our estimation and we welcome these valuable inputs to improve our current methodologies. Exxaro is currently transitioning towards the methodologies proposed in the updated SANS 10320:2020 edition 2. We will seek partnership with industry experts to ensure concepts are correctly understood within the context of our operations and implemented.

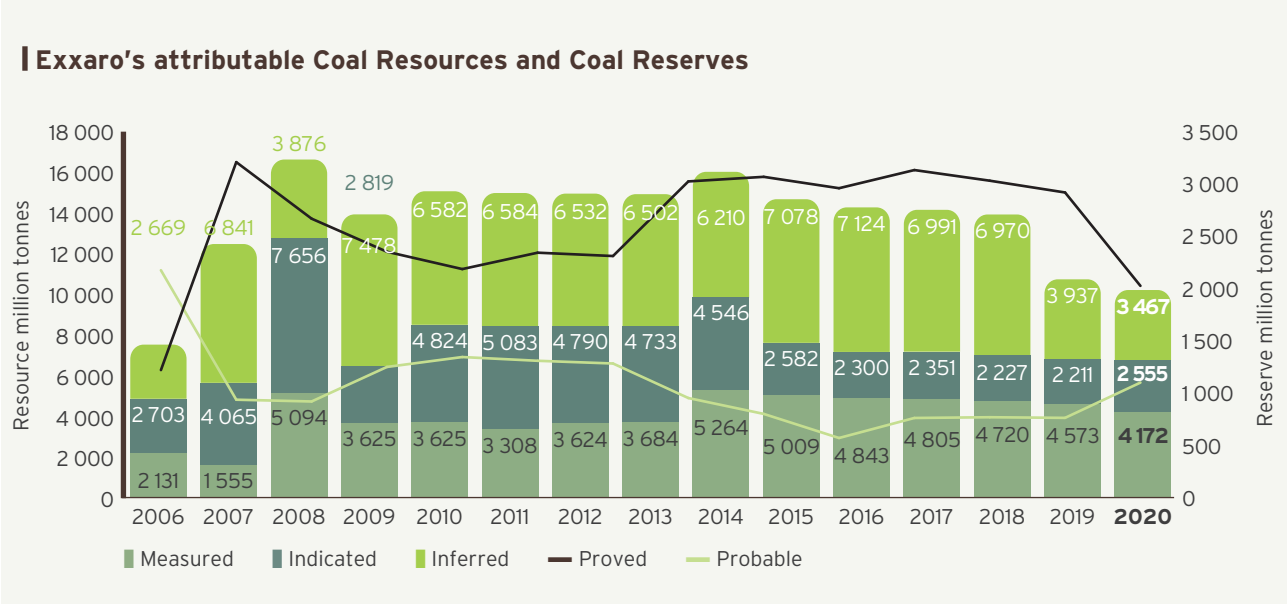
Exxaro has a world-class Coal Resource portfolio, comprising fully owned operations and projects, and a number of jointly owned operations and projects in South Africa and Australia. The fully owned operations and projects in South Africa are located in the large and highly prospective Waterberg coalfield in Limpopo and the more mature Highveld and Witbank coalfields in Mpumalanga. Exxaro's total attributable Coal Resource and Coal Reserve figures have been stable over the past number of years, only showing a significant decrease in Coal Resources in 2019 as a result of the relinquishment of the large Waterberg North and South exploration projects. This stable trend can primarily be ascribed to the relatively large Grootegeluk complex. Estimated to contain 40% to 50% of South Africa's remaining Coal Resources, the Waterberg is viewed as the future of South African coal mining. Exxaro holds an estimated three billion tonnes of Measured and around approximately 2.1 billion tonnes of Indicated Coal Resources in the Waterberg, primarily at Grootegeluk and the adjacent Thabametsi mining right. The Grootegeluk complex provides thermal Coal Reserves to Eskom's Matimba and the new Medupi power stations and produces semi-soft coking and metallurgical coal through eight beneficiation plants.

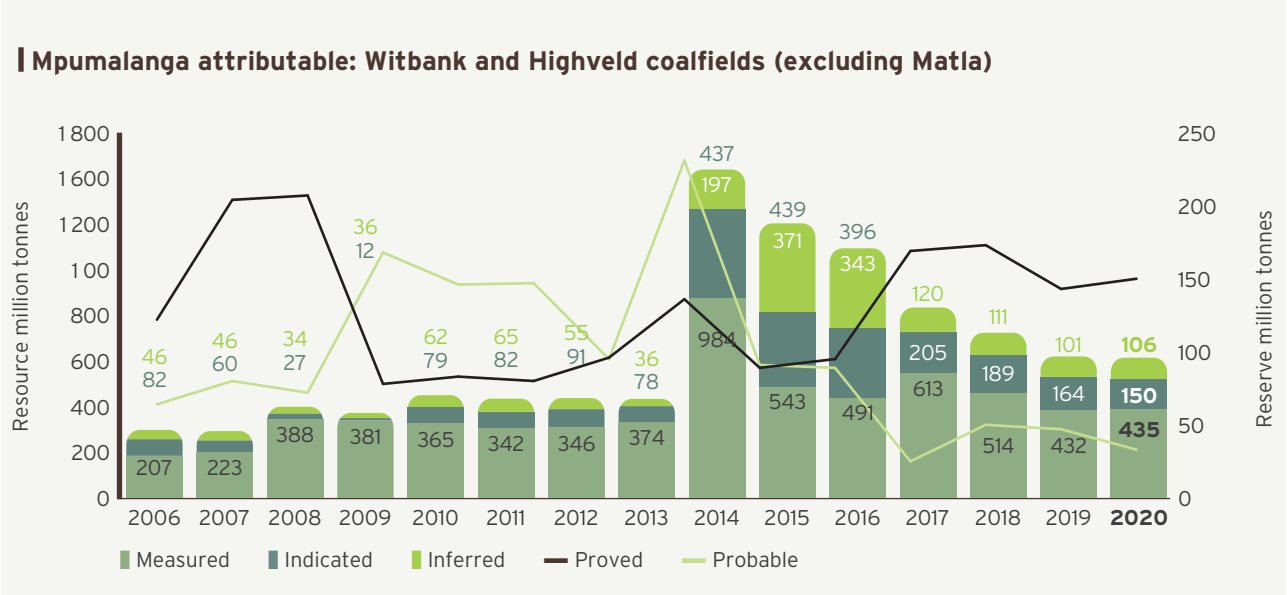
The Grootegeluk complex is continuously evolving, illustrated by several large value-unlocking projects. While these projects underline the resourcefulness of our people, they also demonstrate the successful implementation of innovative breakthrough technology. To an extent, the size of the Grootegeluk complex obscures changes in Coal Resource and Coal Reserve figures from events in the smaller Witbank and Highveld coalfields.

OVERVIEW OF COAL RESOURCE AND COAL RESERVE ESTIMATES
continued

The significant change in Coal Reserves from 2019 to 2020 is primarily the result of the implementation of the new early value exploitation strategy at particularly our Grootegeluk operation, the largest operation. The Grootegeluk pit was adjusted to higher-value areas with lower-value coal towards the latter part of the LoM excluded. As Grootegeluk has a significant remaining life, reinclusion could be considered at a later stage.

Figure 2: Exxaro's estimates over time





Notes:
- *Resource estimations are based on the latest available geological models, which incorporate new validated geological information and, if applicable, revised seam, Resource definitions and Resource classifications. For the 2020 reporting cycle, estimates reported are derived from actual mining up to the end of October, incorporating the planned estimates for November and December.*
- *Resource and Reserve estimates in our statements are quoted in full, irrespective of Exxaro shareholding. Exxaro attributable tonnage is clearly presented in Table 4 and, when used in our report, always clearly defined as such.*
- *Rounding off of figures quoted may result in minor computational discrepancies although it is not deemed significant.*

For all operations other than normal mining, no material changes to total Coal Resources are reported. New exploration information used to update geological and structural models at the Grootegeluk, Matla, Dorstfontein and Forzando operations increased geological confidence within the Coal Resource classification categories. At Grootegeluk, improved understanding of the geology and geological structure within the future mining areas resulted in Inferred Resources being upgraded to Indicated Resources. In addition, an amount of Measured Coal Resources within the northern pit area was reclassified as Indicated. Our improved structural interpretation of the position and orientation of the interpreted fault positions in the northern pit changed meaningfully enough to warrant this reclassification. When reviewing the supporting borehole information in this area, it was evident that the boreholes within each of the newly interpreted faulted blocks occur in single lines. This is not optimal to access the orientation and extent of seam development as well as the boundaries of the faulted Resource blocks. We do not consider this change material and focused drilling in 2021 and 2022 will be conducted to reconfirm the fault orientations. Within the middle pit, where mining is conducted, closely spaced open-hole drilling is implemented in front of the pit's progression to better delineate geological structures. These additional points of observation assist greatly in understanding the orientation of smaller scale faults and the impacts they have on coal exploitation. This drilling methodology will also be implemented in the northern pit to further increase the level of geological confidence.

First-time reporting of Proved Coal Reserves at Mafube is due to the consideration of the bankable feasibility study's approval at the Nooitgedacht operation. Material movements within the Reserve categories at the Dorstfontein complex are primarily due to implementing a new underground mine layout at the Dorstfontein East mine. The underground Coal Reserves were accessed through an adit in the existing highwall of one of the open pits. Studies commenced in 2019 with structural groundwork starting in early 2020 and first coal from the new S4L underground workings extracted on 19 November 2020. The S4L underground Coal Reserves will provide an estimated 12 years to LoM. Mining of S2L underground is scheduled to start in 2029, adding eight years to LoM.

Material changes in total Coal Reserves are reported at two of our operations. At ECC's Forzando mine, a decrease of approximately 60% (34.6Mt to 13.7Mt) RoM Coal Reserves is due to economic factors rendering Reserve blocks currently unprofitable. Implementing a high-value exploitation strategy at Grootegeluk resulted in an optimised mine layout prioritising high-value Reserve blocks for earlier mining and scheduling lower-value Coal Reserves blocks to the latter part of the mine life. This change resulted in an approximately 17% (3 165Mt to 2 628Mt) decrease in the total Grootegeluk RoM Coal Reserve without compromising the total Coal Resource. The Proved Coal Reserves at the Thabametsi mining right, an area adjacent to Grootegeluk, are reclassified as Probable as a result of the lapse of the independent power producer (IPP) project development agreement.

OVERVIEW OF COAL RESOURCE AND COAL RESERVE ESTIMATES
continued

UNLOCKING VALUE

In 2020, we continued to focus on unlocking value at our operations. We reviewed our operations' exploitation strategies through a lens of unlocking early value without compromising the Resource. We are, however, acutely aware that our success as a mining company is built on the integrity of our Coal Resources and the effectiveness with which we convert these Resources to Coal Reserves and then the exploitation and extraction of the Reserves.

INCREASING LEVEL OF GEOSCIENTIFIC KNOWLEDGE AND CONFIDENCE

Considering mining, metallurgical, processing, infrastructural, economic, marketing, legal, environmental, social and governance modifying factors

COAL RESOURCES	UNLOCKING VALUE	COAL RESERVES
Continuously improving our level of geoscientific understanding, minimising risk and unlocking opportunities	Modifying factors and our ability to extract our Mineral Resources	Optimising our plans to create the best for market use
Executing integrated exploration plans at the Dorstfontein, Forzando, Matla, Belfast, Grootegeluk and Leeuwpan mines	Increasing extraction through innovation and knowledge	Updated LoM plans for Matla, Belfast, Leeuwpan, Dorstfontein, Forzando and Grootegeluk mines
Update of geological and structural models at the Matla, Grootegeluk, Dorstfontein and Forzando mines	Implementation of updated exploitation plans at Grootegeluk and Belfast	Initiation of Dorstfontein East underground expansion
Consideration of geological risk and opportunity domain analysis (RODA) in conditional-based mine planning at Matla and implementation of risk domains at Leeuwpan mine		

INNOVATION

Implementation of digital communication for functional meetings, training and workshops during lockdown	Continuous radar scanning for slope stability monitoring	Implementation of OCCS and UGCS for the development of mine layouts and mine schedules at the Belfast and Grootegeluk mines
Optimising our centrally managed geological and hydrogeological databases	Terrestrial lidar scanning of pit faces to enhance reconciliation and Resource use	
Initiating first-time surface-to-seam directional drilling to outline geological challenges for improve mine planning		

GOVERNANCE

We align our reporting with the SAMREC Code and the JSE Listings Requirements (section 12) amendments for minimum contents of annual reports and annually review our LoM mineral assets policies and estimation procedures to incorporate learnings and/or improvements. We update our internal competent persons' reports annually to accommodate the SAMREC Code "if not, why not" principle. We are currently transitioning to align with the guidelines of the newly introduced SANS 10320:2020 edition 2. The planning and execution of our exploration and estimation activities have been impacted by COVID-19. We have, however, successfully adapted through prioritisation of activities, implementation of innovative technology and slight changes in role accountabilities.

ASSURANCE

We have conducted tier 1 concurrent Resource reviews at Grootegeluk, Matla, Dorstfontein and Forzando, resulting in updated geological models and LoM plans for these operations. On tier 2, technical reviews were conducted on Grootegeluk's alternative mining solution and backfill phase 3, the Belfast expansion, Leeuwpan mine heavy mining equipment and Matla's Mine 1 and north-west access projects. We have conducted a tier 3 (third-party) review at Belfast mine.
The external Matla 2019 audit findings were resolved and corrective measurements of findings received at Belfast in 2020 are in progress (see assurance section on page 23). The Consolidated Mineral Resources and Mineral Reserves (CMRR) 2020 report was externally peer reviewed for reporting compliance.

CASE STUDY

EARLY VALUE STRATEGY

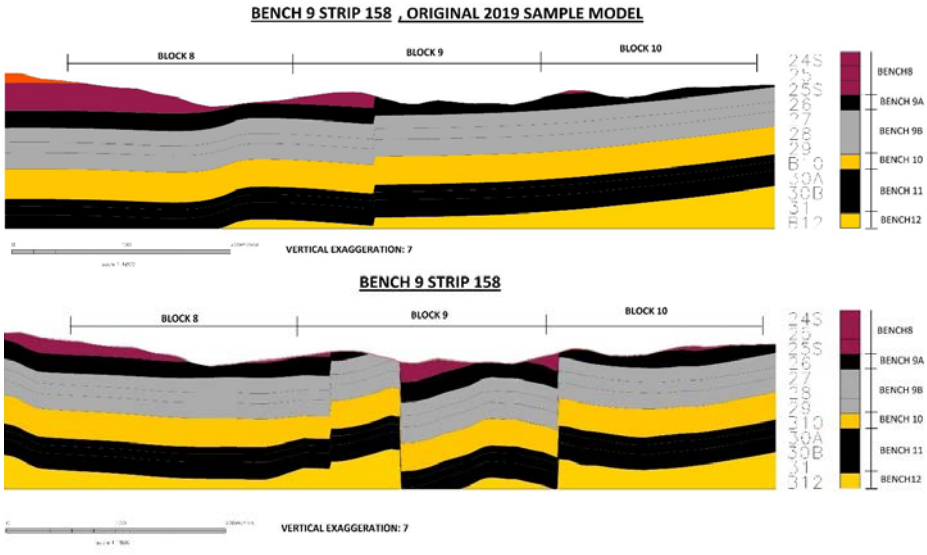
EXXARO CONDUCTED A PROCESS ACROSS ALL ITS OPERATIONS DURING 2019 TO EXTRACT HIGHER VALUE EARLIER IN THE LIFE OF OPERATIONS. AT THE BEGINNING OF 2020, THE STRATEGY WAS FINALISED AND APPROVED FOR THE VARIOUS BUSINESS UNITS. TO ENSURE THESE STRATEGIC PLANS ARE CAPTURED, IT WAS REQUESTED THAT THE PLANS ARE INCLUDED IN THE LoM PLANS AS WELL AS THE BUSINESS PLANS AND BUDGETS.

These strategies have been included in the LoM plans for Grootegeluk and Belfast. The strategy for Grootegeluk entailed a pit-shell redesign to target high-value areas in the LoM plan. The most prominent aspect resulting from the early value layout is the reduction in indentation in the middle pit that was previously designed. This improves pit bottom liberation in the first few years of the schedule. The revised pit shell eliminates high stripping areas and low-quality areas, and targets high-value areas in the LoM plans. The revised LoM schedule has shown that the mine will be able to satisfy its contractual obligations for the LoM. The strategy for Belfast entailed targeting the high-value areas earlier in the LoM plan. Based on these identified high-value areas, a revised sequence was determined to target these areas sooner. The LoM plan has been revised and the mining schedule has been run to facilitate extraction of the high-value areas sooner in the LoM. This schedule has not impacted the Reserves for Belfast but, by applying the revised sequence, the net present value of the operation has been substantially improved.

CASE STUDY

IMPLEMENTATION OF THE GROOTEGELUK SHORT-TERM GEO MODEL

THE GROOTEGELUK MINE COMPRISES A COMBINATION OF THE TWO TYPES OF COAL DEPOSITS, THE OVERLYING VOLKSRUST FORMATION (THICK INTERBEDDED SEAM COAL DEPOSIT), AS WELL AS THE UNDERLYING VRYHEID FORMATION (MULTIPLE SEAM COAL DEPOSIT).



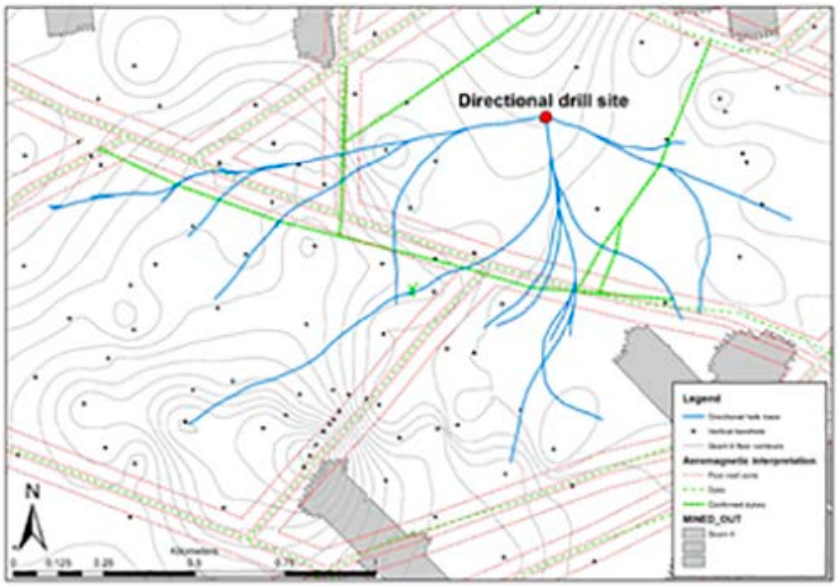
Comparison of interpretation before (above) and after (below) the short-term model

The Volksrust formation comprising intercalated mudstone or carbonaceous shale and bright coal layers requires detailed coal sample and mining horizon management to ensure correct RoM coal quality feed to the various coal processing plants. Grootegeluk implemented a short-term geological model to assist in optimising its day-to-day resource exploitation and short-term mine planning activities. Unlike the long-term geological model used for resource estimation and reporting, the short-term model is coal sample-based and updated weekly with new information obtained from geophysically logged blast holes, as well as surveyed floor surfaces in the pit. Blast holes are closely spaced (approximately 7.5m), which allows for densely spaced geological points of observation resulting in greater estimation accuracy than the long-term model, which typically uses exploration cored boreholes approximately 350m apart. The integrated model is applied to account for day-to-day material losses and/or gains as a result of under or over-mining of the benches. By ensuring that these mining deviations are accounted for in the tonnage and quality compositing of the mining blocks, block estimates are greatly improved in the short term. The short-term model has proved to be a valuable tool, assisting the operation in ensuring timely and accurate as-mined block estimates, as well as identification of geological risks within the mining blocks.

CASE STUDY

SURFACE-TO-SEAM DIRECTIONAL DRILLING AT MATLA

MATLA HAS THREE MAJOR LoM DEVELOPMENT PROJECTS UNDERWAY. THE PROJECTS WILL ENSURE EXTENDED MINE LIFE BY CREATING ACCESS TO COAL RESOURCES CURRENTLY NOT AVAILABLE THROUGH EXISTING WORKINGS AND INFRASTRUCTURE.



Matla Mine 2 north-west access project area showing surface-to-seam directional drill traces, target and confirmed structures

One of the projects is the north-west access project, which entails the development of an incline from the existing S2 workings up to the S4 Resource area. The S4 area is structurally challenging with multiple sets of igneous intrusives, including cross-cutting sills and dykes identified through aeromagnetic surveys and mining intersections. It is vital that the mine is designed to mitigate risks, to ensure maximum coal extraction and to ensure a safe working environment.
A surface-to-seam directional drilling programme was initiated during the reporting year, completing 13 500m of drilling, probing and derisking the mine layout for future mining development. Drilling results successfully outlined dyke intersections, thicknesses and displacements as well as outlining areas of poor ground conditions (burnt or fractured coal). The results were considered during the review of the mine plan, impacting on the access design as well as mine layouts. Surface-to-seam drilling has been used to collect crucial information that will not only be used for mine design but will cater for mine scheduling and production planning. In addition, inclusion of dyke thickness and displacement will allow for more informed decisions during mine scheduling and planning for stonework section deployment. The drilling has proved to be a vital quantitative tool that allows for the identification of various unknown factors well ahead of mining.

UNLOCKING VALUE IN THE ESTIMATION PROCESS

The purpose of LoM planning underlying our Resource and Reserve estimation is to unlock maximum value from the coal in the ground for Exxaro, taking margin and net value into consideration. Each orebody has a unique mining methodology, processing parameters and targeted market segment that deliver maximum value to shareholders. This is impacted by updated Resource information, developments in mining and processing technology and changes in market dynamics.

Consequently, the optimum exploitation strategy needs to be continually reviewed to ensure applicable Resources reach the most lucrative markets. This ongoing iterative process is illustrated below. A relentless drive to reduce the environmental footprint of operations is embedded in the process and the continuous impact of the evolving legislative landscape is reflected in designs.

Figure 3: Market to Resource model