



South African Coal Leaders Summit

31 January 2019

Dr. Nombasa Tsengwa
Executive Head Coal Operations



30%

**Empowered South
African Coal Mining
Company**

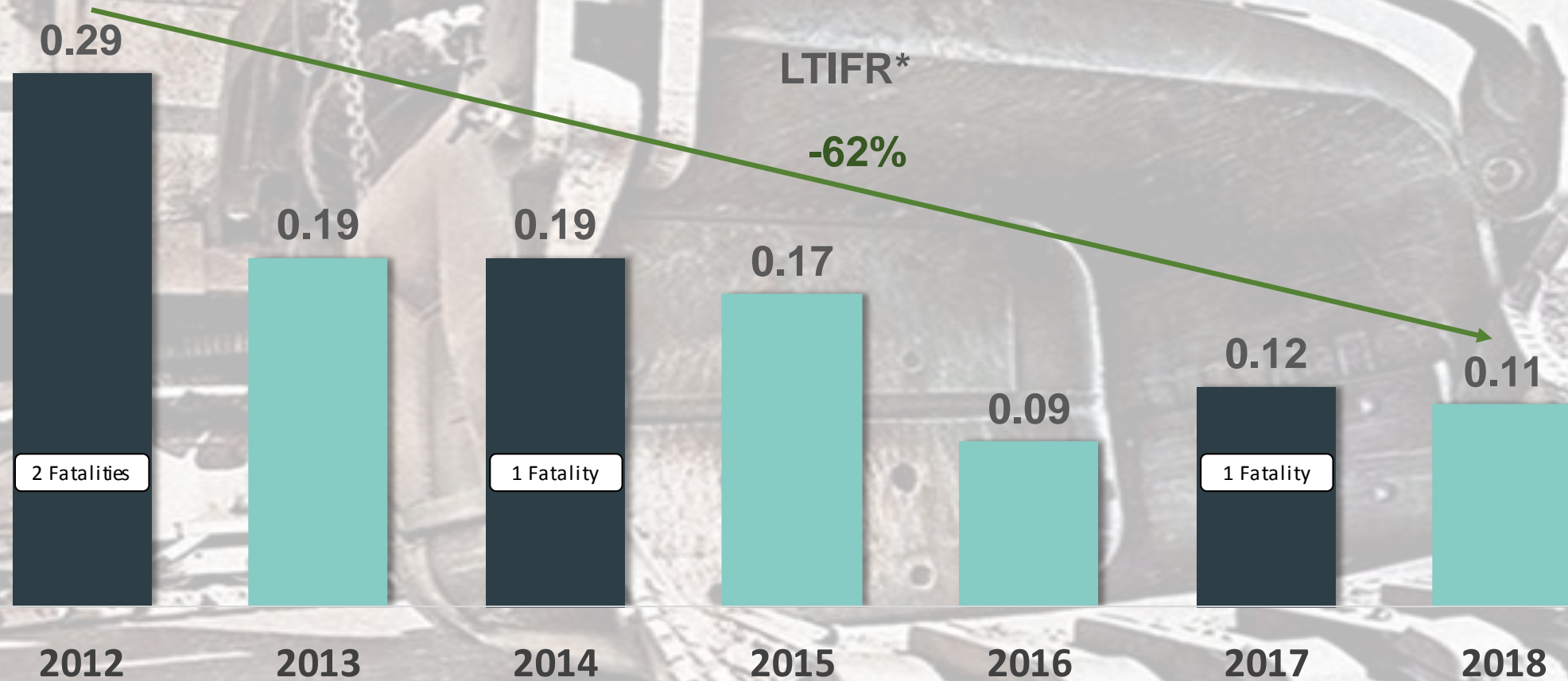
**with Market
CAP of**

R54Bn

....as at 28th of January 2019



Safety is our Number One Priority



- **Safety performance improved 62% in group LTIFR over the past 7 years**
- **Zero fatalities in the last 21 months**

**LTIFR = Lost time injury frequency rate per 200 000 man hours worked*



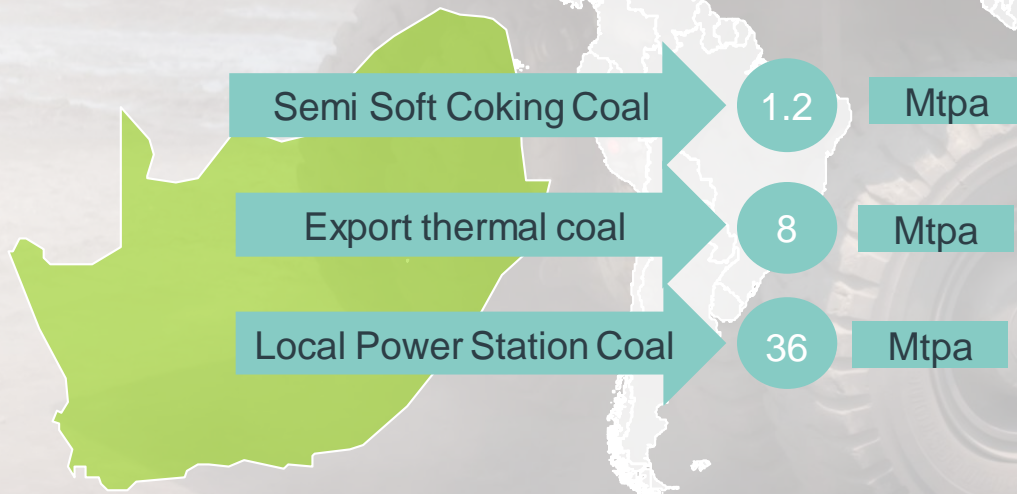
Exxaro Coal Business at a Glance

Exxaro is the largest supplier of coal to Eskom and 4th largest coal exporter of thermal coal in South Africa.

Exxaro is geared to produce ~60 Mt by 2023

Exxaro is the most diversified multiproduct producer. i.e. sized product at mine level and export product mix at RBCT.

Current Saleable Mix*

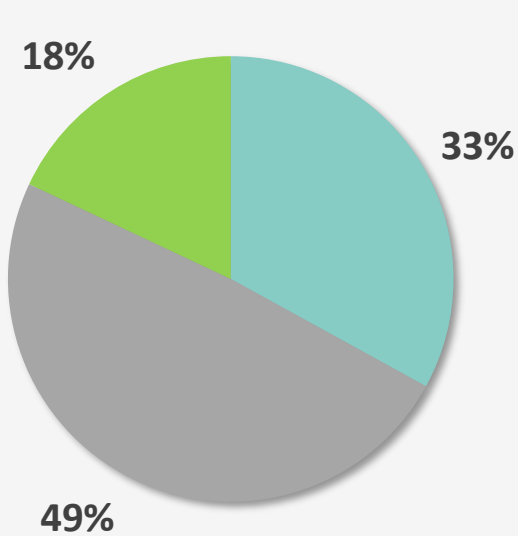


Sized Products

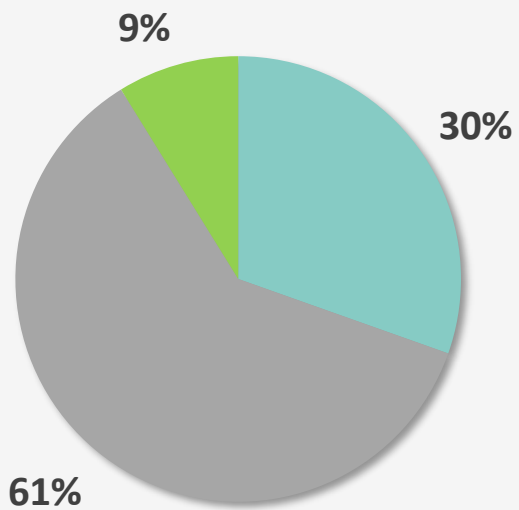
- Duff
- Peas
- Small nuts
- Semi-Coke



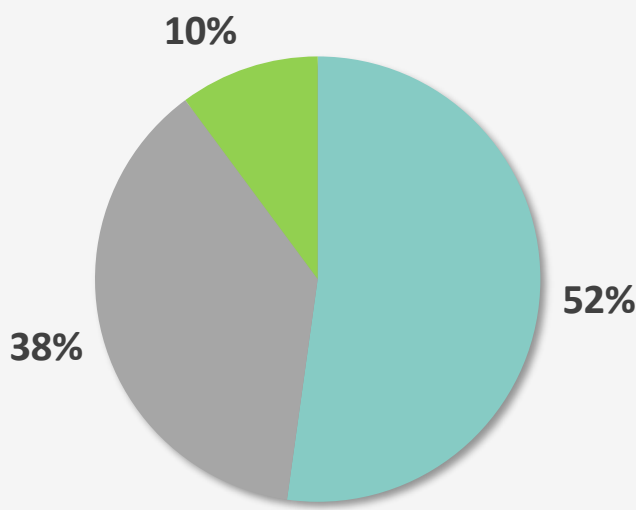
Exxaro Coal Business at a Glance... continued



2016



2019

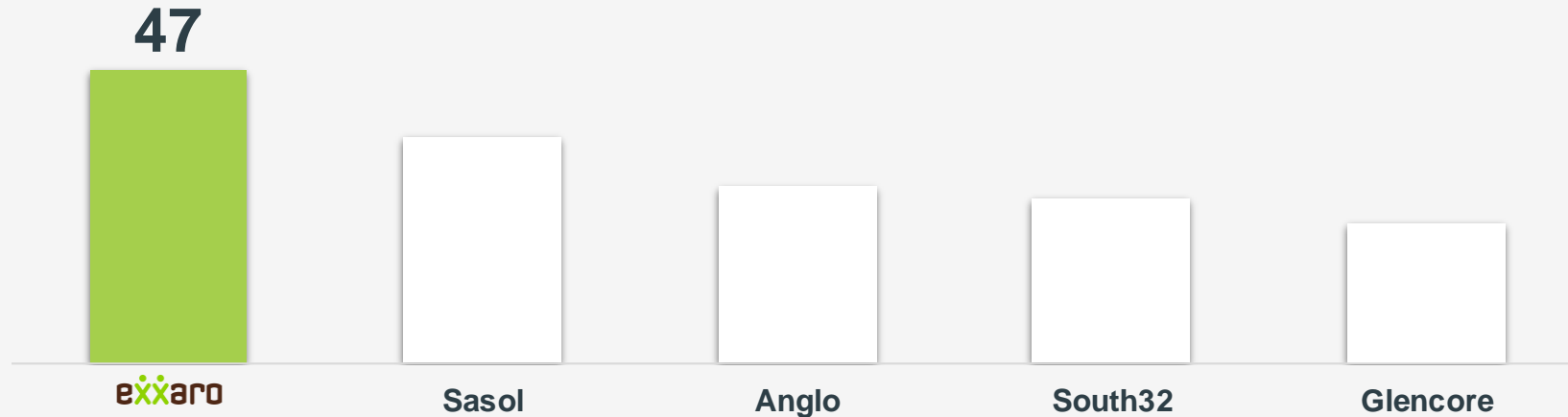


2023

RB1 RB3 4800



Exxaro Is Currently the Largest Coal Producer in South Africa...

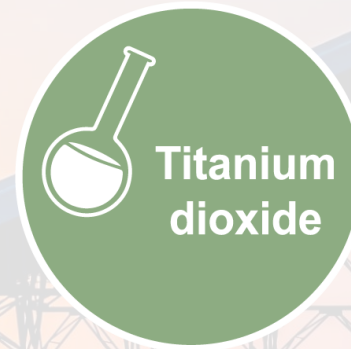


2018FD Close - Production (Mt)



Strategic Investments in Other Natural Resource Assets

**Exxaro owns
20.6% in Sishen
Iron Ore**



**24% interest in
Tronox**

**50% interest in
Cennergi**



**24% interest in
Black Mountain**



Coal Operations in Mpumalanga and Limpopo

①

Grootegeluk

Market: Domestic and Export
Product: Thermal, Met and Coking Coal
Life of Mine: 35+ years
Production: 26,95 Mtpa

②

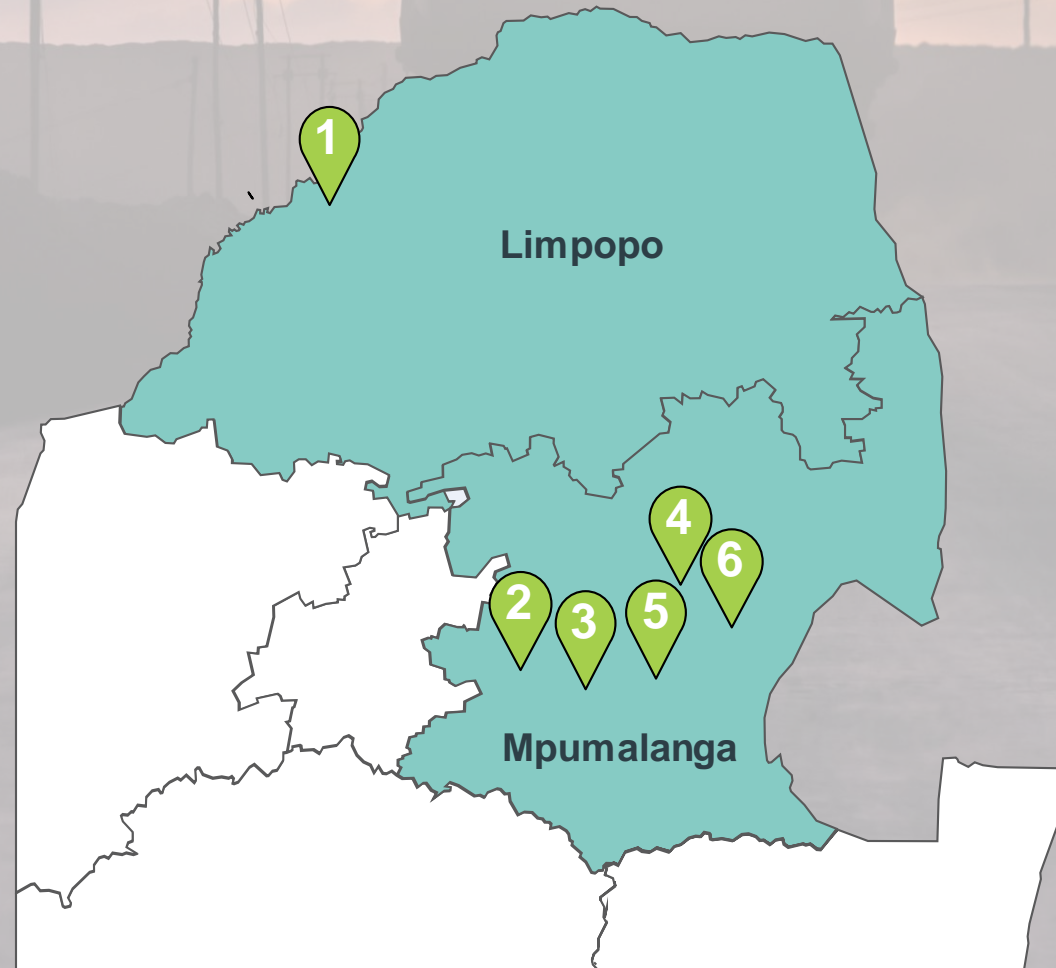
Leeuwpan

Market: Domestic and Export
Product: Thermal
Life of Mine: 11+ years
Production: 3.8 Mtpa

③

Matla

Market: Domestic (Eskom)
Product: Thermal Coal
Life of Mine: 20+ years
Production: 10 Mtpa



④

Mafube (50% ownership)

Market: Domestic and Export
Product: Thermal Coal
Life of Mine: 15+ years
JV with Anglo Coal
Production: 3.4 Mtpa

⑤

ECC Complex

Market: Domestic and Export
Product: Thermal Coal
Life of Mine: 21+ years
Production: 4.7 Mtpa

⑥

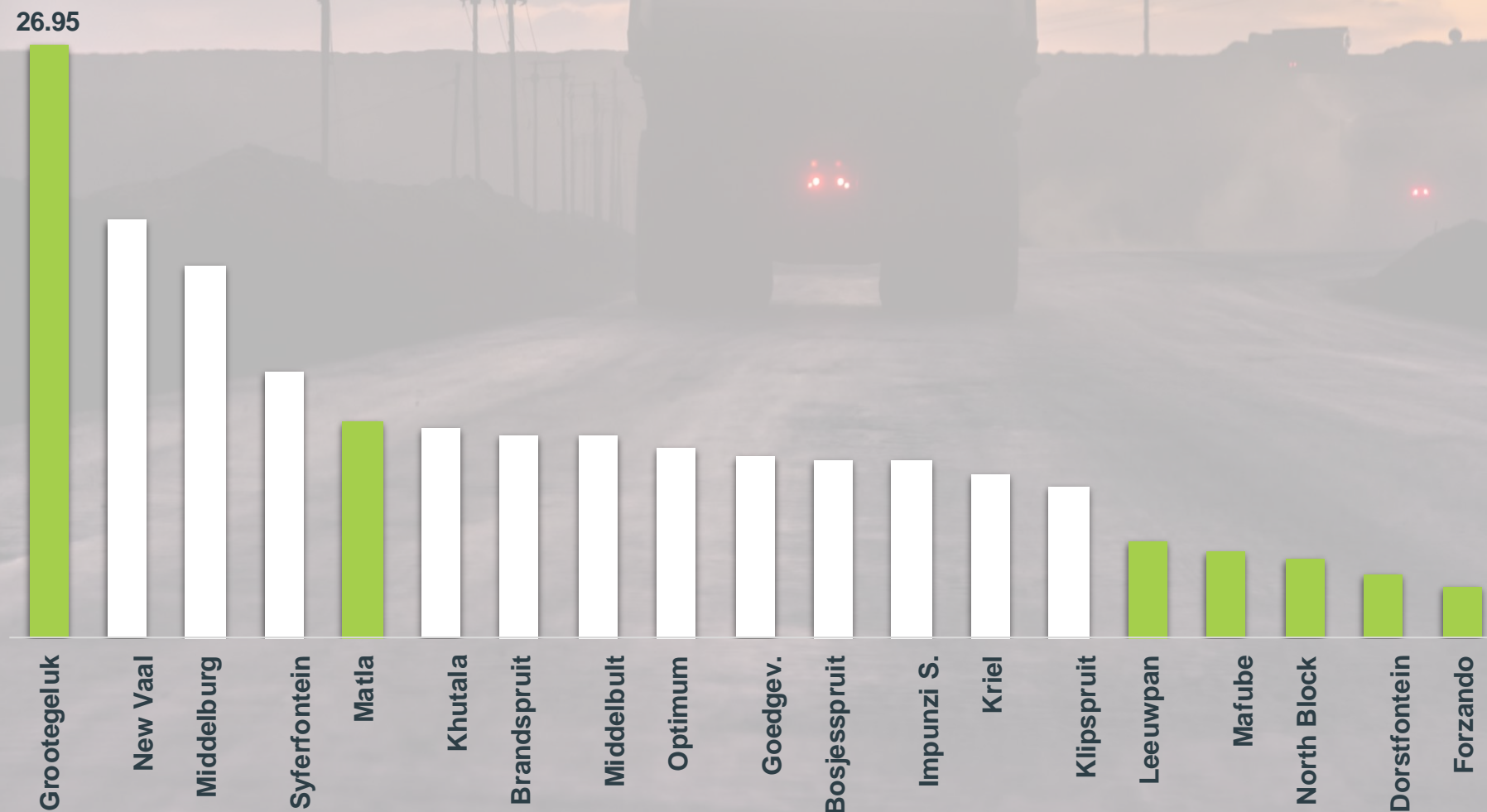
Belfast Coal

Market: Export
Product: Thermal Coal
Life of Mine: 17+ years
Production: 2,7 Mtpa

Resource footprint of 1.6bn tonnes



GG: Is the Largest Coal Mine in the Southern Hemisphere operated from a single footprint



2018 FD Pre-Close Production (Mt)



GG: Largest Coal Mine on a Single Footprint

OPEN CAST MINE

BENEFICIATION PLANTS

4 Km

3 Km

120m Deep
Surface area 1200 ha

9 PLANTS IN TOTAL
WORLDS BIGGEST FOR COAL PROCESSING

Image © 2019 DigitalGlobe
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Google Earth



Exxaro Coal is Geared for Growth



Operational Excellence is embedded, resulting in **4% ROM tonnes improvement** Year on Year from 2016 - 2018



Group Core **EBITDA** has shown a **+55.4% increase**



We have a **strong balance sheet**



Strategically positioned for both domestic and export coal **markets**



Export to seaborne markets through the **RBCT with 8.1Mtpa (~ 11Mtpa @ 91Mtpa).**
Doubling up in 2023 depending on export logistics



Optimising product mix to supply **higher value segments** and customers



R20 Bn

**Allocated for growth projects
up to 2023**



We continue to Lead Growth Options in Coal with New Projects

1 Grootegeluk Rapid Load Out Station

GG6 Expansion

Capex: **R6.1 Bn**

Production: **+1.6Mtpa**

2 Thabametsi Phase 1

Capex: **R3.2 Bn**

Production: **+3.9Mtpa**

3 Dorsfontein West

Capex: **R0.4 Bn**

Production: **+1.5Mtpa**

4 Mafube Lifex JV

Capex: **R2 Bn**

Production: **+3.4 Mtpa**

5 Leeuwpan Life Extension

Capex: **R0.6 Bn**

Production: **+2.7Mtpa**

6 Matla Mine 1 Relocation

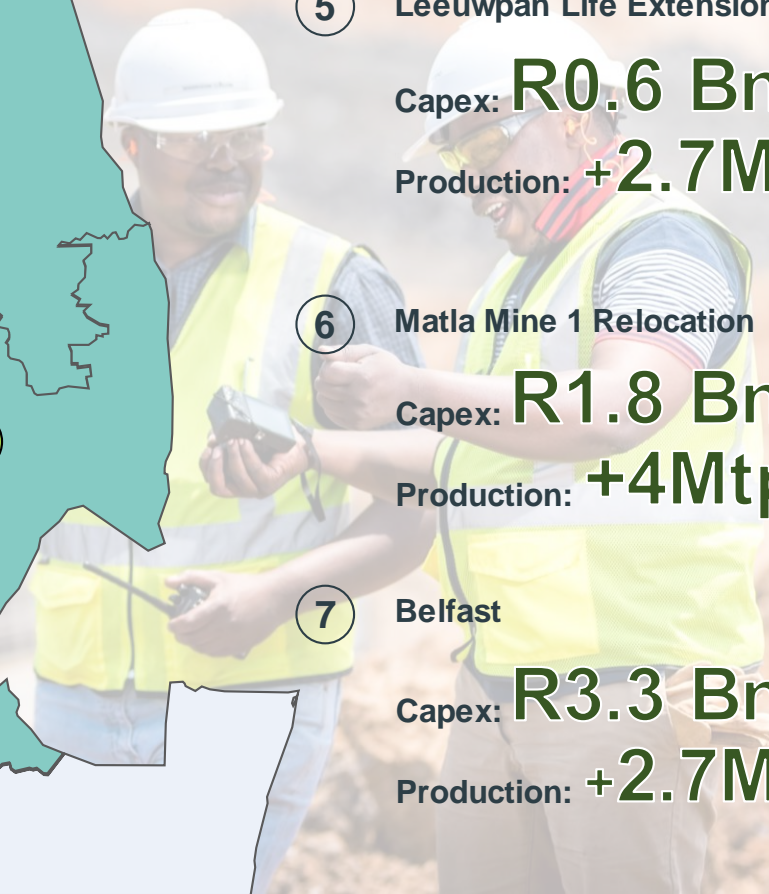
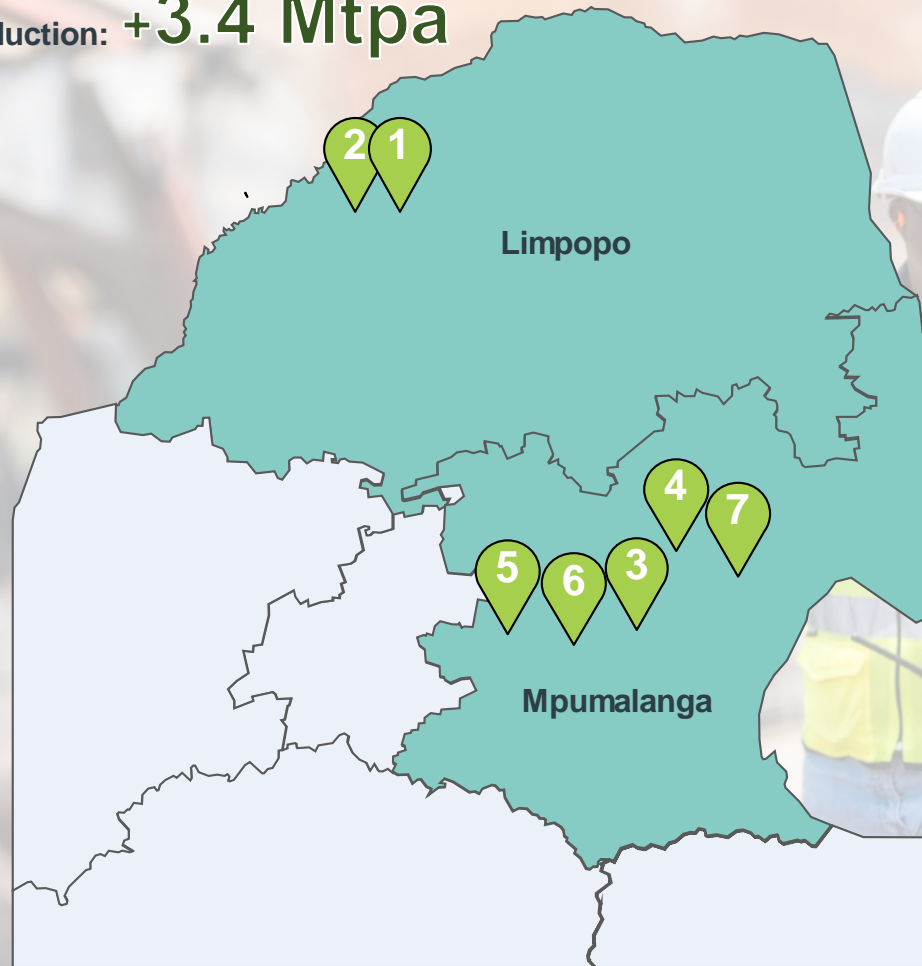
Capex: **R1.8 Bn**

Production: **+4Mtpa**

7 Belfast

Capex: **R3.3 Bn**

Production: **+2.7Mtpa**



The background image shows two individuals in a community setting. On the left, a woman with short grey hair, wearing a blue long-sleeved shirt and a high-visibility green safety vest, is smiling and looking towards the right. She is holding a white clipboard. On the right, a man in a blue long-sleeved shirt is leaning against a rusty metal fence with a chain-link mesh. He is looking towards the woman. The background is a blurred view of a light-colored building with windows. A large green diagonal shape is on the left side of the image, partially overlapping the text.

Our People, Communities, and Environment



Exxaro Cares



More than **5% of payroll spent on training** and people development.



R420m spent on communities in the last 10 years. Benefitting more than 12,000 people.



We **met** majority of our water **treatment and rehabilitation targets**.



Land rehabilitation is 21% of total disturbed land.



Returned **R17Bn to shareholders** since 2006 to 2017.



R18Bn spent on HDSA suppliers in the past 7 years.



Current Mining Operating Environment/Conditions



**Regulatory
Environment**



**Workforce of
the future**



Stakeholders



Funding



**Climate
Change**



**Infrastructure
Constraints**



**Cost of
Production**

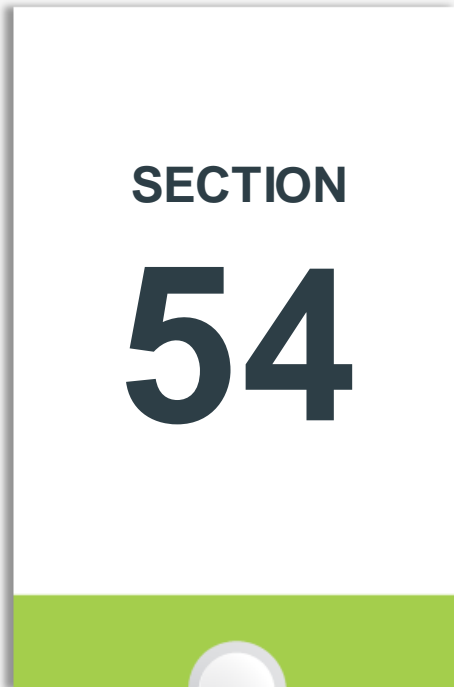


Regulatory Environment

Mining Charter 3



Section 54



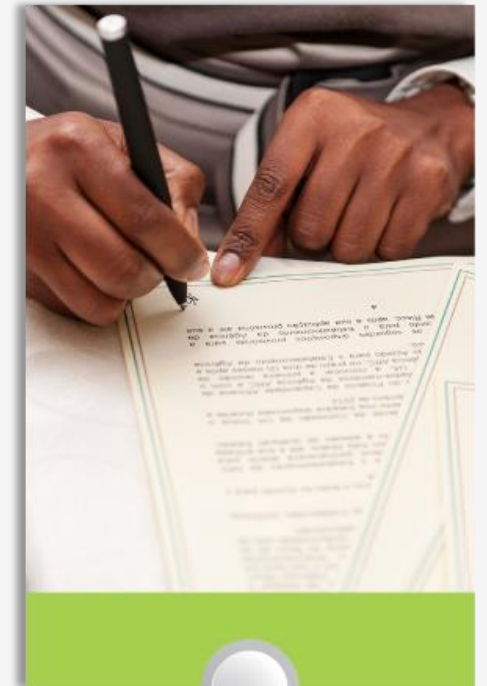
Diminished exploration



Perceptions of corruption



Policy Uncertainty





However we are Beginning to Get Clarity

Mining Charter

Home Companies Markets Economy Money Tech Business Insider Finance

All data is delayed
ZAR/EUR 53.84 (0.58%)
ZAR/GBP 17.96 (0.58%)
ZAR/JPY 9.13 (0.38%)
ZAR/USD 13.79 (0.16%)
ZAR/AUD 9.79 (0.81%)

Jury still out on Mining Charter's ability to lure investment, says former Exxaro boss

Oct 04 2018 00:15 Bloomberg News

fin24

The finalisation of the Mining Charter may help bring policy certainty to the mining sector, but questions remain around whether the legislation can translate into increased investor confidence and competitiveness, according to former Exxaro Resources CEO Sipho Nkosi.

Nkosi, now the non-executive chairperson of investment holdings company Talent10, said South Africa should learn from major mining countries like Australia and Canada when it comes to attracting investment.

"The signing of the Mining Charter did well in providing certainty, now we know what to expect for the ten years," he Wednesday on the sidelines of The Joburg Indaba, a two-day conference that brings together mining bosses, government officials and investors.

"There is still a question on whether the charter will translate into improved investment into the sector and increase competitiveness."

The reviewed Mining Charter, gazetted last week, sets out regulations aimed at transformation in the mining sector, including a requirement that new licence holders must have a minimum of 30% BEE shareholding.

- **READ: Minerals Council to engage with Mantashe over 'unresolved issues' in new Mining Charter**

"The key thing - now that the document is there - is will it bring investment to the country?" he asked. "We still

RELATED ARTICLES

- Minerals Council to engage with Mantashe over 'unresolved issues' in new Mining Charter
- SA's latest Mining Charter: What's new and who wins
- Scrapping the draft mining bill would be 'sensible' - Minerals Council
- Revised Mining Charter approved by Cabinet
- Another bad month for mining

Eskom

Ramaphosa says govt will announce measures to stabilise Eskom 'in a few weeks'

Jan 23 2018 15:00 Jan George, Ficko

fin24

President Cyril Ramaphosa announced on Wednesday that government would be announcing a set of measures to "stabilise" debt-laden power utility Eskom "in a few weeks", but did not say what measures the state would take.

Ramaphosa and members of his Cabinet were briefing the media on the SA economy and growth projections at the annual WEF in Davos, Switzerland.

He said the measures would stabilise the finances of Eskom, which is R420bn in debt, and ensure the continuation of electricity supply.

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The president is leading a high-profile SA delegation to the annual meeting of heads of state, finance chiefs, captains of industry and celebrity philanthropists, amid low economic growth in SA.

Investment jump

He said direct foreign investment into SA jumped 440% from \$1.3bn in 2017 to \$7.1bn 2018, which he said underlined the success of his investment drive.

Ramaphosa said the country had embarked on the restoration of the rule of law, as well as the credibility and integrity of public institutions since he came to power. He referred to the judicial commissions of inquiry he had established, saying those who had been "complicit in corrupt activities [would be] brought to book".

RELATED ARTICLES

- Ramaphosa praises mandatory reporting of pay discrepancies in Swiss speech
- Ferial Haftaj: Can Ramaphosa manage R1.2tn investment and expropriation without compensation?
- Solly Moeeng: SA may be open for business - but will its story sell?
- Ramaphosa must convince Davos that SA has changed course, say analysts

State Institutions

Ramaphosa's 'nine lost years' speech impresses Old Mutual CEO at Davos

Jan 24 2018 13:43 Ferial Haftaj

fin24

When President Cyril Ramaphosa spoke out about South Africa's "nine lost years" at a dinner in Davos this week, Old Mutual CEO Peter Moyo said the cost of the period crystallised for him.

"The President spoke about nine wasted years and it was the first time I heard that phrase. It made me think about how the country had been run in the last nine years."

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"We lost some of the gains we had, it was a period in which we could have done much better as a country."

"Yes, there were some exogenous factors, but we scored a few own goals," said Moyo, who is part of the high-profile public and private sector delegation to the annual World Economic Forum meeting in Switzerland.

'Lost decade'

Ramaphosa has, in several speeches, referred to the period from 2008 to 2018 as a lost decade. At Davos, he edited the period down to nine years, which coincides with the period when former President Jacob Zuma was in office.

"For the first time, we are seeing the government doing the right things on corruption. I think it's the first time we are seeing corruption and its effects being discussed openly," said Moyo.

Last year, Ramaphosa attended the World Economic Forum in Davos as the newly-minted president of the ANC, and he promised action against corruption. This year, he reported on progress.

'Good mood'

State Capture Enquiry

Times LIVE

NEWS POLITICS SPORT TENSALIVE LIFESTYLE BUSINESS MO

Agrizzi on Bosasa: 'We paid many government departments'

21 January 2019 - 10:37
By NABE LAMBELE

Former top boss of corruption-accused facilities management company Bosasa, Angelo Agrizzi, is seen in a video recording of his testimony to the Commission of Enquiry into State Capture.

RELATED ARTICLES

- Ramaphosa has 'full confidence' in SA's Kganyago
- SA Reserve Bank ownership and independence separate issues: Ramaphosa
- Ramaphosa says govt will announce measures to stabilise Eskom 'in a few weeks'
- Ramaphosa praises mandatory reporting of pay discrepancies in Swiss speech

New demands on the younger workforce

2015-10-05 12:42

David Molapo

City Press



There's a whole new world out there – and it's powered by technology, fuelled by information and driven by knowledge.

And so is our increasingly younger workforce and its future employers. Are they ready for the new opportunities the new century has brought?

Several factors are preventing young people from taking advantage of the new opportunities that accompany the demand for highly skilled labour.

These include that the education system is failing them, as are fly-by-night colleges that take advantage of them, and leave them financially and educationally poorer. Added to this is a shortage of soft workplace skills and a lack of even the most basic knowledge on conducting life in a formal work environment.

For employers, there is an additional challenge: skilled young people of the millennial generation want a fun and social workplace. They are also light on loyalty – not invested in working for a particular employer – and move to wherever they can get the best deal.

People with much-needed skills are becoming more difficult to retain.

This poses a sizeable challenge. By 2020, millennials will comprise a significant portion of the workforce.

The demographics of the traditional workforce are changing and there will be a rise of new emerging markets, a higher percentage of women in universities and a greater diversity in the workforce.



David Molapo

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The Changing Workforce



Millennials

Learning Culture

Talent Management

***Inclusive Programs to develop
and skill our workforce***



the conneXXion

News Voices Business Sport Lifestyle Video **V** Focus Jobs Property

Xolobeni turns Mantashe away: 'We say no to mining for 15 years'

2018-12-04 22:00

Pelane Phakgadi

news24

[f](#) [t](#) [g+](#) [e](#)

The community of Xolobeni in the Eastern Cape have reiterated that they do not want a mine in their area, despite the Department of Mineral Resources supposed intentions to issue mining rights.

The community leaders released a statement on Tuesday, and said that the affected Umgungundlovu community has said no to mining for 15 years, and remain steadfast on that stance.

"We have the right to say no, and we instead expect a visit from the departments of agriculture and of tourism."

READ: Mantashe: We've heard Xolobeni oppose mining, now they must hear those who want it



...s. (Netwerk24)

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stakeholders



Stakeholder Demands



**Partnerships
and
Collaboration**



**Community
Relationships**



Labour



**Role of
State vs Mines vs Communities**

COMPANIES / ENERGY

Banks under pressure to stop funding coal plants

27 SEPTEMBER 2018 - 05:06 by LISA STEYN



Picture: ISTOCK

Environmentalists claim that challenges pose a risk to new independent coal plants, which may deter banks from financing them.

Funding



Coal Mining Funding



DMR junior miners funding program.



Junior mining funding across the value chain.



State driven funding.



Difficult to secure funding for projects in environmentally sensitive areas.



Funders looking for Regulatory certainty.



Eskom's credit rating and its knock-on effect on their coal suppliers.



Disciplined capital allocation.





Infrastructure Constraints



...mfields has
...ortepuez con

Kore Potash put
project following



Rail Capacity
81 Mt

vs



Port Capacity

RBCT
91 Mt

Infrastructure Constraints

web

DATA

Radio

Rising cost pressures sees mining production down 5.6% y/y

While parts of the economy appear to be mending, the pace of recovery remains slow and patchy in mining.

Nompu Siziba / 15 January 2019 20:02 No comments so far

The biggest detractors on the production side was diamonds and iron-ore. Gold was also on a downwards trajectory, marred by deeper mines and less profitability. Dennis Dykes, chief economist at Nedbank, discusses what the lower mining numbers mean to the broader economy with Nompu Siziba.

McAfee

Web Gateway 7

Blocked by URL Filter

AUTHOR PROFILE

Your requested categories

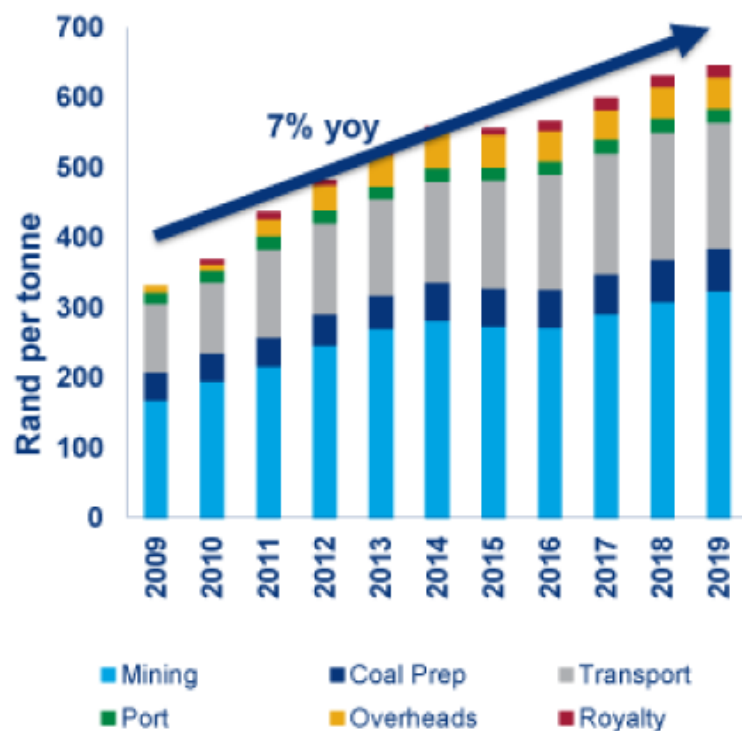
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Media

Cost of Production

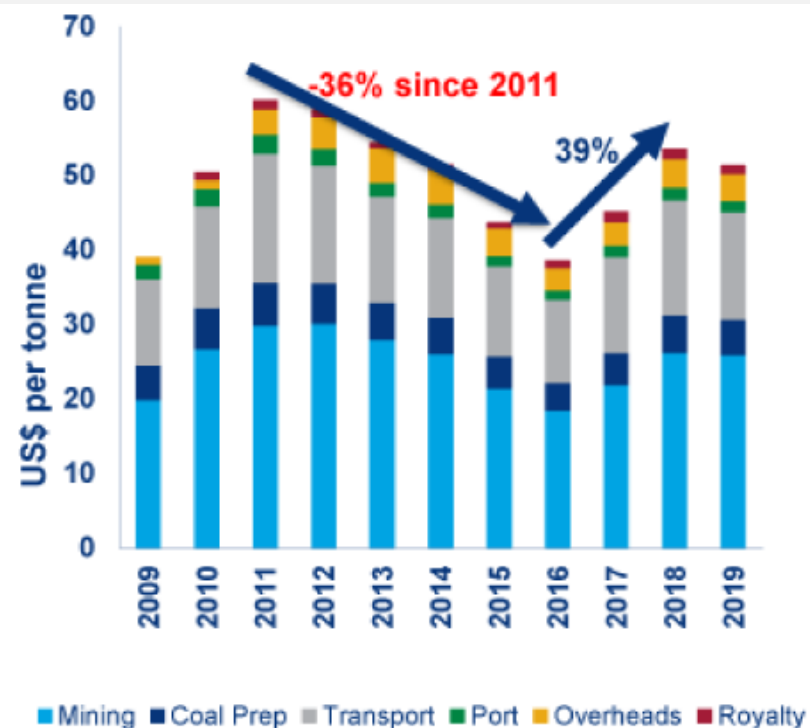


Upward Pressure for South African Coal Costs Continue

SA total thermal export cash cost (Rand/t)



SA total thermal export cash cost US\$/t

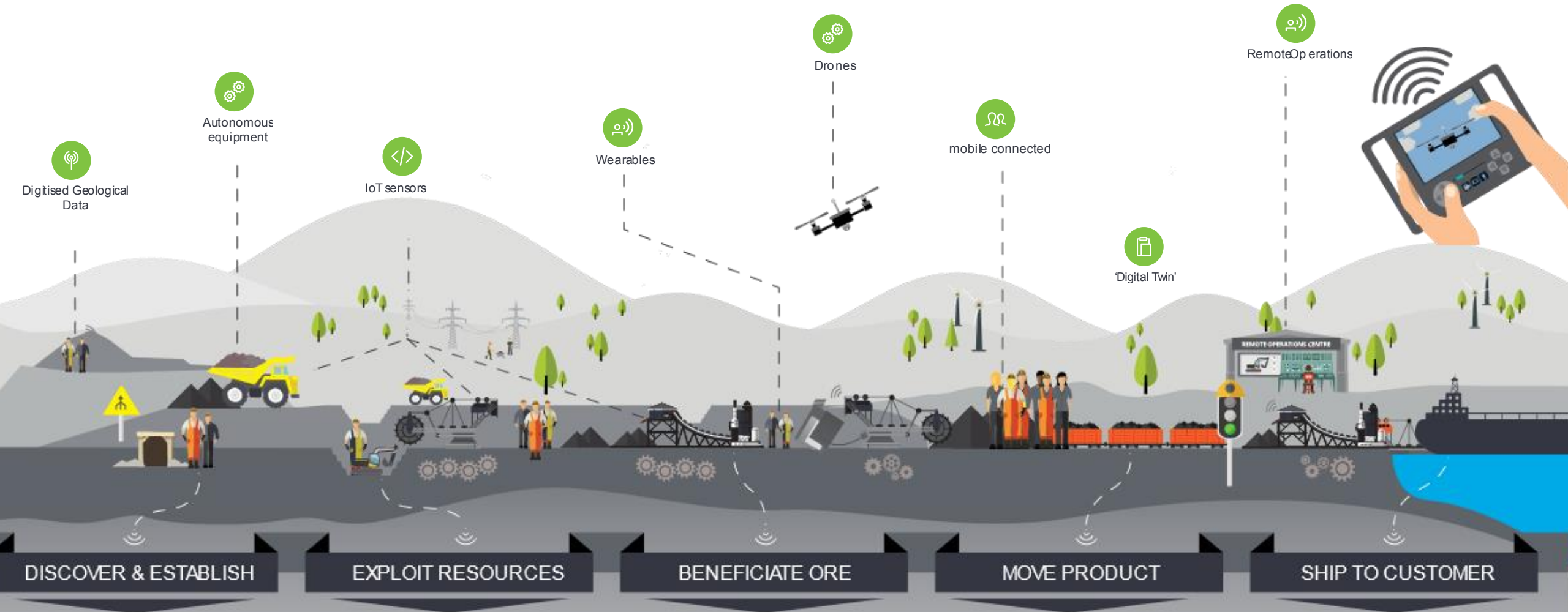




Digital@Exxaro Journey

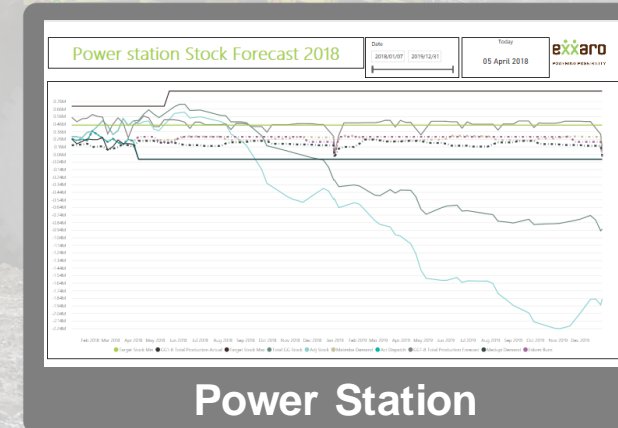
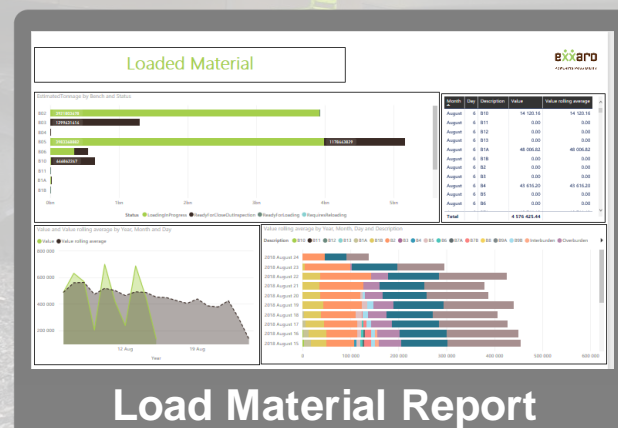
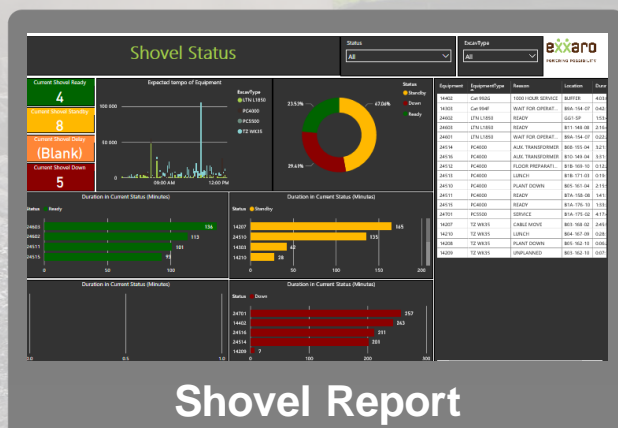
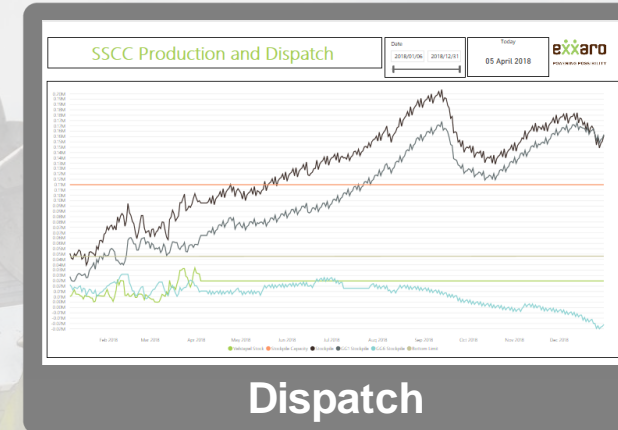
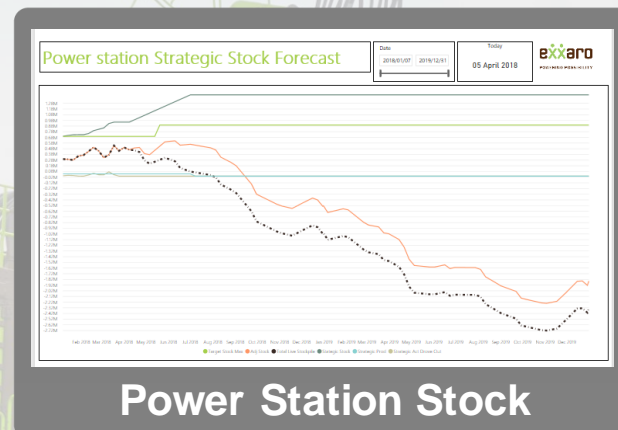
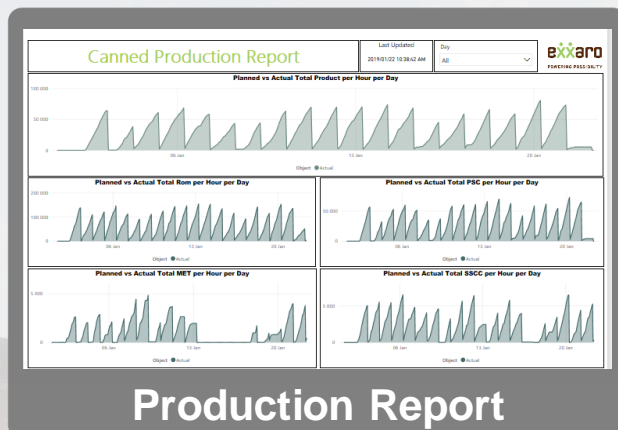
digit@**exxaro**

Startup Way | Innovation | eXcellence





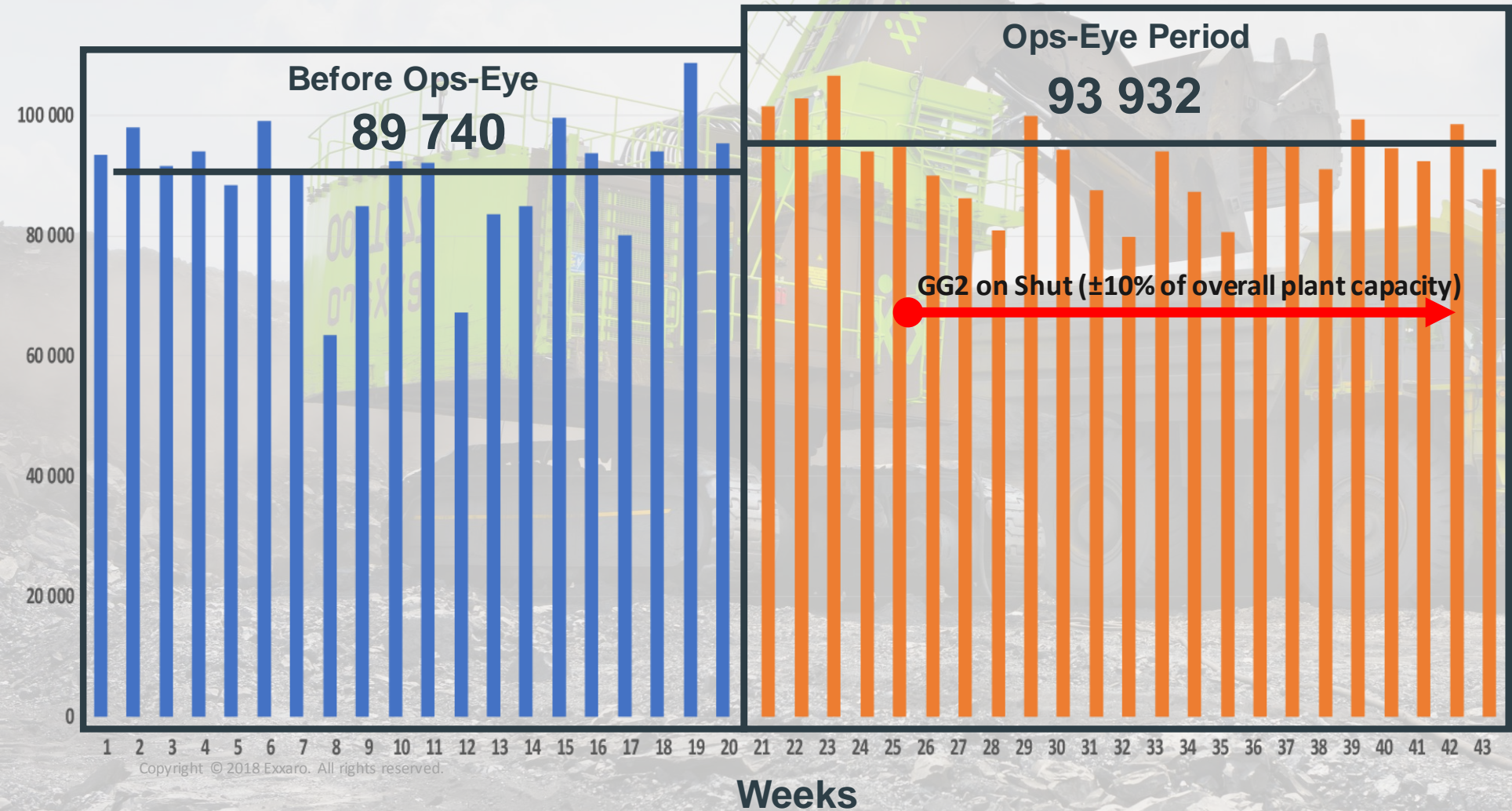
Example GG “Ops-Eye”





Ops-Eye Results

Average Ex-pit Tonnes per shift



5%
Improvement



What Industry 4.0 Means to Exxaro

digit@
exxaro

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Safety
Productivity
Cost

DEPENDENT

VOICES FINAL SAY SPORT CULTURE VIDEO **INDY/LIFE** INDYBEST LONG READS AIDSFREE INDY100 VOUCHERS

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News > World > Europe

Germany sets 'historic' deadline to end coal use by 2038 in bid to curb climate change

Expert panel recommends creating up to 5,000 new jobs in regions affected by transition

Kirsten Grieshaber | 1 day ago |

Click to The In

Dealing with Climate Change



Climate Change and the Future of Coal



80% to 90% of coal reserves world wide will need **to remain in the ground** if climate change targets are to be reached - (UNEP)



UK to invest **\$320m** in **energy storage** R&D – (Power Engineering International)



The **share of renewables** in power generation **will reach 30% in 2022**, up from 24% in 2016.
The equivalent of power consumption of China, India and Germany combined - (International Energy Agency)



REALITY - 1,600 new coal-fired power plants are planned or under construction **in 62 countries**
“most of which are in SEA” - (NYT)



While global energy demand and relative share of renewables increase, **coal demand will remain stable until 2040.**



We Believe in the Future of Coal

We have growth in volume, product mix, balance sheet and value

“Digital@Exxaro” is the defence to the future and relevant to current conditions



exxaro
POWERING POSSIBILITY

THANK YOU