

Thungela increases its interest in Zibulo Operation and Elders Project to 100%

THUNGELA RESOURCES LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2021/303811/06

JSE Share Code: TGA

LSE Share Code: TGA

ISIN: ZAE000296554

Tax number: 9111917259

('Thungela' or the 'Company' and, together with its affiliates, the 'Group')

THUNGELA INCREASES ITS INTEREST IN ZIBULO OPERATION AND ELDERS PROJECT TO 100%

Thungela announces that it has reached an agreement with its BEE partner, Inyosi Coal (RF) Proprietary Limited ("Inyosi"), to acquire the 27% shareholding of ordinary shares of Anglo American Inyosi Coal Proprietary Limited ("AAIC") currently owned by Inyosi ("the Transaction") in exchange for shares in Thungela. Pursuant to the Transaction, Thungela will own 100% of AAIC, whose assets include the Zibulo operation and the recently approved Elders production replacement project. The Transaction enables Inyosi to obtain an interest in Thungela while simultaneously transforming its interest into a more liquid position in a publicly traded entity.

Thungela CEO, July Ndlovu, said: "The Transaction marks a new chapter in our relationship with Inyosi, as we unlock value and liquidity for Inyosi as they transition from asset partners to investors in Thungela. The Transaction also underscores Thungela's commitment to sound capital discipline as we invest in a highly cash-generative asset that we know exceptionally well - our own operations and project opportunities such as Elders."

The Group will fund the acquisition of the shares in AAIC through issuing 4,180,777 new Thungela ordinary no par value shares, which will be allotted and issued to Inyosi. Inyosi will own approximately 3.02% of the ordinary no par value shares which carry voting rights in Thungela. Inyosi's shares in Thungela are subject to an orderly markets disposal provision, which includes an initial 30-day period during which no more than 20% of the newly allotted shares may be sold.

The acquisition of the 27% stake in AAIC is aligned to Thungela's strategy as it seeks to maximise the full potential of existing assets and optimise capital allocation.

As a result of the Transaction, which is anticipated to be earnings accretive, the Group will benefit from the full economics of the Zibulo operation and the Elders production replacement project, resulting in an uplift to earnings attributable to equity owners of Thungela. The non-controlling interest attributable to the 27% shareholding in AAIC for the six-month period ended 30 June 2022 was R696 million as reflected in the Group's Interim Financial Statements for the six months ended 30 June 2022 (1).

Based on the purchase consideration, the Transaction is uncategorised in terms of the Listings Requirements of the JSE Limited ("JSE") and the above information relating to the Transaction is accordingly disclosed on a voluntary basis.

Applications have been made to the JSE, FCA and to the London Stock Exchange for the new Thungela ordinary no par value shares to be admitted to the JSE Main Board, to the standard segment of the Official List of the FCA, and to trading on the JSE's Main Board exchange and the London Stock Exchange's Main Market for listed securities, respectively ("Admission"). It is anticipated that Admission will become effective on or about 30 November 2022.

Immediately following Admission, Thungela will have a total of 140,492,585 ordinary no par value shares in issue of which 1,940,974 are held in treasury and carry no voting rights. Total voting rights following Admission will be 138,551,611 and this figure may be used by shareholders as the denominator for the calculations by which they may determine whether or not they are required to notify their interest in, or a change in their interest in, the ordinary share capital of Thungela under the FCA's Disclosure and Transparency Rules.

Rosebank

24 November 2022

Footnotes

1) Non-controlling interests ("NCI") for the six months ended 30 June 2022 amounted to R671 million, as reflected in the Group's Interim Financial Statements available at www.thungela.com. Of the total NCI, R696 million is attributable to Inyosi's 27% shareholding in AAIC, with the balance attributable to losses attributable to NCI in other entities in the Group.

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(A division of FirstRand Bank Limited)

Date: 24-11-2022 09:00:00

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