2021 Annual Results and Strategy Update

Presentation for the year ended 31 December 2021

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Throughout this presentation a range of financial and non-financial measures are used to assess our performance, including a number of financial measures that are not defined or specified under IFRS (International Financial Reporting Standards), which are termed 'Alternative Performance Measures' ("APMs"). Management uses these measures to monitor the Group's financial performance alongside IFRS measures to improve the comparability of information between reporting periods and business units. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

Our Purpose

To responsibly
create value
together
for a shared future

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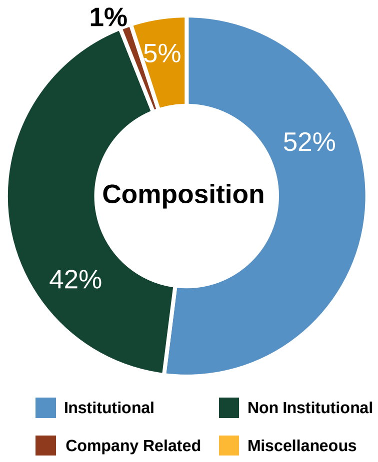
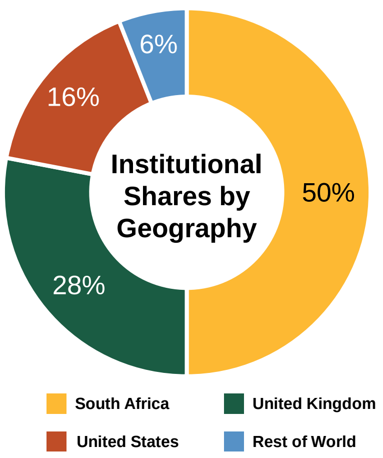
BECOMING A PUBLIC COMPANY: THE START OF OUR JOURNEY

THUNGELA RESOURCES LIMITED (TGA) ON JSE

SHARE REGISTER DISTRIBUTION AT 31 DECEMBER 2021





SIGNIFICANT VALUE CREATED SINCE LISTING

- **Thungela today returning 82% of our Day 1 closing market capitalisation as a cash dividend to shareholders**
- Share price increase of 286% from closing price on first day of trading to 31 December 2021

TRANSPARENCY AND ACCOUNTABILITY

- Embracing the **responsibility of being a listed company**
- **Increased visibility on ESG performance**

DIVERSE AND BALANCED SHAREHOLDER BASE

- **Institutional holders represent 52%** of the share register
- **South African holders comprise 50%** of the share register with significant holdings by UK and US based investors

2021 Highlights - Delivering on our promises

IMPROVEMENT IN SAFETY

Total Recordable Case Frequency Rate

decreased to 1.35

(2020: 1.51)

RETURN TO PROFITABILITY

Profit for the period

R6.9 billion

(2020: loss of R0.4 billion)

FINANCIAL STRENGTH BOLSTERED

Adjusted operating free cash flow (OFCF) generation

R3.9 billion

Net cash position

R8.7 billion

COMMITMENT TO SHARE THE VALUE CREATED

Inaugural dividend

R273 million

to SACO Employee (EPP) and Nkulo Community Partnership (CPP) Trusts

MEASURABLE IMPROVEMENT

Reduction in capital expenditure and elimination of corporate costs through applying

“Thungela lens”

since Demerger

DECLARATION OF MAIDEN DIVIDEND

R18 per share

R2.5 billion

returned to shareholders

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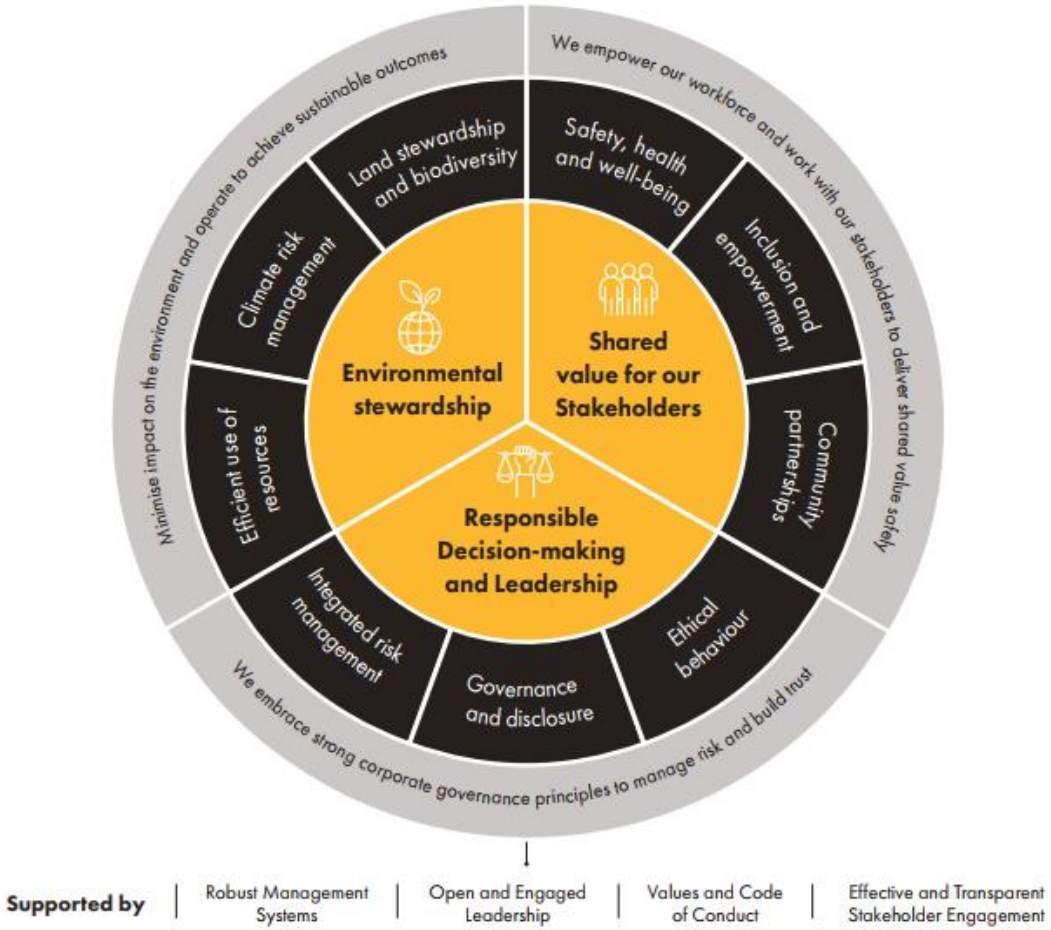
Driving our ESG aspirations

July Ndlovu | Chief Executive Officer

Our approach to ESG

OUR ESG FRAMEWORK



RECOGNISE AND BALANCE SOCIETY'S NEEDS

- Climate change is **one of the major global challenges** of our time
- Need to balance environmental expectations, the need to support development, and the vital role that mines play in the economy and our host communities

FIT FOR PURPOSE FRAMEWORK

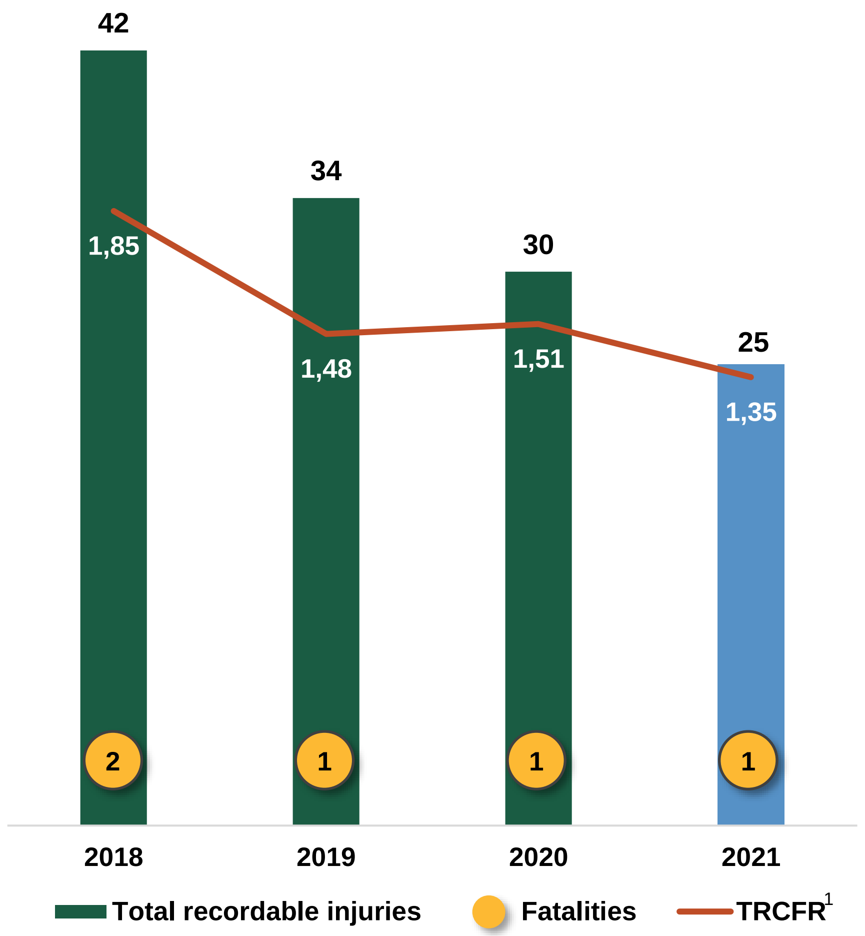
- Prioritising areas that are most salient to our host communities and broader stakeholders
- Committed to upholding ESG standards whilst striving to outperform on the social aspect

THREE PILLARS EACH WITH THREE CORE PRIORITIES

- Most relevant to our employees, communities, other stakeholders and global trends
- Underpinned by robust management systems, open and engaged leadership and a commitment to effective and transparent stakeholder engagement supported by our Values and Code of Conduct

SAFETY AND HEALTH ARE OF PARAMOUNT IMPORTANCE

KEY SAFETY METRICS



RELENTLESS DRIVE TO ELIMINATE FATALITIES

- **Non-negotiable target: Fatality-free business**
- **Safety Strategy:** Back to basics, Work management and Culture change
- **Consistent improvement** in total recordable injuries, but need to translate into zero fatalities

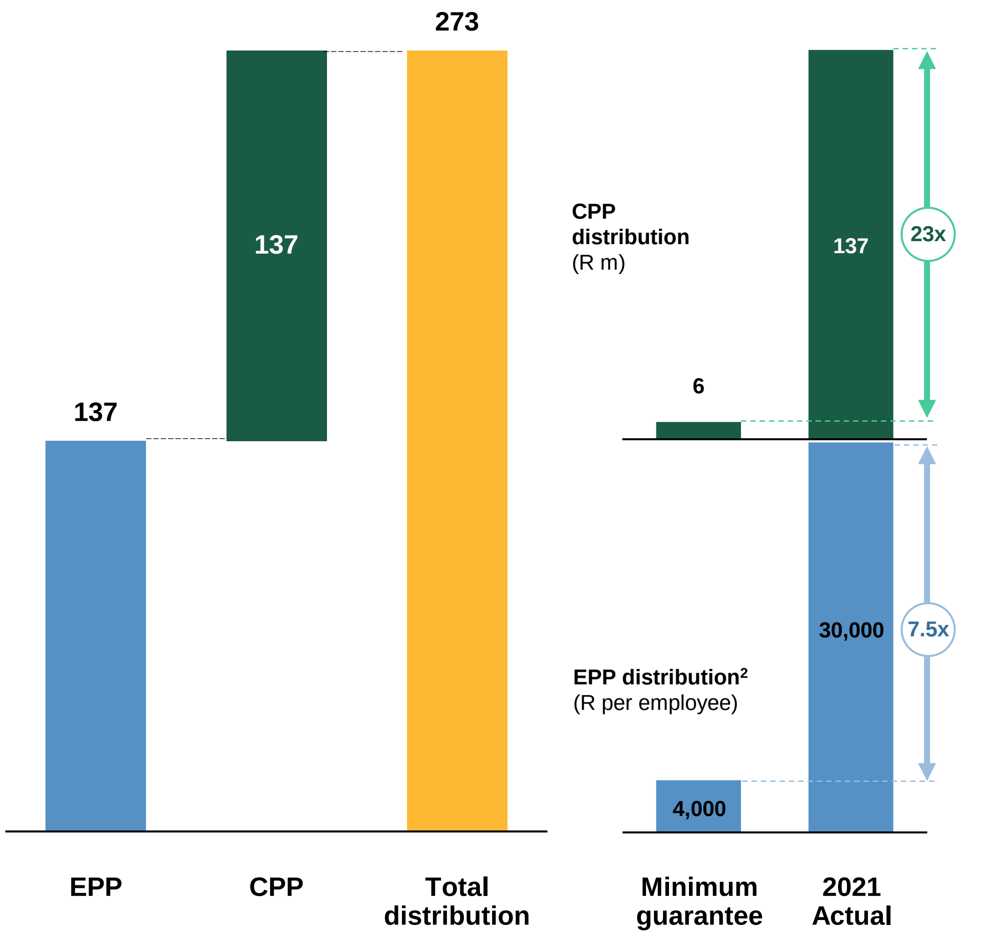
COMPREHENSIVE AND HOLISTIC RESPONSE TO COVID-19

- **Dedicated Thungela COVID-19 Command Centre** leading monitoring, vaccine roll-out and return to work programmes
- **Stringent workplace controls** including screening, testing and monitoring of all employees
- Thungela's **Highveld Hospital** serving as testing facility, quarantine site, treatment facility and vaccine roll-out site
- **Continue to support our communities** through the provision of essential health services

Notes: *(1) Total Recordable Case Frequency Rate = Total number of recordable injuries per one million hours worked*

CREATING VALUE TOGETHER FOR A SHARED FUTURE

DISTRIBUTIONS TO EPP AND CPP (R million)



CREATING VALUE FOR EMPLOYEES

- **R137 million** distributed to SACO Employee Partnership Trust[1]
- Allows employees to **share in the value created**
- **Develops culture** where colleagues commit to the highest environmental, social and governance standards

MAKING A MEANINGFUL AND LASTING SOCIAL IMPACT

- **R137 million** distributed to Nkulo Community Partnership Trust[1]
- Value created for the **upliftment of local communities**
- Commitment to the **socio-economic development of communities** where we operate

Notes: *(1) The SACO Employee Partnership Plan Trust and the Nkulo Community Partnership Trust each hold 5% of SACO*
(2) Based on 4,500 qualifying employees

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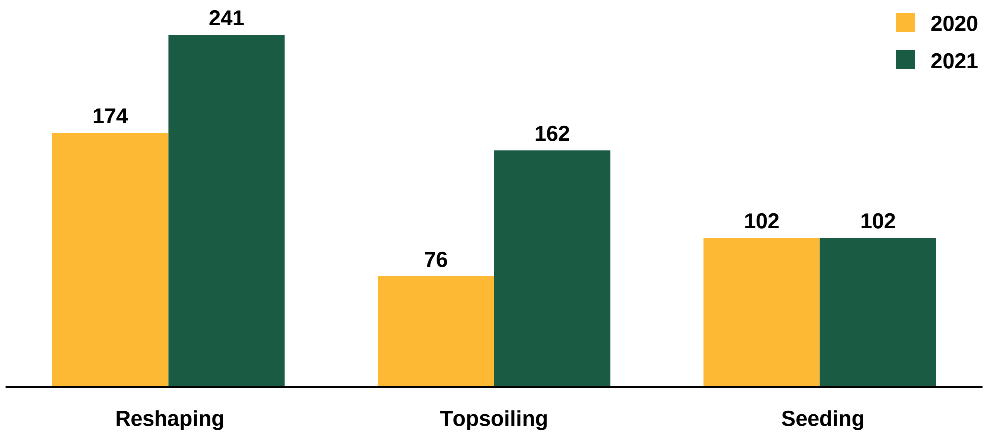
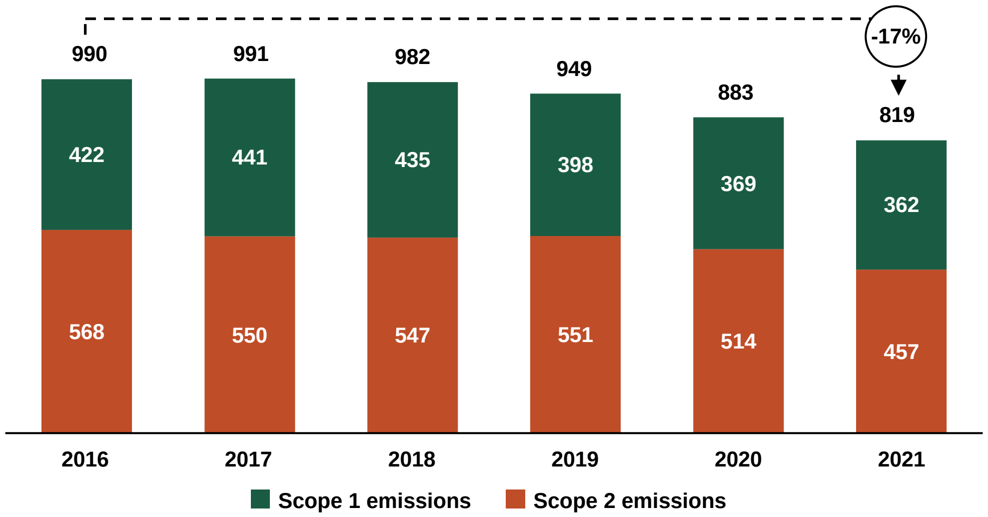
Managing resources and impacts responsibly

AREA REHABILITATED (hectares)



TOTAL CO_2 EQUIVALENT EMISSIONS (kt CO_2 e)



LAND STEWARDSHIP AND BIODIVERSITY

- **102 hectares seeded**
- Started construction of demonstration scale **passive water treatment plant**
- **Uncharacteristic incident** at Kromdraai in February 2022, remedial actions on track

EFFICIENT USE OF RESOURCES

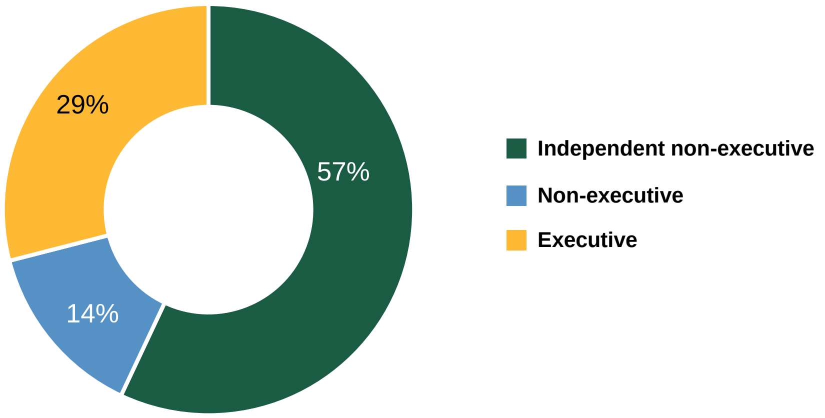
- On track to meet 2023 **water abstraction target of reducing imported water by 20%** against the 2015 baseline
- eMalahleni Water Reclamation Plant **treats and supplies water to local eMalahleni municipality**

CLIMATE RISK MANAGEMENT

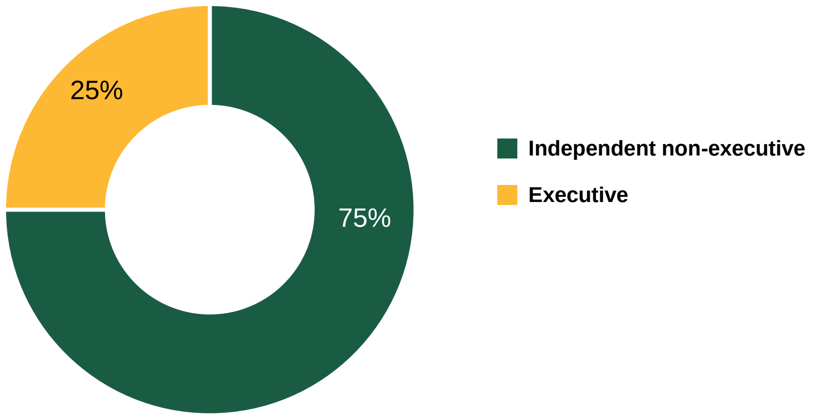
- **Absolute carbon emissions decreased by 17% off 2016 baseline** compared to reduction target of 15%
- Will pursue **carbon intensity improvements annually at each of our sites** while charting path to net-zero

GOVERNANCE SUPPORTING VALUE CREATION

BOARD STRUCTURE (31 DECEMBER 2021)



BOARD STRUCTURE (ENVISAGED)[1]



EXPERIENCED AND DIVERSE BOARD

- **Majority** of directors are **independent**
- Board diversity – currently **14% female** and **71% HDSA[2]** representation
- Board will be expanded to include an **additional female director as an independent director**
- **Values and Code of Ethics** governs our **business conduct and dealings**, including partnerships

HIGHEST STANDARDS OF GOVERNANCE AND REPORTING

- **Board has ultimate responsibility for governance,** including ESG governance
- **Sound corporate governance integrated** into the company's strategy, policies, standards, practices and procedures
- **JSE and UK listings require high levels of transparency**
- ESG reporting in line with **GRI Sustainability Reporting Standards, King IV Principles, Integrated Reporting Framework**
- Opportunity to consolidate a number of coal assets under the **Thungela governance umbrella**

Notes: *(1) SG French independent from 1 January 2022. An additional independent director will be appointed in 2022*
(2) Historically disadvantaged South African

The Numbers

Deon Smith | Chief Financial Officer

2021 Financial and Operational Highlights

PROFIT FOR THE PERIOD	ADJUSTED EBITDA	ADJUSTED OFCF	DIVIDEND
R6.9 billion	**R10.0 billion**	**R3.9 billion**	**R18 per share**
(2020: R0.4 billion loss)	(2020: R0.3 billion)	(2020: R249 million utilisation)	R2.5 billion aggregate 63% of Adjusted OFCF

EXPORT SALEABLE PRODUCTION	FOB COST/ EXPORT TONNE
15.0 million tonnes	**R830/t IFRS**
(2020: 16.5 million tonnes)	(2020: R804/t)
	R812/t Pro forma
	(2020: R833/t)

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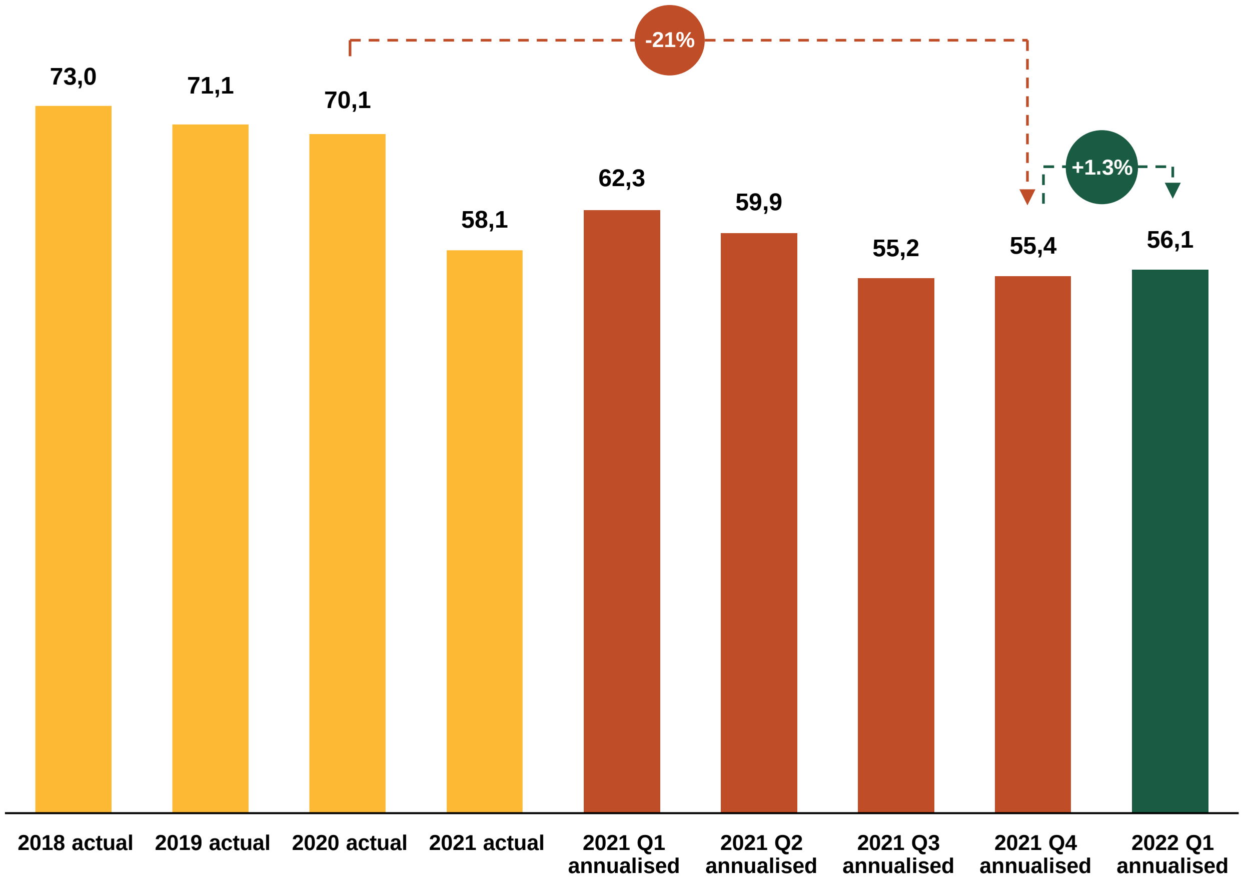
SOLID RESULTS IN A CHALLENGING ENVIRONMENT

TFR[1] AVERAGE RUN RATES (Mt per annum)



TFR CHALLENGES

- 2021 TFR performance **exceptionally poor** compared to recent years
- Industry railed volume of **58.1 Mt for 2021 is the lowest annual rail outcome since 1996**
- TFR performance **deteriorated consistently up to Q3 2021** due to cable theft and locomotive unavailability

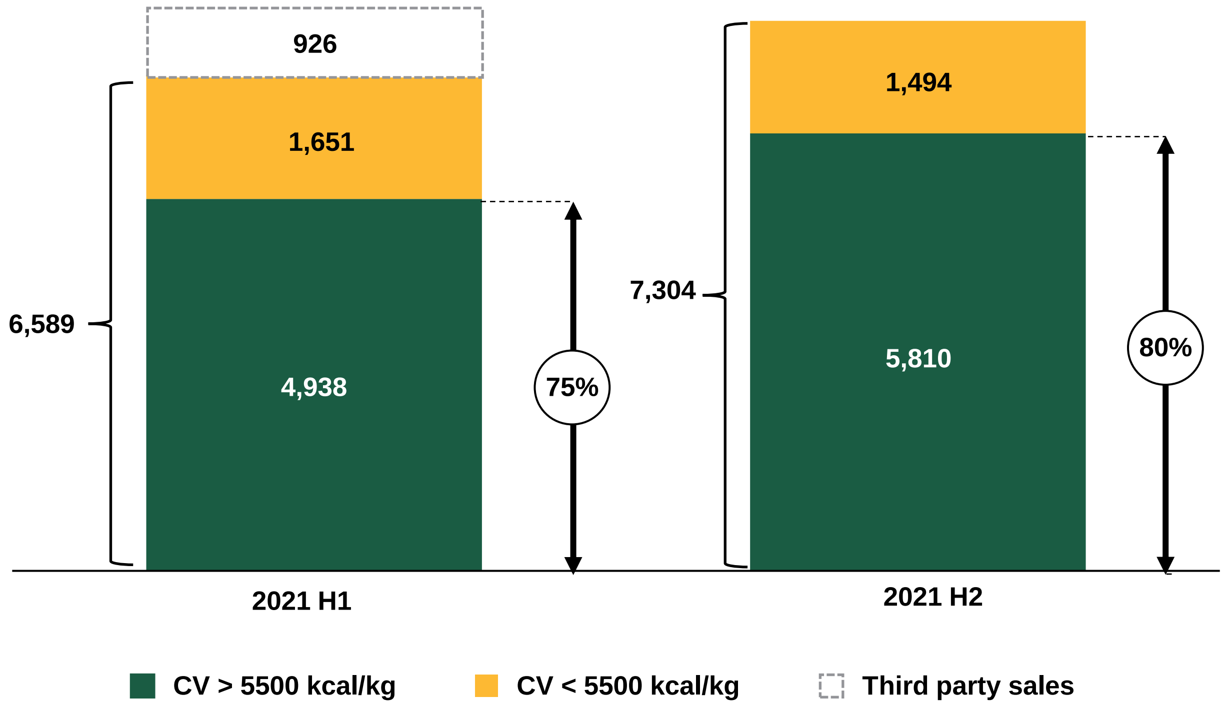
TFR INDUSTRY ENGAGEMENT AND OUR RESPONSE

- **Security intervention**
- **Procurement support** for locomotive spares
- Introduction of **40 additional locomotives** in March 2022, increasing capacity by 25%
- **Thungela involved** in several of these initiatives
- **We expect to see improvement from Q2 2022**

Notes: *(1) Transnet Freight Rail*

EXPORT SALES MIX MAXIMISED FOR EARNINGS

EXPORT EQUITY SALES (kt) – PRO FORMA



SALES IMPACTED BY RAIL CONSTRAINTS

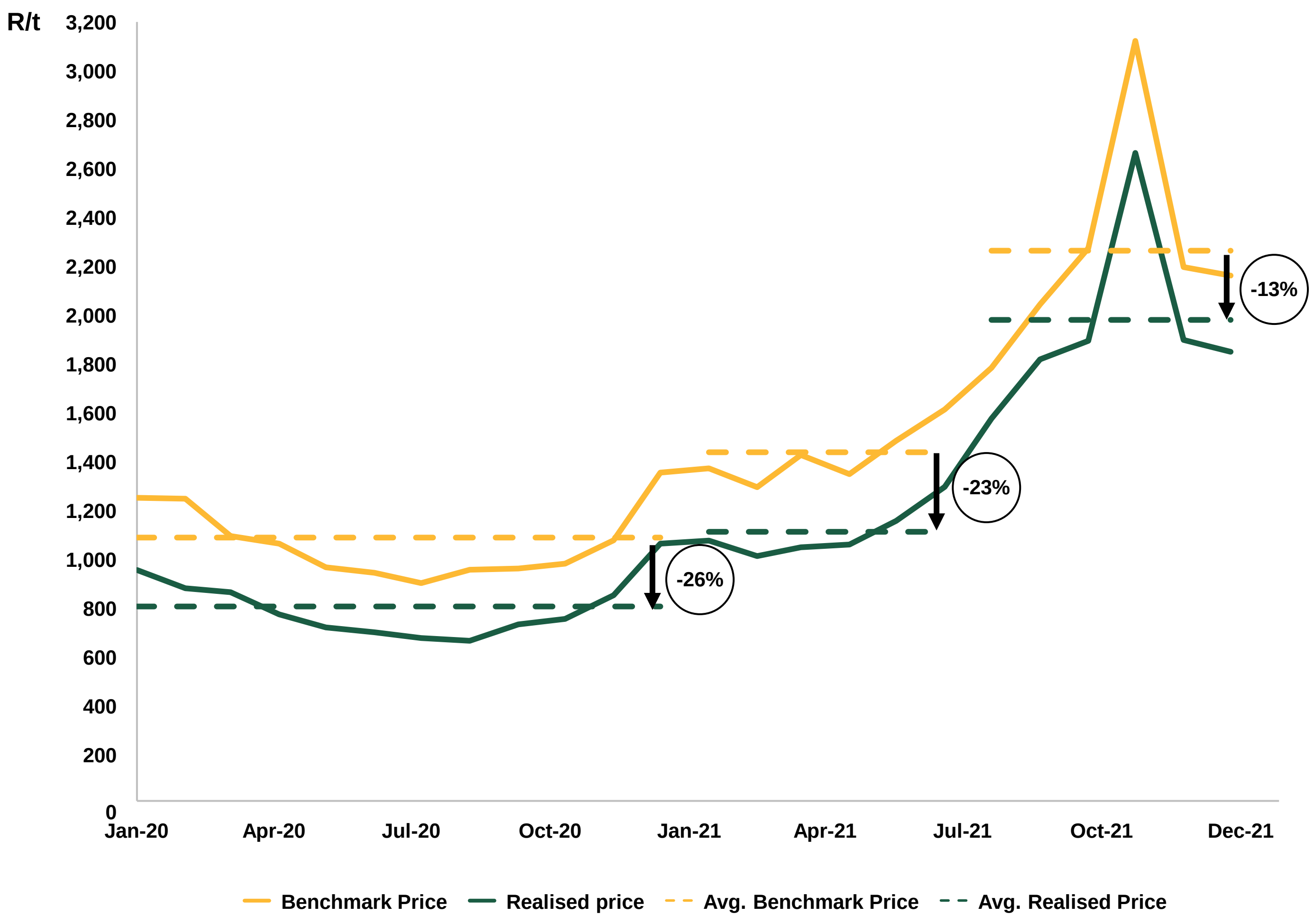
- **Export equity sales decreased by 16%** to 13.9Mt (2020: 16.6Mt)
- **Decision to curtail lower margin production from late Q3**, which impacted full year production and export equity sales
- **Export equity sales prioritised** over third-party sales and **sales mix optimised**

SALES MIX OPTIMISATION

- **Optimised mix in order to rail higher quality coal**
- H1 2021 percentage of sales with CV > 5500 kcal was 75%
- H2 2021 **percentage of sales with CV > 5500 kcal increased to 80%**
- **Increase resulted in lower average discount to Benchmark price**

STRONG FUNDAMENTALS RESULTED IN A SUPPORTIVE MARKET

BENCHMARK AND REALISED THERMAL COAL PRICES (R/t)



EXPORT MARKETS

- **Firmer demand from South Asian countries** underpinned by urbanisation and economic growth
- **Supply constraints**, including TFR challenges and ongoing geopolitical tensions remain price supportive

BENCHMARK PRICES AND DISCOUNT

- **Record Benchmark prices in 2021**
- **Discount decreased significantly to 13% in H2 and 16% full year** (2020: 26%) as a result of actions taken to mitigate rail constraints and due to certain products commanding a premium
- **Realised price of $104 for full year** - $75/tonne in H1 2021, and $130/tonne in H2 2021

COAL SALES AT PREDETERMINED PRICES

- Initiated **forward coal swap programme** in Q4
- **Securing firm margins** for operations which were curtailed (~10% of annual production)
- **R348m fair value gain** (mark-to-market)

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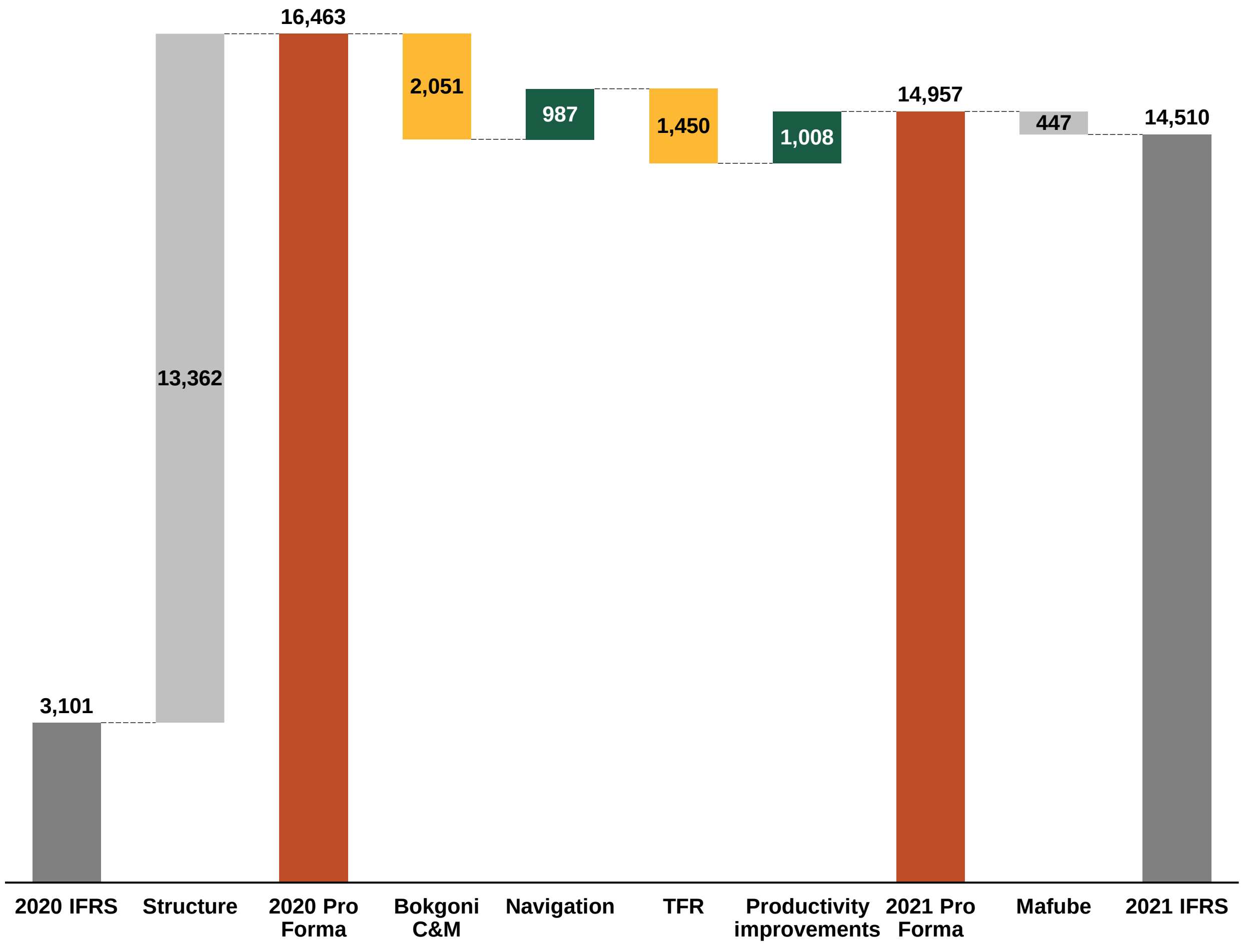
DECREASE IN EXPORT SALEABLE PRODUCTION DUE TO CURTAILMENT

EXPORT SALEABLE PRODUCTION (kt)



TAKING OUT HIGH-COST VOLUMES

- **Bokgoni pit at Khwezela placed on care and maintenance** in Q1 2021
- Decrease in Bokgoni volumes meant to be offset by **ramp-up at Navigation, but this was hampered** by TFR performance

TFR IMPACT

- Lower than planned railings impacted production as on-mine **stockpiles reached capacity**
- **Operations were curtailed** – Khwezela and Zibulo opencast impacted

OPERATIONAL IMPROVEMENT

- Operations refocused efforts on **productivity enhancements** including **Prime sections**
- 5 underground sections achieved **"millionaire" status** in 2021 (1Mt of ROM production)

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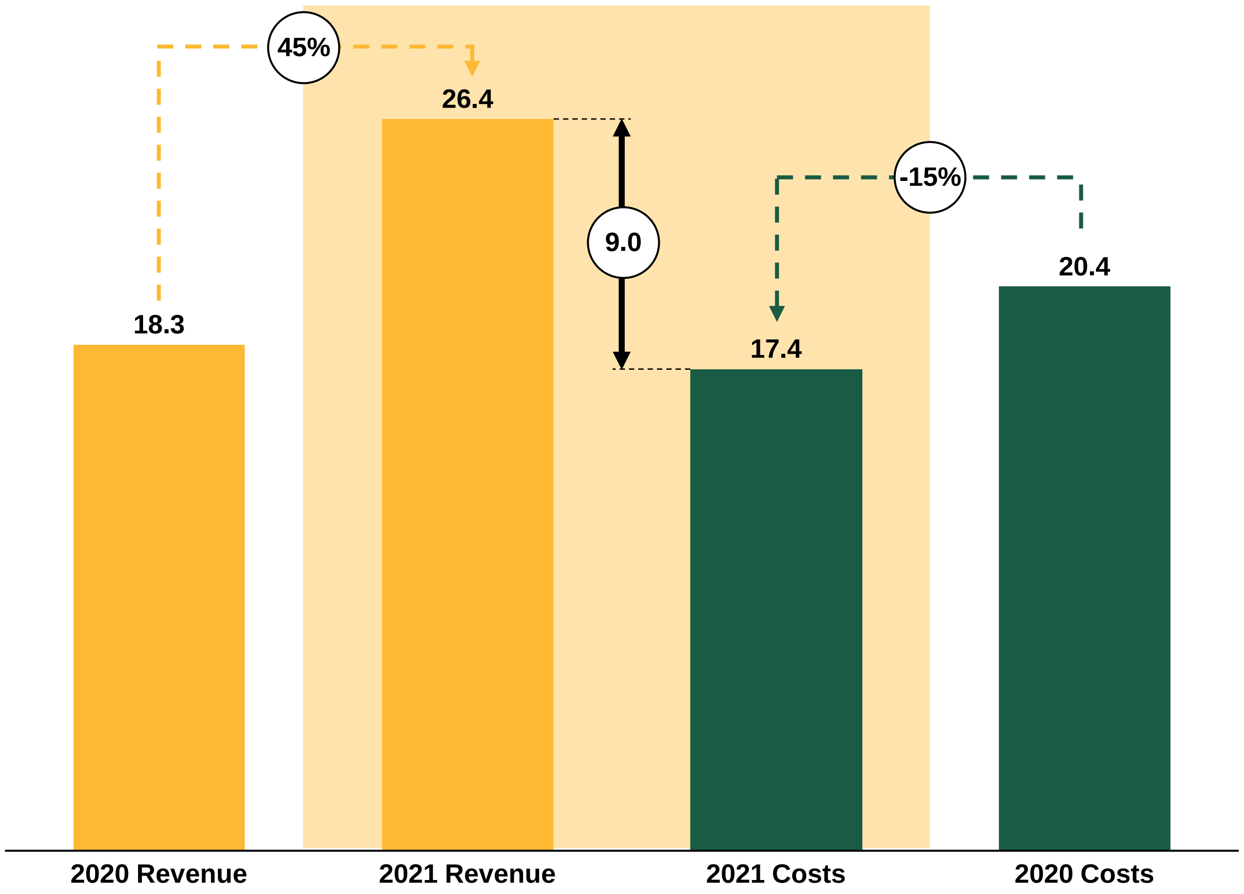
Revenue and cost improvements driving margin

REVENUE AND COSTS – PRO FORMA (R billion)



REVENUE INCREASED BY R8 BILLION

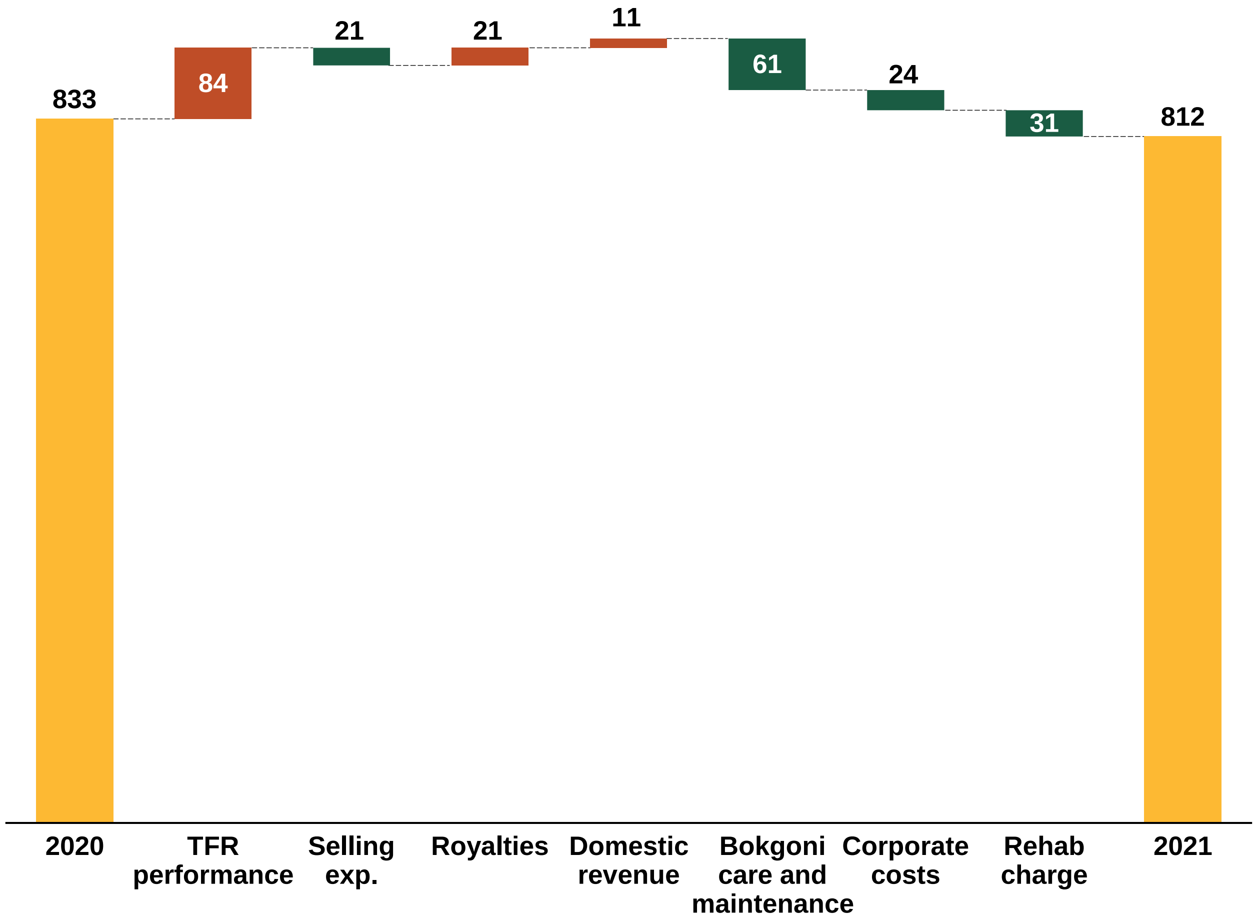
- **90% increase in Benchmark coal price**
- **Realised price improved to 84%** of Benchmark (2020: 74%) as discount narrowed
- **Achieved average realised price of R1,535/**t (2020: R798/t)
- **Improvement in discount reflects optimisation of sales mix** to rail higher margin products
- Increase in revenue **partially offset by stronger ZAR:USD exchange rate** of R14.79 (2020: R16.47)

COSTS DECREASED BY R3 BILLION

- **Higher cost production removed** at Bokgoni pit
- **Reduction in corporate costs**
- **Lower rail and sales costs** a result of lower volumes due to TFR performance

IMPROVED FOB COST PER EXPORT TONNE

2020 vs 2021 FOB COST PER EXPORT TONNE (R/t) - PRO FORMA

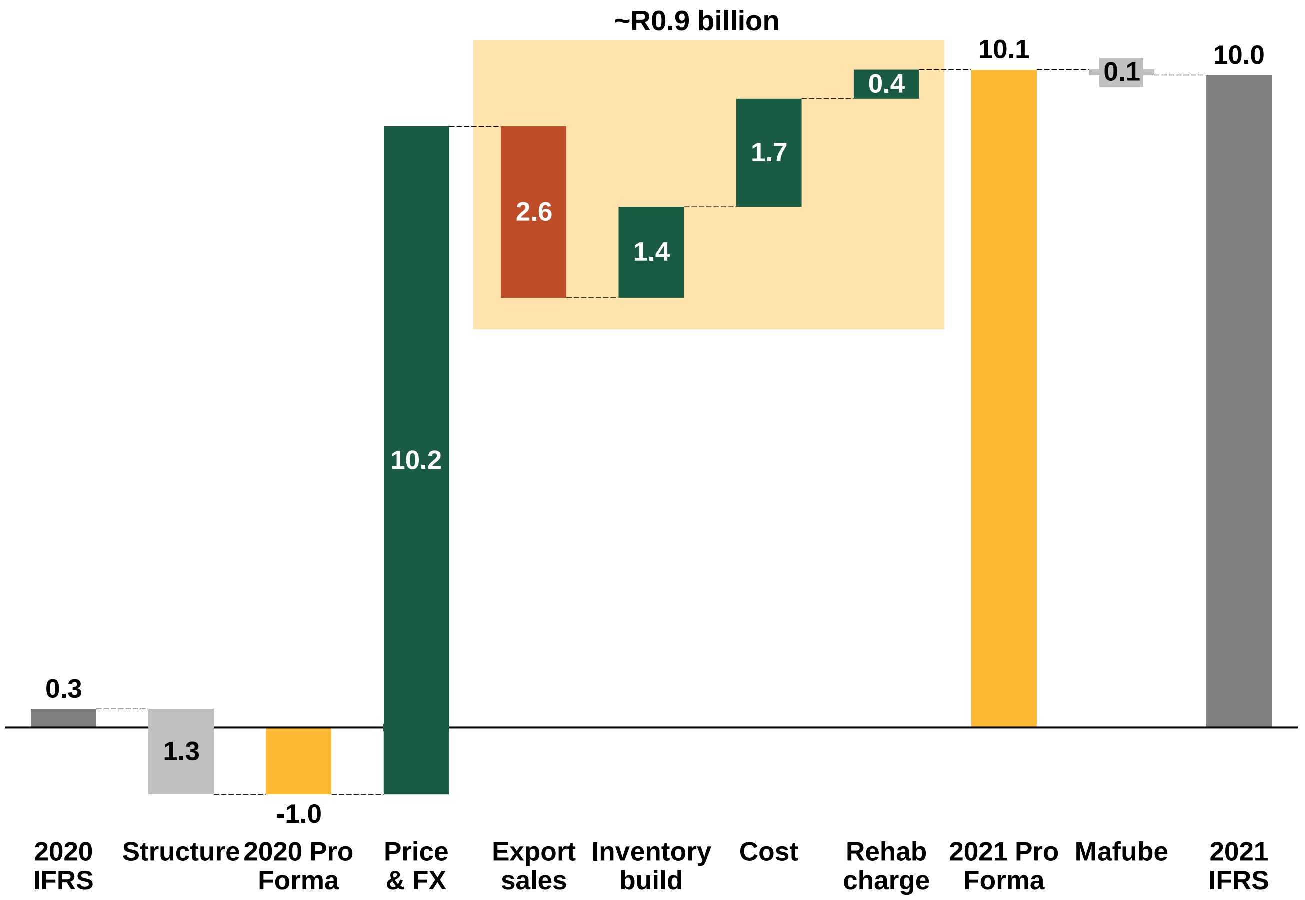


COST PERFORMANCE

- TFR performance largely offset by **Bokgoni pit care and maintenance decision**
- **Lower rehabilitation charge** in 2021
- Significant **reduction in corporate costs** following the Demerger
- Incurred lower selling expenses as a result of lower railings
- Royalties increased due to higher prices in 2021
- Continue to make progress on eliminating corporate costs (~R350m annual reduction)

RECORD ADJUSTED EBITDA DRIVEN BY BENCHMARK PRICES

ADJUSTED EBITDA[1] (R billion)



RETURN TO PROFITABILITY

- **Increase of 92% in realised prices**
- Partially offset by the impact of **foreign exchange and inflation**
- Negative impact of **lower export sales** compared to 2020
- **Inventory build** of R1.4 billion
- Improvement in cost driven by **reduction of higher cost production** volumes, elimination of **corporate costs** and **lower sales cost**

BUSINESS IS SIGNIFICANTLY MORE RESILIENT

- Taking into account price and foreign exchange movements, **Adjusted EBITDA for 2021 is up R0.9 billion** compared to prior year
- **Adjusted EBITDA margin improved to 38%** in 2021 (2020: -5.6%)

Notes: *(1) Adjusted EBITDA: Profit/(loss) before net finance costs, tax, impairment losses, restructuring costs and termination benefits, depreciation and amortisation, and fair value losses on derivatives*

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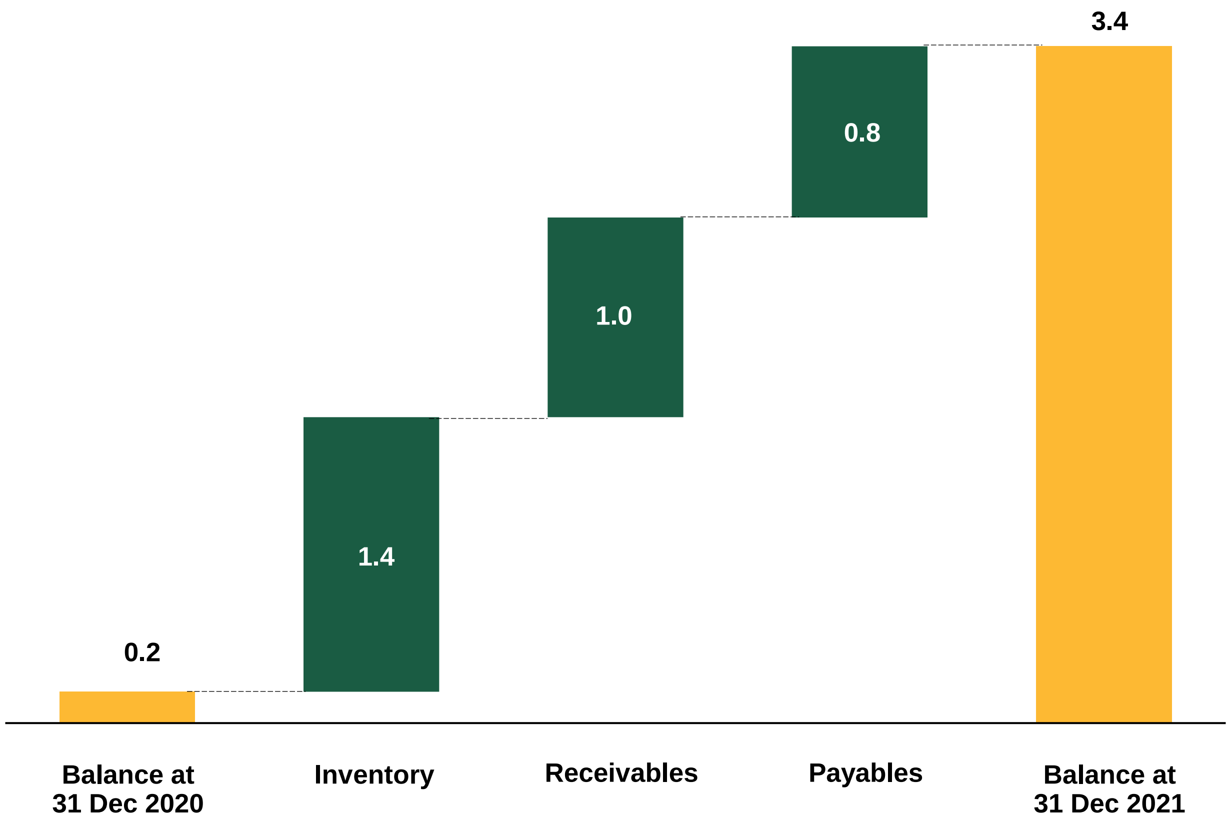
WORKING CAPITAL IMPACTED BY RAIL PERFORMANCE

WORKING CAPITAL MOVEMENTS (R billion)



WORKING CAPITAL INCREASED BY R3.2 BILLION

- **Inventory increased by R1.4 billion** as poor railing performance by TFR resulted in a **build-up of inventory at operations**
- **Trade receivables increased by R1 billion** on the back of higher **realised export prices** and an **increase in refunds due from SARS**
- **Payables decreased by R0.8 billion** as **historical payables were cleared in preparation for the Demerger**, mainly in the first half of the year
- **Inventory levels expected to moderate** as rail performance improves

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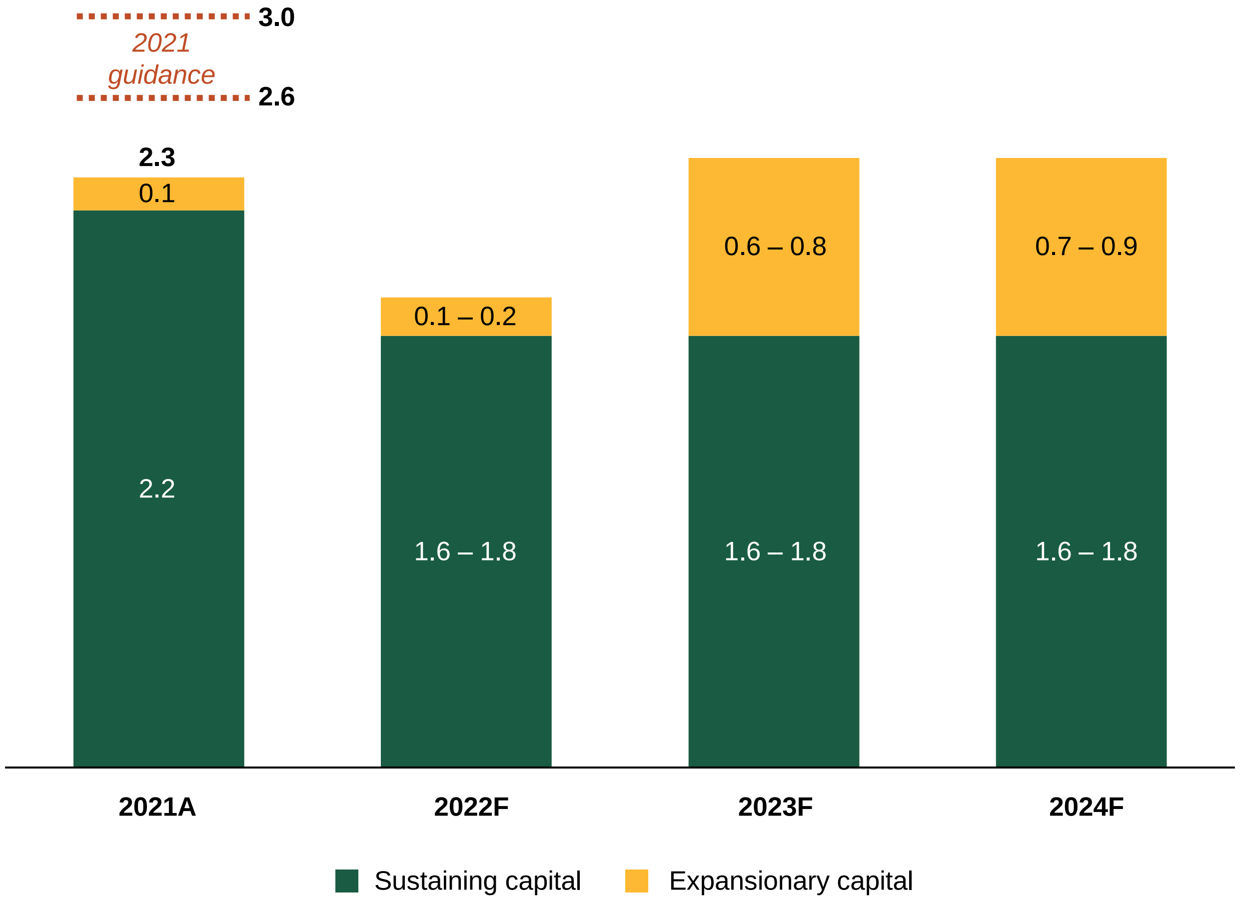
CAPITAL EXPENDITURE LOWER THAN GUIDANCE AT DEMERGER

CAPITAL EXPENDITURE (R billion)

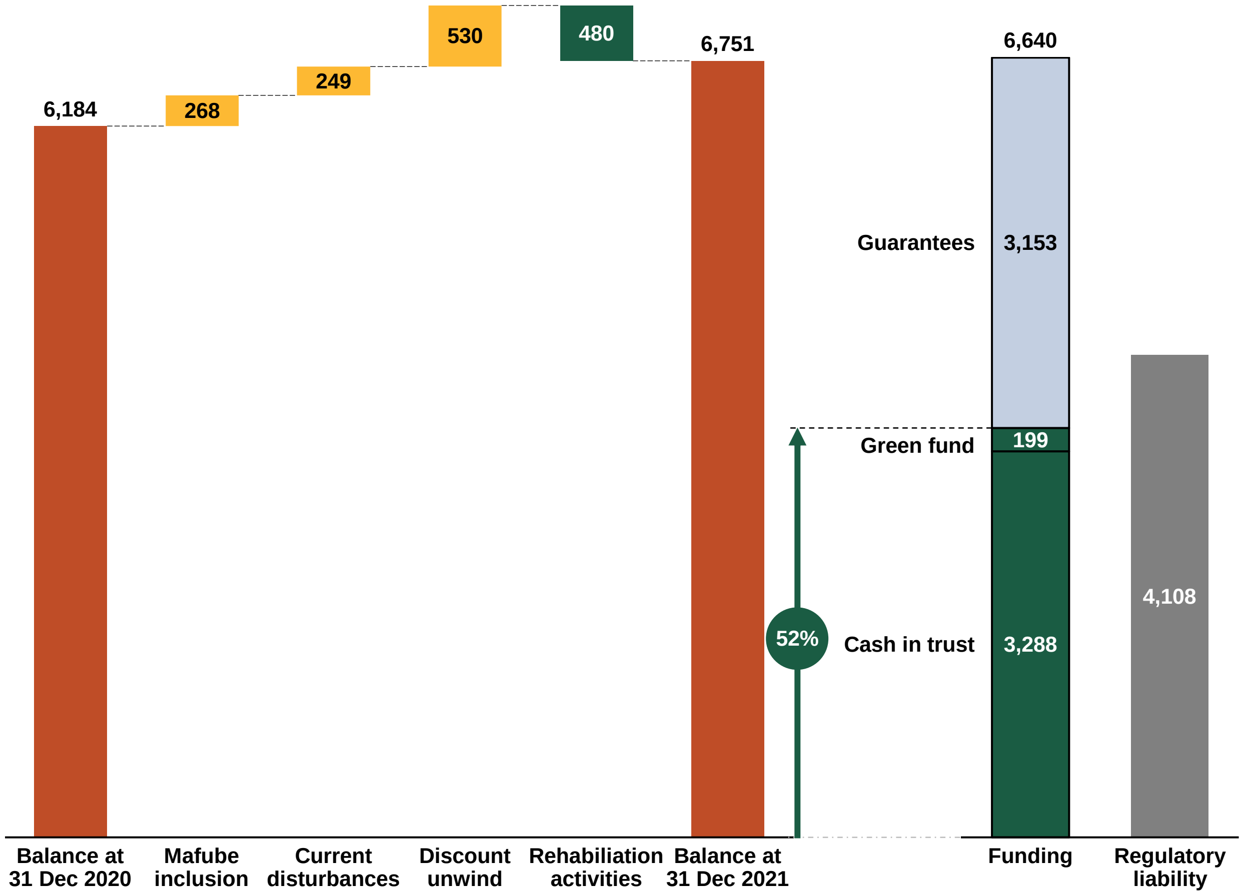


SUSTAINING CAPEX HAS BEEN RESET

- **Capex of R2.3 billion** in 2021, 19% lower than 2020
- **Significantly lower than R3 billion upper end** of guidance range provided at Capital Markets Day in May 2021
- Reduction chiefly a result of applying the **'Thungela lens'**, but also impacted by slower production
- Sustaining capital in 2021 includes **~R0.5 billion for stripping and development**
- Expansionary capital in 2021 includes **final completion activities at Navigation**

ENVIRONMENTAL LIABILITY APPROPRIATELY FUNDED

ENVIRONMENTAL LIABILITY (R million) AND FUNDING STATUS



BALANCE SHEET PROVISION

- Increase driven by Mafube inclusion and unwinding of discount
- 2021 rehabilitation more than offset disturbances

FUNDING THE LIABILITY

- Regulatory liability in terms of **MPRDA is R4.1 billion**
- **Balance sheet liability of R6.8 billion** includes estimation of the potential increase in costs required to meet our interpretation of certain elements of **NEMA Financial Provisioning Regulations**
- **Cash collateral** consists of cash in trust and Green fund; balance covered by guarantees
- **Environmental liability coverage[1] improved to 52%** (2020: 47%)

Notes: *(1) Environmental liability coverage: The percentage of cash and cash equivalent investments held to fund future rehabilitation, decommissioning and water treatment expenditure*

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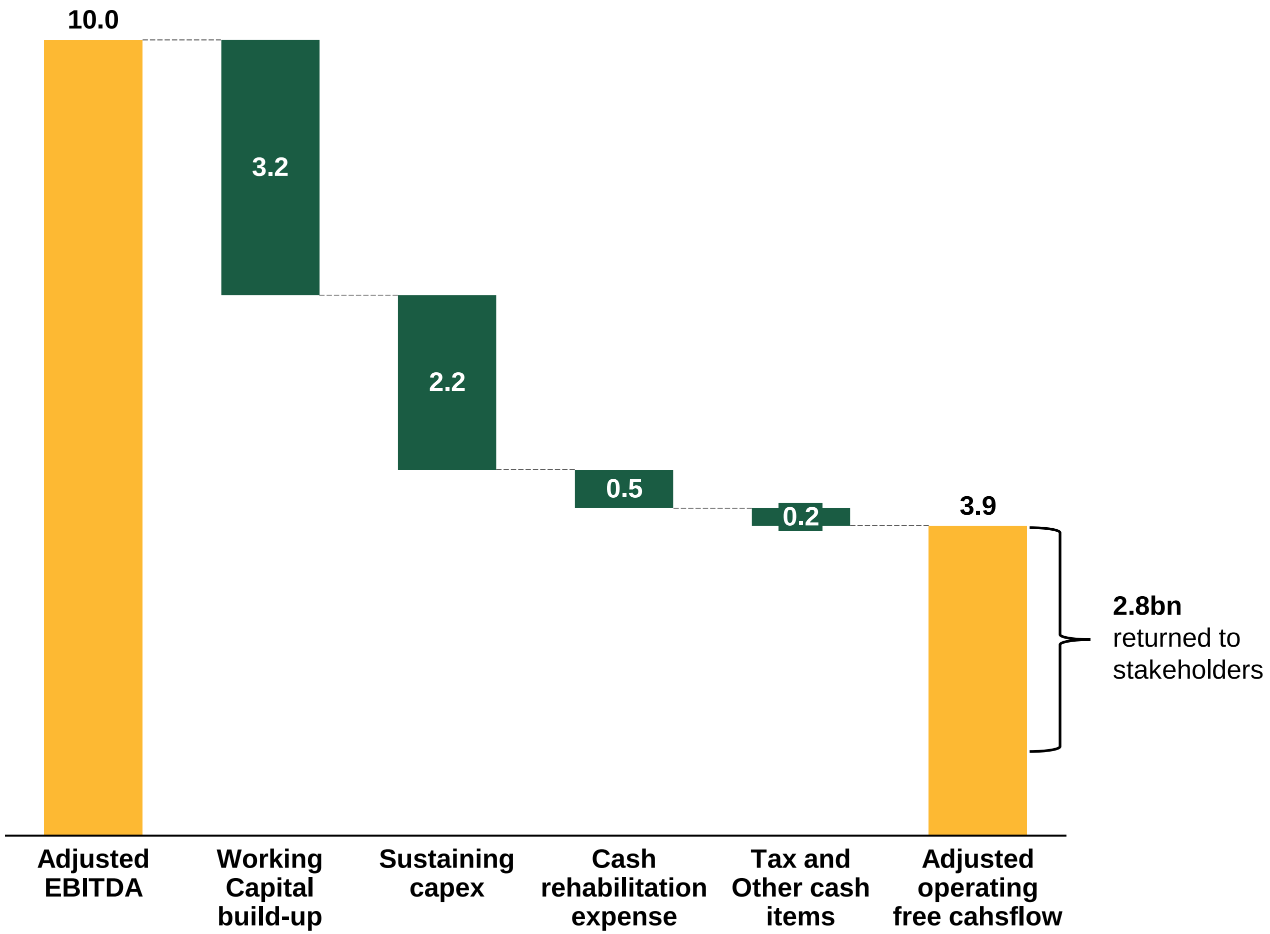
Adjusted operating free cash flow enables strong returns

ADJUSTED EBITDA TO ADJUSTED OPERATING FREE CASH FLOW (R billion)



STRONG CASH FLOW DRIVEN BY EARNINGS

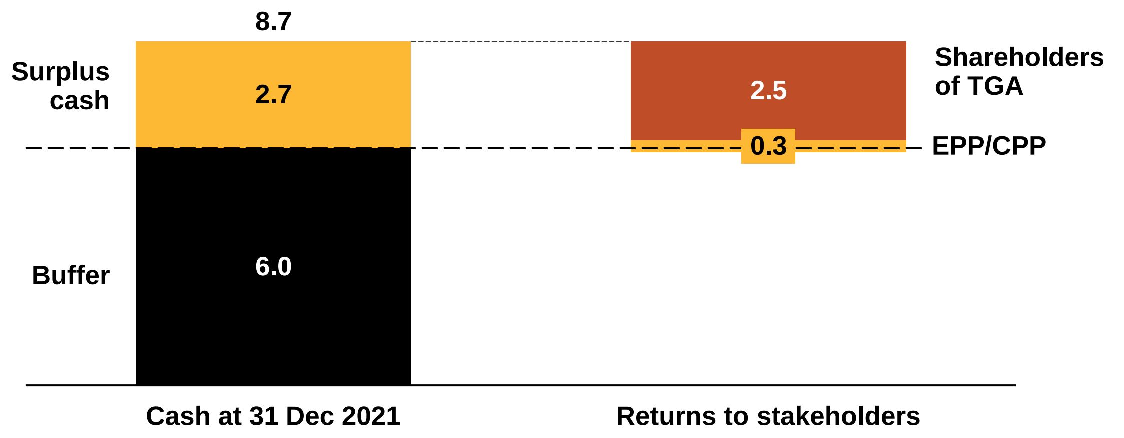
- Difference between **EBITDA** and cash flow primarily due to **working capital build-up** and **sustaining capex spend**

ADJUSTED OFCF IS BASIS FOR DIVIDENDS

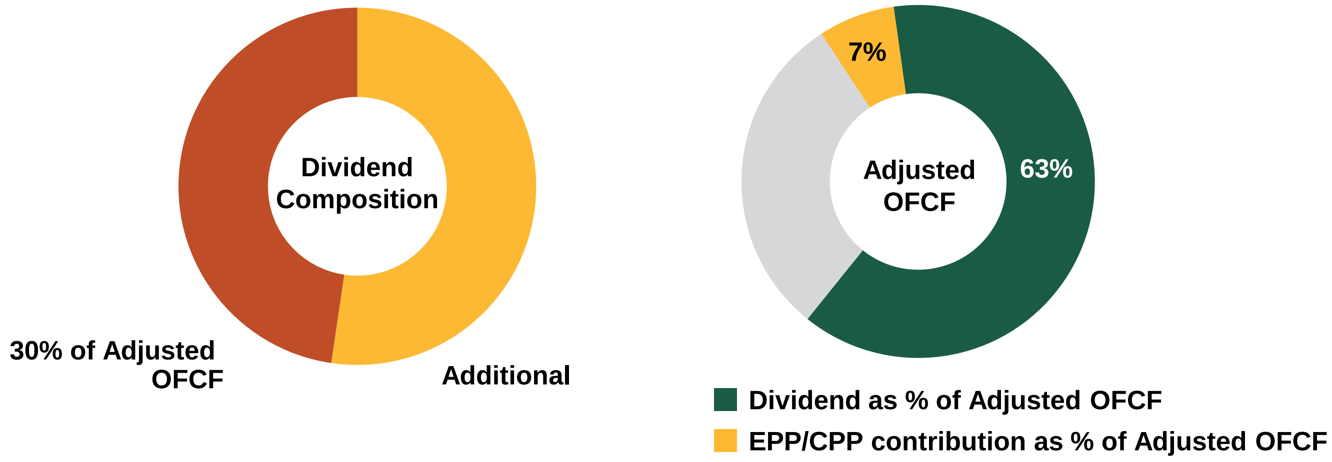
- **Dividend policy is to target a minimum pay-out of 30% of Adjusted operating free cash flows**
- Based on the 30% minimum for the full year this would **imply a minimum dividend of R1.2 billion, compared to the declared dividend of R2.5bn**
- **Total cash returns to stakeholders of R2.8 billion**
- R2.5 billion to shareholders and R273 million to employees and communities.

Robust balance sheet and returns to shareholders

LIQUIDITY (R billion)



DIVIDEND POLICY – MINIMUM OF 30% OF ADJUSTED OFCF



LIQUIDITY CONSIDERATION AND DIVIDEND

- **Dividend declaration of R18 per share**
- Declaration of 30% of Adjusted operating free cash flow would result in **cash exceeding the liquidity buffer**
- Considered need to fund environmental liability and lifex, but **no material commitments** at this stage
- Decision to **return excess cash to shareholders**
- We will seek **shareholder approval at AGM to potentially enable us to announce a future buyback programme, if appropriate**

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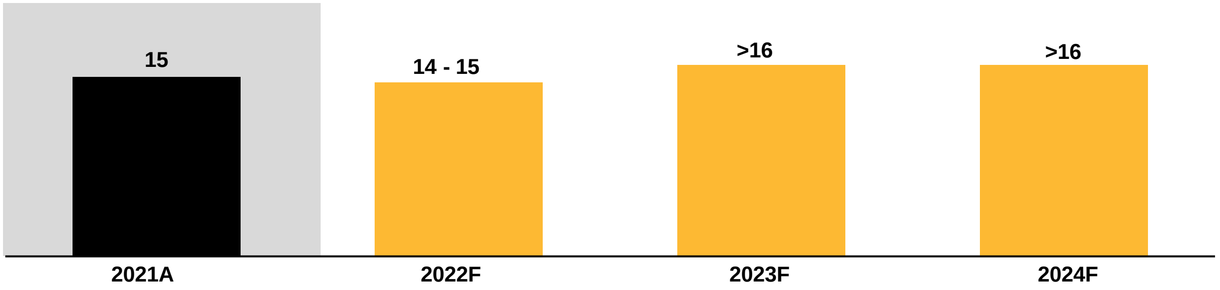
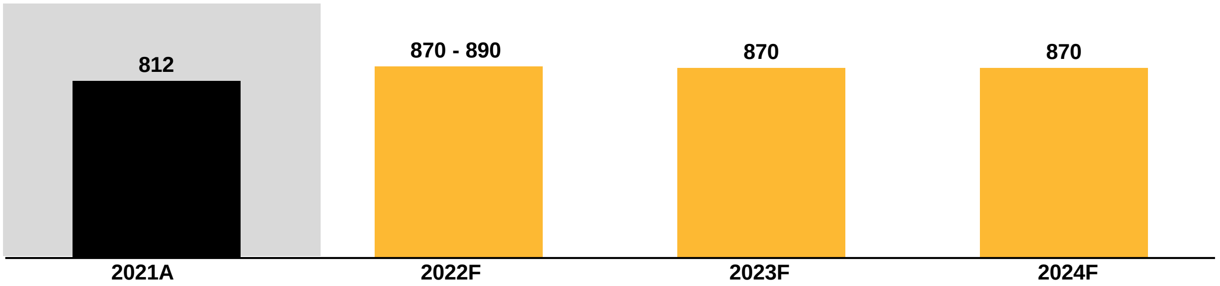
OUTLOOK

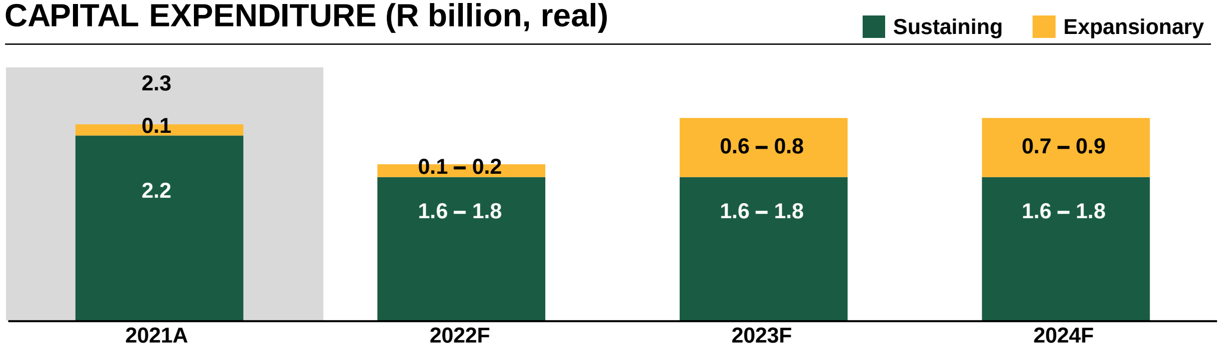
EXPORT SALEABLE PRODUCTION (Mt)



FOB COST PER EXPORT TONNE (R/t, real)



CAPITAL EXPENDITURE (R billion, real)



Notes: *(1) Royalty charge = Gross revenue, less transport and port costs, multiplied by the royalty rate (%).*

EXPORT SALEABLE PRODUCTION

- **2022 production constrained by TFR performance**
- **Production expected to return to greater than 16Mt from 2023** as rail performance returns to normal levels

FOB COST PER EXPORT TONNE

- **2022 FOB cost per export tonne impacted by inflation and lower production denominator**
- Includes **~R20/t royalty charge**[1] - potential to increase markedly if current (March 2022) Benchmark prices prevail for the full year
- **Guidance for 2023 and 2024 moderates** due to higher saleable production

CAPITAL EXPENDITURE

- **2022 sustaining capex expected to be between R1.6 billion and R1.8 billion** (incl. 2021 deferrals)
- **Expansionary capex relates to Elders and Zibulo North projects** that are currently scheduled to commence in late 2022 and 2023 respectively

Strategy Update

July Ndlovu | Chief Executive Officer

Megatrends impacting Thungela's strategy

Strong fundamentals for thermal coal in the medium term, but long term remains uncertain

01 **Geopolitics**

02 **Rise of the developing world & resource nationalism**

03 **Climate change**

04 **Technology & digitisation**

05 **Service economy**

06 **Green industrial goods**

07 **Market concerns with ESG**

Implications for Thungela

Thermal coal demand will continue

- India, China and South East Asia expected to be key consumers beyond 2040
- SA domestic market should remain at current levels until at least 2030

Structural supply shortage

- Driven by limited access to funding
- Will be price supportive for coal

Transition to renewables more gradual

- Limited by technical and socio-political challenges in emerging markets

Short term opportunities in coal

- Assets available at low prices
- Ability to leverage Thungela's core skills

Need to diversify in the medium term

Our strategic pillars

Drive our ESG aspirations

Maximise the full potential of our existing assets

Create future diversification options

Optimise capital allocation

OUR STRATEGY

Delivered through four strategic pillars

Drive
our ESG aspirations

Maximise
the full potential of our existing assets

Create
future diversification options

Optimise
capital allocation

To responsibly create value together for a shared future

Drive
our ESG aspirations

Careful consideration of the socio-economic implications of the energy transition given our contribution to society

Employees	Communities	South Africa
~4500 direct jobs R137 million of dividends via share ownership plan R4.1 billion in wages and related payments	R137 million of dividends via share ownership plan R2.3 billion community procurement	R0.4 billion in royalties R1.6 billion in total taxes borne and collected R9.6 billion in procurement R2.3 billion in capital investment

Develop a pathway to net zero emissions in 2050

Subject to the requirements of: ***Countries we operate in*** + ***Markets we serve***

DRIVES STRATEGIC DECISION MAKING

Maximise the full potential of our existing assets

Reduce carbon intensity of existing assets

Create future diversification options

ESG criteria are key measures in investment evaluation process

Optimise capital allocation

Improve Environmental liability coverage

Committed to reducing the carbon intensity of our installed capacity and being responsible custodians of coal assets

ESG drivers deeply embedded in investment criteria also applied to 'Buy vs Build' assessment

Environmental
- Global carbon output impact
- No net loss of biodiversity

Social
- Support existing regional communities and supplier base

Governance
- Improved transparency

Responsible stewardship

Cost curve/margin
- Lower half of global seaborne cost curve

Payback
- Short payback period

Capital intensity
- Competitive capex per tonne
- Lower capex intensity

Upgrade our asset portfolio

NPV/Capex
- Incremental NPV
- Capital efficiency

IRR
- IRR > WACC

Closure costs
- Cashflows to fund closure costs

Maximise shareholder value

Pursue opportunities in thermal coal and other commodities whilst seeking to diversify over the next decade

Maximise the full potential of our existing asset base

Deliver

productivity improvements

Optimise

cost structure

Sharpen

rehabilitation approach and implementation

Enhance

marketing capabilities

Accelerate

farm fence opportunities

Develop & deliver

production replacement projects

Improving our position on the cost curve and focusing on production replacement projects

ELDERS: PRODUCTION REPLACEMENT

KEY FIGURES

Capex	R1.9 billion (between 2022 and 2025)
LOM	10 years (2 seam)
Production profile	~4 million tons p.a. ROM (2 seam)
Resource – 2 Seam	~73 Mt
Potential quality	5,500 kcal/kg

STRATEGIC RATIONALE

- **Develop and deliver production replacement project**
- Potential to **accelerate farm fence opportunities**
- Replace Goedehoop production volumes at end of life
- Maintaining size and shape of SA export coal business

SCOPE

- New underground mine and surface infrastructure
- Various regional processing options
- Utilisation of existing processing and rail infrastructure in the area

CONCEPTUAL SCHEDULE

- Board approval: June 2022
- First coal: Q4 2023
- Nameplate production: Q4 2025

Zibulo North Shaft: Life extension

KEY FIGURES

Capex	R2.2 billion (between 2023 and 2026)
LOM extension	10 to 12 years
Production profile	Maintain ~8 million tons p.a. ROM
Resource – 2 Seam	~137 Mt
Potential quality	5,850 kcal/kg

STRATEGIC RATIONALE

- **Deliver productivity improvement** and **optimise cost structure** through reduced travel time to the coal face
- Deliver production replacement for Zibulo opencast operations winding down in 2026
- Sustaining ROM production ensures continued utilization of full Phola Plant capacity allocation
- Access additional reserves and extend the life of mine

SCOPE

- New decline shaft and associated infrastructure
- Within existing Zibulo mining right area
- Will use current processing plant and rail infrastructure

CONCEPTUAL SCHEDULE

- Board approval: Q1 2023
- First coal: Q2 2024
- Nameplate production: H1 2026

Create future diversification options

Geographic diversification of thermal coal assets

Commodity diversification to expand sources of revenue

Consider divestment or wind-down of high-cost tons

Investing where Thungela has a "Right-To-Win"

OPTIMISE CAPITAL ALLOCATION: ADOPTING A BALANCED APPROACH

OPERATIONAL CASH FLOWS	PRIMARY SOURCE OF CASH FLOW TO CREATE OR DISTRIBUTE VALUE
REPLENISH LIQUIDITY BUFFER	
	ENVIRONMENTAL Environmental liability to be cash collateralised over time. Use technology to improve ESG performance
	SUSTAINING CAPEX Capital intensity and efficiency remain key priorities
	DIVIDENDS Dividend policy of 30% of Adjusted operating free cash flow
	PROJECTS ‘Buy vs Build’ strategy using investment evaluation criteria
	ADDITIONAL DIVIDENDS / BUYBACKS Projects must compete **with additional shareholder returns**

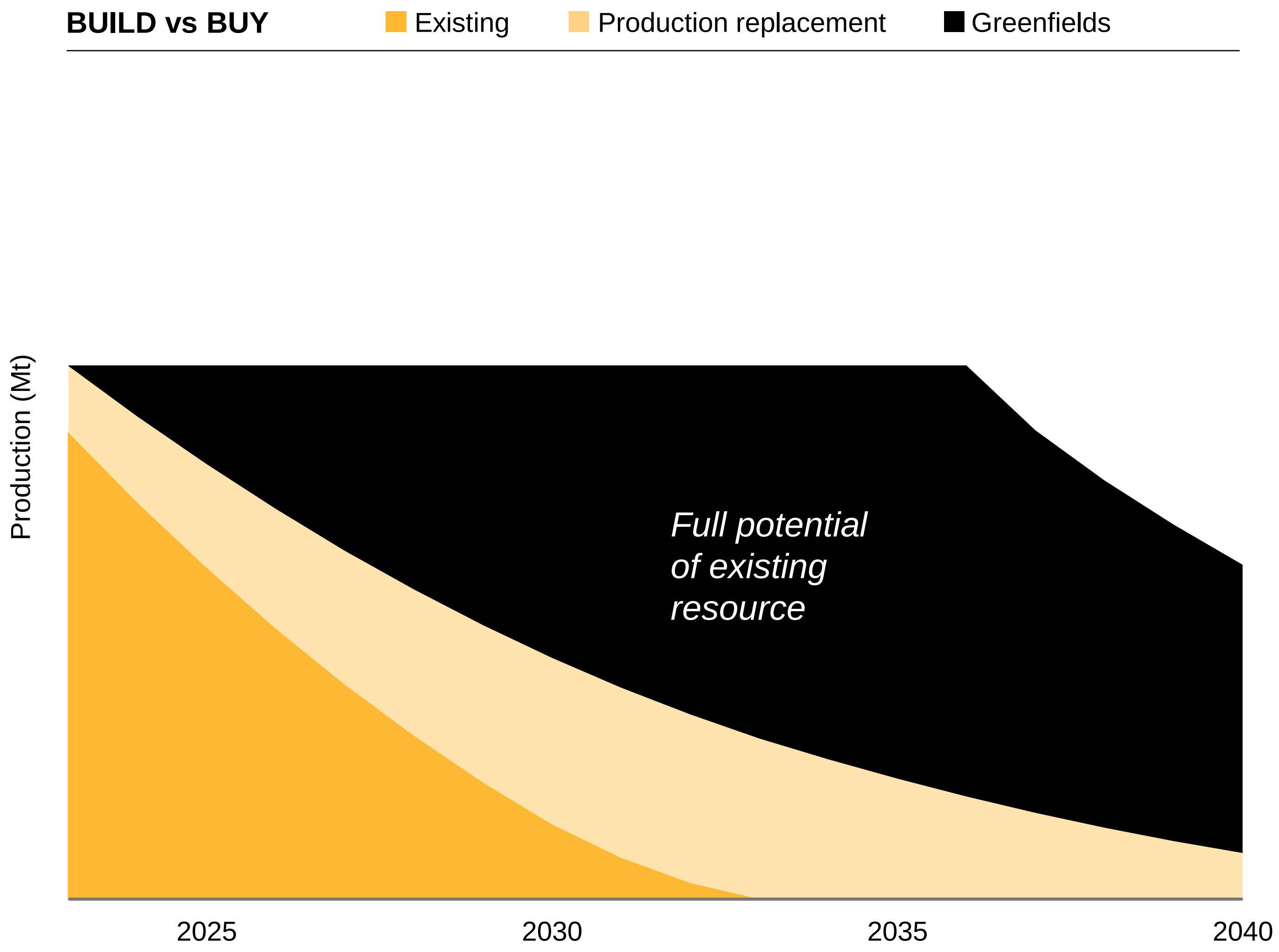
GLOBAL CARBON IMPACT OF 'BUY VS BUILD'

Develop a pathway to
net zero emissions in 2050
subject to the requirements of:
Countries we operate in and
markets we serve

Reduce carbon intensity
of existing assets on an annual basis

Develop intermediate
emission reduction targets by 2023

ESG criteria
are primary measures in investment evaluation – 'Buy vs Build'



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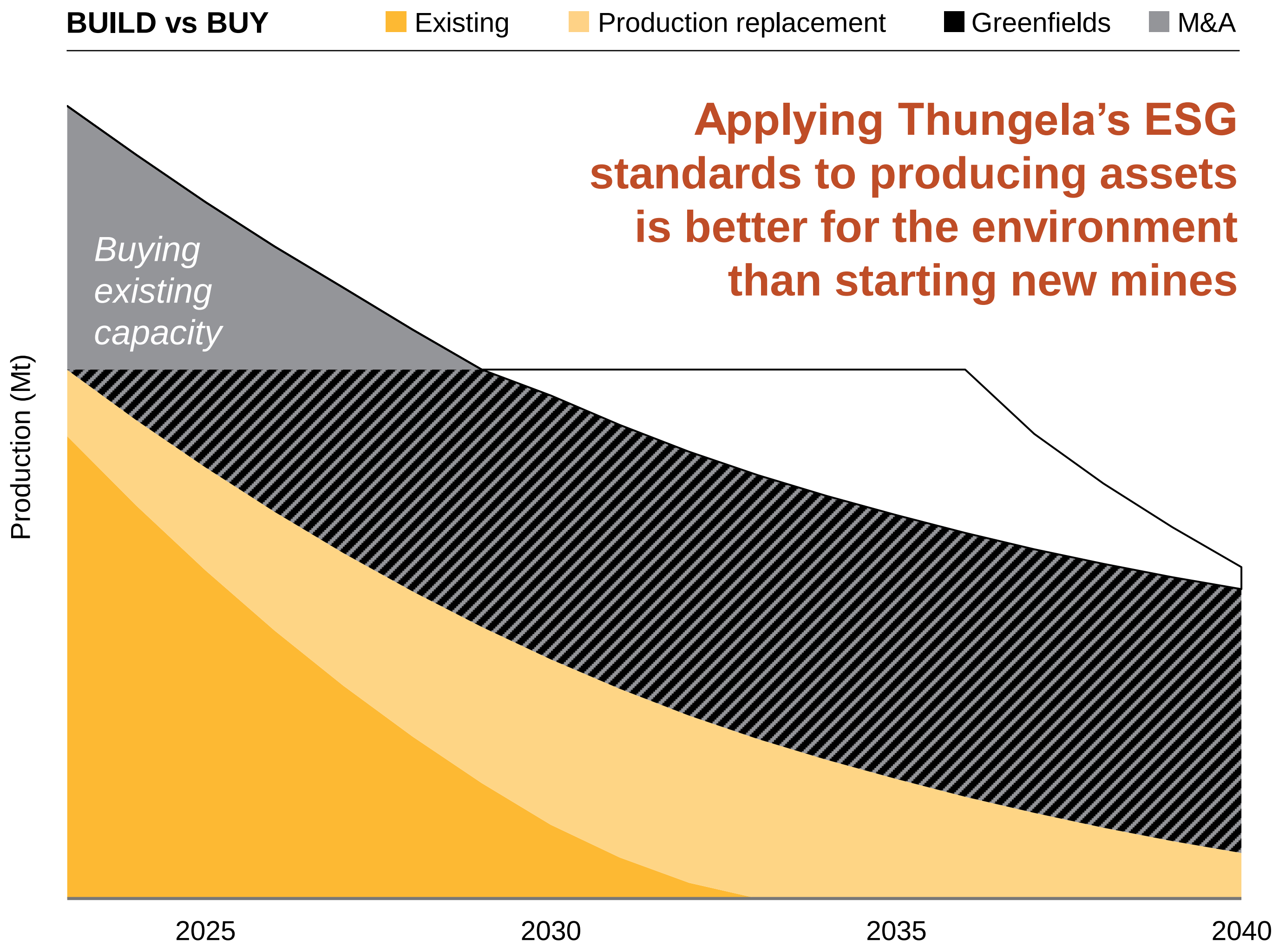

Conclusion

Be a fatality free business

Safety continues to be our number one value

Strong market fundamentals

Supportive price environment expected for balance of 2022

Robust performance

Adjusted EBITDA
Adjusted OFCF

Maiden dividend

R18 per share
R2.5 billion in total

Sharing value

Distribution of R273 million to EPP and CPP

Driving ESG aspirations

Target for net-zero by 2050 and commitment to charting a pathway to this target

thungela

Thank you