

Reviewed interim results for the six months ended 30 June 2021

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 'Group' or the 'Company')

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

KEY FEATURES

- Safety - Thungela remains committed to achieving a fatality-free business. It is with sadness that we report the loss of Moeketsi Mabatla at our Goedehoop colliery on 23 June 2021
- Successful transition to a standalone, JSE and LSE listed business from 7 June 2021
- Comprehensive ongoing response to the COVID-19 pandemic
- Operating profit of R990 million and Adjusted EBITDA of R1,888 million for the six months ended 30 June 2021
- Robust financial position with cash of R3,135 million (Net cash of R3,043 million) supported by strong cash generation since the Group achieved economic and operational independence
- Confirmation of full year production and FOB cost per export tonne outlook
- Disciplined capital allocation - set to achieve low end of full year capital expenditure guidance range and Thungela remains committed to its stated dividend policy

KEY FINANCIAL INFORMATION

Rand million (unless otherwise stated) 30 June 2021 30 June 2020 % change

Revenue 10,046 1,657 506%

Operating profit 990 52 1,803%

Adjusted EBITDA 1,888 247 664%

Profit / (loss) for the reporting period 351 (122)

Earnings / (loss) per share (cents) 313 (193)

Headline earnings / (loss) per share (cents) 305 (193)

Refer to comparability of results detailed below for context as to the significant movements

reflected.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

July Ndlovu, Chief Executive Officer of Thungela, commented:

“Thungela is pleased to announce a significant increase in interim earnings as we report for the first time

as an independent, focused coal export business. Our operating profit of R990 million and Adjusted

EBITDA of R1,888 million demonstrate our ability to operate profitably notwithstanding the ongoing

pandemic. Our listing on the Johannesburg Stock Exchange and London Stock Exchange on 7 June 2021 was a significant milestone for our new business and for the shareholders and partners who

have embarked on this journey with us.

We mourn the sad passing of our colleague and friend Moeketsi Mabatla at Goedehoop Colliery on

23 June 2021. We have lost 12 of our colleagues to COVID-19, and many of us have also lost family and

friends to this pandemic. The loss of these lives casts a shadow over the start of our journey and our

heartfelt condolences go out to all who have lost loved ones.

After a month of operating as a standalone business, we are cash positive and well positioned to deliver

on our targets. We are pleased to note the recent recovery of global thermal coal prices.

These are

reflective of the continued demand for high quality coal amid challenging supply dynamics across many

regions. Our business reported an increase in earnings, with earnings per share of 313 cents.

The steps

we have taken to upgrade our portfolio and our continued focus on improving productivity and operating

costs, will no doubt stand us in good stead into the future.”

COMPARABILITY OF RESULTS

An internal restructuring process (referred to as the ‘Internal Restructure’) was undertaken to prepare the

Group for the Demerger. The impact of the Internal Restructure is significant to the financial and

operating results of the Group, given that the ownership structure reflected only one out of seven operating mines until 31 December 2020, which is not reflective of the operations of the Group on a forward-looking basis. The comparatives included in the condensed consolidated interim financial statements are therefore not fully reflective of the operations of the Group over the comparative period. On this basis, the Group has presented a Pro Forma condensed consolidated interim statement of profit or loss for the six months ended 30 June 2021 and 30 June 2020 (the 'Pro Forma Financial Information') to reflect what the financial results may have been, if the Internal Restructure had happened at the start of the reporting period.

The Pro Forma Financial Information, which is the responsibility of the Thungela directors, has been prepared to enhance users' understanding of the condensed consolidated interim financial statements, based on the timing of the Internal Restructure and the impact thereof on the comparability of the financial results. The Alternative Performance Measures presented, Adjusted EBITDA and Adjusted operating free cash flow, are the responsibility of the Thungela directors, and have been assessed consistently in each period presented. The Alternative Performance Measures used by Thungela are financial and operating measures which the directors utilise to assess the performance of the Group on an ongoing basis. Neither the Pro Forma Financial Information nor the Alternative Performance Measures have been reported on by the Group's independent auditor. Further details of the Alternative Performance Measures and Pro Forma Financial Information have been set out in Annexure 1 and Annexure 3 respectively of the condensed consolidated interim financial statements for the six months ended 30 June 2021.

A detailed commentary on the comparability of results is available in the reviewed condensed

consolidated interim financial statements for the six months ended 30 June 2021 which can be downloaded from the Thungela website at <https://www.thungela.com/investors/results> and at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/TGAE/Int2021.pdf>

OUTLOOK

Thungela is committed to running a fatality-free business, and we will continue to make every effort to ensure that everyone returns home safely every day. We confirm the guidance for export saleable production of between 15Mt and 16Mt and flat FOB cost per export tonne of R830 for the full year.

As we begin to review the appropriate level of expenditure with a Thungela lens, capital expenditure is now expected to be on the low end of the range (R2,600 million to R3,000 million) previously provided for the full year.

With continued strong prices as well as improved performance by TFR through the remainder of the year, the Group is likely to achieve positive Adjusted operating free cash flow for the remainder of 2021. Our strong balance sheet coupled with the above paves the way for Thungela to consider the declaration of a maiden dividend at the annual results for 2021, in line with Thungela's stated dividend policy of a minimum pay-out of 30% of Adjusted operating free cash flow.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Thungela's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Thungela's products, production forecasts and Reserve and Resource positions) and environmental, social and corporate governance

goals and aspirations, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Thungela or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Group assumes no responsibility to update forward-looking statements in this announcement except as required by law. Investors are cautioned not to rely on these forward-looking statements and are encouraged to read the full reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021, which are available on <https://www.thungela.com/investors/results>

SHORT FORM ANNOUNCEMENT

This short form announcement, including the forward-looking statements, is the responsibility of the directors of the Group. Shareholders are advised that this short form announcement represents a summary of the information contained in the full results announcement and does not contain full details.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full results announcement as a whole and investors and/or shareholders are encouraged to review the full results announcement, which is available on the Thungela website: <https://www.thungela.com/investors/results> and at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/TGAE/Int2021.pdf>

The reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021 were reviewed by PricewaterhouseCoopers Incorporated who have issued an unmodified review opinion. This short form announcement has not been audited or reviewed by the Group's independent auditor. Any reference to future financial performance included in this announcement has not

been separately reported on by the Group's independent auditor.

Copies of the full announcement may be requested by contacting Thungela Investor Relations by email at ryan.africa@thungela.com and are available for inspection at the Company's registered office at no charge, by appointment, subject to the prevailing restrictions.

On behalf of the Board of Directors
Sango Ntsaluba, Chairperson
July Ndlovu, Chief Executive Officer
11 August 2021
Johannesburg (South Africa)

Date of SENS release: 13 August 2021

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

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