



Media Release

27 March 2023

THUNGELA DELIVERS AN OUTSTANDING SET OF RESULTS AND MOMENTUM IN EXECUTING ITS STRATEGY IN 2022

Highlights

- Zero work-related fatalities
- Three-fold increase in both adjusted EBITDA to R29.5 billion and net profit to R18.2 billion.
- Adjusted operating free cash flow increase to R18.1 billion from R3.9 billion.
- Net cash position of R14.7 billion (2021: R8.7 billion).
- Significant economic contribution to employees and communities.
- Declare final dividend of R40 per share, bringing total dividend for the year to R100 per share. This equates to 13.8 billion, or 76% of adjusted operating cash flow for the full year.

Thungela Resources Limited (“Thungela” or the “Company”) has delivered exceptional financial performance, solid operational delivery and continued to create value for stakeholders in 2022. The Company achieved a significant increase in adjusted EBITDA to R29.5 billion and in net profit to R18.2 billion, while executing its strategic priorities across several fronts.

We continue to prioritise being a fatality-free business and we operated without a fatality in 2022. Regrettably, in February 2023 Mr Breeze Mahlangu, an operator at Zibulo tragically passed away following complications after an accident in December 2022. We continue to work at being a fatality-free business.

We generated adjusted operating free cash flow of R18.1 billion, compared to R3.9 billion last year. Despite losing close to 3Mt of export saleable production volumes as a direct result of the poor Transnet Freight Rail (TFR) performance, we achieved more than four-fold increase in cash generation.

While the acquisition of the Ensham Business will be paid for from cash on hand at year end, it will materially change the overall structure of the Group, including our liquidity needs. Accordingly, we have secured access to R3.2 billion in credit facilities with leading South

African banks to reflect this change, as well as to bolster our resilience against continued poor rail performance by maintaining a sufficient level of liquidity.

The outstanding results and solid liquidity position enabled Thungela to declare a final ordinary cash dividend of R40 per share. This final dividend represents an overall return to shareholders of R5.68 billion. Combined with the 2022 interim dividend of R60 per share, this amounts to a total dividend declared for the full year of R100 per share and brings the total returns to Thungela shareholders to R13.8 billion, representing 76% of adjusted operating free cash flow of R18.1 billion for the year.

July Ndlovu, CEO of Thungela commented: *“In 2022 we continued to deliver on our purpose of responsibly creating a shared future. Our outstanding performance in this reporting period is largely due to strong coal prices but it is also testament to the agility and the resilience of our people in operating in a severely constrained rail environment.”*

Driving ESG aspirations

The Sisonke Employee Empowerment Scheme and Nkulo Community Partnership Trust will receive a combined contribution of R396 million in addition to the R500 million contributed with respect to the first half of the year, delivering on our aspiration to spike on the social aspect of ESG. In addition, we have contributed R8.5 billion in income taxes and royalties to the South African fiscus in 2022.

In line with the commitment we made last year, we have completed a full review of our intermediate emissions reduction opportunities and commit to reducing our scope 1 and 2 emissions by 30% by 2030 (using 2021 emissions as a baseline) and reaching net zero by 2050.

Further details on the group’s pathway to net zero will be published in April 2023 in our maiden Climate Change Report aligned to the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD).

Effectively executing on strategic priorities

We have made significant progress in executing our strategy announced in 2022.

Aligned to our strategic priority of maximising the full potential of existing assets, the board approved the development of the Elders production replacement project, an integral part of our equity story. We continue to progress on the feasibility study for the Zibulo North Shaft life extension project and expect to submit this for board consideration in 2023. We are also evaluating potential development options for our significant gas resources in Limpopo.

On the optimisation of capital allocation, in November 2022 we acquired the remaining 27% shareholding in Anglo American Inyosi Coal (AAIC), the entity which holds Zibulo and Elders. This transaction will allow us to benefit from the full economics of the cash generative assets

in our portfolio, resulting in an increase in earnings attributable to equity shareholders of Thungela.

The creation of diversification options remains an important focus for our business as we plan for the future. In February 2023, we announced the acquisition of a controlling shareholding in the Ensham thermal coal business in Australia. This transaction, funded from our cash on hand at year end, is expected to conclude by mid-2023, marking an important milestone in our journey as it will deliver geographic diversification through a highly cash-generative thermal coal asset with long-life potential.

Outlook

Looking ahead, although thermal coal prices have softened in early 2023, the fundamentals remain firmly in place. Prices can be expected to remain robust, however we are unlikely to see the historic price levels observed in 2022. Over the longer term, Thungela anticipates continued strong coal demand from emerging markets, especially those in Asia, where coal is likely to remain part of the energy mix for at least the next two decades.

Given TFR's poor performance in 2022, we have reset our production outlook for 2023. Export saleable production guidance for 2023 is between 10.5 Mt and 12.5 Mt, as we plan to drawdown on the high-on mine stockpiles to the extent that the rail performance exceeds production levels.

Our guidance for FOB cost per export tonne for 2023 is between R1,047 and R1,180 excluding royalties. Including royalties, the guidance range is between R1,131 and R1,264 per tonne using a forecast Benchmark coal price of USD130 per tonne.

Our sustaining capital expenditure is expected to be between R1.3 billion and R1.5 billion. Expansionary CAPEX is expected to be between R1.6 billion and R1.8 billion, relating primarily to R1.2 billion for Elders and R0.5 billion for Zibulo North Shaft.

"I look ahead with a sense of caution in the short term, yet confidence in the longer term. In the short term, fixing the rail network is a matter of critical importance to South Africa as the mining industry delivers far-reaching benefits such as sustained jobs and livelihoods in our communities, and it contributes significantly to the economy.

We will continue working with Transnet to resolve the issues plaguing the rail performance and call on government to support these efforts to ensure that the mining industry can continue to create value together for South Africa and its people." Ndlovu concluded.

ENDS

About Thungela

Thungela, which means “to ignite” in isiZulu, is a leading South African thermal coal business, focused exclusively on thermal coal production. It is one of the largest pure-play producers and exporters of thermal coal in South Africa based on aggregate coal reserves and marketable coal production.

The Group owns interests in and produces its thermal coal predominantly from seven mining operations, namely Goedehoop, Greenside, Isibonelo, Khwezela, AAIC (operating the Zibulo colliery), Mafube Coal Mining (operating the Mafube colliery) and Butsanani Energy (owning the independently operated Rietvlei colliery) which consist of both underground and opencast mines located in the Mpumalanga province of South Africa.

Thungela’s operations are among the highest quality thermal coal mines in South Africa by calorific value.

Thungela also holds a 50% interest in Phola, which owns and operates the Phola Coal Processing Plant, and a 23% indirect interest in Richards Bay Coal Terminal (RBCT). RBCT is one of the world’s leading coal export terminals, with an advanced 24-hour operation and a design capacity of 91 Mtpa.

Thungela is committed to operating in a sustainable way to ignite value for a shared future, to the benefit of the communities in which it operates, its employees, shareholders and society as a whole.

For further information, please contact:

| | |
|--|--|
| <p>Media Wayne Mokhethi wayne.mokhethi@thungela.com 073 894 7689</p> <p>Tarryn Genis tarryn.genis@thungela.com 082 324 4650</p> | <p>Investor Relations Ryan Africa Ryan.africa@thungela.com 27 116380237</p> |
|--|--|