

Thungela announces completion of transaction to acquire controlling shareholding in the Ensham coal mine

THUNGELA RESOURCES LIMITED

(Incorporated in the Republic of South Africa)

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ISIN: ZAE000296554

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

THUNGELA ANNOUNCES COMPLETION OF TRANSACTION TO ACQUIRE CONTROLLING SHAREHOLDING IN THE ENSHAM COAL MINE

Earlier this year Thungela announced that it will acquire a majority shareholding interest in Sungela Holdings, which in turn will acquire an 85% interest in the Ensham Business.

Thungela is pleased to announce that all conditions precedent relating to the acquisition have now been fulfilled and that the Transaction has become unconditional. The effective date of completion will be 31 August 2023, and Thungela will assume operational control of the Ensham Business from 1 September 2023.

The acquisition of the Ensham Business is a significant step in Thungela's strategy to pursue geographic diversification. The transaction will also allow the Group to leverage its core capabilities in a commodity and mining method which it understands well, while providing access to new markets and to the Newcastle export coal price.

Based on Ensham's performance up to completion, the mine is expected to produce approximately 2.7Mt of export saleable production (on a 100% basis, at an average quality of 5,850 kcal/kg) in 2023, at an FOB cost of between USD110 and USD120 per tonne.

The terms of the Transaction remain unchanged, save for the fact that the Co-investors are required to apply not less than 90% (previously 70%) of all distributions received from Sungela Holdings to service the Co-investors Mezzanine Loans and that the term of the Loans is revised to 18 months (previously 4 years).

The Transaction was structured to enable Sungela to benefit from the economics of the Ensham Business (subject to certain limits) during the period between 1 January 2023

and the date of completion. The determination of the economic benefit will be finalised over a period of up to three months following completion. The Transaction is also subject to customary working capital adjustments upon completion.

Thungela CEO, July Ndlovu, commented on the Transaction: “We are delighted to welcome our colleagues from Ensham into the Thungela family as they continue to build on a proud history of safe production in the Bowen Basin region of Queensland. We look forward to learning from them and also to sharing our knowledge.

“Thungela is proud to have concluded a landmark transaction with Idemitsu, a responsible and reputable owner with well-established processes and systems. The transaction delivers on our purpose to responsibly create value together for a shared future, and we will continue to support existing regional communities while also delivering superior returns for the Group’s shareholders.”

Capitalised terms used in this announcement shall bear the same meanings as those defined in the SENS and RNS announcements dated 3 February 2023.

Rosebank
29 August 2023

Disclaimer

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the market abuse regulation (EU) no. 596/2014 as amended by the market abuse (amendment) (UK mar) regulations 2019. Upon the publication of this announcement via the regulatory information service, this inside information is now considered to be in the public domain.

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