Media Release

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THUNGELA DELIVERS VALUE FOR STAKEHOLDERS WITH A STRONG SET OF FULL YEAR 2021 RESULTS

Safety

- Improvement in safety performance with a Total Recordable Case Frequency Rate of 1.35 in 2021 (2020: 1.51). Tragically, a fatality was recorded at Goedehoop in June 2021.

ESG

- Employee and Nkulo Community Partnership Trusts to benefit from shared value and receive an inaugural cash dividend of R273 million
- Thungela contributed R7.1bn to society through wages and related payments (R4.1bn), inclusive procurement (R2.3bn), royalties and mining taxes (R570 million) and social & labour plans and CSI (R118 million)

Financials

- Return to profitability with profit for the reporting period of R6.9bn (2020: loss of R362 million)
- Robust cash generation with net cash of R8.7bn (2020: net debt of R388 million)
- Maiden dividend declared with R2.5bn returned to shareholders in total at [R18] per share, representing 82% of Thungela's day one closing market capitalisation

Thungela Resources Limited ("Thungela" or the "Company") released its first set of full-year results as a publicly listed company since its debut on the Johannesburg and the London Stock Exchanges on 7 June 2021. This set of exceptional results underscores its successful transition to a profitable, highly cash-generative pure-play thermal coal business.

Thungela delivered adjusted EBITDA of R10bn (2021: R286 million); while net profit was R6.9bn vs. a loss of R362 million in 2021; while headline earning per share was at R66,57 (2021: loss of 531 cents). Favourable coal prices combined with a strong operational focus, resulted in a net cash position of R8.7bn at year end.

July Ndlovu, CEO of Thungela commented:

"*Thungela has delivered record full year results, despite the on-going effects of Covid-19 on our operations and rail infrastructure constraints. The tragic loss of life recorded in June 2021 has reinforced our unwavering commitment to achieve our goal of becoming a fatality-free business. This is and will remain a non-negotiable objective. Our operational focus delivered substantial shareholder returns while* *maintaining disciplined capital allocation, balance sheet flexibility, and sufficient liquidity to withstand market and coal price volatility. Shareholders are set to benefit substantially as 63% of Adjusted operating free cash flow - R2.5bn - will be paid out as a dividend, well above the stated dividend policy of a minimum pay-out ratio of 30% of Adjusted operating free cashflow. This corresponds to a maiden dividend of [R18.00] per share. Furthermore, the Employee and Community Partnership Trusts, the two share ownership schemes that we established to enable employees and our communities to share in the value we create, will receive R273 million collectively*."

Demand for SA coal

Thungela exports most of its coal, and its revenue was positively impacted by the Benchmark thermal coal price which strengthened by 90% to $124 per tonne although the stronger Rand did offset some gains. The demand for high quality South African coal underpinned Thungela's performance. Developing economies in India, Pakistan, Sri Lanka and Vietnam are on a path of recovery, post COVID 19, and are experiencing an increased demand for energy. The discount to benchmark prices has narrowed substantially in 2021 to 16% compared to 26% in 2020, resulting in higher realised coal prices of $104 per tonne in 2021 (2020: $48 per tonne). Thungela reported export equity sales of 15Mt, which reflects a decrease of 16% in 2021. Export sales and production were severely impacted by TFR constraints, and the Company was forced to curtail lower margin production from late in the third quarter as stockpiles reached capacity.

"*We remain committed to working with TFR, government and the industry to resolve the issues experienced in 2021 and the start of 2022. We believe the challenges are transient and have planned our operational performance on a gradual, rather than an immediate recovery in rail performance. This is of national concern given that coal exports constitute one of the primary sources of foreign currency generation for South Africa.*"

Outlook

We expect a gradual rather than immediate recovery in TFR performance, the 2022 export saleable production is expected to be between 14Mt and 15Mt, before returning to 16Mt per annum from 2023.
"While the current geopolitical unrest in Europe is resulting in an unprecedented escalation in energy and commodity prices, including thermal coal prices, the impact on input cost inflation and volatility will remain a risk to global growth. We believe that thermal coal remains a key pillar of the global energy mix and as Thungela we have an important ongoing role as a responsible producer. We recognise and balance society's needs, environmental expectations, and the vital role we play in the economy and our communities. Our foundations are firmly in place and our journey to value creation has just begun. We will continue our focus on what we can control: achieving our goal of becoming a fatality-free business, realising further operational improvements and cost efficiencies, and seamlessly executing our life extension and production replacement projects," Ndlovu concluded.

ENDS

For further information, please contact:

Media
Tarryn Genis
tarryn.genis@thungela.com
082 324 4650

Investor Relations
Ryan Africa
Ryan.africa@thungela.com
27116380237

Editor's note:

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, through AAIC, 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.