thungela

INTEGRATED ANNUAL REPORT 2021

thungela

Responsibly creating value together for a shared future

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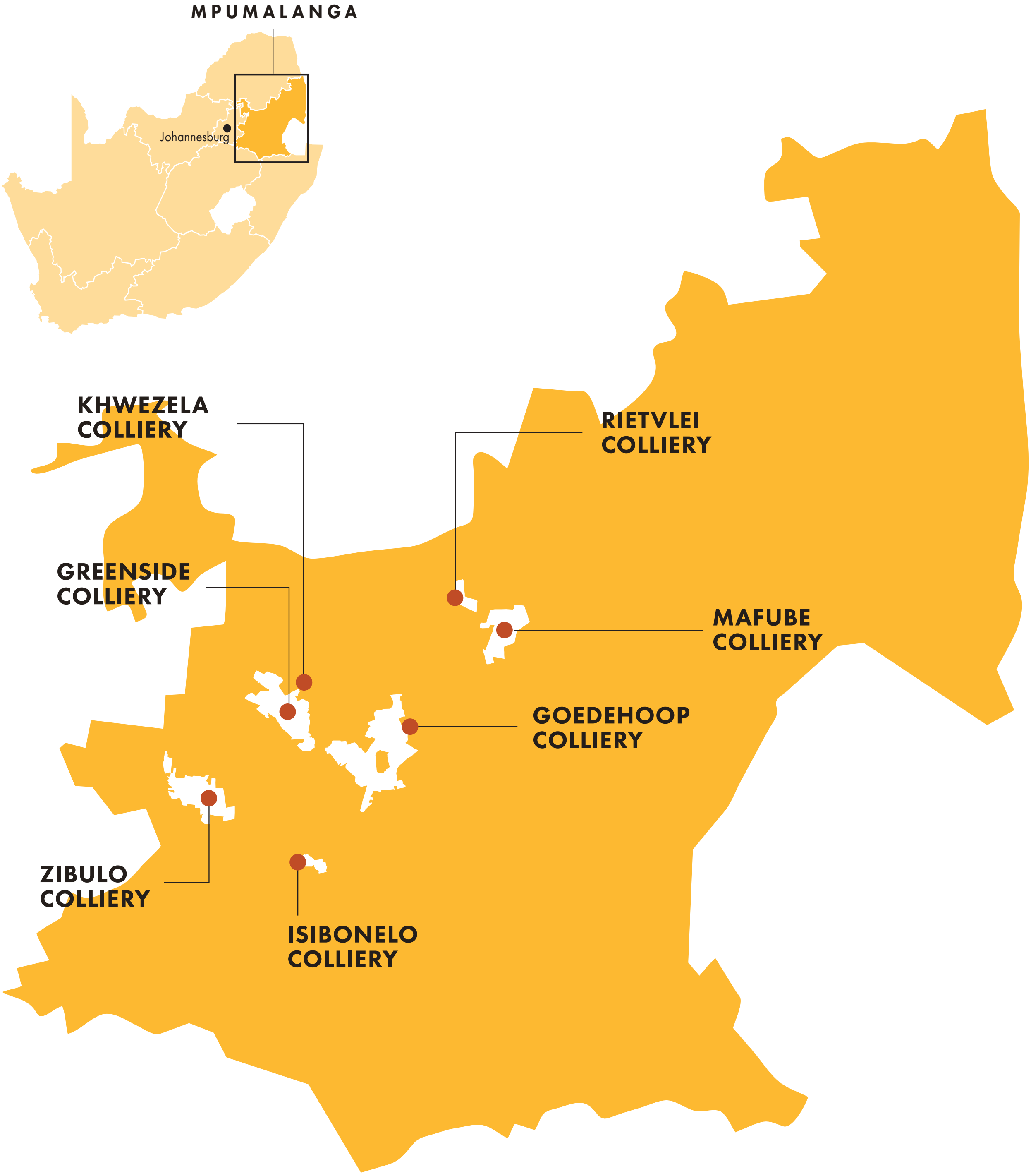


GROUP OVERVIEW

Thungela, a Zulu word which means "to ignite", is a leading South African thermal coal business, focused 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 Rietvlei colliery) which consist of both underground and opencast mines located in the Mpumalanga province of South Africa.

The 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 Proprietary Limited (RBCT). The Richards Bay Coal Terminal 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, for the benefit of the communities in which it operates, its employees, shareholders and society as a whole.

ABOUT THIS REPORT

SCOPE AND BOUNDARY

This report, the maiden Integrated annual report for Thungela Resources Limited (Thungela) as an independently listed business, provides a holistic view of Thungela, its subsidiaries, joint operations and associates for the year ended 31 December 2021, and sets out our approach to value preservation and creation in the short, medium and long term. It includes information on our performance, business model, strategy, material matters, principal risks, governance, remuneration practices and prospects, among other matters.

The content of this report is built on the interconnection of various internal and external factors and its impact on our ability to create sustainable value. Unless indicated, information in this report refers to that of the Group.

We strive to cater for a wide stakeholder audience in the interest of transparency and openness, and to enhance our stakeholders' understanding of our business. The risks, opportunities and outcomes associated with stakeholders are dealt with insofar as these relationships could materially affect our ability to create value.

FORWARD-LOOKING STATEMENTS AND THIRD-PARTY INFORMATION

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 Resource and Reserve positions), 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 report except as required by law.

The information contained within this report is deemed by the Group 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 report via the regulatory information service, this inside information is now considered to be in the public domain.

THUNGELA'S 2021 REPORTING SUITE

This report forms part of our overall suite of reporting documents for the year ended 31 December 2021, all of which should be read together. Our 2021 reporting suite includes the following documents as described below:

INTEGRATED ANNUAL REPORT

- Balanced assessment of our approach to creating and sustaining value.
- Detailed assessment of our Coal Resources and Coal Reserves in line with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (the SAMREC Code).
- Developed in line with the <IR> Framework, the Companies Act of South Africa, King IV, the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

ANNUAL FINANCIAL STATEMENTS*

- Detailed understanding of the Group's financial and operational performance, including Pro forma financial information.
- Prepared in accordance with IFRS, the Companies Act of South Africa, King IV, the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Detailed disclosure of the key environmental, social and governance elements that could have a material impact on our performance and business if not effectively managed.
- Prepared in accordance with the core requirements of the Global Reporting Initiative (GRI) requirements, and internal safety and sustainable development indicators.

Various acronyms, abbreviations and measures used throughout the reporting suite have been defined on pages 177 to 182.

For more information, visit https://www.thungela.com WWW

* Available from 22 March 2022.

REPORTING FRAMEWORKS

This report is aligned with relevant reporting standards, frameworks and best practice. We have applied the guiding principles and content elements of the Value Reporting Foundation's (formerly the International Integrated Reporting Council) International <IR> Framework, January 2021 (the <IR> Framework) and considered other relevant guidelines and regulations in preparing this report, including:

- the Companies Act 71 of 2008, of South Africa, as amended (the Companies Act of South Africa)
- the King IV Report on Corporate Governance (King IV)
- the JSE Listings Requirements
- the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

The financial information in this report has been extracted from the Annual financial statements for the year ended 31 December 2021, prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the IFRS Interpretations Committee (collectively, IFRS).

The Coal Resources and Coal Reserves information in this report has been developed in line with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (the SAMREC Code).

INTEGRATED REPORTING AND THE SIX CAPITALS

In pursuit of sustainable value creation, we consider how the six capitals are integrated across our business model, strategy and our overall business. It is our intention to positively contribute to these capitals and to mitigate any negative impacts on them as far as possible. Our Integrated annual report demonstrates our progress in creating sustainable value for all our stakeholders. The six capitals we use and on which our business has an impact are illustrated below, with further details described in our business model on page 42 and 43.

MATERIAL ISSUES

The principle of materiality informed our preparation of this report. We consider that a matter is material if it can substantively affect our ability to create and sustain value over the short, medium or long term. The board and management are of the view that the material matters published on pages 8 to 11 of this report offer a balanced mix of information, allowing readers to assess our performance and prospects. These material matters were identified through our materiality determination workshops, risk management process, strategy deliberations and stakeholder engagements.

ASSURANCE

Financial and non-financial aspects of this report and of our reporting suite for the year ended 31 December 2021 are independently assured. The report of the independent external auditor, PricewaterhouseCoopers Inc., on the consolidated and separate annual financial statements appears on pages 25 to 31 of the Thungela Annual financial statements. The report of the independent external assurer, IBIS ESG Consulting Africa Proprietary Limited (IBIS), on specific non-financial indicators appears on pages 150 to 153 of our environmental, social and governance (ESG) report. The assurance reports do not necessarily cover all the information contained in this report, and copies of these reports should be obtained from the Thungela website to understand the nature of the assurance provided.

BOARD RESPONSIBILITY STATEMENT

The Thungela board of directors, supported by the audit committee and other board subcommittees, acknowledges its responsibility to ensure the integrity of the Integrated annual report for the year ended 31 December 2021. In the directors' opinion, this Integrated annual report addresses all material matters and offers a balanced view of Thungela's strategy and how this relates to our ability to create and preserve value in the short, medium and long term.

The report adequately addresses the use of, effects on, and availability of our capitals as well as how these impact the Group's strategy and business model, and has been prepared in accordance with the <IR> Framework, along with other relevant guidelines.

This Integrated annual report, which remains the ultimate responsibility of the board, is prepared under the supervision of senior management, and is subject to rigorous internal and external assurance reviews.

Sango Ntsaluba
Chairman

July Ndlovu
Chief executive officer

22 April 2022

COMPARABILITY OF RESULTS AND INTERNAL RESTRUCTURE

In June 2021, the Group was separated from Anglo American plc (Anglo American) through the Demerger. An internal restructuring process was undertaken to separate the SA Thermal coal operations and the various non-thermal coal operations within Anglo American in order to prepare the Group for the Demerger. This included consolidating all of the SA Thermal coal operations into a single group of companies and is referred to as the Internal restructure. As part of the Internal restructure, the following key steps were undertaken, among others:

- certain categories of assets and liabilities that were not exclusively or predominantly related to Thungela Operations Proprietary Limited's (TOPL) coal business were transferred out of TOPL to Anglo Corporate Services South Africa Proprietary Limited (ACSSA), at the time both wholly owned subsidiaries of Anglo South Africa Proprietary Limited (ASA), with effect from 1 September 2020
- the 100% ownership interest in TOPL was transferred by ASA to South Africa Coal Operations Proprietary Limited (SACO), also a wholly owned subsidiary of ASA, with effect from 31 December 2020. TOPL owns 33% of the ordinary shares in Butsanani Energy Investment Holdings Proprietary Limited (Butsanani Energy) and, in combination with SACO's existing 33% holding in Butsanani Energy, SACO also obtained control of this business with effect from 31 December 2020
- Thungela was incorporated on 5 January 2021 as a wholly owned subsidiary of ASA to act as the holding company of the Group
- Anglo American's 50% interest in Mafube Coal Mining Proprietary Limited (Mafube Coal Mining) was transferred from Anglo South Africa Capital Proprietary Limited (ASAC), also a wholly owned subsidiary of ASA, to SACO with effect from 31 March 2021
- the 100% ownership interest in SACO was sold by ASA to Thungela, also at the time of the sale a wholly owned subsidiary of ASA, with effect from 1 June 2021
- the Employee Partnership Plan (EPP) and Community Partnership Plan (CPP) came into effect and each purchased from Thungela 5.0% of its share in SACO respectively, with effect from 2 June 2021, as well as subscribed for the E preference share and C preference share issued by SACO as more fully detailed in note 2A of the Annual financial statements for the year ended 31 December 2021.

Thungela was then demerged from the Anglo American Group with effect from 4 June 2021 through a series of independent steps, which resulted in the Thungela shares being distributed to Anglo American shareholders. Thungela listed on the JSE and the LSE on 7 June 2021. The Group obtained economic and operational independence from Anglo American from 1 June 2021, on the sale of SACO to Thungela.

The acquisition of SACO by Thungela with effect from 1 June 2021 is considered a group reorganisation as per IAS 27: Separate Financial Statements (IAS 27), rather than a business combination, and so the Group is presented as if Thungela has always owned SACO, rather than reflecting the acquisition of SACO by Thungela from 1 June 2021. As such, the comparatives included in the Annual financial statements reflect the book values of the assets and liabilities of the SACO Group as previously recognised in the Anglo American Group financial statements. The equity of the Thungela Group however reflects Thungela's capital structure, which reflects shares issued only in June 2021.

The acquisitions of TOPL, including Butsanani Energy, and Mafube Coal Mining on 31 December 2020 and 31 March 2021 respectively, are business combinations under common control. The Group has elected to account for both acquisitions by applying the predecessor accounting approach using the book values that were previously recognised in the Anglo American Group financial statements. The book values of the net assets of TOPL, Butsanani Energy and Mafube Coal Mining were recognised on the effective date of the business combinations and the comparative financial statements have not been restated.

Consequently, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 includes the results of the TOPL, Butsanani Energy and Mafube Coal Mining businesses as follows:

- the results of the operations of TOPL (owning and operating the Isibonelo, Khwezela, Greenside and Goedehoop collieries) with effect from 1 January 2021 (representing a full year of performance)
- the results of the operations of Butsanani Energy (owning the independently operated Rietvlei colliery) with effect from 1 January 2021 (representing a full year of performance)
- the proportionate share of the results of the operations of Mafube Coal Mining (owning and operating the Mafube colliery) for nine months with effect from 1 April 2021.

Before the Internal restructure, SACO owned 73% of Anglo American Inyosi Coal Proprietary Limited (AAIC) (owning and operating the Zibulo colliery), and thus the comparatives included in the Annual financial statements reflect only the operations of AAIC before the Internal restructure was implemented.

PRESENTATION OF PRO FORMA FINANCIAL INFORMATION

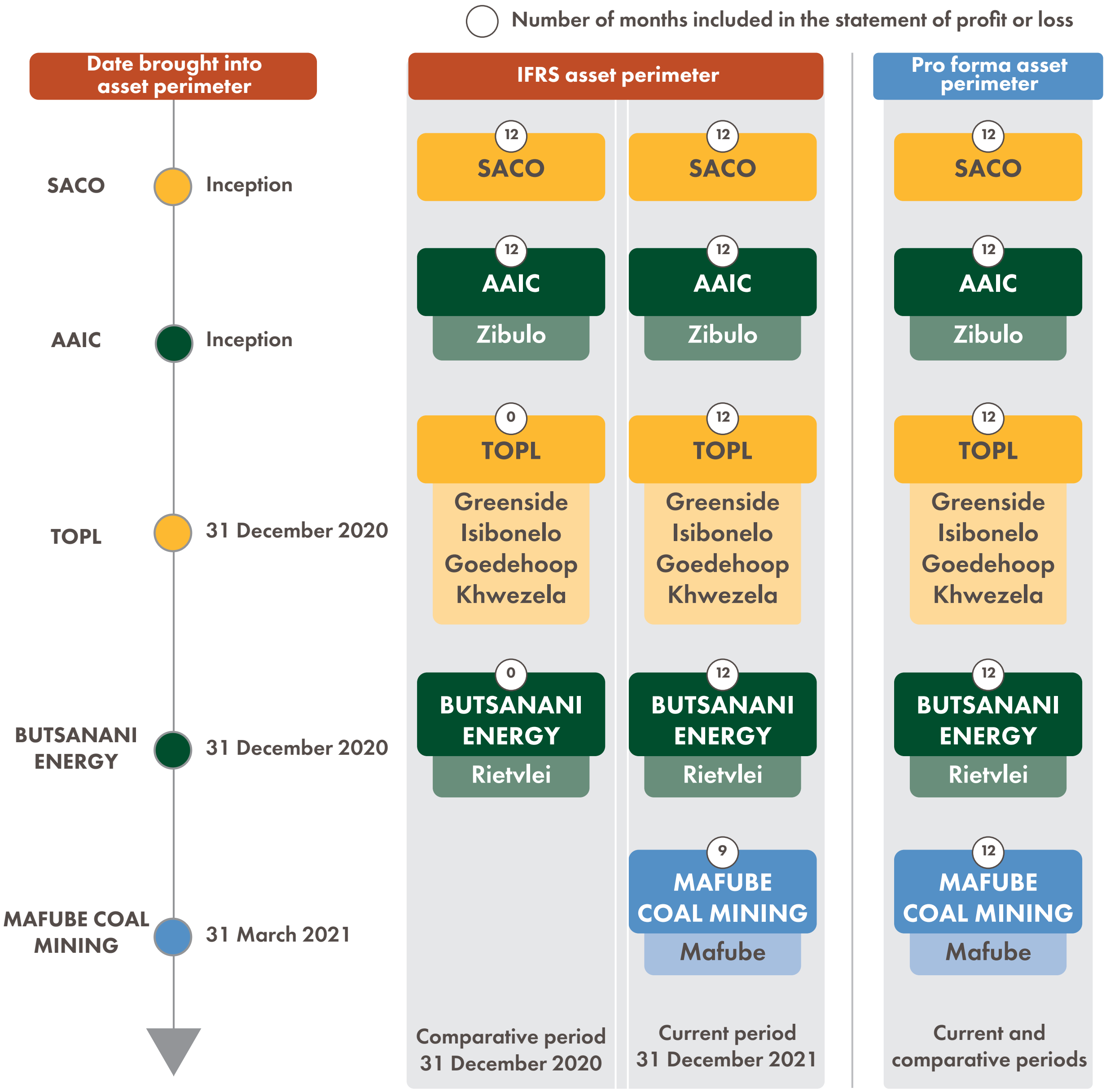
The impact of the Internal restructure is significant to the financial and operating results of the Group, given that the ownership structure reflected only one out of seven operating mines until 31 December 2020, which is not reflective of the operations of the Group as it is likely to exist on a forward-looking basis. The comparatives included in the Annual financial statements are thus not fully reflective of the operations of the Group as it is likely to exist on a forward-looking basis over the comparative period. On this basis, the Group has presented a Pro forma consolidated statement of profit or loss for the years ended 31 December 2021 and 31 December 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. This Pro forma financial information is included in Annexure 3 on pages 144 to 155 of the Annual financial statements and has been prepared using the same basis of preparation as reflected in the Historical financial information (HFI) as included in the Combined prospectus and pre-listing statement (PLS). The PLS is available for download from the Group's website at https://www.thungela.com/investors/demerger.

The Pro forma financial information has been presented to demonstrate what impact the Internal restructure would have had on the Group had it taken place at the start of the reporting period. The Pro forma financial information excludes any Pro forma impacts arising as a consequence of the Demerger, the Post-balance sheet transactions (as defined in Annexe 6A and 6B of the PLS) and any related agreements as contemplated in the PLS.

The Pro forma financial information is prepared for illustrative purposes only and is the responsibility of the directors of Thungela and because of the nature of this information, it may not fairly present the Group's results of operations if the Internal restructure had taken place at the start of the reporting periods. The Pro forma financial information for the year ended 31 December 2021 has been reported on by the Group's independent external auditor, and their assurance report is set out on pages 144 and 145 of the Annual financial statements. The Pro forma financial information for the year ended 31 December 2020 agrees to the Combined carve-out historical financial information of the SA Thermal coal operations, which was reported on as per Annexe 3A of the PLS.

Thungela uses Alternative performance measures (APMs) to improve the comparability of information between reporting periods to aid the user of the Annual financial statements in understanding the activity taking place across Thungela's portfolio. The APMs are the responsibility of the Thungela directors and have been assessed consistently in each of the periods presented, except as otherwise noted. The APMs are set out in Annexure 1 of the Annual financial statements for the year ended 31 December 2021 and have been reported on by the Group's independent external auditor.

The impact of these steps on the Group and on the comparatives included in the Annual financial statements can be illustrated using the diagram below.



MATERIAL MATTERS

For Thungela, material matters are those issues which have the potential to substantively affect our performance and our ability to create value over the short, medium and long term. Identifying these issues assists us in managing our risks and opportunities and ensuring that they are addressed by our strategy.

Our materiality determination process, which will be conducted annually, included consideration of our external environment and identification of relevant megatrends, assessment of our risks, evaluation of stakeholder feedback and in-depth materiality workshops held by senior management and the Group executive committee (Exco) to identify relevant matters, assess their importance and prioritise them. These were then discussed and approved by the Thungela board.

MATERIAL MATTERS

RANK	MATTER	ASPECTS INCLUDED
1	**Capital allocation** We are committed to investing and allocating our financial resources to achieve our strategic imperatives and ensure value creation. We will sustain our existing operations while selectively investing in low-risk, value-accretive production replacement and life extension (lifex) projects that meet our strict investment criteria. Our dividend policy targets a payout of a minimum of 30% of Adjusted operating free cash flow. We are required to provide financial guarantees in respect of environmental restoration and decommissioning obligations to cover the financial provisioning required to be made available in terms of the existing South African Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) Regulations. These guarantees will meet any immediate closure obligations under the existing MPRDA regulations.	• Environmental liability • Sustaining capex • Dividends • Projects • Additional dividends • Share buybacks
2	**Health and safety** Thungela's commitment to safety is unconditional, and creating a fatality-free business is paramount. The health, safety and wellbeing of all individuals working at Thungela sites is imperative. Our target, of zero work-related losses of life and a consistent decrease in total recordable cases, is non-negotiable. We have developed a safety strategy and ensure that learnings from every incident are accompanied by a solution of appropriate controls which form part of our practical safety guide. We have a leading HIV prevention and treatment programme and other comprehensive internal wellness programmes.	• Fatality-free business • Mine Health and Safety Act (MHSA)
3	**Rail infrastructure** We are reliant on rail infrastructure to transport our thermal coal from our operations to the Richards Bay Coal Terminal. The maintenance and operation of the Transnet Freight Rail (TFR) infrastructure is dependent on continued capital investment by the South African government. Any impact on the reliability and/or performance of the rail and port networks could have a material adverse effect on our ability to export thermal coal to customers.	• TFR rail performance

RANK	MATTER	ASPECTS INCLUDED
4	**Environmental provisions** An obligation to incur environmental restoration, rehabilitation, decommissioning and environmental monitoring costs arises when disturbances are caused by the development or ongoing production of a mining asset. Contributions have been made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine, and as required thereafter. We have provided for water treatment costs using a combination of active and passive water treatment methods, based on activities currently being performed at our operations.	• Adequacy of closure provisions • The South African National Environmental Management Act 107 of 1998 (NEMA) • Water treatment • Management of rehabilitation activities
5	**Market factors** The Benchmark price for thermal coal has historically been volatile and is affected by numerous factors over which we do not have control. These factors include the domestic and foreign supply and demand for thermal coal for industrial and electrical generation usage, South African and foreign economic conditions, including economic slowdowns and the exchange rates of the Rand to foreign currencies, the imposition of tariffs, quotas, trade barriers and other trade protection measures, speculative trading activity and, most recently, the impacts of COVID-19. Volatility is also influenced by competitive dynamics, such as the quantity and quality of thermal coal available from competitors and competition for production of electricity from non-coal sources, including the price and availability of alternative energy sources. At the time of writing, geopolitical unrest in Europe has resulted in an unprecedented escalation in prices across the energy complex and commodity prices. This is expected to have a pronounced impact on market dynamics, which we will continue to monitor as the impact becomes clearer.	• Short-term demand and supply • Benchmark coal price volatility • Long-term fundamentals for demand and supply
6	**Socio-economic** We are compliant with the MPRDA's socio-economic transformation objectives, which are to: • substantially and meaningfully expand opportunities for historically disadvantaged persons, including women and communities, to enter into and actively participate in the mining industry • promote employment and advance the social and economic welfare of all South Africans. Inclusive procurement ensures compliance with the MPRDA transformation objectives. The aim is to improve the socio-economic livelihoods of our host communities by monitoring procurement spend with local suppliers.	• Community relations • Human rights • Nkulo Community Partnership Trust (CPP)
7	**Human capital** We are committed to promoting an inclusive and diverse environment that represents the demographics within our operating footprint. We focus on our employees and develop individual talent through intentional interventions such as leadership and career development, mentoring and coaching. We offer sustainable employment, a rewarding career, growth opportunities and personal development. We have a market-aligned approach to remuneration that enables us to attract and retain key talent.	• Labour relations • Transformation (B-BBEE, diversity) • Scarce skills/key individuals • SACO Employee Partnership Plan Trust (EPP) • Talent management

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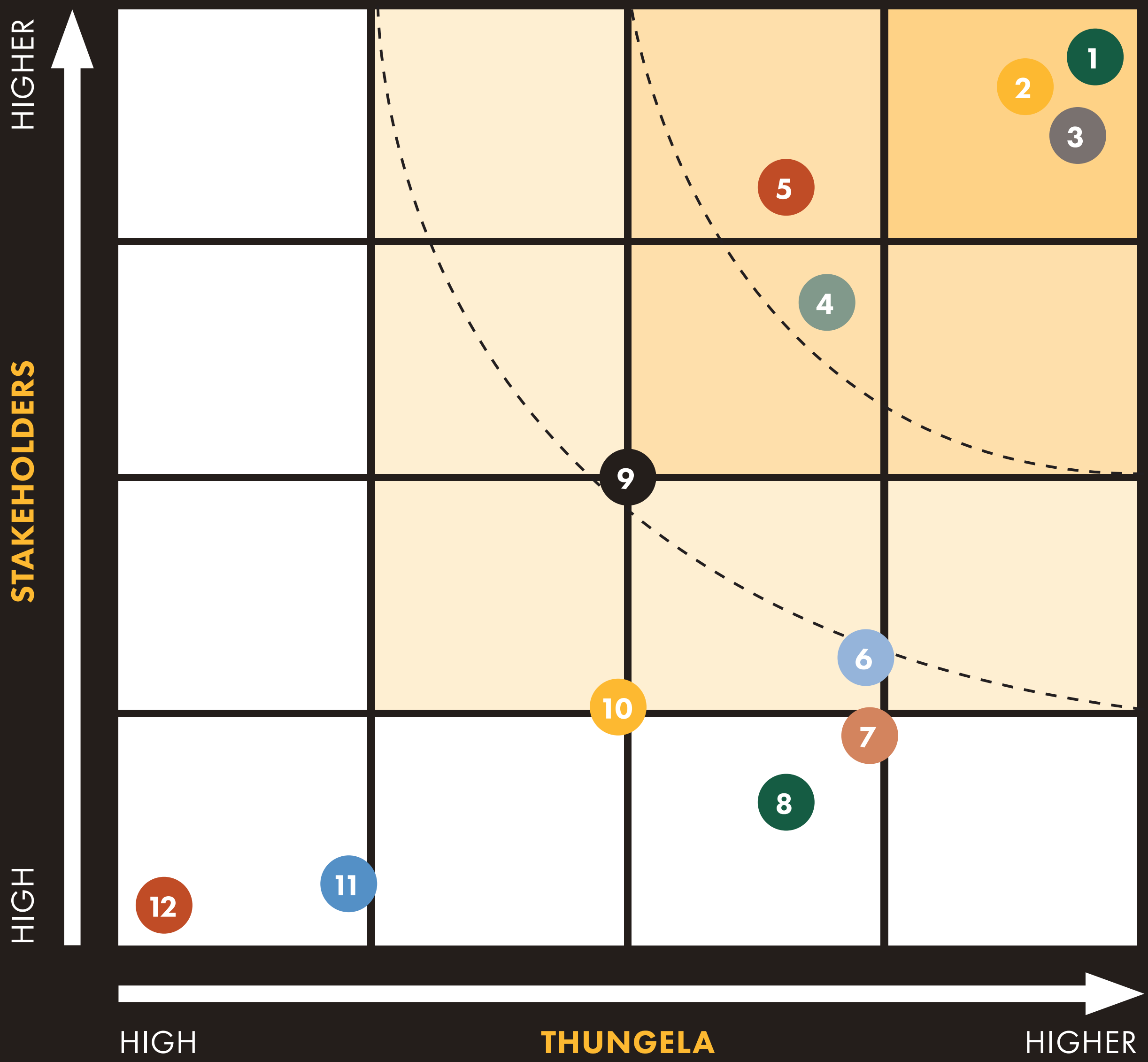
RANK	MATTER	ASPECTS INCLUDED
8	**Creation of standalone business** Various agreements provide for the continued provision of services that were historically provided by entities within the Anglo American Group, including information technology, operational and other services, for up to 18 months after Demerger.	• Transition away from transitional service agreements
9	**Perception of coal** Global climate issues and ESG pressures continue to attract significant attention, raising concerns about the impacts of fossil fuel combustion on the global climate. Many governments are increasingly focusing on climate issues and limiting emissions. Some investors are divesting from companies involved in the fossil fuel extraction market, such as thermal coal producers. Banks, funders and insurance companies are limiting access to finance and insurance coverage for the development of new thermal coal-fuelled power plants, thermal coal mines and utilities that derive a majority of their revenue from thermal coal. Many governments have pledged to control and reduce greenhouse gas emissions under the Paris Agreement, which may impact demand for thermal coal resources in the future.	• UN Sustainable Development Goals (SDGs) • Climate change
10	**Critical resource supply** Our operations are dependent on electricity supplied by Eskom SOC Limited (Eskom), the state-owned electricity utility. Electricity is used for most of the Group's business and safety-critical operations, including ventilation, hoisting and dewatering. Power outages, disruptions or shortages in power supply could have a material adverse impact on production and employee safety.	• Security of electricity supply
11	**Regulatory environment** We are subject to oversight and monitoring by regulatory authorities that have broad administrative and discretionary power. These include general corporate and commercial law regimes (including the Companies Act of South Africa and the Competition Act 89 of 1998), as well as comprehensive mining laws and regulations relating to mining and prospecting, the distribution of dividends, employment practices, remuneration, ethical standards, competition and exchange controls.	• Regulatory directives • Mining rights and licences • Political stability
12	**COVID-19** The global economy, commodity prices and financial markets have experienced significant volatility and uncertainty due to COVID-19. The effects of COVID-19 and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets, resulting in recessions and slowdowns in economic growth. The pandemic resulted in the implementation of additional health and safety measures at our workplaces, mine sites and corporate office to ensure the health and safety of employees and contractors.	• Health • Business as usual post-COVID • New ways of work

MATERIAL MATTERS MATRIX

Ranked by relevance for Thungela and its stakeholders



1 Capital allocation
2 Health and safety
3 Rail infrastructure
4 Environmental provisions
5 Market factors
6 Socio-economic
7 Human capital
8 Creation of standalone business
9 Perception of coal
10 Critical resource supply
11 Regulatory environment
12 COVID-19

GROUP PERFORMANCE IN 2021

ASSESSING PERFORMANCE AGAINST THE SIX CAPITALS

Headwinds

- TFR performance
- COVID-19
- Inflationary pressure (explosives and fuel)
- Stronger exchange rate

Tailwinds

- Benchmark coal prices
- Smooth transition to standalone business
- Lower corporate costs
- Lower capex spend

Natural

Minimise our impact on the environment

GHG emissions **819** (2020: 883)	Reduce total kt CO_2 equivalent
Water abstraction **865** (2020: 785)	Reduce million litres
Energy consumption **3.42** (2020: 3.87)	Reduce gigajoules consumed

Financial

Sound financial and operating performance

Adjusted EBITDA **R10 billion** (2020: R286 million loss)	Generate strong earnings
Unit cost (FOB/tonne) – IFRS **R830** per export tonne (2020: R804/tonne)	
Unit cost (FOB/tonne) – Pro forma **R812** per export tonne (2020: R833/tonne)	Market guidance of R830/tonne
Returns to shareholders **R2.5 billion** 63% of Adjusted operating free cash flow	Minimum of 30% of Adjusted operating free cash flow

Intellectual

Capable people and effective organisation

HDSAs in management **74%** (2020: 70%)	Increase number of HDSAs in management
Women in management **28%** (2020: 25%)	Increase number of women in management

Manufactured

Sustainably deliver valuable product

Export saleable production – Pro forma **15.0 Mt** (2020: 16.5 Mt)	Market guidance 15 Mt to 16 Mt
Export equity sales **13.9 Mt** (2020: 16.6 Mt)	

Social and relationship

Partner with local communities and government

Local procurement **R2.3 billion** (2020: R1.5 billion)	Enterprise and supplier development
Returns to EPP and CPP **R273 million**	Creating value together

Human

Do no harm to our workforce

Fatalities **One** (2020: One)	Be a fatality-free business
TRCFR **1.35** (2020: 1.51)	Improvement in total recordable case frequency rate (TRCFR)

02

OUR BUSINESS

CHAIRMAN'S LETTER

We have a strong foundation on which to build a modern, future-oriented, leading business with an 'owner' mindset, focused on value creation for all stakeholders.

RESPONSIBLY CREATING VALUE TOGETHER FOR A SHARED FUTURE

This has been an exciting year for Thungela. Following the successful Demerger of Anglo American's thermal coal operations in South Africa, Thungela Resources Limited was listed on the JSE and LSE on 7 June 2021. While we have retained the robust standards and policies created over many years, we are forging our own identity and creating our own future as a newly listed company.

From the outset, we are determined to fulfil our purpose of responsibly creating value together for a shared future – as we change people's lives and build on our core. We will achieve this by operating in a sustainable and responsible way for the benefit of the communities in which we operate, for our employees, shareholders, markets we serve and society as a whole. We have a strong foundation on which to build a modern, future-oriented, leading business with an 'owner' mindset, focused on value creation for all stakeholders.

We are cognisant of the changing world in which thermal coal companies and the rest of the world operate, and of the need to reduce our environmental footprint. We are equally conscious of our responsibility to provide the world with affordable energy.

BECOMING A FATALITY-FREE BUSINESS

Safety is a core belief for us, and a key focus area for the board, management and every employee. We regret to report that Moeketsi Mabatla passed away during an underground evacuation at Goedehoop colliery on 23 June 2021. We extend our sympathy to his family, friends and colleagues.

Our integrated approach to health and safety and cross functional collaboration is aimed at achieving zero work related losses of life and a consistent decrease in total recordable cases.

ADAPTING THE BUSINESS TO OPERATE WITHIN THE COVID-19 CONTEXT

The COVID-19 pandemic has continued to be a dominant theme across the world and its impact has been felt at Thungela, where we have taken stringent measures to keep our workforce safe and healthy. During the year we launched a vaccination programme which has been rolled out to employees, their dependants and our business partners. As a result of the pandemic, management was required to act swiftly and decisively to make changes in the workplace and to implement solutions to ensure health and safety under extraordinary circumstances. I commend our management on their leadership and competent balancing of employee welfare, community needs and meeting customer requirements.

DELIVERING STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

Thungela has delivered a strong set of results on the back of solid operational performance, continued focus on our cost competitiveness and a favourable market and price environment. In addition to higher Benchmark coal prices, realised prices have improved as a result of a number of management actions, including the optimisation of our export equity sales mix in response to the ongoing challenges faced by TFR.

TFR's challenges have been well publicised and are a cause for concern for the country, the SA thermal coal industry as a whole, and, of course, for Thungela as the largest thermal coal exporter in South Africa. Notwithstanding these challenges, the business has presented a strong first set of results since listing.

SOUND MARKET FUNDAMENTALS DRIVING EVOLUTION OF OUR STRATEGY

Thermal coal remains a key pillar of the global energy mix and demand for thermal coal is expected to be robust for some time to come, particularly in our key export markets. Strong medium-term fundamentals support the evolution of our value-focused strategy which aims primarily to support our purpose of responsibly creating shared value for our stakeholders through driving our ESG aspirations, maximising the full potential of our existing assets, with a near-term focus on production replacement projects, creating future diversification options and optimising capital allocation.

Strong medium-term fundamentals support the evolution of our value-focused strategy

We are in a resilient financial position with adequate resources to achieve our strategic capital allocation objectives, which allow the Elders and Zibulo North shaft projects to be submitted for board approval during 2022 and early 2023 respectively.

DRIVING OUR ESG ASPIRATIONS

The board acknowledges that climate change is one of the major global challenges of our time. As a coal business we understand the trade-off between balancing the adverse environmental impact of coal with the need to support development in South Africa – especially in the regions in which we operate – and the need for affordable, reliable power in our export markets, which are mainly developing economies.

We will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets by 2023 and chart our pathway to net-zero by 2050, subject to the requirements of the countries in which we operate and the markets we serve.

Our ESG framework has three pillars: Environmental stewardship, Shared value for stakeholders and Responsible decision making and leadership, all of which are integrated into our business strategy, operating model, processes, systems and policies. By way of example, ESG criteria are key measures in our investment evaluation criteria.

We are aware of the social challenges in our host communities in particular, and in South Africa as a whole. We are committed to working with our host communities to make a meaningful and lasting social impact.

In addition to a variety of ongoing social projects, we have created a unique shareholding structure to ensure that our employees and host communities share in the value created by the Group.

GOVERNANCE SUPPORTING VALUE CREATION

Conducting business ethically and in line with good corporate governance practices is a priority for Thungela. We have embraced strict corporate governance principles to manage risk and build trust with our stakeholders through ethical behaviour. To this end, we have implemented a set of values and a code of ethics to govern our business dealings and partnerships.

The Thungela board is responsible for the approval and execution of the Group's strategy and its operating performance, as well as being the arbiter and monitor of risk and the custodian of corporate governance policies and procedures. Our audit committee oversees the Group's accounting and financial reporting, external audit, internal audit, integrated reporting and combined assurance. The social and ethics committee provides guidelines and oversight to ensure ethical behaviour.

The remuneration and nomination committee reviews remuneration policy and implementation thereof. Executive remuneration is aligned to both shareholders' and other key stakeholders' interests, as well as our long-term strategy, culture and values.

Our risk and sustainability committee has overall oversight of risk, opportunities, information technology and sustainability, with a focus on safety, health and the environment. It decides on our risk appetite, reviews the risk policy and the risk register and monitors the environment. All committees and the full board will meet at least four times a year to deliberate and ensure that our strategic objectives are met and that we assist management in creating value.

We have adopted an inclusion and diversity policy to promote diversity in terms of gender, race, culture, age, knowledge, skills and experience at board level and throughout the organisation.

MAIDEN DIVIDEND DECLARED, CREATING VALUE FOR SHAREHOLDERS

Given that Thungela is a single commodity and single geography thermal coal business, coupled with limited access to debt markets, an appropriate level of balance sheet flexibility is important in order to manage the business through periods of Benchmark coal price volatility. The board believes it is prudent to maintain a liquidity buffer of between R5 billion and R6 billion during and following periods of stronger market conditions, and all else being equal, between R2 billion and R3 billion during and following periods of weaker market conditions.

The board is committed to delivering attractive shareholder returns while maintaining disciplined capital allocation, and the board was pleased to declare a maiden dividend of R18 per share on 22 March 2022.

Robust performance and cash generation in 2021 means that we enter 2022 in a position of strength and we are excited about the opportunities to create value for our shareholders, our host communities as well as our employees.

PRIORITIES FOR THE BOARD IN 2022

The board will focus on the following key areas in the 2022 financial year:

- seek to develop a pathway to net-zero
- craft and articulate the strategy for the future of Thungela as a sustainable business
- being a world-class board.

CLOSING REFLECTIONS

The hard work of many people across our organisation continues to ensure that Thungela is able to deliver on its purpose of responsibly creating value together for a shared future.

I thank the executive management team and all our people for their extraordinary contribution throughout the first months of Thungela's existence.

My thanks are also extended to my fellow board members for their valuable input and diligence in fulfilling their duties.

Finally, I wish to express my appreciation to all our stakeholders for their support during the listing and establishment of the Group, especially our employees for their hard work and dedication and our host communities for their support.

Sango Ntsaluba
Chairman

22 April 2022

The board was pleased to declare a maiden dividend of R18 per share on 22 March 2022.

WHO WE ARE

WHO WE ARE

We are a future-oriented leading thermal coal business.

OUR CULTURE

Our high-performance culture values excellence, agility and accountability and understands that our people are the heartbeat of our organisation.

AMBITION

To create real and demonstrable value for all our stakeholders.

Values

SAFETY

We are unconditional about protecting the lives of all our people – at work and at home – in health and wellbeing.

CARE AND RESPECT

We show humanity to all through our commitment to make a positive impact where we can.

ACCOUNTABILITY

We take responsibility for our decisions, actions and performance, to grow in success and learn in failure.

EXCELLENCE

We are passionate about being the best at what we do and always seek to raise the bar.

AGILITY

We ensure we are well-informed to be responsive, in order to keep things simple and make quick decisions.

ENTREPRENEURSHIP

We have an owner's mindset in everything we do, because we know that every small change adds to greater impact.

OUR PURPOSE

To responsibly

We are uncompromising in our commitment to safety. This means working to the highest health and safety standards to make sure that no person comes to harm while earning a living for their family.

We hold ourselves to the highest governance principles across our operations and work with people who care about positive outcomes.

We carefully manage our impacts – now and once our operations reach the end of their lives. The land we mine today must be put to sustainable and productive use tomorrow.

Being a responsible miner means being a responsible neighbour. We want our communities to thrive and for the impacts we leave on them to be positive ones.

create value

We want everyone close to our business to share in the real and unique opportunities for economic and social development that mining brings. This is in our very DNA as our employees and communities share a stake in our business.

We create this value for our investors and all our stakeholders by focusing on our strategic ambition and related priorities.

together

We believe that everyone has a role to play in creating value. That is why we are committed to collaborating, engaging and building meaningful relationships with our stakeholders.

Our shareholders, employees, business and social partners all help us to generate value and in turn, they share in this value.

for a shared future

The value we create contributes to a brighter future for all of us. By achieving our mutual objectives, we – together with all our stakeholders – can face a future worth sharing.

CULTURE

Our business is built by our people, for our people. That is why we are passionate about giving them a working environment that supports their personal aspirations and professional goals.

WE ENRICH

We offer an enriching world of work in which employees are encouraged to fulfil their potential. Individual development plans, exciting career paths and opportunities to stretch and develop themselves are the tools we give them to do this.

WE ENERGISE

We are bold, ambitious, and driven by an owner mindset. This means having an engaged workforce with a high-performance culture.

WE EMBRACE

Being a good employer means creating a sense of belonging where people can bring their whole selves to work. We believe in embracing the differences that make our people, and our business, unique.

WE EMPOWER

We empower our employees with the trust and autonomy they need to achieve results. Where possible, we have flexible productive working arrangements. We also support a healthy work-life balance.

WE ENGAGE

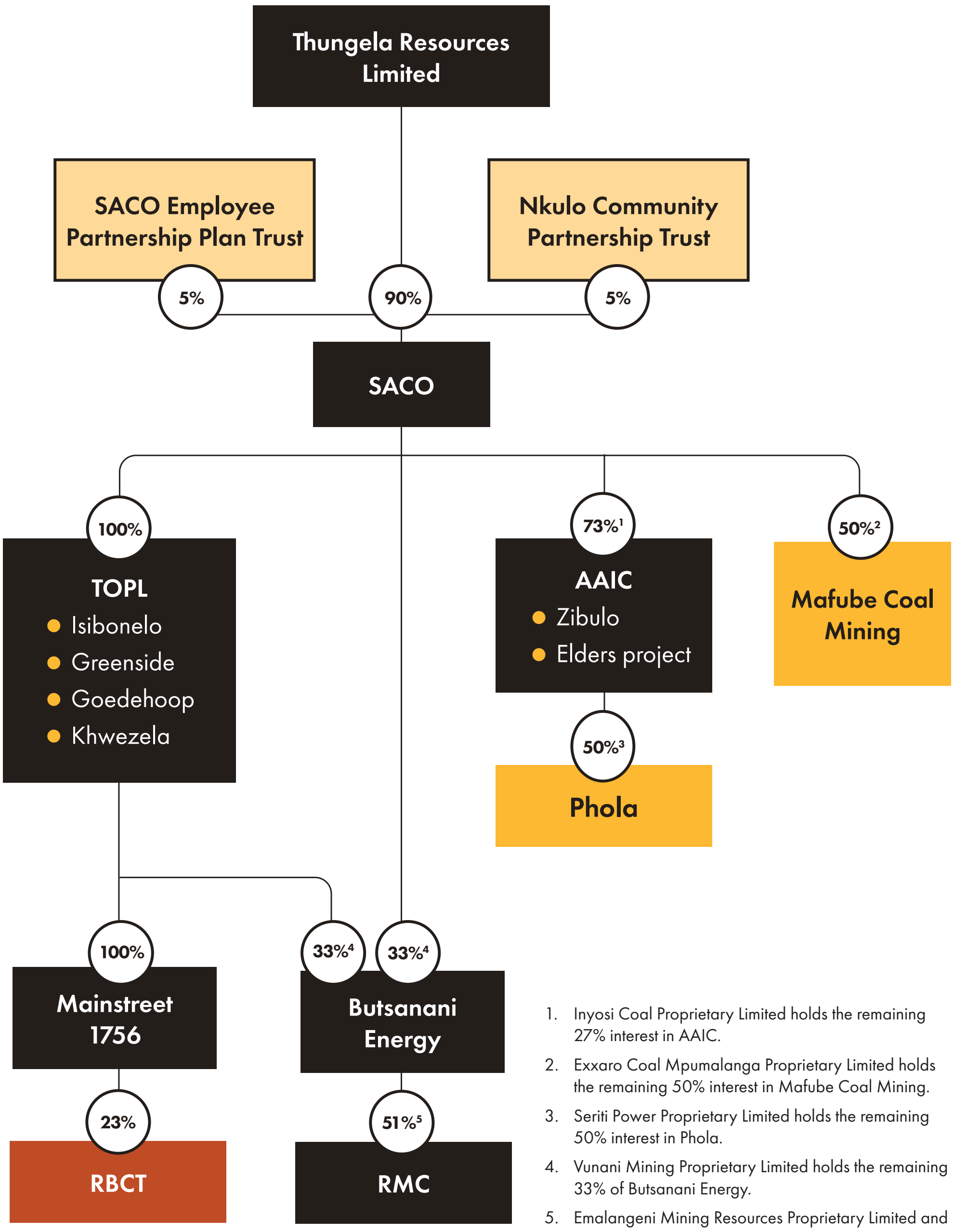
We support agile decision-making and honest open communication. Our leaders strive to be always engaged and open to ideas, including dissenting views. This is how we grow together.

WE CARE

Core to our culture is the Thungela value of Care and Respect. Apart from caring for our people's safety and overall wellbeing, we care for our environment and the communities in which we operate.

OWNERSHIP STRUCTURE

Organisational structure of the Group



1. Inyosi Coal Proprietary Limited holds the remaining 27% interest in AAIC.
2. Exxaro Coal Mpumalanga Proprietary Limited holds the remaining 50% interest in Mafube Coal Mining.
3. Seriti Power Proprietary Limited holds the remaining 50% interest in Phola.
4. Vunani Mining Proprietary Limited holds the remaining 33% of Butsanani Energy.
5. Emalangeni Mining Resources Proprietary Limited and Mwelase Group of Companies Proprietary Limited hold 34% and 15% of RMC respectively.

WHERE WE OPERATE

Our seven mining operations are among the highest quality thermal coal mines in South Africa by calorific value.

2

GREENSIDE COLLIERY

Market: export and domestic

Coal resources
- measured: 8.1 Mt
- indicated: 1.5 Mt

Coal reserves
- proved: 25.0 Mt
- probable: 0.1 Mt

Mining method: underground (bord and pillar)

LOM: 6 years

5

KHWEZELA COLLIERY

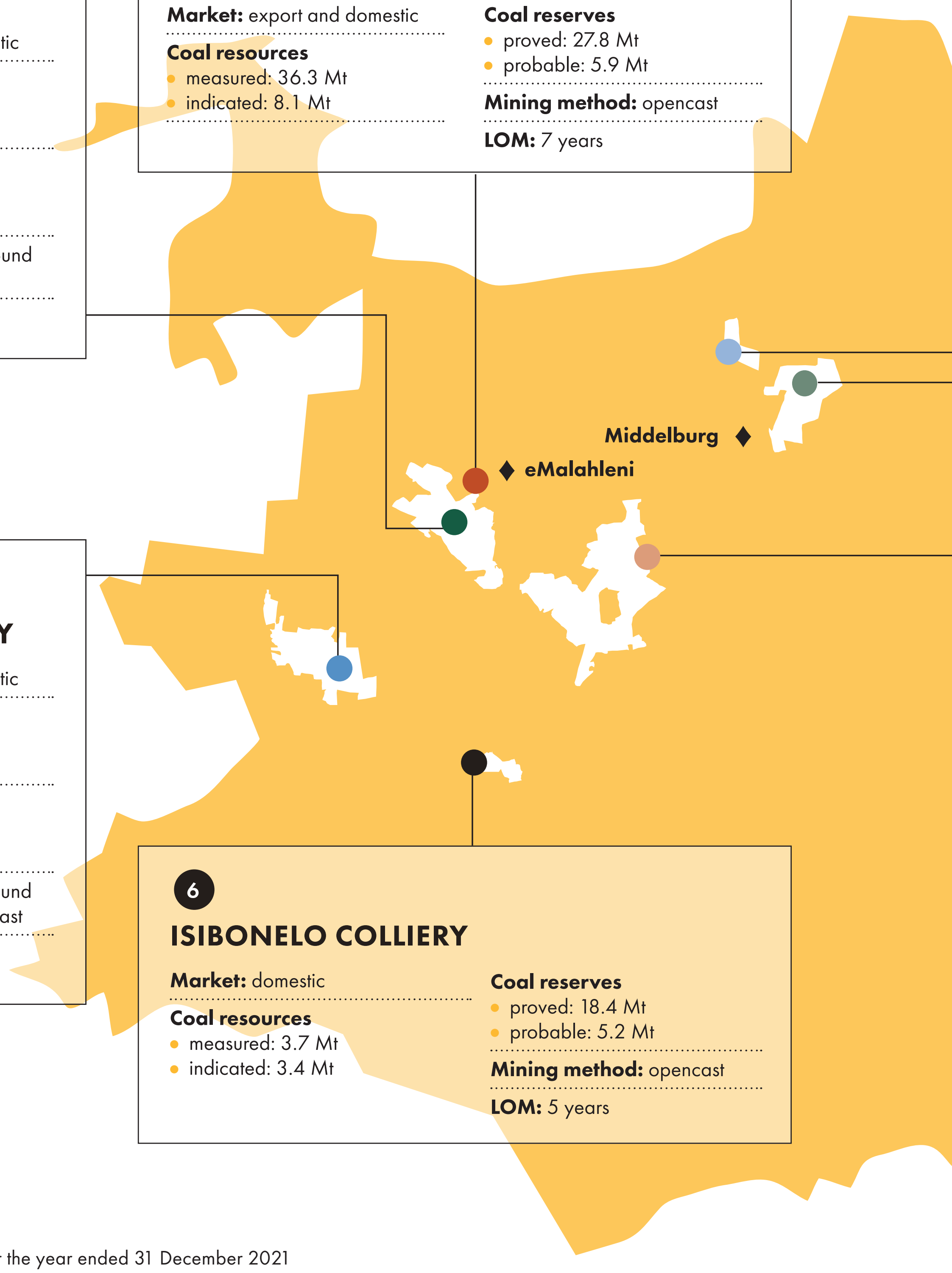
Market: export and domestic

Coal resources
- measured: 36.3 Mt
- indicated: 8.1 Mt

Coal reserves
- proved: 27.8 Mt
- probable: 5.9 Mt

Mining method: opencast

LOM: 7 years



1

ZIBULO COLLIERY

Market: export and domestic

Coal resources
- measured: 230.7 Mt
- indicated: 111.3 Mt

Coal reserves
- proved: 38.6 Mt
- probable: 20.1 Mt

Mining method: underground (bord and pillar) and opencast

LOM: 8 years

6

ISIBONELO COLLIERY

Market: domestic

Coal resources
- measured: 3.7 Mt
- indicated: 3.4 Mt

Coal reserves
- proved: 18.4 Mt
- probable: 5.2 Mt

Mining method: opencast

LOM: 5 years

MPUMALANGA PROVINCE

7

RIETVLEI COLLIERY

Market: domestic

Coal resources
- measured: 23.7 Mt
- indicated: 5.0 Mt

Coal reserves
- proved: 4.4 Mt
- probable: 0 Mt

Mining method: opencast

LOM: 2 years

4

MAFUBE COLLIERY[1]

Market: export

Coal resources
- measured: 57.0 Mt
- indicated: 5.5 Mt

Coal reserves
- proved: 26.7 Mt
- probable: 23.0 Mt

Mining method: opencast

LOM: 10 years

[1] Resources and Reserves are shown at 100%.

3

GOEDEHOOP COLLIERY

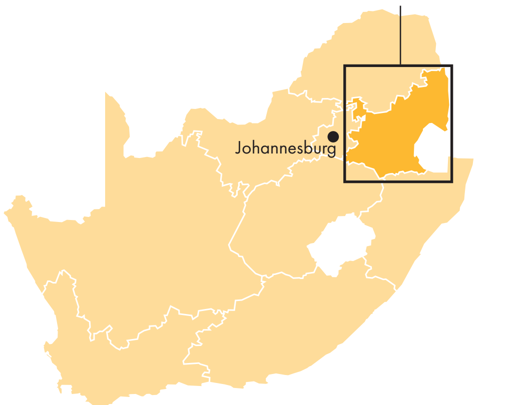
Market: export and domestic

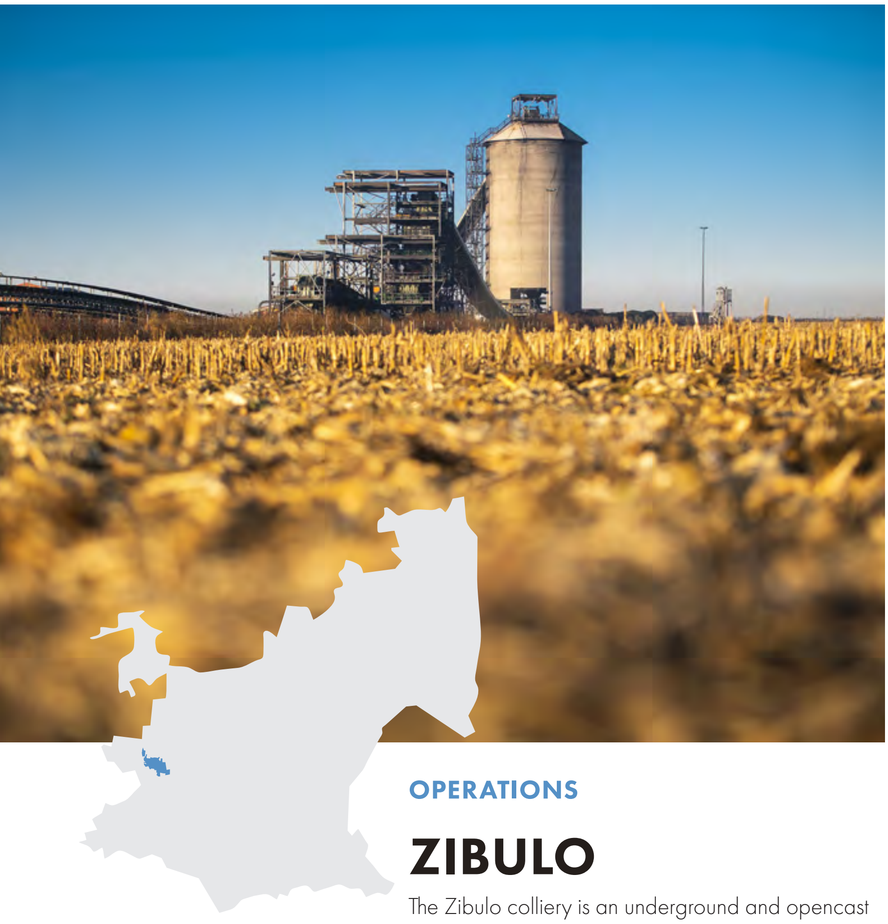
Coal resources
- measured: 209.5 Mt
- indicated: 8.5 Mt

Coal reserves
- proved: 16.8 Mt
- probable: 0.9 Mt

Mining method: underground (bord and pillar)

LOM: 4 years





OPERATIONS

ZIBULO

Reserves:	**58.7 Mt**
Resources:	**341.9 Mt**
LOM:	**8 years**

The Zibulo colliery is an underground and opencast mini-pit thermal coal mine located southwest of eMalahleni in the Mpumalanga province of South Africa. We operate the Zibulo underground operation using a fully mechanised bord and pillar mining method while the opencast mini-pit is operated by contractors utilising a truck and shovel fleet. ROM thermal coal is conveyed on a 16 km overland conveyor belt to be beneficiated at the Phola coal processing plant. The Phola coal processing plant has a rail load-out terminal connected with the Richards Bay Coal Terminal.

Based on the current LOM plan, mining operations at the opencast operations are expected to cease in 2026/27 with the remaining operations at the underground operations expected to cease in 2029. We are progressing a two-seam extension project, to extend the current mine life.

CHAMPIONING ESG

- Zibulo transforms old and unused gumboots into granules for the manufacture of new PVC products. The rebates received funded the purchase of new school shoes for learners in low-income areas.
- Provided computer training and various levels of adult education and training to 850 members of the communities of Phola and Ogies.
- In 2022 Zibulo will complete construction of the fire station in Phola, thereby investing in safety and emergency preparedness for the Phola and Ogies communities and the surrounding farming community.

OPERATIONS

GREENSIDE

Reserves:	**25.1 Mt**
Resources:	**9.6 Mt**
LOM:	**6 years**

The Greenside colliery is an underground thermal coal mine located southeast of eMalahleni in the Mpumalanga province of South Africa. We supply the thermal coal mined from Greenside colliery to both the export and domestic thermal coal markets. We operate Greenside using the fully mechanised bord and pillar mining method. Based on the current Greenside LOM plan, mining operations at the colliery are expected to cease by 2027.

A railway line traverses our property and is shared with the Khwezela colliery, connecting our rail load-out terminal with the Richards Bay Coal Terminal. We operate the eMalahleni Water Reclamation Plant (EWRP), which is located within the Greenside mining right. It services Greenside, Khwezela and Zibulo collieries, as well as the South Witbank colliery (owned by Seriti Resources). Potable quality water produced by the EWRP is supplied to local communities, the eMalahleni municipality and the Phola coal processing plant.

CHAMPIONING
ESG

- **87 young people were trained in the operation of heavy equipment, hospitality, welding and beekeeping – thus creating skills that unlock opportunities for employment.**
- **Greenside participated in the education programme which aims to improve the educational outcomes of learners at 50 early childhood development centres, 16 primary and eight secondary schools.**
- **In 2022 Greenside will construct the Siphosenkosi Centre for the Disabled in the eMalahleni Local Municipality to protect and promote the human rights of people with disabilities in our communities.**

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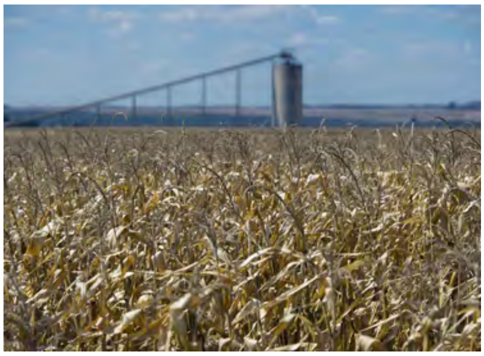


OPERATIONS

GOEDEHOOP

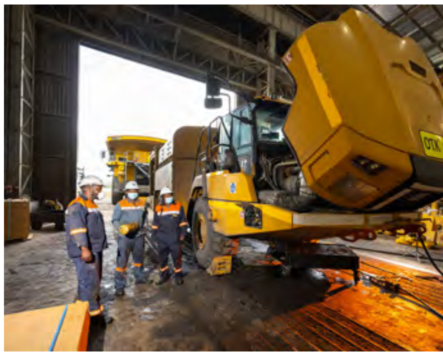
The Goedehoop colliery is an underground thermal coal mine, located southeast of eMalahleni in the Mpumalanga province of South Africa. We operate Goedehoop using the fully mechanised bord and pillar mining method. We supply the thermal coal mined from Goedehoop colliery to the export and domestic thermal coal markets.

Based on the current LOM plan, mining operations at Goedehoop are expected to cease in 2025. A railway line traverses our property, connecting our dedicated rail load-out terminal with the Richards Bay Coal Terminal.

Reserves:	**17.7 Mt**
Resources:	**218.0 Mt**
LOM:	**4 years**

CHAMPIONING ESG

- Our skills development programme provided 49 youths with accredited qualifications in skills that are in high demand such as civil engineering and water treatment.
- Goedehoop forms part of the Municipal Capacity Development Programme, focusing on the Steve Tshwete Municipality. This programme seeks to ensure improved services within the municipality.
- A mobile clinic to support our local farming communities is in the planning phase and will be handed over in 2022.



OPERATIONS

MAFUBE

Reserves[1]: **49.7 Mt**

Resources[1]: **62.5 Mt**

LOM: **10 years**

[1] Resources and Reserves are shown at 100%.

The Mafube colliery is an opencast thermal coal mine located east of Middelburg in the Mpumalanga province of South Africa. We utilise the strip mining, doze over methodology to operate this mine. Mafube produces export grade thermal coal as well as a middling fraction, which is suitable for the export market or for power station consumption. Based on the current LOM plan, mining operations are expected to cease by 2031.

A railway line traverses our property, connecting the dedicated rail load-out terminal with the Richards Bay Coal Terminal.

The Wildfontein pit produces thermal coal, extracted under contract by Hlagisa Mining, for domestic power stations.

CHAMPIONING ESG

- **12 agri-enterprises have been established and are receiving ongoing mentorship and support so that they can become sustainable and create employment.**
- **Together with the Endangered Wildlife Trust we are creating a protected environment for the rare African Grass Owl, of which less than 5 000 remain in South Africa.**
- **Mafube will soon complete the construction of the Sikhululiwe Cemetery, which will service the Steve Tshwete Local Municipality.**

>

OPERATIONS

KHWEZELA

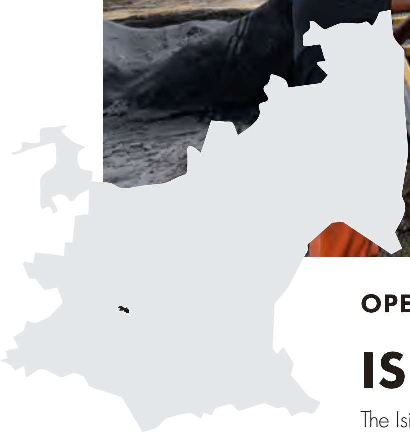
The Khwezela colliery is an opencast thermal coal mine located south of eMalahleni in the Mpumalanga province of South Africa. Khwezela uses the strip mining method utilising a combination of dragline and truck and shovel equipment.

The thermal coal produced is both exported and used in the domestic market. Based on the current LOM plan, mining operations at the colliery are expected to cease by 2028. A railway line, shared with Greenside colliery, traverses our property connecting the rail load-out terminal with the Richards Bay Coal Terminal.

Reserves:	**33.7 Mt**
Resources:	**44.4 Mt**
LOM:	**7 years**

CHAMPIONING ESG

- Commenced with the development of a R5 million waste transfer station in partnership with the eMalahleni Local Municipality to address the health and environmental concerns associated with illegal dumping.
- As part of its COVID-19 response plan the mine, together with Greenside colliery, delivered much-needed clinical equipment to two health facilities in eMalahleni.
- In 2022 Khwezela plans to construct a community hall in Clewer. Members of the community will utilise the facility for group activities, social support, public information and meetings.



OPERATIONS

ISIBONELO

The Isibonelo colliery is an opencast thermal coal mine located south of eMalahleni in the Mpumalanga province of South Africa. It consists of two opencast pits which produce coal for Sasol Synfuels.

Isibonelo uses the strip mining method utilising a combination of dragline and truck and shovel equipment.

We crush and screen the thermal coal and then convey it to Sasol Synfuels in Secunda via a 13 km long overland conveyor.

In terms of the LOM plan, which is determined by the Isibonelo Coal Supply Agreement, mining operations at Isibonelo are expected to cease by 2026.

Reserves:	**23.6 Mt**
Resources:	**7.1 Mt**
LOM:	**5 years**

CHAMPIONING ESG

- R15 million contribution to the construction of the Lebogang sewerage pipeline in Govan Mbeki Municipality. The project is being undertaken in partnership with Sasol.
- Star Schools project provides supplementary classes for 150 Grade 10s, 11s and 12s annually. Learners deliver some of the region's best results, enabling them to gain bursaries and a university education.
- In 2022 Isibonelo plans to construct a waste transfer station in Govan Mbeki Municipality. This project will address the health and environmental concerns associated with illegal dumping.

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OPERATIONS

RIETVLEI

Reserves:	**4.4 Mt**
Resources:	**28.7 Mt**
LOM:	**2 years**

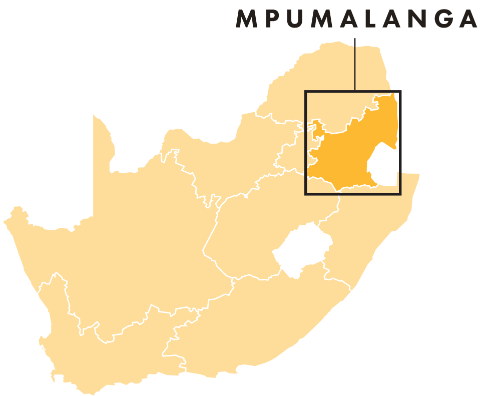
The Rietvlei colliery is an opencast thermal coal strip mine located in Middelburg in the Mpumalanga province of South Africa. The mine is operated by Rietvlei Mining Company, in which we own a 34% effective interest through our shareholding in Butsanani Energy, a vehicle used for coal mining enterprise development.

Rietvlei is the only operation within the Group to supply thermal coal exclusively to the Eskom market.

The mine is broadening its market offering through the commissioning of a dense-medium separation plant in 2022, which will allow Rietvlei to sell beneficiated coal to a diversified customer base. Based on the current LOM plan, mining operations at the colliery are expected to cease by 2032. However, the mine is only contracted to supply coal to the end of 2023 at which point it will seek a contract extension or provide coal into different markets.

CHAMPIONING ESG

- Assisted Bankfontein Combined School by providing nutritional support, tutoring in maths and science, and mentorship for teachers. The mine also erected a fence, built staff rooms and upgraded ablution facilities.
- An ongoing initiative involves the paving of roads and building pedestrian walkways in the community of Somaphepha.



PROJECTS

ELDERS

The Elders project will establish an underground mine to maintain the production capability of the South African export coal business as other operations approach the end of their economic mine lives. The project was initially studied as a replacement for the now closed Goedehoop South operations and has since evolved into an independent mining operation utilising existing processing and rail infrastructure in the area.

The on-site infrastructure has been planned to produce up to 4.2 Mtpa of ROM, initially from the higher quality number 2 seam, with further optionality to mine number 4 seam sequentially or simultaneously depending on offtake demands. The number 2 seam is well suited to produce a washed 5,500 kcal/kg export product and the number 4 seam is better suited for domestic customers as raw sales or a lower grade 4,800 kcal/kg export product.

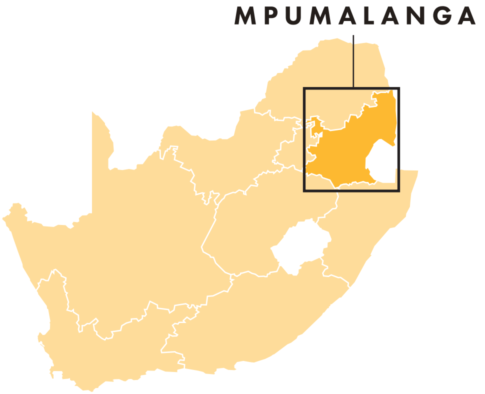
The project bankable feasibility study is well advanced and the current focus is on further value engineering and finalisation of the environmental approvals, all of which have been submitted to the regulatory authorities. The initial development capital is estimated in the order of approximately R1.4 billion and should be completed 18 months after final notice to proceed. A further R300 million is required to construct a dedicated overland conveyor to the processing facility by the end of the first quarter of 2025 and to enable the nameplate production capacity. This compares favourably to the initial development cost of R2.6 billion as per the 2015 pre-feasibility study.

KEY STATISTICS

Capex cost	R1.9 billion
LOM extension	10 years (#2 seam) up to 22 years (#4 seam)
Production profile	3.8 to 4.2 Mtpa from 2026 to 2034 (#2 seam)
Capital intensity (indicative)	R21.88/ROMt excl SIB
Potential quality	5,500 kcal/kg export 4,800 – 5,000 kcal/kg domestic
Project stage	Bankable feasibility in progress
Scheduling (conceptual)	
Final notice to proceed	June 2022
First coal	Q4 2023
Construction complete	Q2 2024
Conveyor complete	Q1 2025
Nameplate production	Q4 2025

Value engineering is currently in progress and the external review is planned for May 2022. The project will be tabled for approval by the board in June 2022.

	Resource (Mt)	In-situ quality	ROM potential	Yield (%)	Saleable potential
2 Seam	73.4 Mt	22.8 MJ/kg		66% (5,500 kcal/kg NAR CV)	25 Mt
4 Seam	83.4 Mt	20.9 MJ/kg		65% (5,000 kcal/kg NAR CV)	26 Mt
Total	**156.8 Mt**		**4.3 Mtpa**	**66%**	**51 Mt**



PROJECTS

ZIBULO NORTH SHAFT

Zibulo North shaft aims to establish a new decline shaft and associated infrastructure within the existing Zibulo mining right area. This will enable access to the Zondagsfontein West reserves and improve operational efficiency through reduced travel distances to the coal face. This will further mitigate the loss of ROM production as the opencast operation winds down in 2026, ensure continued utilisation of the full allocated wash capacity of the Phola Coal Processing Plant and extend the existing life of mine from 2028 to beyond 2035.

The new shaft is positioned approximately 8 km northwest of the existing shaft on the edge of Zondagsfontein West Resource area, which was acquired and licensed at the same time as the Zondagsfontein East (current Zibulo) mining area.

The on-site infrastructure is aimed at sustaining ROM production of up to 8.4 Mtpa after the initial underground development has been completed. The export product quality is expected to reduce from 6,000 kcal/kg to 5,850 kcal/kg from 2029 while production beyond 2034 will be targeted for domestic supply.

The project bankable feasibility study and associated environmental and regulatory processes are progressing according to plan.

KEY STATISTICS

Capex cost	R2.2 billion
LOM extension	10 to 12 years
Production profile	7.8 to 8.4 Mtpa
Capital intensity (indicative)	R21.90/ROMt excl SIB
Potential quality	5,850 kcal/kg export 4,800 kcal/kg export 18 MJ/kg domestic
Project stage	Bankable feasibility in progress
Scheduling (conceptual)	
Final notice to proceed	Q1 2023
First coal	Q2 2024
Construction complete	Q1 2025
Export ROM production	H1 2026

Value engineering is currently underway with the external review planned for October 2022. The project will be tabled for approval by the board in the first quarter of 2023.

	Resource[1] (Mt)	In-situ quality	ROM potential	Yield (%)	Saleable potential
2 Seam	137.4 Mt	20.27 MJ/kg	Up to 83.8 Mt at 8.4 Mtpa	57% (5,850 kcal/kg NAR CV with 4,800 kcal/kg secondary product)	Export: 27 Mt Domestic: 36 Mt

[1] Includes resources from Zibulo as well as Zondagsfontein West.

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PROJECTS

CLYDESDALE

OVERVIEW

The Clydesdale project provides the opportunity to extend the LOM of Khwezela from the current estimated 2027 to 2037 by opencast mining of previously mined areas. The project footprint extends across portions of the current Khwezela and Greenside mining rights areas and can benefit from existing infrastructure and equipment.

POTENTIAL DEVELOPMENT

The project entails the establishment of a dragline operated opencast area and run of mine infrastructure to transport the raw coal to the Navigation plant for processing. It will deliver 49 Mt of incremental ROM coal and a 6,000 kcal/kg export product. A pre-feasibility study has been completed and the regulatory processes have commenced. The project represents a medium-term opportunity and project approval is required by the first quarter of 2025.

PROJECTS

DALYSHOPE

OVERVIEW

The Dalyshope project area is situated 54 km west of Lephalale in the Limpopo province. The large resource is ideally suited for opencast mining to produce thermal coal for the domestic market.

POTENTIAL DEVELOPMENT

The project entails the establishment of an opencast mine, processing plant and associated infrastructure and offtake options include Eskom and independent power producers.

The resource can support approximately 10 Mtpa ROM production for up to 30 years. Various opportunity studies have been completed and the mining right application is currently pending. The project represents a long-term opportunity and a decision on its development is dependent upon securing offtake and water supply agreements.

PROJECTS

LEPHALALE COAL-BED METHANE PROJECT

OVERVIEW

The Lephalale coal-bed methane project (LCBMP) is located approximately 400 km north of Johannesburg and approximately 30 km north-northeast of the town of Lephalale within the largely undeveloped Waterberg Coalfield of the Limpopo province of South Africa. Thungela holds an exploration right which covers a total area of approximately 132,000 ha and owns approximately 12,500 ha of surface rights within the Exploration Right footprint.

Thungela has been involved in the LCBMP since 1992, culminating in the establishment of a 5-spot pre-feasibility test site in 2004. The 5-spot produced methane gas successfully over a 10-year period between 2004 and 2014 for gas modelling confirmation and development purposes.

POTENTIAL DEVELOPMENT

The LCBMP is a significant methane gas resource and Thungela is currently evaluating its development options and potential phasing. The options being explored as a lower carbon energy source include power generation through an Independent Power Producer (IPP) for either base or peak load (a small-scale development could establish a 300 MW plant), diesel fuel substitution for mining or commercial vehicle fleets (up to 300 megalitres per annum if fully developed), and liquefied natural gas for replacing heavy fuel oil or demand from industrial gas users (up to 200,000 tonnes per annum). An additional consideration is the associated water which is produced, which could become an important resource to the water-scarce Lephalale district.

Our development options are supported by a resource model which was developed with Advanced Resources International Inc. which supports the 3.54 Tcf Gas in Place estimate.

APPROACH TO ESG

THE ROLE OF COAL

As the world transitions to a lower carbon future, thermal coal remains a key pillar of the global energy mix. Thungela has an important ongoing role as a responsible thermal coal producer that recognises and balances society's needs, environmental expectations and the vital role that mines play in the economy and local communities. We also acknowledge the need to reduce our own carbon footprint, while supporting and advocating for technologies which abate emissions from coal.

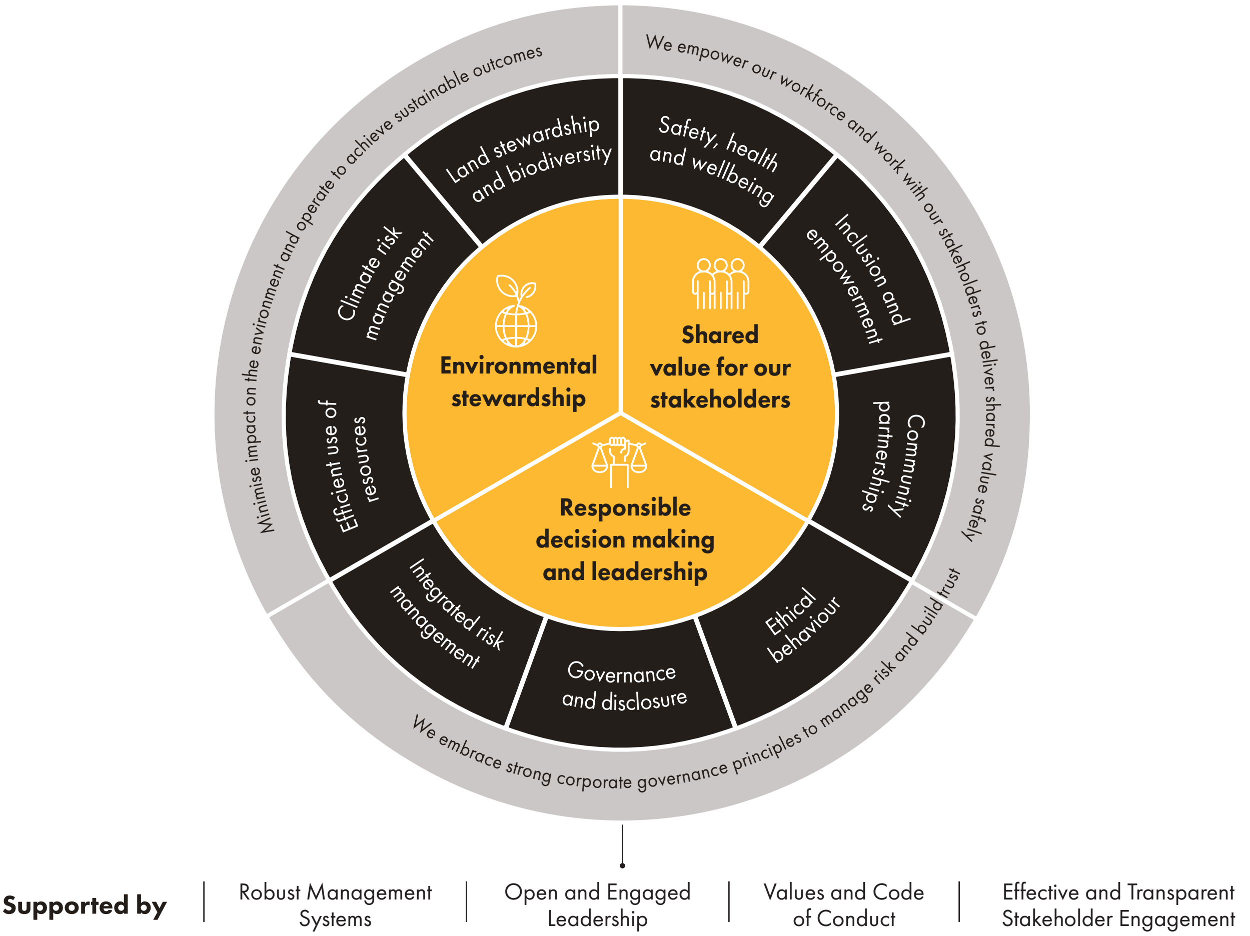
As a responsible miner, our operations provide a wide range of economic and social benefits for host communities in particular and the country as a whole, including significant employment, tax revenues, export earnings and the provision of many essential community services.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

After considering major trends in the external landscape, existing activities, and the ambitions of our employees and stakeholders, we developed a fit-for purpose ESG framework to prioritise those areas that are most salient to our host communities and broader stakeholders. We are on a maturity journey that commenced with the adoption of our ESG approach to support our purpose which is to responsibly create value together for a shared future.

Our commitment to uphold ESG standards while striving to outperform on the social aspect is one of Thungela's strategic focus areas and underpins our licence to operate. Our ESG framework focuses on three pillars, namely environmental stewardship, creating shared value for our stakeholders, and responsible decision making and leadership.

Within each of the ESG pillars, we have identified three core priorities most relevant to our employees, communities, stakeholders and global trends. Underpinning these priorities are robust management systems, open and engaged leadership and a commitment to effective and transparent stakeholder engagement, further supported by our values and code of conduct.



Full details related to our ESG approach and performance are included in the Environmental, social and governance report available at www.thungela.com

ENVIRONMENTAL STEWARDSHIP

Our safety, health and environmental management system is premised on our values and our principle of operating a fatality-free business, no repeats and simple, non-negotiable standards. Our goal is to have zero level 3 – 5 environmental incidents.

Climate risk management

We proactively measure, understand and manage our climate risks and opportunities.

Coal's most serious, long-term, global impact is climate change and we recognise the importance of addressing this. Thungela is committed to playing our part in achieving the goals of the Paris Agreement. A target of 15% absolute CO_2 reduction off a 2016 baseline was set in alignment with our pre-existing stretch goals. We will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets during the course of 2022 that are more appropriate for our business and chart our pathway to net-zero by 2050, subject to the requirements in the countries in which we operate and the markets we serve.

We are leveraging our strategic relationships to support improved use of coal and we facilitate research into emission abatement technologies through the International Energy Agency Clean Coal Centre, the Coal Industry Advisory Board and the South African Centre for Carbon Capture and Storage. We strongly believe that the coal debate needs to shift from phasing out of fossil fuels to the phasing in of all emission abatement technologies, including those relating to coal.

We commit to transparent, regular disclosure related to climate risks and undertake to align Thungela's reporting, as far as possible, with the Task Force on Climate-related Financial Disclosures during the course of 2022.

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

Efficient use of resources

We strive to use our resources, including water and energy, efficiently and to minimise our waste generation and air quality impacts.

Thungela recognises that we are operating in water scarce areas. We are responsible water stewards, enabling mining while seeking to achieve no long-term net harm to water resources where we operate. Our targets are to achieve 75% reuse/recycling of water, to reduce our water abstraction by 20% by 2023 (from our 2015 baseline) and to achieve 40% water treatment.

We are committed to investigating alternative water treatment technologies that are sustainable in the long term to reduce our water liabilities and potential for negative impact on the environment, while reducing freshwater consumption and achieving reuse/recycling opportunities.

We maximise opportunities for reusing, reducing and recycling so as to decrease the amount of waste that we produce and send to landfill. Our energy and carbon management programme aims to lower our energy consumption by 15% by 2025, relative to the business-as-usual projection and to improve efficiency at all our operations.

Thungela is committed to reducing the impact of thermal coal mining on ambient air quality in areas in and around its operations. We use industry leading standards to manage the reduction of dust from our operations.

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Land stewardship and biodiversity

We commit to no net loss of biodiversity and to close our mines responsibly to enable sustainable future land use and manage residual environmental impacts, especially related to water.

Our approach to land and water stewardship delivers significant social, environmental and economic benefits to our host communities. We have successfully carried out wetland restoration projects, treated mine water for use by local communities and to support agriculture, and have implemented a regional biodiversity management plan as we strive to achieve our target of no net loss of biodiversity.

Our closure liabilities are fully funded in terms of the legal requirements and we have best practice closure and rehabilitation plans for all our sites, aligned with the International Council on Mining and Metals (ICMM) good practice around integrated closure. We are actively pursuing and piloting alternative water treatment technologies that are sustainable in the long term as part of our commitment to managing our residual environmental impacts and liabilities.

SHARED VALUE FOR OUR STAKEHOLDERS

Safety, health and wellbeing

We commit to operating a fatality-free business for our workers and will strive to avoid, reduce and mitigate the negative impacts we may have on communities.

Our commitment to safety is unconditional and unwavering. It is imperative to protect the safety, health and wellbeing of all individuals working at Thungela's sites. Our non-negotiable target of zero work related fatalities together with a consistent decrease in the frequency of total recordable cases.

Our avid focus on risk, and the element of risk identification in the management process, is of the utmost importance. We are intentional about learning from our incidents and deploy appropriate controls to ensure the safety of our employees.

We have a leading HIV prevention and treatment programme, targeting over 90% of employees knowing their status and 90% of those that test positive receiving anti-retroviral treatment, in alignment with the UN 90-90-90 goals. We also run a comprehensive internal wellness programme, Be Well, focusing on the prevention, early recognition and treatment of non-communicable and communicable diseases.

Inclusion and empowerment

We provide equal opportunities to foster an inclusive, diverse and empowered workforce.

We invest in the ongoing education and training of our employees, including providing scholarships, skills development workshops and programmes as well as opportunities for higher education. Part of this process is aimed at ensuring there are continuous opportunities available for employee development and the promotion of diversity and transformation in the workforce.

Underpinned by our values, code of conduct and inclusion and diversity policy, we promote an environment in which every colleague is valued and respected for who they are regardless of race, gender, age, religion or disability. We support the right to equal pay for equal work and we are committed to maintaining a fair workplace free from any form of discrimination.

Beyond the regulatory requirements, we are also creating an enduring positive legacy for our employees through an Employee Partnership Plan which has a 5% shareholding in SACO business, providing a direct stake in the future success of the Group for our employees.

Community partnerships

We partner with our communities to understand and help deliver on their priorities, proactively engage all stakeholders and uphold human rights in our operations and activities.

Our approach to establishing community partnerships is governed by our social policy that helps our employees, suppliers and contractors to collaborate in a sustainable way. Our policy outlines our approach to identifying potential community partnerships and co-creating fit-for-purpose socio-economic development programmes. We engage with various stakeholders, including community structures, local municipalities and business forums, to maintain a strong understanding of their needs in order to implement programmes that address stakeholder needs. Some of the priority needs identified with our communities include skills development, procurement from local suppliers, enterprise and supplier development, holistic education support, mentoring/coaching and employment of local community members. The needs identified from these engagements have influenced the development of our socio-economic development approach, and ensured we develop community partnerships that create value for stakeholders while meeting business objectives.

The education programme, implemented in partnership with the Department of Basic Education, seeks to provide shared value for learners in our host communities through the provision of inclusive and quality education to children living close to our operations. We have adopted a holistic and systematic approach to improve learner outcomes at 24 primary and high schools, and 26 early childhood centres in our communities.

We are working with our host communities to support youth and enterprises, prioritising where possible, supplier development to support job creation and the development of small, medium and micro enterprises (SMMEs).

In our efforts to improve community partnerships, we founded the Nkulo Community Partnership Trust which holds a 5% interest in SACO. The Trust's entitlement is a minimum of R6 million per annum from 2021 to 2024. Thungela trustees have been appointed and a process to appoint an independent chair of the Trust and community trustees has commenced.

1 NO POVERTY

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS

RESPONSIBLE DECISION MAKING AND LEADERSHIP

Corporate governance

We conduct our business ethically, in line with good corporate governance practices and we have zero tolerance for corruption.

(See page 104 for the Governance section).

We believe that sound corporate governance is essential to value creation, and therefore it is integrated in the company's strategies, policies, standards, practices and procedures. High standards of corporate governance support achieving business sustainability, as well as enhancing accountability, transparency and effective compliance. By embracing strong corporate governance principles to manage risk, we aim to build trust with our stakeholders through ethical business conduct, meeting our commitments and maintaining transparency and accountability in management and reporting. We will ensure transparent and fair executive pay structures, linked to ESG performance.

Thungela is guided by the principles of King IV, the International Finance Corporation Performance Standards and other relevant industry standards. The Group will publish reports on ESG performance in accordance with applicable standards such as the GRI Sustainability Reporting Standards, King IV Principles and the <IR> Framework.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

THUNGELA BUSINESS MODEL

Thungela's business model outlines how the business operates. It is underpinned by the Group's purpose: Responsibly creating value together for a shared future.

CAPITAL INPUTS

RESOURCES ON WHICH WE RELY

Natural capital
- In situ 712 Mt Resources and 213 Mt ROM Reserves
- Run of mine: 28.1 Mt
- Land managed: 49,076 ha
- Water: 865 ML
- Energy
  - Electricity: 434,916 MWh
  - Diesel: 51,285 KL

Human capital
- Employees: 4,446
- Contractors: 2,000
- Skills development and training
- Remuneration and incentives
- Strong leadership team
- Skilled and diverse board

Social and relationship capital
- Maintaining social licence to operate
- Engagement with trade unions to ensure good labour relations
- Local procurement
- Engagement with government and regulators
- Engagement with local communities

Manufactured capital
- Seven mining operations
- Rail infrastructure
- Port infrastructure (23% ownership)

Intellectual capital
- Integrated business excellence
- Intellectual property (processing plants)
- Leadership and management training
- Strategy development

Financial capital (IFRS)
- Revenue R26.3 billion
- Adjusted EBITDA R10.0 billion
- Adjusted operating free cash flow R3.9 billion
- Sustaining capital: R2.2 billion
- Expansionary capital: R130 million

BUSINESS ACTIVITIES

WHAT WE DO

Thungela is a thermal coal producer. As 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 seven mining operations which are among the highest quality thermal coal mines in South Africa by calorific value. We operate a site-driven structure, supported by centralised corporate functions to improve efficiency across our operations.

Resource conversion
- Realistic evaluation of resources (legal tenure, regulatory compliance, cultural and socio-political factors)
- Continuous resource evaluation aligned to long-term business planning and strategy
- Successful track record of developing resources

Mining
- Low-cost open pit and underground mining
- Adoption of innovative mining technologies to enhance production delivery
- Continuous improvements in safety

Beneficiation
- Production of high-quality export thermal coal through wash plants
- Production of domestic thermal coal to customer required specifications

Sales and marketing
- High-quality thermal coal destined for export markets
- Focus on margin driven commercial opportunities
- Guaranteed access to key export markets through leading global coal export terminal

Championing ESG
- Sustainable and responsible use of resources
- Collaborative partnerships to empower and uplift communities and employees
- Embracing strong governance through trusted and skilled corporate leadership

CAPITAL CHALLENGES

Natural
Available natural resources are finite and must be managed to minimise our footprint while maximising value

Human
Ensuring staff are available to work in a pandemic affected environment

Social and relationship
Managing global negative sentiment around extraction and use of fossil fuels

Manufactured
Rail infrastructure performance

Intellectual
Impact of rapidly changing technologies

Financial
Mining inflation

CAPITAL OUTPUTS

WHAT WE PRODUCE

Coal for export market
- Export saleable production: 15.0 Mt

Coal for domestic market
- Domestic saleable production: 10.1 Mt

Waste
- Hazardous
- Non-hazardous

Water
- Total water abstraction: 865 ML
- Water reused/recycled: 61%
- Water treated: 57%

Emissions
- Energy consumed: 3.42 million GJ
- GHG Emissions: 819 kt CO_2 equivalent

OUTCOMES

WHAT WE DELIVER

Natural capital
- One reportable environmental incident
- Biodiversity: wetland restoration projects
- Water: 57% treated

Human capital
- One fatality
- 11% improvement in TRCFR
- 90% of employees triple tested as part of annual wellness programme
- COVID-19 monitoring, vaccine roll-out and return to work programmes

Social and relationship capital
- Eight level 3 – 5 incidents
- 5% direct equity stake in SACO delivered to employees via the EPP
- 5% direct equity stake in SACO for communities via the CPP
- R119 million spent through various social development projects
- Local procurement spend of R2.3 billion

Manufactured capital
- Lifex project progress
- Impact of rail infrastructure performance
- Optimised sales mix

Intellectual capital
- Marketing department capability enhancement

Financial capital (IFRS)
- EPS: R61.08 per share
- HEPS: R66.57 per share
- Dividend per share: R18

IMPROVING OUR OUTCOMES

Natural

We continuously seek initiatives to manage and minimise our use of natural resources

Human

We are committed to running a fatality-free business and improving safety outcomes

We are dedicated to our transformation journey through employment equity and gender equality

Social and relationship

We continue to engage with our stakeholders to build relationships of trust

Our continued enforcement of good governance aimed at elevating our stakeholder confidence

Manufactured

We maximise the development of our resources into viable reserves

Intellectual

Maintaining our competitive advantage through continuous evaluation and development of our strategy

Financial

We strive to deliver on our purpose through our initiatives to reduce costs, generate cash and optimise our markets and sales mix

GOVERNANCE FOR RESPONSIBLE VALUE CREATION

During the year the Thungela board and its various committees addressed the following issues in 2021, each of which has a material bearing on the Group's ability to create long-term value for its shareholders and other stakeholders.

Thungela board	Chairperson – SS Ntsaluba	Number of meetings: 12

SG French, BM Kodisang, KW Mzondeki, J Ndlovu, TML Setiloane, GF Smith

Governance outcomes for 2021

- Approved board charter, board committee terms of references, and Thungela policies based on the recommendations from the board committees.
- Considered and approved numerous transactions and resolutions for the Demerger from Anglo American and the eventual listing on the JSE and LSE.
- Overviewed all matters dealt with at the audit, risk and sustainability, social and ethics, and remuneration and nomination committees.
- Monitored the Group's response to COVID-19 and the risk mitigation strategy with specific focus on rail infrastructure.
- Reviewed and approved on recommendation by the audit committee, the Condensed consolidated interim financial statements, the Integrated annual report and the Annual financial statements, along with other required documents for publication.
- Approved the Group's strategy.
- Approved the 2022 budget.

Audit committee	Chairperson – KW Mzondeki	Number of meetings: 4

BM Kodisang, TML Setiloane

Governance outcomes for 2021

- Reviewed the PLS and other relevant financial information required for the purpose of the Demerger.
- Considered the relevance of the JSE's findings from its proactive monitoring of annual financial statements.
- Reviewed the independent external audit function, and considered its quality of work and independence.
- Considered the appropriateness of the expertise and experience of the CFO and the finance function.
- Considered the appropriateness of the expertise and experience of the risk and assurance function, including the internal audit plan, reports and resources.
- Considered the key audit matters included in the independent external auditor's report on the consolidated and separate annual financial statements.
- Met with the head of risk and assurance independently of management.
- Assessed the adequacy of the performance of the risk and assurance function.
- Met independently with the independent external auditor and management as required.
- Reviewed the Group's significant accounting matters and recommended the approval thereof to the Thungela board.
- Reviewed and recommended for approval by the Thungela board, the Condensed consolidated interim financial statements, the Integrated annual report and the Annual financial statements, along with other required documents for publication.
- Reviewed the quarterly business performance, solvency, liquidity and going concern assessments.
- Evaluated the independent external auditor's audit plan, reports and fees.
- Reviewed and approved the 2022 internal audit plan.
- Monitored progress against the 2021 internal audit plan.
- Reviewed the risk register for appropriateness.
- Received assurance that proper and adequate accounting records are being maintained.
- Considered internal audit reports on the Group's systems of internal controls and business risk management.
- Monitored the external audit process, reviewed findings and recommendations.

Risk and sustainability committee	Chairperson – SS Ntsaluba	Number of meetings: 2

SG French, BM Kodisang, KW Mzondeki, J Ndlovu

Governance outcomes for 2021

- Assessed IT governance and related control environments.
- Reviewed and considered the quarterly integrated risk management report and emerging risks.
- Reviewed the Group's response plans to significant safety events.
- Reviewed the Thungela Catastrophic Event Protocol.
- Considered the impact of COVID-19 on the Group's strategy.
- Reviewed and considered the quarterly Safety and Sustainability Report.
- Considered the Group's efforts across various environmental and social factors.
- Reviewed the Sustainability Report with focus on safety, health and the environment.

Social and ethics committee	Chairperson – TML Setiloane	Number of meetings: 1

SG French, L Mataboge, J Ndlovu, SS Ntsaluba

Governance outcomes for 2021

- Reviewed and considered safety, health and environment aspects not covered at the risk and sustainability committee.
- Reviewed the corporate affairs report, ESG Policy framework, corporate affairs strategy, socio-economic development approach and supplier and enterprise development model.
- Reviewed the Company's transformation strategy in relation to black economic empowerment (BEE) including issuing of the broad-based black economic empowerment (B-BBEE) report to the BEE commission and tracking inclusive procurement performance.
- Reviewed the social policy governing achieving ESG ambitions ensuring social risks and impacts are managed through effective stakeholder engagement.
- Reviewed Thungela's standing in terms of the United Nations Global Compact Principles.
- Reviewed the Group's continuous commitment to respecting and upholding human rights throughout its operations according to national and international proclaimed human rights principles.
- Reviewed the ESG report for board approval for release to stakeholders.
- Reviewed the bi-annual corporate governance report and regulatory update.
- Received reports relating to the code of ethics, whistleblowing reports and implementation of the business integrity plan.

Remuneration and nomination committee	Chairperson – BM Kodisang	Number of meetings: 1

SG French, KW Mzondeki, SS Ntsaluba

Governance outcomes for 2021

- Reviewed the composition of the board and its subcommittees to ensure the appropriateness of skills, experience, background and diversity.
- Considered and recommended for board approval the Guidelines on Directorships on other boards.
- Reviewed the report on talent management and retention including succession plans for the CFO and CEO.
- Reviewed and approved the remuneration policy, and malus and clawback policy.
- Approved the 2021 salary mandate on behalf of the board.
- Reviewed the remuneration for executive directors and prescribed officers.
- Reviewed and approved the 2021 conditional share awards.
- Reviewed the report on industry best practice in remuneration.
- Reviewed and approved 2021 performance outcomes, short-term incentives and deferred bonus share (DBS) awards for executive directors, prescribed officers and the company secretary.
- Reviewed and approved 2021 performance outcomes, short-term incentives, and DBS awards for other applicable employees.
- Reviewed and recommended for board support and shareholder approval the proposed non-executive director (NED) fee structure for 2022.
- Reviewed and recommended for board approval the Remuneration report to be included in the Integrated annual report.

03

OPERATING CONTEXT AND STRATEGY

CHIEF EXECUTIVE OFFICER'S REVIEW

We are returning a total of R2.5 billion to our shareholders and a further R273 million to the EPP and CPP.

DEAR STAKEHOLDER

It is with great pride that Thungela shares its first Integrated annual report as an independent, pure-play thermal coal business. We are delighted to take this opportunity to introduce our new purpose: *Responsibly creating value together for a shared future,* which is also the theme of this report.

2021 was filled with many exciting milestones for Thungela:

- we successfully listed on the JSE and LSE, which marked the start of our journey
- during our first months of financial and operational independence, in a challenging business environment, we delivered exceptional financial performance, achieving EBITDA of R10.0 billion and a net cash position exceeding R8.7 billion at year end
- our robust cash flow generation and financial strength allows us to declare a maiden dividend of R18 per share. We are returning a total of R2.5 billion to our shareholders, which represents a payout of 63% of our 2021 Adjusted operating free cash flow, well above our stated policy of 30%
- we have founded two share ownership schemes known as the SACO Employee and Nkulo Community Partnership Trusts, to enable employees and our communities to share in the value we create. Each holds a 5% interest in our South African operations. The EPP and CPP will receive R273 million in dividends
- we established a fit-for-purpose ESG framework and associated targets to prioritise areas that are most salient to our host communities and broader stakeholder groups. In driving our ESG aspirations, we will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets and chart our pathway to net-zero by 2050, subject to the requirements of the countries in which we operate and the markets we serve.

A SUCCESSFUL TRANSITION INTO A PUBLIC COMPANY

7 June 2021 marked a special day for Thungela, as it was the first day our shares were traded on the JSE and LSE. In 2021, Thungela was one of the top performing shares on the JSE with the share price increasing by 286% between the close of our first day of trading and the end of the year.

Thungela is covered by five sell-side analysts at leading investment banks in both Johannesburg and London, a reflection of the interest we have garnered from investors in a short period of time.

THE SAFETY AND HEALTH OF OUR EMPLOYEES

The loss of our colleague, Moeketsi Mabatla during an evacuation underground at Goedehoop colliery on 23 June 2021 was a devastating blow for us as the Thungela family. We continue our relentless pursuit of being a fatality-free business and we are working hard to achieve this through our safety strategy.

Responsibly creating value together for a shared future

This strategy is built around three pillars – back to basics, work management and culture change – and was developed through extensive engagement with our employees. It is continually evaluated for suitability and effectiveness and adapted accordingly.

Through our efforts we have seen a reduction in total recordable cases and TRCFR which has improved from 1.51 in 2020 to 1.35 in 2021. While pleased with this improvement, we will not be satisfied with our safety performance until every employee is able to return home to their loved ones without harm every day. We must eliminate fatalities and accidents from the workplace.

While COVID-19 continues to have a profound effect globally, the significant work done to address the pandemic's effects on our workforce enabled us to successfully manage its successive waves.

I extend my thanks to Thungela's safety and health teams for leading an exceptional response. Our site management teams and employees must also be commended for playing their part.

Vaccinations are currently being administered at our Highveld Hospital to eligible employees, their families and business partners. We have also collaborated with the Department of Health and the Minerals Council of South Africa to support the country's vaccination roll-out.

DELIVERING ON OUR PROMISES

Our solid results show the magnitude of what we have been able to achieve since becoming a publicly listed company.

We faced several challenges, most notably COVID-19 and rail infrastructure constraints due to the underperformance of TFR. Despite these, we returned to profitability with profit for the reporting period of R6.9 billion, compared to a loss of R362 million the previous year. This was driven by solid operational performance and a favourable price environment.

Benchmark coal prices averaged $124 per tonne in 2021 (2020: $65), with the demand for energy, including thermal coal, increasing as global economic activity recovered from the pandemic. Prices were further supported by tight supply caused by weather disruptions and logistical constraints in major coal basins in China, Russia and Indonesia, unrest in Colombia, and ongoing geopolitical tensions between China and Australia. The demand for high-quality South African coal remained resilient.

Realised prices increased markedly from $48 per tonne in 2020 to $104 per tonne in 2021. In addition to the higher Benchmark coal price, realised prices benefited from the narrowing of the discount to the Benchmark price from an average of 26% in 2020 to 16% in 2021. Several factors contributed to the improvement in realised prices: premiums obtained for certain branded products, the implementation of a new marketing agreement with Anglo American Marketing Limited effective from 1 June 2021 and the optimisation of the Group's export equity sales mix, including prioritising the railing of higher margin products in the face of ongoing rail challenges.

Poor TFR rail performance had a significant impact on our production and sales volumes in 2021. The Group recorded export saleable production of 15.0 Mt, a decrease of 9.1% from the previous year, while export equity sales also declined by 16% to 13.9 Mt in 2021. Lower than planned rail performance in the second half of the year resulted in the need to curtail operations as on-mine stockpiles neared capacity from September.

The return to profitability has been driven by both solid operational performance as well as a favourable price environment.

>

Being a responsible steward of investors' capital and of the environment in which we operate is deeply rooted in our purpose. As a carbon company we recognise the importance of addressing climate change.

The impact of these constraints was partially offset by substantial savings generated through the implementation of strict cost management measures across the organisation.

TFR's consistently poor performance, which stems from a combination of serious security challenges and locomotive availability, has prompted us to implement a number of actions to mitigate the current situation's operational and financial impacts on our business. These include our decision to prioritise export equity volumes, reduce third-party export volumes, and optimise the export equity sales mix to ensure that higher margin coal gets a seat on the train.

Given the strategic importance of a secure and reliable rail link to Richards Bay, not only for Thungela but indeed for all South African thermal coal exporters, the industry commenced engagements with TFR and has since facilitated the deployment of a security solution to aid in preventing theft and vandalism of rail infrastructure. The sector is also collaborating with TFR to resolve issues related to the availability of spare locomotive parts.

While these interventions are starting to show results, we continue to engage government and TFR at all levels. This is a matter of national concern, given that coal exports constitute one of the primary sources of foreign currency earnings for South Africa.

Results at a glance

- Adjusted EBITDA of R10.0 billion.
- Net cash of R8.7 billion.
- Headline earnings of R7.0 billion.
- Headline earnings per share of R66.57.

Once we successfully demerged, we began to review the appropriate level of expenditure with a 'Thungela lens'. Our supply chain function's 'Buy better, spend better' programme is a driving force behind this approach. Similarly, the review and prioritisation of capital expenditure plans confirm the opportunity to reduce capital intensity without compromising the integrity of installed capacity or stripping and development activities.

As a consequence, capital expenditure came in at R2.3 billion, well below the R2.6 billion to R3.0 billion target range set at the Capital Markets Day held on 6 May, which was subsequently revised to slightly below R2.6 billion in our CFO's Pre-close and Trading statement on 6 December.

This solid cash flow generation, combined with disciplined capital expenditure, resulted in an Adjusted operating free cash flow of R3.9 billion.

RESPONSIBLY CREATING VALUE

Being a responsible steward of investors' capital and of the environment in which we operate is deeply rooted in our purpose. As a carbon company we recognise the importance of addressing climate change. In fact, we are as concerned about it as everyone else.

The transition to a sustainable energy mix will require looking at sustainability from a broader ESG perspective. When discussing climate change and risks, we also need to focus on land stewardship, land management, emissions, biodiversity and water management, all of which fall under the 'E' of ESG. We must consider our impact on communities that are reliant on our business, and the markets that are dependent on using the high-quality coal that we produce.

The transition to new power generation technologies requires an agnostic technology pathway so that society has access to both reliable and affordable energy. Failure to achieve this alone could undermine the critical and urgent actions needed to mitigate climate change.

It is important to remember that existing energy sources like coal will be needed to produce the 'green metals' required as inputs in the development of new technologies. In addition, the question of affordable and reliable power is often downplayed, but coal actually supports renewables by providing stability when the sun does not shine and the wind does not blow. We need to ensure that we can continue to supply reliable energy. That is the role coal producers play to ensure that this transition can happen in a responsible and coordinated manner. This is not about the false dichotomy of coal versus renewables, but how these technologies combine in an innovative way to combat the single largest threat of our time. At Thungela, we take this role very seriously.

There are many vocal opponents of coal who believe that closing mines would be the best solution. We invite them to visit coal mining communities to experience first-hand the impact that the loss of mining would have on our people. Then they would realise the magnitude of our responsibility.

Thungela supplies critical infrastructure in the regions in which we operate. These include clinics, hospitals and other health facilities, schools and, more recently, energy infrastructure. Ensuring the supply of safe drinking water and treatment of waste water is another essential contribution to people's lives and the environment. One example is our flagship eMalahleni water reclamation plant which purifies mine impacted water to drinkable quality for supply to the severely water-stressed region, another important social contribution.

We also have comprehensive programmes that seek to return previously mined land to its original condition for sustainable use. Our Isibonelo colliery has received wide acclaim for restoring several wetlands where many species, some of them rare, are making their return.

We continue to make progress on our broader ESG approach and provide an update on our performance on pages 89 to 92. In particular, we highlight our commitment to developing a pathway to net-zero emissions by 2050, subject to the requirements of the countries in which we operate and the markets we serve, with our first goal being to finalise intermediate carbon reduction targets by 2023. In the interim, we will aim to continue to reduce our carbon intensity at each operation on an annual basis.

In addition, I invite you to read the Thungela ESG report which will be available for download from our website for a more comprehensive overview of ESG matters.

EXCEPTIONAL SHAREHOLDER RETURNS

Delivering attractive shareholder returns while maintaining disciplined capital allocation, balance sheet flexibility and sufficient funding available to withstand market and Benchmark coal price volatility, is an intrinsic part of our commitment to responsibly creating value. Our robust cash flow generation and financial strength allow us to meet this commitment.

Therefore, we were pleased to declare our maiden dividend as a listed company. At R18 per share, this represents a cash payout of 63% of our 2021 Adjusted operating free cash flow. This substantially exceeds our minimum pay-out ratio of 30% per our dividend policy.

SHARING VALUE

We have an ethical obligation to share the value we create with our key stakeholders. To that end, we have announced our intention to spike on the 'S' in ESG. This way we can positively impact the lives of the people closest to our operations in a meaningful and authentic way which is at the core of our purpose. Our EPP and CPP have been designed to enable employees and communities to share in our success. Through these plans, we have created value of R273 million for the EPP and the CPP collectively, meeting critical needs today, but also investing in the future of these communities.

SUPPORTIVE MARKET FUNDAMENTALS FOR THERMAL COAL

Notwithstanding the climate change debate, coal will remain a critical input for affordable, reliable and resilient global power generation for years to come. The developing economies that constitute our key export markets, in Asia in particular, require large amounts of low-cost power as they develop, urbanise and industrialise.

While the proportion of energy from coal is likely to decline with the rapid growth of renewables, demand for thermal coal is likely to remain firm in the near to medium term, with coal remaining an integral baseload power source.

This environment, which sees the rising energy demand and cost competitiveness of coal-powered energy conflicting with environmental concerns, actually drives the lack of investment in coal supply. This explains how Thungela continues to benefit from shrinking global thermal coal supply which, coupled with increased demand, has driven thermal coal prices to record levels.

Dividend represents a cash payout of 63% of Adjusted operating free cash flow.

Thungela is poised to create sustainable, long-term value. Our foundations are firmly in place and our journey to value creation has just begun.

BUILDING ON OUR CORE

The market tightness provides a rationale for capital allocation decisions that offer various development opportunities: these can be either internal projects or acquisitive, provided that they have a short investment payback period or compelling economics, meet our ESG investment criteria and enhance cash returns.

Our robust financial performance, strong balance sheet and cash generation allow us to pursue both approaches, while ensuring attractive returns to shareholders.

When it comes to organic expansion, we are looking to take advantage of the optionality to replace production tonnages when existing mines come to the end of their lives. With this in mind, we have identified a number of projects which offer this potential. Near-term examples include:

Elders: We have made meaningful progress towards approving this production replacement project, helping to maintain the size of the business.

Zibulo North shaft: This represents a life extension opportunity for our highest margin mine. It is a project within an existing mining right, allowing for efficient access to existing reserves.

We recognise that developing projects which in aggregate have the potential to exceed our current production profile may not be compatible with the global shift away from coal towards renewable sources of energy. We have noted a number of recent transactions in the thermal coal industry where assets traded hands at attractive multiples. We have, and will continue to evaluate acquisition opportunities that may be superior to organic increases in production, keeping in mind the environmental benefits of replacing a declining tonnage profile with assets that are already producing coal rather than enabling new coal projects.

We will also continue to assess value-adding acquisitions and strategic partnerships. The agreement concluded with the Nasonti Group, is a good example. The company has secured a deal with Nasonti to wash coal at Goedehoop South. It is estimated that our effective share of steady-state production will be up to 1.0 Mt of low-cost saleable product per annum for the next four years.

CONCLUSION

A high level of cash generation since listing and a healthy balance sheet mean that we enter 2022 in a position of strength in a supportive environment in which we expect strong thermal coal prices.

In a world that is not devoid of volatility, we intend to show resilience and agility. We will maintain our focus on what we can control: achieving our goal of becoming a fatality-free business, realising further operational improvements and cost efficiencies, maximising the full potential of our existing assets with a near-term focus on production replacement projects, creating future diversification options, and optimising capital allocation.

We fully embrace the transparency that is expected from a public company, and I look forward to reporting further progress on our journey as a responsible value creator making a unique contribution to society.

July Ndlovu
Chief executive officer

22 April 2022

Responsibly creating value together for a shared future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OUR MARKETS

Seaborne thermal coal demand improved in 2021 with the Benchmark coal price averaging $124/tonne, compared to $65/tonne in 2020.

MACROECONOMIC ENVIRONMENT

World economies recovered in 2021 as the negative impact of COVID-19 reduced. As a result, energy demand increased while related fuels sources experienced significant supply constraints. Against this background, seaborne thermal coal demand improved in 2021 with the Benchmark coal price averaging $124/tonne, compared to $65/tonne in 2020.

Significant supply constraints from a number of key thermal coal producing hubs placed pressure on coal availability which led to firm and robust prices during 2021. Furthermore, concerns about geopolitical tensions between Australia and China, and between Russia and Ukraine heightened risks on fuel sources, including thermal coal, and further increased demand for thermal coal. South African coals were again in demand in Europe due to weather interruptions on renewables (noticeably wind generation) and reduced nuclear energy output in Germany and France. Towards the end of 2021 and into 2022 the growing tensions between Russia and Ukraine resulted in significant concerns around both coal and gas supplies from Russia.

The continued political tensions between China and Australia, and the consequent Chinese trade restrictions on Australian coals, led to a redirection in the coal flows out of both Australia and South Africa. South Africa was again well positioned to market its high-quality coals with low trace elements into China. The Australian volumes not sold into China were redirected and placed in alternative markets, including India and Vietnam. The supply constraints out of coal producing hubs included South Africa (TFR's poor rail performance and community unrest), Russia and Australia (both rail and port constraints), and Colombia (community unrest). These supply constraints combined with the improved demand for thermal coal supported the firm price levels; and towards the end of the year premiums were achieved for high-quality coals and discounts reduced on the mid to high ash coals.

Developing economies in South Asia (including India, Pakistan, Sri Lanka and Vietnam) continued to source South African coal and account for 75% of the South African seaborne supply, while China increased its share to 12%. This demand continues to be driven by urbanisation and robust economic activity as countries in this region recover from the COVID-19 pandemic.

2021 PERFORMANCE

Thermal coal price and exchange rate (Pro forma)	2021	2020
Benchmark coal price (USD/tonne)	**124.11**	65.21
Average realised export price (USD/tonne)	**103.82**	48.47
Average realised export price (Rand/tonne)	**1,535**	798
Realised price as a % of Benchmark coal price	**84**	74
ZAR:USD average exchange rate	**14.79**	16.47

Thungela responded to price dynamics and the poor TFR rail performance by prioritising higher grade export coal market placement. The resultant average portfolio quality discount (from the Benchmark coal price) for the Group's products for 2021 narrowed to 16%, compared to 26% for the prior year.

The Group's ability to export coal, via the Richards Bay Coal Terminal, was severely hampered by TFR underperformance throughout 2021. TFR railed 58.1Mt to the Richards Bay Coal Terminal in 2021, which is the lowest level in over 13 years. The TFR challenges continue to be attributable mainly to theft of rail infrastructure and locomotive failures. TFR conducted two maintenance shuts in 2021 (typically there is one per year), which not only resulted in an increased outage of 19 days but also in limited improvement in performance. Thungela, together with the coal industry, has continued to assist TFR to improve the rail performance in 2022. The industry initiatives have included increased security support on the coal line and supporting TFR with the sourcing of critical spares for the locomotives. A reduction in security incidents has already been noted but continued focus by TFR, together with support from industry, will be required in order to see a substantial improvement in the coal line performance.

KEY FOCUS AREAS FOR 2022

The seaborne demand for thermal coal is expected to remain firm in 2022 with the constraints and geopolitical tensions described above continuing to impact the demand/supply balance and supporting prices. A close watch will be kept on the following key factors relating to the seaborne thermal coal markets:

- geopolitical tensions
- COVID-19 developments and economic risks of a new variant emerging
- India and China's domestic coal production in relation to their energy demand and the impact thereof on seaborne demand and these two key markets' plans for reducing their carbon dependence through a "phase down" approach rather than a "phase out" of coal in the energy mix
- developments in terms of new thermal coal projects which have been hampered by financing opportunities, given ESG pressures on carbon fuels
- potential new coal requirements within the South African domestic market, including Eskom, which could impact the availability of mid to high ash coals for the seaborne market
- resolving and improving the coal producing hub supply constraints experienced, including TFR's performance
- government interventions, such as the Indonesian government's enactment of an export coal ban in January 2022, imposing restrictions on export coal flows in order to ensure adequate coal availability for domestic energy generation.

OUR STRATEGY

Our four strategic pillars will enable us to deliver on our purpose **to responsibly create value together for a shared future.**

Drive our ESG aspirations

ESG is at the heart of our strategy that will inform our approach to our existing business and any new projects or initiatives as we consider "Buy vs Build" options.

A broader ESG perspective is required when considering the socio-economic implications as well as the timing and pace of the transition to a low carbon future.

Maximise the full potential of our existing assets

Seeking to improve the competitive positioning and cash generation of the assets we own and operate today.

Create future diversification options

Developing a future pathway for our business by pursuing, for example, geographic diversification of coal assets where we can leverage our core skills.

We would also consider the divestment or winding down of high-cost tonnes.

Optimise capital allocation

Implement "Buy vs Build" strategy using investment evaluation criteria to ensure that projects compete with additional shareholder returns in the form of additional dividends and share buybacks.

OUR INVESTMENT EVALUATION CRITERIA

Our investment evaluation criteria are designed to optimally balance responsible stewardship with the need to upgrade our portfolio and create shareholder value. They are critical to all "Buy vs Build" decisions, ensuring that all investments compete with additional shareholder returns.

Environmental	**Social**	**Governance**	
• Consider the impact on global carbon output • No net loss of biodiversity	• Support existing regional communities and supplier base	• Improved transparency and accountability	**Responsible stewardship**
Cost/margin curve	**Payback**	**Capital intensity**	
• Target lower half of global seaborne cost curve	• Target short payback period	• Competitive capex per tonne when compared to alternative options	**Upgrade our asset portfolio**
Net present value (NPV)/capex	**Internal rate of return (IRR)**	**Closure costs**	
• NPV • Capital efficiency	• IRR higher than our nominal weighted average cost of capital (WACC)	• Cash flows to fund closure cost provisions beyond current LOM	**Maximise shareholder value**

STRATEGIC FOCUS AREAS

Strategic priority	Short-term initiatives	Medium-term initiatives
Drive our ESG aspirations	• Ongoing focus on eliminating fatalities within our operations and reducing the number of injuries • Develop a detailed climate change strategy and pathway to net-zero by 2050, subject to requirements of the countries we operate in and the markets we serve • Set intermediate scope 1 and 2 emission reduction targets • Reduce the carbon intensity of our existing operations annually • Complete construction of passive treatment demonstration plant • Reduce freshwater abstraction and increase reuse and recycling of water • Continued focus on diversity and inclusion	• Begin to reduce GHG emissions in line with the pathway to net-zero by 2050 plan • Execute rehabilitation and closure plans
Maximise the full potential of our existing assets	• Continue to deliver productivity improvements • Optimise cost structure with a focus on 'buy better, spend better' supply chain initiatives • Sharpen rehabilitation approach and implementation • Enhance marketing optionality through optimised use of port and related logistics infrastructure • Accelerate farm fence opportunities with a near-term focus on executable options with a short payback	• Develop and deliver production replacement and life extension projects with near-term goals of: – Elders project (production replacement) to be presented for board approval in mid-2022 – Zibulo North shaft project (life extension) to be presented for board approval in early 2023
Create future diversification options	• Consider divestment or wind-down of high-cost production tonnes • Evaluate geographic diversification of our thermal coal asset base, subject to investment criteria	• Diversification to expand sources of revenue subject to investment criteria and where we have a demonstrated 'right to win'
Optimise capital allocation	• Maintain a liquidity buffer through the cycle • Seek shareholder approval to implement share buyback programme • Continue to evaluate internal projects and acquisition options which could deliver superior returns over time	

STAKEHOLDER RELATIONSHIPS

INTRODUCTION

Thungela follows a systematic, inclusive and intentional stakeholder engagement approach. As we recognise that stakeholder groups are not homogeneous in nature, our approach includes tailored engagement strategies based on our operating context and on material issues that are of interest to our different stakeholders, which included shareholders following our listing on the JSE and LSE.

In developing our stakeholder engagement strategy, we undertook a mapping exercise and materiality assessment to determine and define stakeholders and issues that are important to them.

We use various focused engagement platforms internally and externally to have robust and constructive interactions with various stakeholders. The table below details our key stakeholders, their interests and our mode of engagement per stakeholder category.

Stakeholders	Objectives	Engagement channels	Key interests, concerns, or expectations in 2021 (hot topics)
Our people	• To ensure union engagement prior to any changes in employment-related issues • Two-way communication with employees • Meeting employment equity targets (Department of Labour, Department of Mineral Resources and Energy and Department of Trade and Industry) • Look after the wellness of Thungela and contractor employees • Change management in light of the Demerger	• Central National Union of Mine workers (NUM)/ management forums • Various site forums ie employment equity forum meetings, Women in Mining forum meetings • Townhall and virtual engagements • Central employment equity and skills development forum • ICAS, wellness service provider engagements • Thungela website • Supervisory toolbox talks (supervisor and employee engagements) • Bokomoso (financial education to employees) • Employee engagement briefs • Newsletters	• Skills development • Opportunities for women • People with disability strategy • Inclusion and diversity • Retrenchment and downscaling matters • Employee health and safety • Labour relations • Mental health programmes • Wage negotiations • Transformation deliverables • Issues relating to the Demerger • Financial education • Code of conduct • Safety and health related issues
Labour unions	• To ensure adherence to legislation (Labour Relations Act , Basic Conditions of Employment Act, Mine Health and Safety Act, etc.) • Consistent application of and adherence to Group and site policies	• Central NUM and management forums • Various site forums • Thungela website	• Retrenchment and downscaling matters • Employee health and safety • Labour relations • Relationship building • Wage negotiations • Transformation deliverables • Conditions of employment

Stakeholders	Objectives	Engagement channels	Key interests, concerns, or expectations in 2021 (hot topics)
Communities	• To ensure communities are engaged in a proactive, transparent and inclusive manner • To ensure communities are engaged in socio-economic development, employment and procurement opportunities • To keep communities informed of changes in the organisation • To ensure communities raise grievances with us • To ensure communities are informed about our legal compliance status – annual environmental management programme (EMP)/ environmental impact assessment (EIA)	• Future forums • Various community engagement forums • Newsletters • Radio and various social media platforms • Thungela website	• Procurement and employment opportunities • Socio-economic development • Social and Labour Plans • Management of grievances • Change in the organisation ie Demerger • Community trust • Impacts directly or indirectly affecting our communities (environmental, mine planning, projects) • Key projects (eg lifex) that may impact communities
Shareholders, investment community	• To ensure that investors are informed of developments which may materially affect their investment decisions • To ensure full, equal and timeous disclosure to shareholders	• Results presentations • Investor roadshows • JSE Stock Exchange News Service (SENS)/LSE Regulatory News Service (RNS) announcements • Investor meetings • Sell-side and buy-side analyst meetings • Engagement through calls and email • Thungela website	• Returns to shareholders • Capital allocation • Lifex strategy • TFR performance • Outlook for thermal coal
Media	• To ensure that stakeholders are informed of the activities, developments and performance of Thungela • To build brand awareness • To inform and educate the public on topics and issues relating to our business • To promote factual and accurate news stories that enhance Thungela's reputation	• Results presentations • Media releases • Holding statements • Interviews • Website – newsroom • Advertorials • Annual reports • Media events and site visits • Regular media engagement	• Company performance • Company strategy • ESG • Mining rights and regulatory issues • TFR performance • Markets and products • Industry trends • Corporate citizenship and community involvement • Transformation • Labour relations • COVID-19 response
Government and regulators	• To ensure compliance with regulations • To seek guidance where necessary to ensure compliance • To ensure relevant government departments and regulators are informed of organisational changes • To contribute to the continued success of the countries in which we operate	• Various engagement forums • Site visits	• Compliance with safety and health regulations • Compliance with environmental regulations • Compliance with labour related regulations • Divestments, Demerger, restructuring • Compliance with the MPRDA and B-BBEE regulations

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Stakeholders	Objectives	Engagement channels	Key interests, concerns, or expectations in 2021 (hot topics)
Local government	• To advance partnership on socio-economic development (SED) programmes ie Social and Labour Plans (SLP) projects • To contribute to capacitating host municipalities to deliver services to communities • To ensure that organisational changes such as the Demerger are communicated • To report on relevant environmental regulations	• Municipal local economic development (LED)/ integrated development plan (IDP) forums from our host municipalities (Steve Tshwete, eMalahleni and Govan Mbeki municipalities)	• Partnership on SED programmes ie SLP projects, municipal capacity building • Engage on community issues associated with our mines • Engage on grievances raised through municipal channels • Organisational changes such as the Demerger and Nkulo Community Partnership Trust • Compliance on annual air quality management reports (National Atmospheric Emissions Inventory System) • Compliance with fire prevention and flammable liquids and substances regulations • Compliance with other municipal by-laws related to waste, noise, blasting and wastewater management etc • Public participation on key projects related to the mines
Non-governmental organisations (NGOs) and civil society	• To partner with development and social NGOs and civil society in addressing social ills affecting our communities	• Meetings • Other forums	• COVID-19 • Resolving grievances related to mining impacts • Responsible energy transition • Adequacy of closure provisions • Climate change and the role of coal
Other bodies **(Minerals Council, business chambers, academia, climate change committee, Upper Olifants Catchment forum, South African Colliery Environmental Safety and Health Association (SACESHA)** **World Coal Association** **South African Centre for Carbon Capture and Storage**	• To lobby and engage on government policy issues • To enable technical advancement and collaboration • To apply policy advocacy	• Various subject specific forums	• Collaborating with other mining companies on common issues • Lobby and engage on government policy issues • Technical advancement and collaboration • Policy advocacy • Access to business opportunities • Skills and market development • Water management and collaboration by mining houses to deal with catchment water impacts • Development of carbon capture and storage projects and skills in South Africa

Stakeholders	Objectives	Engagement channels	Key interests, concerns, or expectations in 2021 (hot topics)
Business partners and customers	• Customers – to ensure sustained and predictable business continuity and ultimately to be able to deliver a saleable and desired product • TFR to ensure delivery of logistical services • RBCT to ensure open and efficient export channel and effective loading of our products	• Various engagements • Board meetings • Operational committee meetings • Technical forums	• Market development and Thungela response • Security of supply • Business continuity • Supplier relationship management • Logistics
Suppliers	• To enhance supplier relationships • To be cost efficient together with operational excellence • To build on greener supply chain opportunities by partnering with stakeholders that will accompany and support us on this journey • To increase our procurement spend with host community suppliers • To build capacity for small and medium enterprises (SMME) to render quality service to operations • To build relationships with local business forums	• Supplier roadshows • Individual supplier engagements • Various electronic communication channels • Advertise opportunities through existing market channels • Enterprise and supplier development (ESD) programmes • Collaborations and engagements with original equipment manufacturers to provide technical support initiatives to SMME • Social performance meetings with business forums and future forums	• Supply chain optimisation and sustainability • Creating a circular supply chain and ensuring responsible sourcing • Compliance and long-term sustainability contracts • Meeting the ESD targets and job creation from growing suppliers • Communicating inclusive procurement approach, initiatives, progress and successes safely to host communities

RISKS

MATERIAL RISKS

Thungela faces a variety of risks – the possibility that an event will occur and adversely affect value creation – from internal and external sources. Risk assessment in Thungela involves a dynamic and iterative process of identifying and assessing risks and the probability that such risks could undermine the achievement of the Group's objectives, relative to the established risk tolerances.

Risk management is a core responsibility of the board and the Group executive committee. The board also approves the risk appetite and risk tolerance within an overarching integrated risk management process, which involves the systematic application of management policies, procedures and practices to the tasks of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk, all as an integral part of a business process.

This process is overseen and supported by the risk and sustainability committee and the audit committee who regularly assess the integrated risk management process and lines of defence to ensure that risk is identified, managed, mitigated and reported in a timely and appropriate manner. Effective risk management is part of good management practice and ensures sustainable value creation and predictable operational performance.

Through understanding, prioritising and managing risk, we safeguard our people, assets, legal position, values, reputation and the environment, and identify related opportunities to best serve the long-term interests of all our stakeholders.

RISK RATING

The purpose of a risk rating is to enable risks to be prioritised and measured over time and is a combination of consequence (considers what could happen if the risk event occurs) and likelihood (considers the probability of the risk event occurring). This is measured in terms of a 5 x 5 risk matrix.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerance are core considerations in our integrated risk management process. It considers the relationship between potential consequences of a risk materialising and the actual condition of the controls or management actions that mitigate those consequences.

Risks exceeding appetite limits threaten the achievement of objectives and may require a change to our strategy. Risks that are approaching the limit of risk appetite require specific management actions to ensure the risk is managed within defined appetite limits.

Our risk matrix combines the assessment of the consequences of risks and the status of management actions and/or the internal control environment that prevents or mitigates that risk. Risks that have significant consequences will be within appetite if adequate controls or management actions are in place. Risks exceed appetite if a significant consequence is not sufficiently controlled, or management actions have not yet been implemented to an extent that the risks can be described as effectively managed.

TOP 10 KEY RESIDUAL RISKS

The 5 x 5 risk matrix below shows the residual rating for our top 10 key risks. A residual risk refers to the risk remaining after all identified mitigation measures have been applied.

RESIDUAL RISK RATING	CONSEQUENCE TYPE				
Likelihood	**Insignificant**	**Minor**	**Moderate**	**High**	**Major**
Almost certain				1	
Likely				5	
Possible				9	2, 3, 4, 10
Unlikely					6, 7, 8
Rare					

Categorisation	Guidelines for control strategy
High	A high risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised immediately.
Significant	A significant risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as soon as possible.
Medium	A moderate risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as part of the normal management process.
Low	A low risk exists that management's objectives may not be achieved. Monitor risk, no further mitigation required.

Risk ranking table

1	Coal transport networks	6	Company sustainability
2	Employee safety and health	7	Critical business systems
3	Commodity price and foreign exchange fluctuations	8	Legislative compliance
4	Community relations	9	COVID-19
5	Strata and geotechnical failure	10	Stakeholder activism

The following table lists the top 10 key residual risks that have been identified as having a potential impact on our ability to achieve our strategic objectives.

	Key risk	Mitigation
1	**Coal transport networks** Frequent and unscheduled disruptions by TFR could have a material effect on our export ability and ultimately profitability.	• We continue to engage TFR at all levels to seek sustainable solutions. • We have also implemented several actions to mitigate the operational and financial impacts on our business, including the prioritisation of export equity volumes and optimisation of the export equity sales mix.
2	**Employee safety and health** There are inherent safety and health risks associated with mining activities.	• We continuously review and upgrade our safety systems, culture and programmes. • We implement an ongoing roll-out and embedding of a safety strategy founded on three core elements: back to basics, work management and culture change.
3	**Commodity price and foreign exchange fluctuations** Benchmark coal price and currency exchange rate volatility impacts our profitability and cash generation. A prolonged weakness in Benchmark coal prices could undermine the sustainability of our business.	• We are positioning our portfolio on the lower half of the global seaborne cost curve to improve margins and reduce cash requirements during periods of lower prices. • We aim to maintain a liquidity buffer of between R5 billion and R6 billion during and following periods of stronger market conditions, and all else being equal, between R2 billion and R3 billion following periods of weaker market conditions. • In the near term, the business has a Capital Support Agreement with Anglo American until end 2022.
4	**Community relations** Demands and expectations with regard to employment and procurement from various host communities.	• We have social commitments through the SLP and the CSI programmes. • We conduct regular engagements with host communities. • The CPP, implemented during 2021, ensures that communities benefit from our financial success. • Host community procurement spend of R2.3 billion in 2021 was aimed at supporting economic activity and growth around our operations.
5	**Strata and geotechnical failure** Fall of ground in our underground mines and slope failure in our opencast mines could result in significant business interruptions, property damage and the occurrence of safety related incidents.	• Underground operations – ground support is designed by a competent person and installed using fit-for-purpose equipment and according to mine standards and/or procedures. • Opencast operations – drilling, blasting and excavation are completed according to the slope design to mitigate the rock fall and slope stability risks.
6	**Company sustainability** The impact of some of our operations reaching their end of life.	• We have several accretive production replacement and life extension projects, including Elders and Zibulo North shaft.
7	**Critical business systems** The information management service agreement with Anglo American will end on 31 December 2022, potentially bringing challenges relating to the continuity of critical systems. The global increase in cyberattacks continues and represents a threat to our business.	• We are currently working on an application separation plan from the Anglo American IM environment. • As a result of the dramatic increase in cybercrime globally, we continue to assess our critical systems to protect our information and to safeguard infrastructure critical to our sustainability.

Key risk		Mitigation
8	**Legislative compliance** Our licence to operate and our ability to sustain the business could be influenced by the Group's level of legislative compliance.	• MPRDA – we perform annual performance assessments against environmental management programmes. • Water – we perform quarterly reviews; surface and groundwater monitoring and long-term hydro-geological and geo-chemical modelling for all mines to address volumes and quality. • NEMA – we engage continuously with the DMRE and other regulators to ensure compliance with the material aspects of this legislation.
9	**COVID-19** The impact of COVID-19 on our operations, employees, communities and business plans.	• We continue to comply with WHO and government protocols. Workplace controls include self-isolation protocols, site access restrictions, and the screening, testing and monitoring of employees. • These COVID-19 controls are overseen by a dedicated Thungela COVID-19 Command Centre. Our Highveld Hospital continues to serve as a testing facility, quarantine site, a treatment facility and a site enabling the roll-out of the workplace vaccine programme.
10	**Stakeholder activism** Future shareholder and industry expectations in relation to ESG issues could impact the future profitability of the Group.	• We have developed a fit-for-purpose ESG framework. Our CEO continues to lead engagements with stakeholders on significant ESG matters.

EVENT RISKS

These are very high severity, low likelihood events which are distinctive to a mining business and could result in multiple fatalities or injuries, an unplanned fundamental change to our business or the way we operate and have significant financial consequences. Event risks are not rated in the 5 x 5 risk matrix as they are always treated with the highest priority.

Event risks	Mitigation
Underground fires, gas and explosion An underground gas-related incident, an underground explosion or exposure to irrespirable atmosphere could result in potential fatalities, injuries, significant business interruption and property damage.	• We ensure compliance with mandatory critical control processes, including, but not limited to, monitoring and management of ventilation systems and stone dusting controls. • We have emergency preparedness and response procedures. • We undertake event risk reviews by competent persons.
Shaft conveyance and shaft integrity failures Mechanical failure of the shaft conveyance or the structural integrity failure of the shaft could result in potential fatalities, injuries, significant business interruption and property damage.	• We maintain compliance with shaft management standards, regulations and guidelines. • We undertake shaft management tests including live condition monitoring of mechanical components and daily inspection by competent persons. • We undertake event risk reviews by competent persons.

04
OUR PERFORMANCE

REVIEW OF FINANCIAL PERFORMANCE

"Thungela reports a strong set of results and declares maiden dividend ..."
Deon Smith, chief financial officer

Net profit for the year
R6.9 BILLION
(2020: loss of R362 million)

Headline earnings per share
R66.57
(2020: headline loss per share of R5.31)

Adjusted EBITDA
R10.0 BILLION
(2020: R286 million)

Net cash
R8.7 BILLION
(2020: net debt R388 million)

Total dividend to shareholders of Thungela
R2.5 BILLION

Dividend per share
R18
63% of Adjusted operating free cash flow

Inaugural dividend of
R273 MILLION
to the SACO Employee and the Nkulo Community Partnership Trusts

OVERVIEW

It is with pride that we have released Thungela's first full year results as a listed business. Looking back on the time since our listing on 7 June 2021, we have transitioned to a standalone business and we have delivered a strong set of results, notwithstanding a number of challenges, most notably the rail infrastructure constraints and the impact of COVID-19 on our operations.

After experiencing the negative impact of the second wave of COVID-19 on production and unit costs in the first quarter of 2021, the business regained momentum in the second half. We were, however, impacted by the rail constraints which became more pronounced as the year progressed (including two separate TFR maintenance shutdowns compared to the single shutdown in prior years). As a result, we decided late in the third quarter to curtail lower margin production which had a concomitant impact on the full year saleable production and export equity sales. Our results, however, reflect the benefit of product mix optimisation as well as good management of cost and capital expenditure.

Despite the curtailment of production, the Group recorded export saleable production of 14.5 Mt (Pro forma of 15.0 Mt) at an FOB cost per export tonne of R830 (Pro forma R812). The combination of strong realised export prices coupled with the good cost performance, resulted in an Adjusted EBITDA of R10.0 billion and headline earnings of R7.0 billion.

The Group recognised impairments of R808 million in the period. These were recorded at Khwezela where we have curtailed production as a result of the poor rail performance, and at Isibonelo which is incurring increased unit cost as a result of production challenges. Plans are in place at Isibonelo which are likely to result in a gradual recovery of production and cost.

We initiated a forward coal swap programme in quarter four of 2021, taking advantage of a strong Benchmark coal price forward curve as we recognised the need to secure firm margins for the operations which were curtailed to a lower production run rate. We will continue to evaluate the merits of this programme in the context of TFR's progress to resolve rail constraints and our ability to lock in firm margins to protect these operations should prices deteriorate prior to the recovery in rail performance. The mark-to-market position for the period ended 31 December 2021 resulted in a fair value gain of R348 million on these forward coal swaps, with settlement expected from January 2022.

An assessed loss carried over from prior years, coupled with the utilisation of unredeemed capital deductions within TOPL, resulted in an effective tax rate (ETR) of 7.6% in 2021. We expect the ETR to normalise closer to the statutory tax rate of 28% from 2022.

Our operating activities generated cash flows of R9.3 billion, before adjusting for the impact of the build up of working capital of R3.2 billion, with a further R2.2 billion invested in capex to sustain the business and develop reserves at our key underground operations. The full year capex is lower than our previous guidance mainly due to efforts to optimise capital expenditure applying a Thungela lens, and planned deferral of approximately R200 million of sustaining capex following the decision to pare back production owing to the rail constraints and the associated impact on on-mine stockpiles.

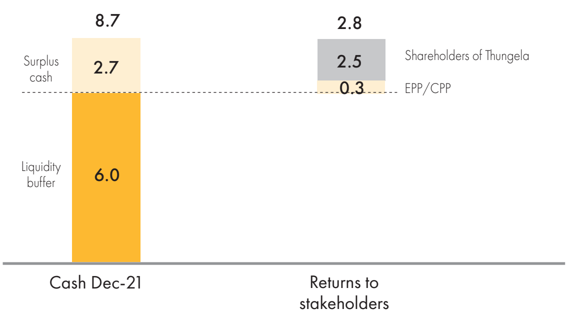
The Group invested R227 million in a new plant through a strategic partnership agreement with the Nasonti group. This plant is expected to deliver approximately 1.0 Mt of saleable production per annum, with first coal expected in March 2022.

The Group's net working capital increased by R3.2 billion, mainly due to an increase in inventories and higher realised prices, which is reflected in our trade and other receivables.

Net of the working capital movements and sustaining capital expenditure the Group generated Adjusted operating free cash flow of R3.9 billion. We remain confident in the strength of our balance sheet and our continued ability to generate strong cash flows given current market conditions. We are pleased to have declared an ordinary dividend of R18 per share – a return to shareholders of R2.5 billion, representing 63% of the Adjusted operating free cash flow. We recognise that our shareholder base is diverse and to balance the interests of shareholders we will also seek authorisation from shareholders at the forthcoming annual general meeting (AGM) for a potential future share buyback programme, if appropriate.

In addition SACO has funded the EPP and CPP (collectively the Trusts) dividends of R273 million (which represents 10% of the dividend declared by SACO). Net of these payments the Group is able to maintain the liquidity buffer of between R5 billion and R6 billion, with the upper end of this range being appropriate given continued global economic and geopolitical uncertainty.

LIQUIDITY (Rbn)



In line with our capital allocation framework, we continue to evaluate the Group's life extension and production replacement project options to determine the most optimal sequencing and capital intensity, as well as the merits of investing in these options. We have continued studies to progress our understanding of the various project options, including the Elders production replacement, the Zibulo North shaft life extension, the Clydesdale life extension and the Dalyshope projects. The first two projects – the Elders production replacement and Zibulo North shaft life extension projects – will be considered by the board for approval, based on our financial and ESG investment evaluation criteria as well as our view of the optimal sequence for these projects.

The Elders production replacement project, with an estimated R1.9 billion capital expenditure (real), will extend the production footprint in the Goedehoop region by approximately 10 years. The effective utilisation of regional infrastructure coupled with our value focused approach has reduced real capital expenditure by approximately R1.0 billion compared to prior studies. The capital expenditure is expected to be incurred during 2023 and 2024 with a portion of completion spend expected in 2025.

Depending on the outcomes of the value feasibility study at Zibulo, the North shaft life extension project is likely to be considered for investment in early 2023.

FINANCIAL AND OPERATING RESULTS OF THE GROUP

The financial and operating results of the Group have been prepared in a manner fully compliant with IFRS. The Group has also deemed it necessary to present Pro forma financial information in order to enhance stakeholders' understanding of the Group's operating and financial performance as an independent business on a like-for-like basis, as the Group is expected to exist on a forward-looking basis.

Table 1 reflects the financial results as disclosed in the Annual financial statements. The directors consider additional operational and financial measures to assess the results of the operations, referred to as APMs. APMs are the responsibility of the Thungela directors and have been presented consistently in each period. Further detail on the APMs is included in Annexure 1 of the Annual financial statements for the year ended 31 December 2021.

The material differences between the current and comparative period for the measures set out in table 1 relate mainly to the Internal restructure as described in note 2A of the Annual financial statements for the year ended 31 December 2021 and page 75 of this document.

For a more comprehensive account of the Group's financial position and performance, this review should be read with the Annual financial statements for the year ended 31 December 2021 at www.thungela.com/investors/results

FINANCIAL OVERVIEW

TABLE 1: IFRS FINANCIAL RESULTS FOR THE GROUP

Rand million (unless otherwise stated)	2021	2020
Revenue	26,282	3,750
Operating costs	(17,322)	(3,872)
Profit/(loss) for the reporting period	6,938	(362)
Attributable to non-controlling interests	509	(32)
Attributable to equity shareholders of the Group	6,429	(330)
Earnings/(losses) per share (cents)	6,108	(531)
Headline earnings/(losses) per share (cents)	6,657	(531)
WANOS (number of shares)	105,260,339	62,110,182
APMs		
Adjusted EBITDA	9,978	286
Adjusted EBITDA margin (%)	38	7.6
FOB cost per export tonne (Rand/tonne)	830	804
Adjusted operating free cash flow	3,923	(249)
Net cash/(debt)	8,663	(388)
Capital expenditure	2,323	604
Environmental liability coverage (%)	52	47

PROFIT FOR THE REPORTING PERIOD

Profit for the reporting period was R6.9 billion (2020: loss of R362 million), mainly due to improved prices and various restructuring steps.

R6.4 billion (2020: loss of R330 million) is attributable to equity shareholders of the Group, while R509 million (2020: loss of R32 million) is attributable to non-controlling interest (NCI). Of the total profit attributable to NCI, R463 million (2020: loss of R32 million) relates to the NCI in AAIC (operating the Zibulo colliery). However, due to the nature of the loan structure within AAIC, the cash generated by AAIC is primarily utilised for the repayment of debt owed by AAIC to TOPL. The balance of R46 million (2020: Rnil) is attributable to NCI in Butsanani Energy (owning the Rietvlei colliery).

The Group assesses at each reporting date whether there are any indicators that its assets may be impaired. Operating and economic assumptions are made which could affect the valuation of assets using discounted cash flow models to determine the recoverable amounts. The Group has impaired assets at Khwezela and Isibonelo by R808 million in the year ended 31 December 2021. The impairment of Khwezela results from the reduced production to compensate for poor rail performance while the Isibonelo impairment reflects production challenges and a resultant higher cost per tonne against fixed contractual prices.

Profit for the reporting period was also impacted by the restructuring costs and termination benefits incurred. These costs relate primarily to two matters:

- additional costs incurred in placing the Bokgoni pit at Khwezela on care and maintenance during the first quarter of 2021 amounting to R193 million
- costs relating to the Demerger amounting to R229 million, of which R138 million related to the accelerated vesting of the Anglo American share awards which were settled as part of the Demerger, and a further R91 million related to costs incurred to execute the Demerger.

Profit for the reporting period was further impacted by a fair value loss of R569 million (2020: Rnil) on the derivative asset relating to the Capital support agreement with Anglo American which commenced on 1 June 2021. Given the higher forecasted Benchmark coal prices through to the end of the agreement in December 2022, compared to the trigger price of R1,175/tonne when the agreement was concluded in March 2021, it is unlikely that the Group will draw on the additional capital support available as set out in the agreement. Thus, an adjustment has been processed to reflect the derivative asset at its fair value at 31 December 2021. This agreement has not resulted in any cash inflow or outflow to date for the Group. The Capital support agreement will continue until 31 December 2022 with a further R2.5 billion potentially available for drawdown should prices drop below the trigger price.

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The Group entered into a limited level of derivative trading activity consisting of forward coal swap agreements in 2021, which have been accounted for as derivative assets at fair value through profit or loss. For the period ended 31 December 2021, a fair value gain of R348 million was recognised in the statement of profit or loss and other comprehensive income representing the mark-to-market impact of these agreements.

The Group on Demerger carried over an assessed loss and significant unredeemed capital deductions in TOPL. In the current strong price environment these assessed losses within TOPL have been utilised and will result in the ETR increasing from 7.6% in 2021 closer to the statutory tax rate of 28% from 2022.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

The Group generated earnings of R6.4 billion attributable to the shareholders of the Group and R61.08 per share for the period ended 31 December 2021 while in the comparative period the Group incurred a loss of R330 million and R5.31 per share.

The Group issued 136,311,808 shares on 1 June 2021. Of these, 62,110,182 shares are considered to have been issued for the existing SACO Group and are shown as outstanding from the start of the comparative period and reflected as the weighted average number of shares (WANOS) for 31 December 2020.

The remaining 74,201,626 shares are considered to have been issued in exchange for cash received from Anglo American in June 2021. These shares have been appropriately weighted from the time of their issue to 31 December 2021, resulting in a WANOS of 105,260,339 for 31 December 2021.

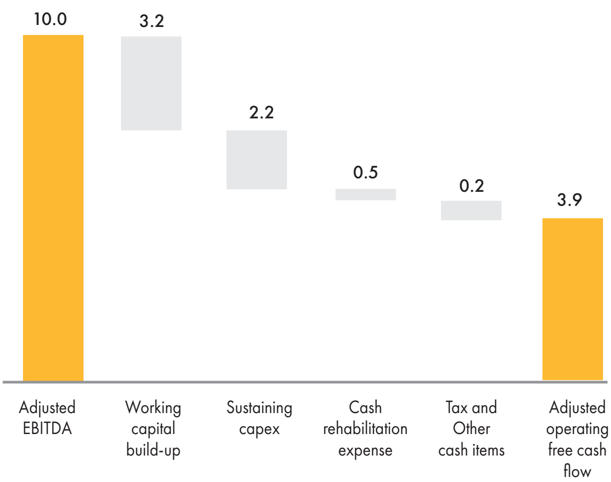
The Group generated headline earnings of R7.0 billion and headline earnings of R66.57 per share for the period ended 31 December 2021. For the comparative period, the Group incurred a headline loss of R330 million and R5.31 per share. The major contributor to the difference between earnings and headline earnings for the period was the impairment of R808 million, net of tax, which was adjusted in the calculation of headline earnings.

ADJUSTED OPERATING FREE CASH FLOW

The Group generated an Adjusted operating free cash flow of R3.9 billion for the period ended 31 December 2021 and it utilised Adjusted operating free cash flow of R249 million in the comparative period.

The difference between the profit generated for the reporting period and the Adjusted operating free cash flow was attributable mainly to the build-up of working capital and sustaining capital expenditure incurred.

ADJUSTED OPERATING FREE CASH FLOW (Rbn)



CASH AND CASH EQUIVALENTS

The Group ended the period with cash and cash equivalents of R8.7 billion. On achieving economic and operational independence on 1 June 2021, the intercompany loan balance with Anglo American was extinguished and Thungela received a cash injection of R2.5 billion from Anglo American, which is not repayable.

Given that Thungela is a single commodity and single geography thermal coal business, coupled with limited access to debt markets, an appropriate level of balance sheet flexibility is important to manage the business through periods of Benchmark coal price volatility. The Thungela board believes it is appropriate to maintain a liquidity buffer of between R5 billion and R6 billion during and following periods of stronger market conditions, and all else being equal, between R2 billion and R3 billion during and following periods of weaker market conditions.

It is important that the Group maintains an adequate level of liquidity to continue to operate confidently in lower price environments without compromising returns to shareholders, and to enable funding for key life extension and production replacement projects.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of R2.3 billion for the period ended 31 December 2021 (2020: R604 million), comprising the following:

- R1.7 billion invested in stay-in-business activities, mainly for routine machinery overhauls, capital spares, infrastructure upgrades and mining fleet upgrades or replacements as well as an investment in intangibles for the implementation of a new ERP system to enable the Demerger
- R511 million for stripping and development capital to access LOM reserves for the underground Greenside and Zibulo mines and for the opencast Khwezela and Zibulo box cuts
- R130 million expansionary capital expenditure for the final completion activities at Khwezela's Navigation pit.

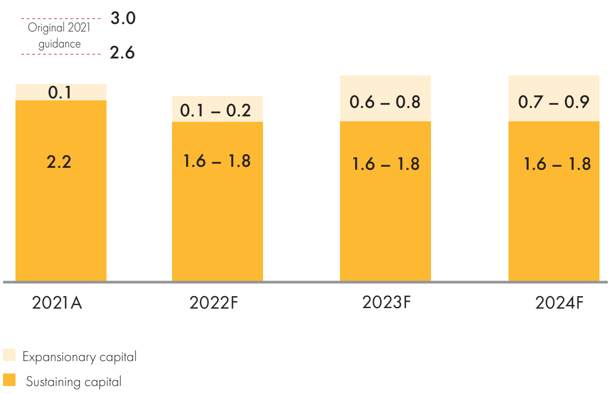
The Group deferred sustaining capex of approximately R200 million to the first quarter of 2022 as a result of a lower production run rate in quarter four 2021 due to the ongoing TFR challenges. The 2022 capital guidance provided in the Outlook section of this document includes this deferral of capex from 2021.

At Demerger the Group provided guidance of between R2.6 billion and R3.0 billion total capital expenditure in 2021, however, further commented that a 'Thungela lens' would be applied to the capital spend for the remainder of 2021, and capital expenditure into the future which, has as anticipated, resulted in lower capital intensity across our operations.

The Elders production replacement project is set to deliver approximately 4.0 Mt ROM (2 seam) annually over a period of approximately 10 years. The revised study which seeks to optimise the resource extraction and achieve a lower capital intensity, now reflects a capital cost of approximately R1.9 billion (real) compared to the pre-feasibility study of 2015 which indicated a capital spend of approximately R2.6 billion. The feasibility study is expected to be presented to the board for approval during the first half of 2022.

The Zibulo North shaft project seeks to sink a shaft and associated infrastructure to enable access to the Zondagsfontein West reserves. This project will add approximately 10 years LOM and is likely to cost approximately R2.2 billion (real). The Zibulo North shaft project will ensure that the mine is able to continue to produce approximately 8.0 Mt ROM annually. It is expected that this project will be approved in early 2023 with capital expenditure starting from late 2023.

CAPITAL EXPENDITURE (Rbn)



NET WORKING CAPITAL

Net working capital at 31 December 2021 was R3.4 billion (2020: R156 million), reflecting an increase of R3.2 billion during the reporting period. Inventory increased by R1.4 billion due to a build-up of inventory at operations as a result of poor TFR performance while trade receivables increased by R960 million on the back of higher realised export prices and an increase in refunds due from SARS. Payables decreased as historical payables were cleared in preparation for the Demerger.

WORKING CAPITAL MOVEMENT (Rbn)

ENVIRONMENTAL PROVISIONS

The Environmental provisions are comprehensively assessed on an annual basis and determined with assistance from specialist independent environmental consultants. At 31 December 2021 the Environmental provisions recognised amount to R6.8 billion (2020: R6.2 billion).

The movement in Environmental provisions can be explained as follows:

Rand million	
Environmental provisions at 31 December 2020	**6,184**
Mafube inclusion post Internal restructure	268
Increase based on independent assessment of current disturbances	249
Unwinding of discount	530
Less: Cash spent on rehabilitation activities	(480)
Environmental provisions at 31 December 2021	**6,751**

The Group has investments ring-fenced in environmental rehabilitation trusts and the Green fund of R3.5 billion (2020: R2.9 billion). Environmental liability coverage has improved from 47% at 31 December 2020, to 52% as at 31 December 2021.

The Environmental provisions are calculated using the MPRDA Regulations as a base, adjusted for costs the Group is likely to incur over the period until closure is completed. The financial provisioning as required by the current MPRDA Regulations amounted to R4.1 billion (2020: R4.0 billion), compared to the total Environmental provisions recognised by the Group of R6.8 billion (2020: R6.2 billion). This difference is due to additional costs which the Group believes it is likely to incur through a combination of its interpretation of the NEMA Financial Provisioning Regulations as well as actual costs to be incurred in the period up to and following mine closure, most significantly in relation to water treatment costs.

We have provided for water treatment costs using a combination of active and passive water treatment methods, based on the activities currently being performed at our operations. The NEMA Financial Provisioning Regulations require the treatment of water to be provided for using the costs for currently available technologies which the DMRE has approved, based on evidence that the technology to be implemented is able to consistently achieve the discharge requirements. Thungela has embarked on a drive to investigate several different technologies to mitigate the impact of water liabilities. Significant progress has also been made on proving passive water treatment on a pilot scale to demonstrate the passive water treatment process as an integrated system at a larger scale. The construction of a demonstration scale plant to further prove this treatment commenced in August 2021.

The Group is expected to transition to the NEMA Financial Provisioning Regulations on the transition date of 19 June 2022, however, there are several regulatory steps that are required to take place before this transition can be effective. The Group has continued to provide for our interpretation of the increase in costs required as a result of the NEMA Financial Provisioning Regulations.

PERFORMANCE OF THE BUSINESS ON A PRO FORMA BASIS

The Pro forma financial information has been prepared to enhance stakeholders' understanding of the Annual financial statements, based on the timing of the Internal restructure and its impact on the comparability of the financial results as detailed in note 2A of the Annual financial statements for the year ended 31 December 2021 and pages 4 to 6 of this document. The Pro forma information is only prepared for selected operational figures and the statement of profit or loss in each reporting period.

TABLE 2: PRO FORMA FINANCIAL AND OPERATIONAL RESULTS

Rand million (unless otherwise stated)	2021	2020
Revenue	**26,393**	18,254
Operating costs	**(17,377)**	(20,351)
Profit/(loss) for the reporting period	**6,999**	(4,703)
Attributable to non-controlling interests	**509**	(290)
Attributable to equity shareholders of the Group	**6,490**	(4,413)
Earnings/(losses) per share (cents)	**4,774**	(3,237)
Headline earnings/(losses) per share (cents)	**5,199**	(1,860)
WANOS (number of shares)	**135,957,450**	136,311,808
APMs		
Adjusted EBITDA	**10,067**	(1,024)
Adjusted EBITDA margin (%)	**38**	(5.6)
FOB cost per export tonne (Rand/tonne)	**812**	833
Thermal coal price and exchange rate		
Benchmark coal price (USD/tonne)	**124.11**	65.21
Average realised export price (USD/tonne)	**103.82**	48.47
Average realised export price (Rand/tonne)	**1,535**	798
Realised price as a % of Benchmark coal price (%)	**84**	74
ZAR:USD average exchange rate	**14.79**	16.47
Kt		
Run of mine	**28,104**	31,410
Export saleable production	**14,957**	16,463
Domestic saleable production	**10,064**	14,015
Total saleable production	**25,021**	30,478
Export equity sales	**13,893**	16,573
Third party export sales	**967**	1,580
Domestic sales	**10,185**	12,369
Total sales	**25,045**	30,522

OPERATIONAL PERFORMANCE

ROM decreased by 11% to 28,104 kt (2020: 31,410 kt) mainly due to higher cost production at the Bokgoni pit at Khwezela being placed on care and maintenance in the first quarter of 2021 and lower than expected train allocation from TFR that resulted in the curtailing of export production towards the latter part of 2021. The decrease of volumes from Bokgoni would have been partially offset by increased volumes from the Navigation pit at Khwezela but its continued ramp-up was significantly hampered by the TFR performance as on-mine stockpiles filled up from September 2021. Furthermore, during January 2021, production was impacted by the second wave of the COVID-19 pandemic in South Africa.

Export saleable production volumes decreased by 9.1% to 14,957 kt (2020: 16,463 kt) as a result of the decrease in ROM production. Export equity sales also declined by 16% to 13,893 kt (2020: 16,573 kt), primarily due to the lower saleable production volumes and lower than planned railings due to the challenges experienced by TFR. The rail performance impacted production in the second half of 2021 as on-mine stockpiles reached capacity levels from September resulting in the curtailment of operations. Khwezela and Zibulo were the most severely impacted by the poor TFR performance – equipment and resources at these mines were deployed to other value adding activities albeit at lower efficiencies. Incremental costs to manage higher than normal on-mine inventory stockpiles were incurred.

Domestic saleable production decreased 28% to 10,064 kt (2020: 14,015 kt) as demand from domestic customers weakened and Isibonelo experienced operational challenges from excessive rainfall in the fourth quarter of 2021. Domestic sales decreased by 18% to 10,185 kt (2020: 12,369 kt) due to the lower production but were offset by the Rietvlei colliery selling down product stockpiles.

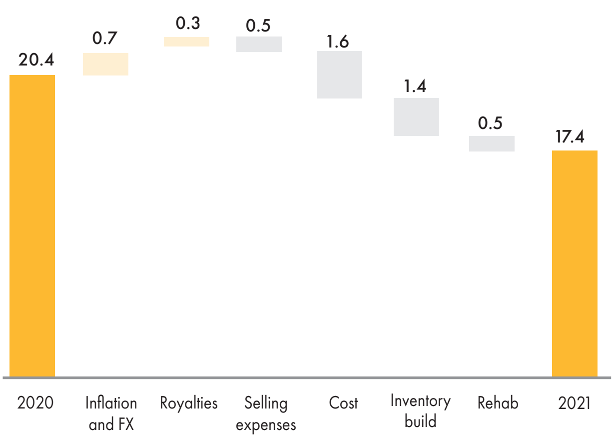
REVENUE

Revenue increased by 45% to R26.4 billion compared to R18.3 billion for 2020, mainly as a result of a 90% increase in Benchmark coal prices as well as higher achieved realised prices, partially offset by a stronger Rand. The Group achieved a realised price of R1,535/tonne compared to the prior period of R798/tonne. The realised price as a percentage of Benchmark coal prices averaged 84% for the year and has improved from 74% in 2020. This is mainly due to market conditions and the optimisation of the Group's export equity sales mix in order to prioritise the railing and sales of higher margin products to mitigate the TFR challenges. The increase in revenue was partially offset by the impact of the stronger average ZAR:USD exchange rate of R14.79 (2020: R16.47).

OPERATING COSTS

Total operating costs decreased by 15% to R17.4 billion (2020: R20.4 billion). FOB cost decreased by 12% to R12.1 billion as we eliminated higher cost production by placing Bokgoni on care and maintenance in the first quarter of 2021 as well as lower selling expenditure as a result of lower railings. FOB cost reductions were partially offset by the mining royalty charge of R396 million (2020: R70 million).

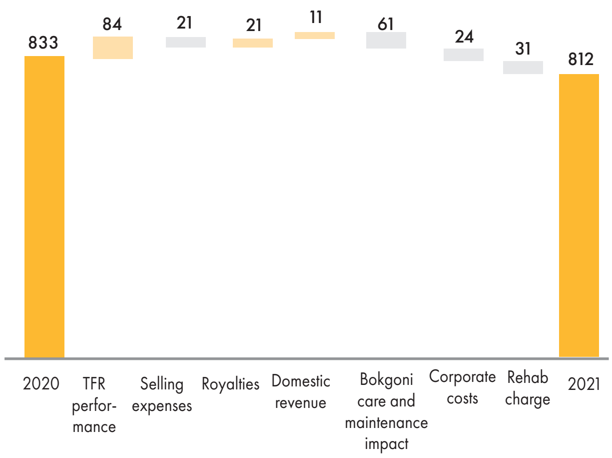
OPERATING COSTS (Rbn)



FOB COST PER EXPORT TONNE

Despite lower export saleable production as a result of the TFR performance (R84/tonne), the FOB cost per export tonne at R812 was lower than the prior period of R833 as the unit cost benefited from the Bokgoni care and maintenance decision (R61/tonne), reduced rehabilitation charge (R31/tonne) as well as lower corporate costs (R24/tonne) following the Demerger. The Group continues to seek further opportunities to optimise the operating costs to reflect the standalone business, and to offset the expected increase in prices as a result of the global inflation outlook.

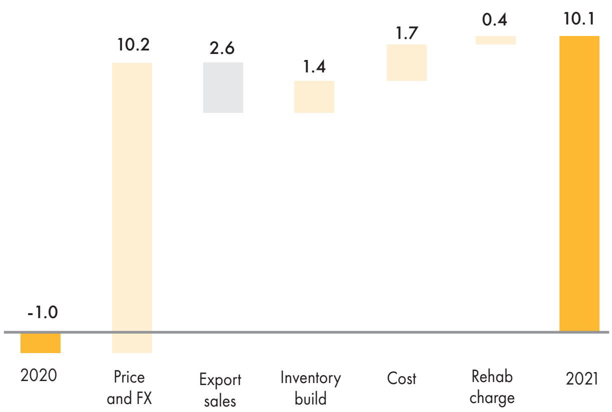
FOB COST PER TONNE (R/tonne)



ADJUSTED EBITDA

The Group delivered an Adjusted EBITDA of R10.1 billion for the period ended 31 December 2021 (2020: loss of R1.0 billion) mainly as a result of an increase of 92% in realised prices offset by the impact of foreign exchange and inflation. The impact on Adjusted EBITDA of lower sales volumes amounting to R2.6 billion was more than offset by an increase in on-mine inventory, overall operating cost savings and a lower rehabilitation charge. The Adjusted EBITDA margin improved to 38%, compared to a negative margin of 5.6% for the comparative period.

ADJUSTED EBITDA (Rbn)



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PROFIT FOR THE REPORTING PERIOD

Profit for the reporting period was R7.0 billion, compared to a loss of R4.7 billion in the comparative period. This improvement was driven mainly by the increase in revenue and lower operating costs.

Profit attributable to equity shareholders of the Group improved to R6.5 billion, compared to an attributable loss of R4.4 billion in the comparative period. Net profit attributable to NCI improved to R509 million from the comparative period loss of R290 million.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

The Group generated earnings attributable to equity shareholders of R6.5 billion and R47.74 per share during the period (based on a WANOS for the period of 135,957,450). For the purposes of the Pro forma financial information, these shares have been considered to be in issue from the start of the comparative period, and WANOS is reflective of total shares in issue, adjusted for treasury shares held. In the comparative period the Group incurred a loss attributable to equity shareholders of R4.4 billion and R32.37 per share (based on WANOS for the period of 136,311,808).

The Group generated headline earnings of R7.0 billion and R51.99 per share during the period compared to a loss of R18.60 per share in 2020. The difference between the EPS and HEPS mainly relates to the impairment losses, which were excluded from headline earnings.

INVESTOR RELATIONS ACTIVITY AND SHARE PRICE

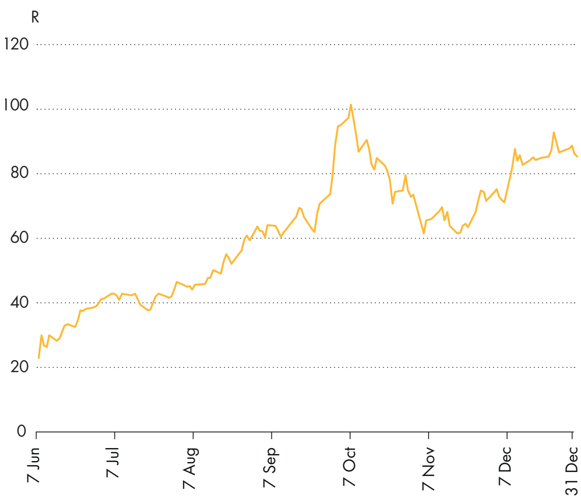
Since our listing on 7 June 2021 Thungela has positioned itself as a leading thermal coal company in terms of generating value for shareholders.

The investor relations function was set up at the onset of the announcement of the Demerger in April 2021. The investor relations function engages regularly with the market to ensure effective communication of the Group's financial and operating performance, ESG matters and corporate strategy. Engagement with the market includes regular interactions with buy-side and sell-side analysts, existing institutional and retail investors, as well as potential investors. Engagements with the market have been important to ensure an understanding of our business, recognising our very recent listing.

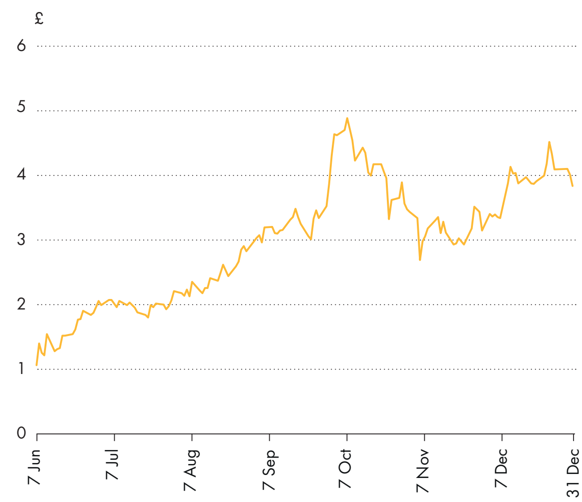
Thungela was admitted to trading on the JSE and LSE under the ticker 'TGA'. We have communicated and engaged with the market through the hosting of a Capital markets day (6 May 2021), the release of interim results (13 August 2021), the release of a CFO Pre-close and trading statement (6 December 2021), analyst and investor calls accompanying the aforementioned releases, as well as the release of material information through the JSE SENS and LSE RNS platforms.

TGA closed at R21.90 per share on the JSE on its first day of trading but has subsequently increased to R84.54 per share at close on 31 December 2021, representing an increase of 286%.

TGA CLOSING SHARE PRICE ON JSE (ZAR)



TGA CLOSING SHARE PRICE ON LSE (GBP)



CORPORATE ACTIONS

Thungela continues to evaluate opportunities to enhance our business and optimise resource extraction, whether through value accretive acquisitions or through strategic partnerships. We concluded a strategic partnership agreement with the Nasonti Group, a partner with whom we have had a long and successful working relationship, to establish a company through which we will enable increased saleable production. Through the agreement a beneficiation plant will be re-established at Goedehoop South to commercially exploit the mineral residue material at the site.

Thungela paid R227 million into the structure, of which R120 million is in the form of a loan. The commercial arrangement has resulted in the creation of a joint operation, Pamish, which has been reflected in the Annual financial statements for the year ended 31 December 2021. It is estimated that our effective share of steady state production will be up to 1.0 Mt of low-cost saleable product per annum for the next four years. First coal is planned for March 2022.

DIVIDENDS

The Group's dividend policy targets a minimum return to shareholders of 30% of Adjusted operating free cash flow. The board declared an ordinary dividend of R18 per share for the year ended 31 December 2021, which results in R2.5 billion cash dividends to shareholders of Thungela.

The EPP and the CPP were both established on 2 June 2021 to participate in the success of the business. The EPP and CPP are each eligible for 5% of the dividends declared by SACO on its ordinary shares and will receive a dividend of R273 million which represents 10% of the SACO dividend declared.

The aggregate total returns to shareholders of Thungela amount to R2.5 billion which represents 63% of Adjusted operating free cash flow well above our policy of 30%.

This is in line with our capital allocation framework which seeks to prioritise returns to shareholders during periods of strong performance. The board remains focused on and committed to delivering attractive shareholder returns, while maintaining disciplined capital allocation.

CAPITAL ALLOCATION

OPERATIONAL CASH FLOWS

REPLENISH LIQUIDITY BUFFER

PRIMARY SOURCE OF CASH FLOW TO CREATE OR DISTRIBUTE VALUE

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**

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OUTLOOK

	2022	2023	2024
Export saleable production (Mt)	14 – 15	>16	>16
FOB cost per export tonne (Rand/tonne)*	870 – 890	870	870
Capital – sustaining (Rand billion)*	1.6 – 1.8	1.6 – 1.8	1.6 – 1.8
Capital – expansionary (Rand billion)*	0.1 – 0.2	0.6 – 0.8	0.7 – 0.9

* Rand amounts in real money terms.

Based on the operational and financial performance achieved in 2021, the Group is updating the operational outlook.

The range for export saleable production is revised to between 14 Mt and 15 Mt for 2022, taking into account a gradual rather than immediate recovery in TFR performance. In 2022 export sales are expected to more closely align with export saleable production because the Group has largely utilised available on-mine stockpile capacity. Export saleable production, subject to TFR's performance, is expected to recover and exceed 16 Mt from 2023.

Inflationary pressures are currently increasing across various commodities and consumables. These, coupled with a lower production denominator in 2022 due to the constrained rail availability, are likely to weigh on the Group's unit cost. The Group expects the 2022 FOB cost per export tonne to range between R870 and R890 per export tonne – the bottom end of the unit cost range assumes the achievement of the upper end of the production guidance. The unit cost includes a mining royalty amount of R20/tonne payable to the South African government. The royalty could increase materially if current Benchmark coal prices, which are higher than the Group's working assumptions, were to prevail for the remainder of the year.

FOB cost per export tonne guidance for 2023 and 2024 is expected to moderate as a result of higher export saleable production and continuous productivity improvements offsetting geological inflation.

Taking into account the capital deferrals from 2021, sustaining capital for 2022 is expected to be between R1.6 billion and R1.8 billion. Future sustaining capital has been reset to this range as a result of reviewing capital expenditure through a 'Thungela lens'.

In addition, the Group sets guidance for expansionary capital expenditure aimed at supporting the execution of its strategy. The range is set between R100 million and R200 million in 2022, increasing to between R700 million and R900 million by 2024; it includes the Elders production replacement and Zibulo North shaft life extension projects that are currently scheduled to commence in late 2022 and 2023 respectively.

The Group will maintain disciplined capital allocation as it seeks further opportunities to achieve a fit-for-purpose capital expenditure profile while lowering capital intensity.

At the time of writing, geopolitical unrest in Europe is resulting in an unprecedented escalation in prices across the energy complex and commodity prices. This escalation is expected to have a pronounced impact on cost inflation into the future. The above guidance is accordingly set in this context and will be reviewed as the impact of the current situation becomes clearer.

We have a proven ability to deliver on our promises in a challenging environment and intend to further demonstrate the resilience of our operations.

SIGNIFICANT ACCOUNTING MATTERS

Environmental provisions

Environmental provisions have been recognised based on the current environmental disturbances caused at the reporting date and for our current assessment of the risk of latent or residual environmental impacts that may become known in the future. Assessments are annually updated for changes in the environmental footprints across our operations, rates used to determine the costs required for closure, regulations, technology and approaches to conduct rehabilitation. The Environmental provisions are determined per operating site, with the assistance of specialist independent environmental consultants. An amount of R306 million (2020: credit of R15 million) has been recognised in the statement of profit or loss and other comprehensive income and a credit to the decommissioning assets of R57 million (2020: debit of R8 million) has been recognised related to the annual assessment.

The Group has provided for water treatment costs using a combination of active and passive water treatment methods, based on the activities currently being performed at its operations. The NEMA Financial Provisioning Regulations require the treatment of water to be provided for using the costs for currently available technologies which the DMRE has approved, based on the evidence that the technology to be implemented is able to consistently achieve the discharge requirements. Thungela has embarked on an exercise to investigate several different technologies to mitigate the impact of water liabilities.

The Group is expected to transition to the NEMA Financial Provisioning Regulations on the transition date of 19 June 2022, however, there are several regulatory steps that are required to take place before this transition can be effective. The Environmental provisions have been determined based on the legal obligations under the existing MPRDA Regulations, as well as the Group's interpretation of the potential increase in costs required to meet certain of the NEMA Financial Provisioning Regulations, for example water treatment costs.

It is important to note that financial provisioning as specified in the NEMA Financial Provisioning Regulations, as well as the existing MPRDA Regulations, does not translate into the Environmental provisions as recognised by the Group, but rather the level of cash or other funding to be made available to fund the closure of operations should the Group not be able to do so. The financial provisioning as required by the current MPRDA Regulations amounts to R4.1 billion (2020: R4.0 billion), compared to the total Environmental provisions recognised by the Group of R6.8 billion (2020: R6.2 billion).

Deferred tax assets

The Group has a significant amount of unredeemed capital deductions (and previously assessed losses – collectively the 'available tax losses') available in TOPL, based on historical loss-making operations within this entity. Given the strong financial performance of the Group, including TOPL, the assessed losses within TOPL have been fully utilised in the year ended 31 December 2021.

However, due to specific requirements in the tax legislation applicable to mining companies in South Africa, a large portion of the unredeemed capital deductions is ring-fenced to specific mines and specific activities.

Based on the ring-fencing criteria, it is unlikely that all of the available unredeemed capital deductions will be utilised in relation to the higher cost, and older operations of TOPL. As a result, the Group did not recognise deferred tax assets of R1.2 billion (2020: R1.6 billion) related to the available tax losses.

Deon Smith
Chief financial officer

SUMMARISED ANNUAL FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

Rand million	2021	2020
Revenue	26,282	3,750
Operating costs	(17,322)	(3,872)
Impairment losses	(808)	–
Fair value gains on derivative assets	348	–
Fair value loss on derivative asset – capital support	(569)	–
Restructuring costs and termination benefits	(422)	(2)
Profit/(loss) before net finance costs and tax	7,509	(124)
Net finance costs	–	(314)
Investment income	503	3
Interest expense	(680)	(312)
Other financing gains/(losses)	177	(5)
Profit/(loss) before tax	7,509	(438)
Income tax (expense)/credit	(571)	76
Profit/(loss) for the reporting period	6,938	(362)
Attributable to:		
Non-controlling interests	509	(32)
Equity shareholders of the Group	6,429	(330)
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	27	–
Fair value losses on financial asset investments	(63)	(10)
Related tax	(6)	2
Net items that will not be reclassified to profit or loss	(42)	(8)
Total comprehensive income/(loss) for the reporting period	6,896	(370)
Attributable to:		
Non-controlling interests	508	(34)
Equity shareholders of the Group	6,388	(336)
Earnings/(losses) per share		
Basic (cents)	6,108	(531)
Diluted (cents)	6,087	(531)
Reconciliation of headline earnings/(losses)		
Profit/(loss) attributable to equity shareholders of the Group	6,429	(330)
Adjusted for:		
Excluded remeasurements	800	–
Impairment of property, plant and equipment	786	–
Impairment of intangible assets	22	–
Profit on sale of property, plant and equipment	(8)	–
Tax effects of excluded remeasurements	(222)	–
Impairment of property, plant and equipment	(218)	–
Impairment of intangible assets	(6)	–
Profit on sale of property, plant and equipment	2	–
Headline earnings/(losses)[1]	7,007	(330)
Headline earnings/(losses) used in the calculation of diluted headline earnings/(losses) per share[2]	7,007	(330)
Headline earnings/(losses) per share		
Basic (cents)	6,657	(531)
Diluted (cents)	6,634	(531)

[1] There were no adjustments for headline earnings/(losses) which had an impact for the non-controlling interests.
[2] There were no adjustments to headline earnings/(losses) used in the calculation of diluted headline earnings/(losses) per share relating to potential ordinary shares.

Internal restructure

As a result of the timing of the Internal restructure, the results for the year ended 31 December 2020 reflect only one of the seven operating mines of the Group. Refer to the note detailing the comparability of results as included on pages 4 to 6 of this document. The Internal restructure is a key driver of the movements in key metrics below.

Revenue

Revenue has increased to R26.3 billion mainly as a result of a 90% increase in the Benchmark coal price to USD124.11/tonne, partially offset by a stronger Rand. The increase in the Benchmark coal price, in combination with an optimisation of our product mix through the year, has resulted in an average realised price of R1,535/tonne.

Adjusted EBITDA

Profit before net finance costs and tax has increased to R7.5 billion. Adjusted EBITDA has increased to R10.0 billion as a result of significantly higher revenue, as well as lower costs due to lower production volumes in the year. The Adjusted EBITDA margin has increased to 38% .

Effective tax rate

The effective tax rate of 7.6% is lower than the statutory tax rate of 28% as available assessed losses and capital deductions were utilised in the year. This is expected to normalise closer to the statutory tax rate into the future.

Earnings per share and headline earnings per share

Earnings attributable to the equity shareholders of the Group is R6.4 billion, and has been adjusted for the impact of the impairment of property, plant and equipment and other remeasurements, which results in headline earnings of R7.0 billion. This results in an EPS of R61.08, and HEPS of R66.57, using a WANOS of 105,260,339.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Rand million	2021	2020
ASSETS		
Non-current assets		
Intangible assets	118	158
Property, plant and equipment	10,568	8,436
Environmental rehabilitation trusts	3,288	2,880
Investment in associate	63	89
Deferred tax assets	378	*
Financial asset investments	323	361
Trade and other receivables	64	44
Other non-current assets	109	111
Total non-current assets	14,911	12,079
Current assets		
Inventories	2,546	1,149
Trade and other receivables	4,320	3,351
Current tax assets	46	123
Financial asset investments	31	–
Derivative asset – capital support	347	–
Derivative assets	348	–
Cash and cash equivalents	8,736	194
Total current assets	16,374	4,817
Total assets	31,285	16,896
EQUITY		
Stated capital	10,041	–
Contributed capital	965	–
Merger reserve	2,606	7,179
Treasury shares	(183)	–
Share-based payment reserve	16	65
Other reserves	89	411
Retained earnings/(losses)	3,039	(4,894)
Equity attributable to the shareholders of the Group	16,573	2,761
Non-controlling interests	1,901	1,395
Total equity	18,474	4,156
LIABILITIES		
Non-current liabilities		
Loans from Anglo American	–	361
Lease liabilities	92	127
Retirement benefit obligations	449	455
Deferred tax liabilities	1,400	581
Environmental and other provisions	6,609	5,519
Total non-current liabilities	8,550	7,043
Current liabilities		
Trade and other payables	3,499	4,344
Loans and borrowings	63	221
Lease liabilities	29	24
Environmental and other provisions	392	1,107
Current tax liabilities	278	1
Total current liabilities	4,261	5,697
Total liabilities	12,811	12,740
Total equity and liabilities	31,285	16,896

* Represents an amount less than R1 million.

Environmental liability coverage

Environmental provisions of R6.8 billion relate to the obligation to rehabilitate, remediate and restore environmental disturbances caused by our ongoing operations. Investments of R3.5 billion are held in the environmental rehabilitation trusts and the Green fund to fund these provisions, in combination with guarantees held in favour of the DMRE of R3.2 billion. This results in Environmental liability coverage of 52%.

Working capital

Net working capital has increased to R3.4 billion on the basis of increased on-mine stockpiles due to poor TFR performance, and increased receivables through the higher realised price on revenue.

Net cash

Net cash has increased to R8.7 billion.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Rand million	Stated capital	Contributed capital	Merger reserve	Treasury shares
Balance at 1 January 2020	–	–	2,591	–
Acquired through Internal restructure	–	–	4,588	–
Total comprehensive loss for the reporting period	–	–	–	–
Movements in share-based payment reserve[2]	–	–	–	–
Balance at 31 December 2020	**–**	**–**	**7,179**	**–**
Issue of shares for assumed fair value of SACO	**4,575**	**–**	**(4,575)**	**–**
Issue of shares for cash	**5,466**	**–**	**–**	**–**
Purchase of shares by Group companies	**–**	**–**	**–**	**(183)**
Acquired through Internal restructure	**–**	**–**	**2**	**–**
Total comprehensive (loss)/income for the reporting period	**–**	**–**	**–**	**–**
Movements in share-based payment reserve[2]	**–**	**–**	**–**	**–**
Transfer of financial asset revaluation reserve on sale of investments[3]	**–**	**–**	**–**	**–**
Reclassifications	**–**	**–**	**–**	**–**
Contributed capital – Capital support agreement	**–**	**916**	**–**	**–**
Contributed capital – Anglo American Retention awards	**–**	**49**	**–**	**–**
Balance at 31 December 2021	**10,041**	**965**	**2,606**	**(183)**

1 Includes the financial asset revaluation reserve of R3 million (2020: R352 million) and retirement benefit obligation reserve of R86 million (2020: R59 million).

2 Includes movements as a result of share-based payment expenses, vesting of shares and granting of shares. The individual movements are not considered material, other than the accelerated vesting of the Anglo American share awards.

3 The transfer of the financial asset revaluation reserve relates to the disposal of Anglo American shares in relation to the accelerated vesting thereof on completion of the Demerger.

Stated capital

The number of shares in issue is 136,311,808, with 2,712,606 shares held in treasury by the Group. All treasury shares are held in relation to awards granted under the Thungela share plan.

Share-based payment reserve	Other reserves[1]	Retained (losses)/ earnings	Total equity attributable to share-holders of the Group	Non-controlling interests	Total equity
7	9	(2,247)	360	1,559	1,919
60	408	(2,311)	2,745	(127)	2,618
–	(6)	(330)	(336)	(34)	(370)
(2)	–	(6)	(8)	(3)	(11)
65	411	(4,894)	2,761	1,395	4,156
–	–	–	–	–	–
–	–	–	5,466	–	5,466
–	–	–	(183)	–	(183)
–	–	1,299	1,301	–	1,301
–	(41)	6,429	6,388	508	6,896
(49)	–	(76)	(125)	(2)	(127)
–	(290)	290	–	–	–
–	9	(9)	–	–	–
–	–	–	916	–	916
–	–	–	49	–	49
16	89	3,039	16,573	1,901	18,474

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Rand million	2021	2020
Cash flows from operating activities		
Profit/(loss) before tax	7,509	(438)
Net finance costs	–	314
Profit/(loss) before net finance costs and tax	7,509	(124)
Impairment losses	808	–
Restructuring costs and termination benefits[1]	174	–
Fair value loss on derivative asset – capital support	569	–
Fair value gains derivative assets	(348)	–
Depreciation and amortisation	1,018	408
Share-based payment charges	87	2
Increase in provisions	127	34
Profit on sale of property, plant and equipment	(8)	–
Other adjustments	33	15
Movements in working capital	(3,154)	(109)
Increase in inventories	(1,352)	(70)
Increase in trade and other receivables	(960)	(201)
(Decrease)/increase in trade and other payables	(842)	162
Cash flows from operations	6,815	226
Amounts applied to reduce Environmental and other provisions[2]	(502)	–
Income tax paid	(197)	(66)
Net cash generated from operating activities	6,116	160
Cash flows from investing activities		
Expenditure on property, plant and equipment	(2,312)	(604)
Proceeds on sale of property, plant and equipment	9	–
Expenditure on intangible assets	(11)	–
Purchase of financial asset investments[3]	(301)	(4)
Repayment of loans granted to investees	6	–
Loans granted to investees	(69)	–
Repayment of quasi-equity loans to associate	26	–
Investment income received	107	3
Acquired through Internal restructure	158	195
Acquisition of joint operation	8	–
Net cash utilised in investing activities	(2,379)	(410)
Cash flows from financing activities		
Shares issued for cash	5,466	–
Interest expense paid	(58)	(1)
Capital repayment of lease liabilities	(32)	–
Repayment of loans and borrowings	(3,135)	–
Proceeds on loans from Anglo American	2,570	430
Purchase of shares by Group companies	(183)	–
Net cash generated from financing activities	4,628	429
Net increase in cash and cash equivalents	8,365	179
Cash and cash equivalents at the start of the reporting period	194	15
Net increase in cash and cash equivalents	8,365	179
Effects of changes in foreign exchange rates	177	–
Cash and cash equivalents at the end of the reporting period	8,736	194

1 Restructuring costs and termination benefits of R174 million includes the accelerated vesting of Anglo American share awards of R138 million and represents the non-cash portion of the expense.

2 Amounts applied to reduce Environmental and other provisions represents cash paid to settle these obligations which is not directly recognised through the statement of profit or loss and other comprehensive income.

3 Purchase of financial asset investments relates to the initial investment in the other environmental investments, through the Green fund, as well as the purchase of Anglo American shares related to the employee share awards.

Adjusted operating free cash flow

Cash generated from operations increased to R6.1 billion. Adjusted operating free cash flow of R3.9 billion has increased substantially based on the strong performance of the Group for the year, which has resulted in our ability to return R2.5 billion to the shareholders of Thungela.

Capex

Capex for the year of R2.3 billion includes sustaining capex of R2.2 billion and is below our previously communicated guidance. This is mainly as a result of capital deferrals to 2022 due to the lower production run rate in quarter four of 2021 in line with TFR challenges, and savings realised through applying a Thungela lens to capex.

Cash held in Trusts

Cash and cash equivalents includes R10 million of cash held in the CPP and EPP which is not available for the general use of the Group.

The consolidated financial statements from which this extract was derived have been prepared under the supervision of Deon Smith CA (SA), CFO. The summarised financial statements are derived from the Annual financial statements on which PwC has expressed an unqualified opinion. A copy of the independent external auditor's report together with the consolidated annual financial statements is available for inspection on www.thungela.com/investors/results

OPERATIONAL PERFORMANCE

UNDERGROUND OPERATIONS

GOEDEHOOP COLLIERY

	2021	2020
Fatalities	1	–
TRCFR	2.38	1.12
Total saleable production (kt)	5,281	6,124
Export saleable production (kt)	2,191	2,191
Domestic production (kt)	3,090	3,933
FOB cost per export tonne (Rand/tonne)	1,001	918
Capex (Rand million)	257	274

Safety

Regrettably, Goedehoop colliery had a tragic incident on 23 June 2021 in which Moeketsi Mabatla lost his life. Goedehoop recorded a TRCFR of 2.38 in 2021 (2020: 1.12).

Performance

Export saleable production at 2,191 kt in 2021 was in line with the prior year despite a reduction in the number of sections from six to five and the transition of two sections to mine a new area and seam during 2021. The new area, named Brown 2, will deliver 7.0 Mt over the next three years. Goedehoop successfully implemented a high productivity section which resulted in the mine operating the country's top producing section. Two of the five sections mined more than 1 Mt of ROM despite the impact of COVID-19.

Domestic saleable production at 3,090 kt reduced by 21% year on year (2020: 3,933 kt) due to lower demand from domestic customers. Domestic production from Goedehoop remains an opportunistic activity that does not generate significant margin in the short term but will result in a rehabilitation benefit at the end of LOM.

FOB cost per export tonne of R1,001/tonne was 9.0% higher year on year (2020: R918/tonne). Costs were mainly impacted by one-off maintenance related cost as well as a higher mining royalty charge due to the higher realised export prices.

GREENSIDE COLLIERY

	2021	2020
Fatalities	–	–
TRCFR	0.79	1.76
Total saleable production (kt)	3,456	4,494
Export saleable production (kt)	3,454	3,604
Domestic production (kt)	2	890
FOB cost per export tonne (Rand/tonne)	845	644
Capex (Rand million)	355	381

Safety

Greenside recorded a TRCFR of 0.79 in 2021 (2020: 1.76) and has operated more than 8,500 fatality-free production shifts.

Performance

Export saleable production of 3,454 kt was 4.2% lower than in the prior year (2020: 3,604 kt), however was in line with expectation as more underground sections are deployed into remnant areas and into the geologically more challenging East Block reserves. Production was further impacted by the lower TFR performance as on-mine stockpiles reached capacity in the second half of 2021.

Domestic saleable production reduced to 2 kt in 2021 (2020: 890 kt) due to lower demand from domestic customers.

FOB cost per export tonne of R845/tonne rose 31% (2020: R644/tonne) mainly due to lower production, higher roof support costs as the mine moves into more challenging areas and higher mining royalty charges as a result of the higher realised export prices.

ZIBULO COLLIERY

	2021	2020
Fatalities	–	1
TRCFR	0.98	1.26
Total saleable production (kt)	5,553	5,153
Export saleable production (kt)	5,553	5,153
Domestic production (kt)	–	–
FOB cost per export tonne (Rand/tonne)	715	652
Capex (Rand million)	704	470

Safety

Zibulo recorded a TRCFR of 0.98 in 2021 (2020: 1.26).

Performance

Export saleable production increased by 7.8% to 5,553 kt (2020: 5,153 kt) as productivity improvement initiatives materialised. Production was significantly impacted by the lower TFR performance as on-mine stockpiles reached capacity. The Zibulo opencast pit was materially curtailed in the fourth quarter of 2021 as a result of the TFR challenges and is expected to ramp-up production to capacity levels only once the TFR performance improves. Zibulo mined more than 1 Mt of ROM in two of the eight underground sections in 2021.

FOB cost per export tonne at R715/tonne rose 9.7% (2020: R652/tonne) as higher realised prices impacted mining royalty costs. On-mine unit costs (excluding royalties) remained flat year on year as the mine countered inflation with productivity improvements and various cost savings implemented over a two-year period.

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OPENCAST OPERATIONS

KHWEZELA COLLIERY

	2021	2020
Fatalities	–	–
TRCFR	1.10	2.71
Total saleable production (kt)	3,207	6,182
Export saleable production (kt)	1,963	3,697
Domestic production (kt)	1,244	2,485
FOB cost per export tonne (Rand/tonne)	1,240	1,118
Capex (Rand million)	302	1,271

Safety

Khwezela recorded a TRCFR of 1.10 in 2021 (2020: 2.71). Khwezela colliery has operated in excess of 11,000 fatality-free production shifts.

Performance

Export saleable production decreased by 47% to 1,963 kt (2020: 3,697 kt) due to the Bokgoni pit being placed on care and maintenance in quarter one of 2021 and the Umlalazi pit reaching the end of life during 2021. Although the Navigation pit is ramping up production, it was significantly impacted by the lower TFR performance as on-mine stockpiles reached capacity at the end of September 2021. The ramp up will be delayed until the TFR performance improves.

Equipment and resources are currently being redeployed to rehabilitation and other activities to alleviate the pressure on on-mine stockpiles while maintaining the optionality to ramp up production to required levels when the TFR performance improves. Domestic saleable production at 1,244 kt reduced by 50% (2020: 2,485 kt) due to the depletion of reserves from the Umlalazi pit and lower demand from domestic customers.

Despite the operating cost reduction following the decision to place the Bokgoni pit on care and maintenance, the FOB cost per export tonne at R1,240/tonne was up 11% (2020: R1,118/tonne) due to the production curtailment as a result of the full stockpiles.

MAFUBE COLLIERY (ATTRIBUTABLE)

	2021	2020
Fatalities	–	–
TRCFR	1.09	1.07
Total saleable production (kt)	1,796	1,818
Export saleable production (kt)	1,796	1,818
Domestic production (kt)	–	–
FOB cost per export tonne (Rand/tonne)	786	652
Capex (Rand million)	218	222

Safety

Mafube recorded a TRCFR of 1.09 in 2021 (2020: 1.07). Mafube colliery has operated in excess of 12,000 fatality-free production shifts.

Performance

Export saleable production at 1,796 kt was similar to the prior year (2020: 1,818 kt) despite an approximate 33% increase in the waste volume as the strip ratio increased. Production was also impacted by the lower TFR performance as on-mine stockpiles reached capacity during quarter four of 2021.

FOB cost per export tonne at R786/tonne rose 21% (2020: R652/tonne) due to the higher waste volumes moved compared to ROM coal mined and higher than inflation price increases on petroleum products and explosives.

ISIBONELO COLLIERY

	2021	2020
Fatalities	–	–
TRCFR	2.99	2.48
Total saleable production (kt) (incl. coal purchases)	4,153	4,277
Export saleable production (kt)	–	–
Domestic production (kt) (incl. coal purchases)	4,153	4,277
FOR cost per export tonne (Rand/tonne)	380	369
Capex (Rand million)	173	119

Safety

Isibonelo recorded a TRCFR of 2.99 in 2021 (2020: 2.48) and has operated more than 12,000 fatality-free production shifts.

Performance

Saleable production was 2.9% lower at 4,153 kt (2020: 4,277 kt). Both years were characterised by higher than expected rainfall. The improved pit dewatering infrastructure was able to mitigate some of the effects of the high rainfall, but further improvements are required to manage the thick soft-burden material.

The FOR cost per tonne at R380/tonne rose 3.0% (2020: R369/tonne) mainly due to higher than inflation price increases on petroleum products and explosives and the coal purchases required to meet the contractual obligations.

ESG PERFORMANCE

PERFORMANCE DASHBOARD

Key performance indicators (KPIs)	Outcome	2021	2020
Safety and health			
Fatalities	x	1	1
Total recordable case frequency rate (TRCFR)	√	1.35	1.51
Fatal-injury frequency rate (FIFR)	√	0.06	0.06
New cases of noise induced hearing loss (NIHL)	√	1	6
Environment			
Total energy consumed (million GJ)	√	3.42	3.87
Total greenhouse gas (GHG) emissions (kt CO_2e)	√	819	883
Water abstraction (ML)	x	865	785
Water reused/recycled (%)	x	61	66
Water treatment (%)	√	57	50
Number of level 3 – 5 environmental incidents	x	1	–
Wellness			
Employees who know their HIV status (%)	√	91	92
HIV positive employees on ART (%)	√	93	94
Social			
Level 3 – 5 incidents	x	8	4
People			
HDSAs in management (%)	√	74	70
Women in management (%)	√	28	25
Women in core mining (%)	√	27	25
Voluntary labour turnover (%)	√	3.2	2.7

ENVIRONMENTAL STEWARDSHIP

For many countries, particularly across the developing world and in South Africa, access to reliable and affordable energy depends on access to thermal coal. Even as the world transitions to a lower carbon future, Thungela has an important ongoing role as a responsible thermal coal miner that recognises society's needs, environmental expectations, and the vital role that mines play in the economy and local communities.

To be responsible environmental stewards, we believe that our role is to protect and preserve our environment with intent and passion. It is important for us that we not only avoid or minimise the impact of our operations, but that we deliver positive and lasting environmental outcomes for the good of all our stakeholders.

ENVIRONMENTAL MANAGEMENT

We are striving for and working towards 100% environmental compliance, both in terms of compliance to the conditions of our licences as well as having approved permits and licences for all our activities. The EIA Regulations, in particular NEMA Regulation 34, require environmental authorisation audit reports to be made publicly available. Our 2021 external environmental legal audit reports were published on our website and these reports are available at https://www.thungela.com/sustainability/environmental-compliance.

We engage regularly with the Department of Water and Sanitation and the DMRE to discuss pending authorisations. Due to the long lead times in securing the necessary permits and licences, we attempt to mitigate the risk of delays to projects and activities on site.

There was unfortunately one level 3 incident in November 2021 at Khwezela colliery, Kromdraai complex. Mine impacted water discharged from a decant sump into the adjacent environment and ultimately to the Kromdraaispruit due to the failure of a previously sealed culvert below the decant sump. Contributing to this incident was the vandalism and theft of infrastructure required to pump the polluted water from the decant sump to the liming plant for further treatment. The impact of this incident did not extend to the Wilge River and no biodiversity impacts were observed. Corrective actions were implemented to seal off the culverts and restore the infrastructure required to redirect the water accumulating in the decant sump to the liming plant.

CARBON AND ENERGY MANAGEMENT

Coal's most serious, long-term, global impact is climate change and we recognise the importance of addressing this challenge. We are deliberate in our understanding of this risk, working proactively to reduce our scope 1 and 2 carbon emissions.

Total carbon dioxide equivalent (CO_2e) emissions in 2021 were 819 kt compared to 883 kt in 2020. This reduction of 7.3% was driven by the placement of the Bokgoni pit at the Khwezela colliery on care and maintenance in the first quarter of 2021, as well as our energy efficiency improvement projects. Our carbon intensity decreased by 0.9% from 4.60 kg CO_2 per total tonne moved in 2020 to 4.56 kg CO_2 per total tonne moved in 2021.

At Demerger, we set a target of reducing our absolute emissions by 15% off the 2016 baseline. Our 2021 CO_2e emissions were 17% lower than those in 2016, owing to the closure of Goedehoop South and the placement of the Bokgoni pit at the Khwezela colliery on care and maintenance, reduced production due to COVID-19, TFR under performance and improvements in energy efficiency. We will continue to challenge ourselves to reduce our carbon intensity at every operation on an annual basis while we develop intermediate emission reduction targets and chart our pathway to net-zero by 2050, subject to the requirements of the countries in which we operate and the markets we serve.

Our energy intensity improved by 5.6 % year-on-year owing to our energy efficiency projects. We are on track to meet our 2025 target of a 15% improvement in energy efficiency against our business as usual projections, with 6.5% savings achieved to date. We will continue to investigate and implement energy saving projects, particularly on our large energy users, as well as exploring the opportunities for partial substitution of some of our energy requirements with renewable energy.

WATER MANAGEMENT

Mining is a water intensive industry, with water being fundamental for our operations and host communities. We view water as a strategically important, valuable and scarce resource. Our intention is to be responsible water stewards, by enabling mining while seeking to achieve no long-term net harm where we operate and to reduce our long-term liability. Four primary objectives form the basis of our water management ambitions: water security, operational excellence, water infrastructure and compliance. Three strategic approaches are followed to meet these objectives, namely innovation, partnership and an integrated approach that allows for regional collaboration. Our water reporting has been standardised against the WAF and ICMM definitions.

A 20% reduction target for imported water of 812 ML was set against a 2015 baseline of 1,015 ML to be achieved by 2023. Overall, the freshwater reduction progress is on track with an abstraction rate of 865 ML for 2021 (2020: 785 ML). A strong focus has been placed on reducing freshwater abstraction at our Goedehoop colliery, which is now recycling its mine water for use in the underground continuous miners and we are already seeing a marked reduction in freshwater import. We will continue this focus in 2022, through identifying and addressing high usage areas.

A total reuse/recycle target of 75% has been set for the Group. In 2021, 61% was achieved, slightly down from the 66% in 2020, owing to the increase in freshwater abstraction rather than reuse of mine water, which we are addressing. We achieved and exceeded our annual target of 40% water treatment.

REHABILITATION AND CLOSURE PROVISIONS

Thungela operations achieved excellent overall rehabilitation outcomes in 2021, with 102 ha fully rehabilitated. Annually, Thungela uses a third party to update the final decommissioning, rehabilitation and closure plans and to determine the mine closure financial provision in terms of the prevailing legislation, currently under the MPRDA. The transition date of the NEMA Financial Provisioning Regulations has continually been deferred, from an original transition date of February 2017 to 19 June 2022.

As currently drafted, the NEMA Financial Provisioning Regulations will alter the financial provisioning for environmental obligations, and it is likely that compliance with these regulations in their current form will substantially increase the required quantum of financial provisioning for mining companies with existing operations.

This likely increase is mainly attributable to the change that specifies that latent or residual environmental impacts that may become known in the future will include the pumping and treatment of extraneous water.

We have provided for water treatment costs using a combination of active and passive water treatment methods, based on activities currently being performed at our operations. Thungela has embarked on a drive to investigate a number of different technologies to mitigate the impact of water liabilities. We have partnered with Mintek, the University of Pretoria and The Moss Group, to demonstrate the passive treatment process as an integrated system at larger scale and determine the suitability of the treated water for various applications, including irrigation of crops. The construction of a demonstration scale plant to further prove this treatment commenced in August 2021. We are also trialling use of phytoremediation in collaboration with the University of the Witwatersrand to address acid mine drainage challenges.

EDUCATION PROGRAMME

We launched a holistic education programme in partnership with the National Department of Basic Education in 2018. The total spend to date amounts to R47 million.

The programme is aimed at improving educational outcomes for learners in early childhood development, primary and high schools located in our host communities. Beneficiaries include 24 quintile 1 – 4 schools and 26 early childhood development centres in eMalahleni communities.

MUNICIPALITY CAPACITY DEVELOPMENT PROGRAMME (MCDP)

This programme aims to strengthen the capacity of host municipalities to provide improved access to basic services. We assist in dealing with the challenges associated with the environment, population growth, livelihood and economic vulnerability and increased demands on natural resources.

Our approach is designed to improve capacity in municipalities in which we operate. The initiatives are aimed at both the institutional and officials' capacity development in the Steve Tshwete and eMalahleni local municipalities.

Officials in the eMalahleni municipality have been trained in water safety planning and water quality requirements as this is critical to improving and maintaining water quality.

COMMUNITY PARTNERSHIPS

Engaging our communities to build long-lasting relationships

Responsible mining offers real and unique opportunities for social and economic advancement. We have undertaken an analysis to better understand the host communities' needs and government's long-term plans for the areas in which we operate. Our communities are experiencing the country's 'triple challenge' of poverty, inequality and unemployment. Understanding this challenge has resulted in us developing a socio-economic development approach to enhance the social wellbeing and economic growth of host communities through skills development, infrastructure development, education, healthcare and support for local businesses. Our approach demonstrates our ambitious intention to outperform on the social aspect of ESG and seeks to fulfil our purpose by achieving the creation of shared value with our communities.

We have set clear outcomes and impact goals directly linked to various programmes delivered through our SLPs, CSI and strategic initiatives.

In 2021, at Demerger we developed our social policy setting out performance standards and requirements toward achieving our ambition. The policy defines acceptable management requirements in respect of managing social risks and activities that have the potential to impact communities or materially impact the business. It also incorporates mining principles, promotes best and sound practices while encouraging transparency and accountability.

In 2020, Thungela contributed R90 million to communities, while in 2021 we contributed R119 million through a systematic and integrated implementation of SLPs, CSI initiatives, the MCDP, the education programme, provision of community scholarships and enterprise development. In 2021, 24% of total procurement spend was with our local SMMEs, equating to R2.3 billion. This is a substantial increase from the 2020 spend of R1.5 billion.

In response to the challenges posed by the COVID-19 pandemic, we implemented various interventions. We established a COVID-19 PCR testing laboratory at our Highveld Hospital and installed 50 new bed units to provide clinical care when needed. We also provided eight clinics in the region with personal protective equipment, medical supplies, clinical support and training of healthcare professionals. We also provided support to schools in our host communities by providing COVID-19 PPE to 50,000 learners and 600 teachers at 50 schools in our areas of operation. In addition, we assisted communities with access to clean water by donating three 14,000 litre water tanks to Steve Tshwete, eMalahleni and Govan Mbeki local municipalities and providing proper sanitation.

Our business incident management system covers community complaints, disputes and grievance mechanisms that meet the intent of the United Nations (UN) Guiding Principles on Business and Human Rights.


SPINACH
POPULATION 1352
47 ROWS
PLANTED - 12-04-2021

OUR CONTRIBUTION TO SOCIETY

We are proud of the vital role we play in South Africa's growth and development and that of the nations to which we export. Working together, we aim to responsibly create value together for a shared future.

EMPLOYEE PARTNERSHIP PLAN

R137 MILLION

The Thungela EPP holds a 5% shareholding in SACO which resulted in a dividend declaration of R137 million for 2021, which will be paid to eligible employee beneficiaries after three years. This partnership allows employees to share in the value created and helps develop a culture in which colleagues commit to the highest environmental, social and governance standards.

Employer trustees have been appointed and the recruitment and appointment of an independent chair and employee trustees is underway. The process of naming the trust will commence soon.

NKULO COMMUNITY PARTNERSHIP TRUST

R137 MILLION

In 2021, Thungela founded the Community Partnership Plan as part of its commitment to the socio-economic development of communities in which we operate. Based on the dividend declaration for 2021, R137 million will be paid to the trust for the upliftment of local communities. The Community Partnership Plan, aptly named The Nkulo Community Partnership Trust holds a direct equity stake of 5% of SACO. Nkulo signifies growth.

Several trustees have been appointed. A process is currently underway to recruit and appoint an independent chair and community trustees. The Nkulo Community Partnership Trust will create a long-lasting legacy and make a meaningful impact on the host communities.

HOST COMMUNITY PROCUREMENT

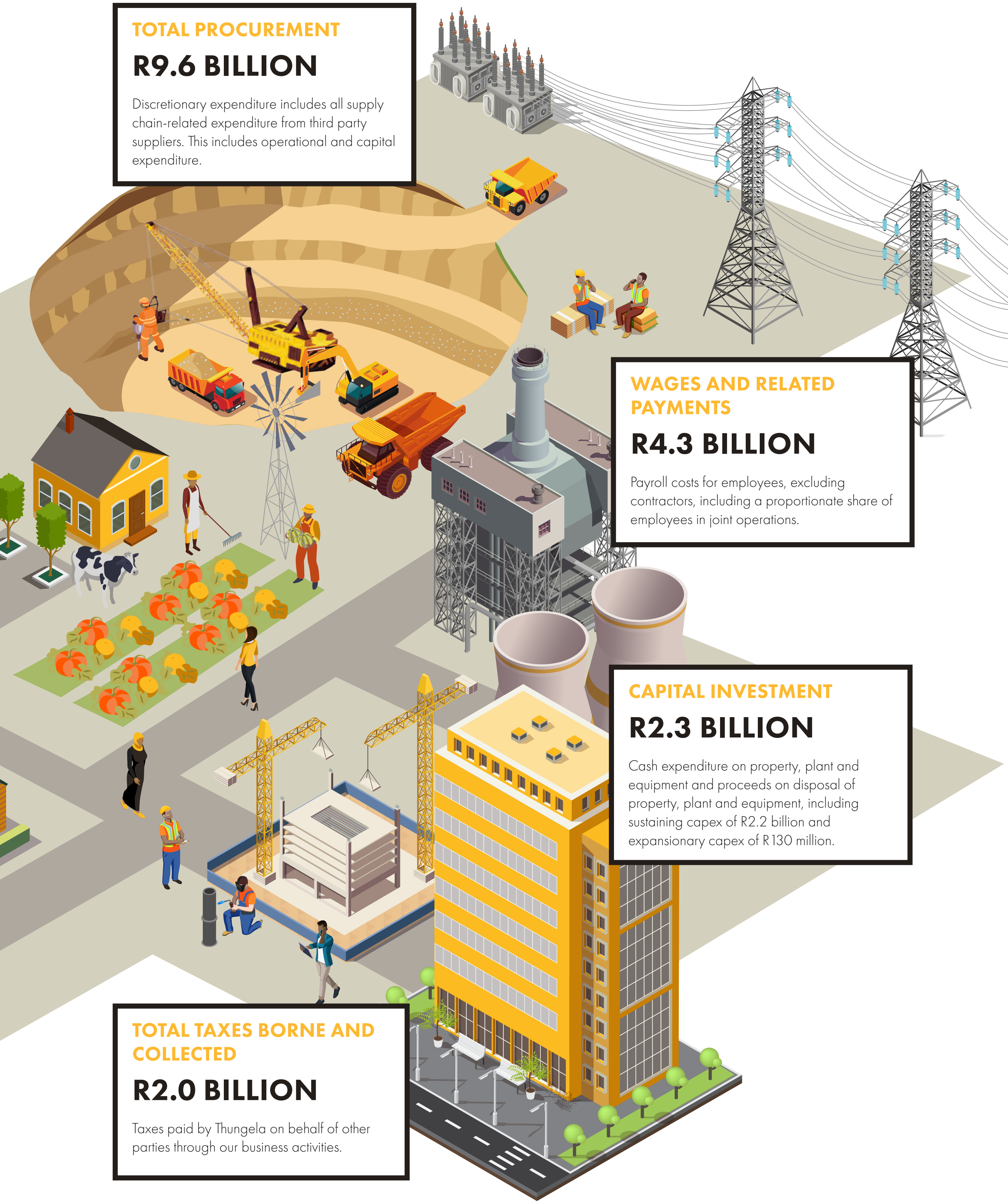
R2.3 BILLION

Procurement of goods and services from suppliers in the immediate areas of our operations.

CONTRIBUTION TO LOCAL COMMUNITIES

R119 MILLION

Our expenditure on corporate social investment, socio-economic development projects and social and labour plans.



TOTAL PROCUREMENT

R9.6 BILLION

Discretionary expenditure includes all supply chain-related expenditure from third party suppliers. This includes operational and capital expenditure.

WAGES AND RELATED PAYMENTS

R4.3 BILLION

Payroll costs for employees, excluding contractors, including a proportionate share of employees in joint operations.

CAPITAL INVESTMENT

R2.3 BILLION

Cash expenditure on property, plant and equipment and proceeds on disposal of property, plant and equipment, including sustaining capex of R2.2 billion and expansionary capex of R130 million.

TOTAL TAXES BORNE AND COLLECTED

R2.0 BILLION

Taxes paid by Thungela on behalf of other parties through our business activities.

OUR PEOPLE

THUNGELA IS BUILT BY OUR PEOPLE, FOR OUR PEOPLE

The health, safety and wellbeing of all individuals working at Thungela is imperative. We are committed to being a fatality-free business and will strive to avoid, reduce and mitigate the negative impacts we may have on communities. These targets are non-negotiable.

At Thungela we are bold, ambitious and driven by an entrepreneurial mindset. As a newly listed entity, we are shaping an exciting future with new opportunities, supported by an engaged workforce and a high-performance culture.

Underpinned by our code of conduct, we promote an inclusive and diverse environment for all our colleagues. We value our differences and are committed to maintaining and improving that diversity, while treating people fairly and respectfully. Our values guide every decision we make and what we stand for as an organisation.

We are building a business that supports our employees through job enrichment, the opportunity to work within a company that plays a vital role in the economy and growth of South Africa and a working environment that supports personal values and goals. Our focus on leadership excellence and our values are the bedrock of our culture as we strive to always be a responsible corporate citizen that benefits our people, stakeholders, host communities and the markets we serve.

OUR SAFETY PERFORMANCE

Our operational safety performance is tracked continuously and incidents are presented throughout the year. At year end we review our safety progress. Incident investigations highlight risks and identify changes to be made. The general risks in our operations are fall of ground, mobile equipment, fire and explosion and uncontrolled release of energy. We are pleased to report an 11% improvement in the TRCFR from 1.51 in 2020 to 1.35 in 2021.

We are on a safety journey, continuously improving our approach. We aspire to zero work-related losses of life, as well as to a consistent decrease in the total recordable cases. The tragic loss of Moeketsi Mabatla on 23 June 2021 has reinforced our commitment to the elimination of fatalities in our business. Our commitment is underpinned by our safety strategy which has three pillars: back to basics, work management and culture change. We are pleased to report an 11% improvement in the TRCFR from 1.51 in 2020 to 1.35 in 2021.

Back to basics ensures that we continue to uphold clear fundamentals, which, when adhered to consistently, will guarantee safe production outcomes. Focus areas under this pillar include:

- our Eyethu Rules (life-saving rules)
- focused leadership interactions
- identification and investigation of high potential hazards and incidents
- our operational risk management processes which encompass critical control strategies and monitoring
- job risk analysis.

Adherence to these basics will protect our employees from risk and ensure constant leadership interaction around safety behaviour at our operations.

1
FATALITY
(2020: 1)

1.35
TOTAL RECORDABLE CASE FREQUENCY RATE (TRCFR)
(2020: 1.51)

6
HIGH POTENTIAL INCIDENTS (HPIs)
(2020: 6)

0.81
LOSS TIME INJURY FREQUENCY RATE (LTIFR)
(2020: 0.85)

Work management is focused on continual improvement in the planning, management and execution of work. High risk work scheduling and verification are cornerstones in this process, allowing senior oversight of tasks that have potentially harmful consequences should something go wrong. This process, along with implemented business process framework work management systems at most of our operations, has allowed us to identify:

- the right work
- the right resources (labour, tools and equipment)
- at the right time
- the right way – following the right procedures/processes.

Culture change relies on our people to activate the previous two pillars to drive the transformation of our behaviour. We have implemented senior leadership plans and coaching across our operations to assist senior managers. Sustainable risk reduction programmes, which use leading indicators to identify improvement projects, reduce risks in daily tasks.

In 2021, we initiated a three-month campaign using a boardgame – Thunopoly – to guide specific interactions and learning across operations, improve leadership visibility and engagement on operations and create excitement around safety.

OUR HEALTH AND WELLNESS PERFORMANCE

Wellness management is a business priority as we recognise that the health and wellbeing of employees directly impacts the productivity of the entire organisation. Our Be Well programme is a multi-faceted approach which supports the optimum wellbeing of our people and is managed by healthcare professionals with the assistance of onsite wellness champions. It covers employee assistance programmes including access to mental healthcare through iCAS, education and prevention of diseases, vaccination facilities, primary healthcare, screening and early identification of communicable and non-communicable diseases such as tuberculosis (TB), HIV and cancer. We have consistently met the first two targets of UNAIDS' 90-90-90 treatment for all strategy despite the COVID-19 pandemic.

COVID-19 RESPONSE

COVID-19 Testing and Cases	2021
Lives lost to COVID-19 (employees and contractors)	**11**
Total number of COVID-19 tests (employees and contractors)	**10,695**
Total number of positive COVID-19 tests (employees and contractors)	**2,556**

While COVID-19 continues to have a profound effect globally, the significant work done to address the pandemic in 2020 has meant that the impact on Thungela's business and operations in 2021 was well controlled and managed through the successive COVID-19 waves. Sadly 11 employees lost their lives to COVID in 2021 and our condolences go to their families, friends and colleagues.

We have implemented a series of actions on our sites, including the development of COVID-19 critical controls for onsite management of the pandemic, which have enabled our operations to continue operating safely. Our health response plan is intended to give all employees the tools to prevent the transmission of the virus, to monitor their health, optimise their health status and take the necessary containment measures in the event of infection. We introduced our WeCare programme as the key vehicle for driving the medical response to the pandemic. It covers the full spectrum of prevention, response and recovery.

In 2020 we established a COVID-19 PCR testing laboratory at our Highveld Hospital and installed 50 new bed units to provide clinical care when needed. A COVID-19 command centre was established to monitor and track affected employees and their families. The Highveld Hospital was also approved as a vaccination site in 2021 and we are administering COVID-19 vaccinations to eligible employees including contractors and dependants. Through these efforts and the controls put in place in 2020, we were able to provide COVID-19 assistance throughout 2021 which reduced the impact on our operations. We have also collaborated and shared resources with the Department of Health and the South African Minerals Council to support the vaccination efforts.

MANAGING OUR TALENT

One of our goals is to retain and attract highly talented people into our business and help employees realise their full potential for the business and for their own personal development and satisfaction. Through proactive talent management, we identify our current and potential future leaders, work with them to achieve their full potential and hire new talent to increase the bench strength and diversity of the talent pool. This means developing a pipeline with the right quantity and quality of talent over a multi-year timeframe and having well executed systems and processes for moving people through the pipeline. This is done through both a current and future world of work perspective, taking into account the implications of our skill requirements and our social contract with government and communities.

Our process of identifying talent and successors for our various talent pools is extensive, but simple. Leadership teams deliberate on their talent, their growth potential and their ability to occupy business critical roles. Significantly, at the top end of the organisation, discussions around career succession planning, career moves and development are firmly incorporated into the Group executive committee's annual agenda.

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Our talent and development processes aim to improve the skills and capability in the organisation, which in turn fosters employee motivation and engagement, ensuring that we have the best talent available, in the right place and at the right time to meet both our current and future business needs. Therefore, succession plans have been developed for all critical roles in our executive leadership level. In identifying successors, we are intentional about ensuring that we have a diverse profile in line with our inclusion and diversity objectives.

We seek to maximise value for shareholders through our people. As we look towards the future we plan to leverage our previous achievements through:

- bursary and graduate development programme for key disciplines including mining, engineering, metallurgy, geology, safety, ventilation and occupational hygiene engineering (VOHE), ensuring that we invest in our communities and feed our young talent pipeline
- leadership development programmes for talent pools including young talent, high potential and executive pipeline employees and female specific programmes
- career development panels and manager once removed sessions to optimise employee engagement, career development and retention of critical skills
- annual talent reviews and succession planning
- mentoring and executive coaching to ensure successor readiness
- team effectiveness training
- leverage our employee value proposition to attract and retain key talent
- strengthening our brand as an employer of choice
- project and stretch assignments
- reigniting our performance management processes to build a purpose-led, continuous learning, high performing mindset in line with our culture.

HUMAN RESOURCE DEVELOPMENT

We aim to build the capabilities of our workforce through both upskilling and reskilling by ensuring that our focus is aligned with role requirements that fit both the business of today and the future.

Our programmes range from developing leadership and technical capability to learnerships that facilitate workplace entry for unemployed youth, with a shift in focus towards more accredited programmes. These support the creation of a future-fit workforce resilient to change.

Our key objectives:

- to go beyond compliance with skills targets and goals set by regulators such as the B-BBEE codes supported by programmes focusing on increased external learnerships and people with disabilities
- ensure a shift towards accredited training for nationally recognised skills programmes which support portable skills across mining houses
- ensure that our leaders, specifically those on the frontline, are equipped to ensure safe and productive operations
- continue to make a difference for our employees in our host communities through continued educational support for accredited training.

We invested R117 million in 2021 – 3.2% of annual leviable amount (2020: R77 million – 2.4% of annual leviable amount) in developing our people, as part of our SLP commitment and in support of our B-BBEE strategy.

We are staying abreast of emerging trends to boost the efficiency and effectiveness of training and to enhance our skills base. COVID-19 unlocked agility and changed the training delivery model as we had to fast-track our digital transformation strategy and related initiatives.

We are building an inclusive organisation by eliminating barriers and creating a safe and accessible environment. In 2021, we launched a 12-month learnership programme that will give local community members living with disabilities a footing into the world of work. It will provide 50 individuals under the age of 35 accredited NQF level 3 or 4 qualifications in information technology, business administration, supply chain and project management, as well as practical work experience.

LEADERSHIP ACADEMY

We will launch our Leadership Academy (the Academy) in 2022. The aim of the Academy is to upgrade and enhance the skills and capability of our employees to effectively lead the Group while ensuring alignment to the new organisational strategy and purpose. It will drive excellence and continuous improvement by ensuring we have the best talent and leadership capability available in the organisation, both short and long term. This will drive the right development and assist leaders in transitioning to more senior roles.

There will be six distinct programmes ranging from early talent to senior management and executive pipeline development.

EMPLOYEE ENGAGEMENT

Our organisational culture is built on the foundations of diversity, equality and dignity, and our employees uphold the right to freedom of association and collective bargaining in terms of the South African Constitution and Labour Relations Act. Our relationship with our unions is characterised by ongoing communication and engagement.

Approximately 71% of Thungela's workforce is represented by NUM, 2% are represented by the National Union of Metalworkers of South Africa (NUMSA) and 27% do not belong to a recognised union.

At Mafube, 48% of the workforce is represented by NUM, 28% by NUMSA and 24% do not belong to a recognised union.

We remain mindful that the climate of uncertainty related to the Demerger and COVID-19 has implications for employee morale and productivity, safety and employee relations. We will continue to engage closely with our employees and organised labour on all matters which could impact them negatively or positively in the future.

To support our employees through the Demerger, a number of change champions were nominated at each site. Their role was to engage with employees, share information about important changes, gather insights, listen to concerns and share these with the business leadership, as well as providing feedback to employees.

A two-year wage agreement was concluded in 2020 without any labour disruptions to our operations. The next wage negotiation round will commence in quarter two of 2022.

DIVERSITY AND INCLUSION

Thungela embraces inclusivity. A key strength is the diversity among our employees and in our teams. We value and recognise our differences and are committed to maintaining and improving diversity while treating people fairly and respectfully. We treat everyone as we would expect to be treated ourselves.

We are committed to maintaining a fair workplace free from any form of discrimination. This includes discrimination relating to age, gender, race, culture, religion, marital status, sexual orientation and physical or mental ability.

We comply with all legal obligations that seek to redress historical issues of inequality for example, B-BBEE legislation.

Our approach on inclusion and diversity is to create an environment in which every colleague is given the opportunity to discover and reach their true potential. We are committed to the following tenets:

- we hold our leaders accountable for treating all colleagues fairly and inclusively
- all colleagues are expected to treat one another with care and respect, in every situation
- we set appropriate goals for diversity at senior levels to ensure continuous improvement
- we respect the diversity of culture and heritage in our partnerships and operations
- we commit to being inclusive in the way we engage all of our stakeholders.

GENDER BASED VIOLENCE

Underpinned by our focus on safety, we are assisting in the eradication of gender-based violence (GBV). GBV negatively impacts employees' ability to bring their whole self to work. We are committed to providing support for colleagues who are victims or witnesses of domestic violence or intimate partner abuse.

In 2021 we called on the Thungela family to boldly confront the stereotypes that lead us to disregard and ultimately harm women and girls. In line with our inclusion and diversity strategy, we focused on sexual harassment and victimisation in the workplace, domestic violence and violence against the LGBTQI+ community.

EMPLOYMENT EQUITY

Thungela has implemented a holistic transformation strategy. In pursuit of meeting our transformation targets, we have succession plans for identified critical roles, senior and middle management roles.

A central employment equity and skills development forum has been established to monitor our performance against regulatory targets and our employment equity profile, economically active population impacts and related training needs. Our employment equity strategy ensures alignment with transformation objectives.

OUR WORKFORCE

Workforce structure	2021	2020
Permanent employees	**4,446**	4,876
Third party contractors[1]	**2,000**	2,370

[1] These numbers have been calculated based on the fixed-term equivalent basis.

People	2021 %	2020 %
HDSAs in management	**74**	70
Women in management	**28**	25
Women in core mining	**27**	25
Voluntary labour turnover	**3.2**	2.7

The average age of our workforce is currently 41 years, down from 42 years in 2020.

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WOMEN IN MINING

We are committed to the development of women, who make up 27% (2020: 25%) of our workforce, ensuring that they have the required skills for current and potential future roles. We have introduced female-specific leadership development programmes. We also undertake targeted and deliberate actions to ensure that female successors are ready for appointment. We ensure ongoing engagement, development planning, coaching and mentoring for our female employees.

There is continued focus on identifying opportunities to improve the appointment and promotion of women in core roles and at senior management level.

SUPPORTING LABOUR RIGHTS

As stated in Thungela's code of conduct, we have a fundamental commitment to respecting labour and human rights. This informs our core values. It is further expressed through our observance of core labour rights, being guided by relevant laws and regulations. We aim, through ongoing due diligence and appropriate management, to identify, assess and minimise potential adverse human rights' impacts that we may cause or to which we may contribute, or that are linked to our business. This includes actions by our suppliers or third parties acting on our behalf. In the event of adverse impacts as a result of our operations, our objective is to ensure remediation to the greatest possible extent.

We are committed to the International Labour Organization's core labour rights, covering the right to freedom of association and collective bargaining, the right to equal pay for equal work, and a zero-tolerance approach to forced labour, child labour and unfair discrimination.

We expect all of our employees, contractors and suppliers to observe these rights.

AWARDS

In 2021, Thungela qualified as one of South Africa's top gender empowered companies in the Standard Bank Top Women 16th edition. These awards celebrate organisations for prioritising gender empowerment as an integral part of their business strategies.

Thungela received the Top Employer South Africa 2022 certification from the Top Employers Institute, placing the company among a group of companies from 120 countries/regions around the world which have achieved excellence in employee conditions.

05 GOVERNANCE

ETHICAL LEADERSHIP

INTRODUCTION

Conducting business ethically in line with good corporate governance practices is a key priority for Thungela, which remains committed to act responsibly and ethically to continue to build trust and accountability. Due processes of disclosure and transparency are followed so as to provide regulators and shareholders, as well as the general public, with precise and accurate information about the financial, operational and other aspects of the Group.

Thungela demonstrates its leadership among thermal coal miners by embracing strong corporate governance principles to manage risk and continuously build trust with its stakeholders through ethical business behaviour, meeting its commitments and maintaining transparency and accountability in its management approaches and reporting.

Thungela is committed to adhering to the corporate governance principles set out in King IV, the International Finance Corporation Performance Standards and other relevant adopted industry standards. The Group has published our report on ESG performance in accordance with applicable standards which can be accessed on the Thungela website at https://www.thungela.com/investors/integrated-reports.

Thungela is committed to the board composition requirements set out in the inclusion and diversity policy incorporating consideration of all aspects of diversity, including gender, age, racial diversity, as well as appropriate competence and tenure, which is evident from the current board appointees. It also commits to transparent and fair executive pay structures, linked to ESG performance, and in conformity with IFRS as applicable in South Africa and the UK and as may be relevant to the Group's financial reporting policies.

PURPOSE AND APPROACH

The Thungela approach to corporate governance is essential to value creation, and is integrated into the company's strategies, policies, standards, practices and procedures. High standards of corporate governance support achieving business sustainability, as well as enhancing accountability, transparency and effective compliance.

The Group:

- commits to proactively identify and assess the risks and opportunities to the business and develop and implement strategies to address these
- promotes diversity and inclusion on its board
- has implemented strategies to promote equality and develop a workforce that is diverse in terms of race, age and gender
- has zero tolerance for corruption and has implemented policies, procedures and associated training to ensure that this is achieved
- has implemented policies and initiatives to, among other things, protect whistleblowers, encourage tax transparency and discourage anti-competitive practices.

BOARD RESPONSIBILITY

The Thungela board and the Group executive committee work together to create economic value for all stakeholders, ensuring that the Thungela strategy and business model are fit for purpose in the short, medium and long term and that we retain the flexibility to adapt to changing market conditions and ensure the sustainability of the business.

To maintain a balance between stakeholder reward and being a responsible citizen, Thungela has developed risk matrices monitored by the audit committee and risk and sustainability committee via the risk and assurance team.

The Thungela governance framework places the board as the custodian of corporate governance, giving it effective control of the business, with its roles and responsibilities set out in the board charter which is based on the Thungela MOI. The Thungela Approvals framework ensures that business matters are managed and approved at the right levels, and that the board retains overall control and oversight of the business as a whole.

COMMITMENT

- The Group commits to principles of sound governance and application of the highest ethical standards in the conduct of its business and affairs.
- The board commits to the principles of diligence, honesty, integrity, transparency, accountability, responsibility and fairness.
- The board accepts full responsibility for the application of these principles to ensure that the principles of good corporate governance are effectively practised throughout the Group.
- The board understands and accepts its responsibility to safeguard and represent the interests of the Group's stakeholders in perpetuating a successful and sustainable business that ensures the achievement of Thungela's strategic objectives.
- In addition to the above and in furtherance of the ESG strategy and the inclusion and diversity policy, the board committed to increase the representation of black females on the board, and an additional appointment is expected to be made within an appropriate timeframe.
- The board comprises directors with an age range from 44 to 62, with an average age of 55 years. The board comprises four black males (of which one is Zimbabwean), one black female and two white males (of which one is Irish). The knowledge and experience of the board is diverse, with board members having accounting, financial, technical, engineering and management skills, as reflected in their resumés as available on our website at https://www.thungela.com/about-us/who-we-are.

APPROACH

- The board is responsible for ensuring that the Group complies with all of its statutory obligations as specified in its MOI, the Companies Act of South Africa, the JSE Listings Requirements, the UK Listing Rules and all other relevant regulatory requirements.
- The directors endorse the principles of King IV and recognise the need to conduct the affairs of the Group with integrity and in accordance with generally accepted corporate practices. In discharging this responsibility, the principles of King IV are being applied in both letter and spirit.
- The directors recognise that they are ultimately responsible for the performance of the Group. The directors have proactively taken steps to ensure full compliance with the Companies Act of South Africa, the JSE Listings Requirements and the application of the principles of King IV.
- In addition, Thungela is required and is committed to complying with the UK Listing Rules, MAR and the UK Disclosure Guidance and Transparency Rules.

INCLUSION AND DIVERSITY POLICY

The Group recognises and embraces the benefits of having a diverse board and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. In this regard, the board has adopted the inclusion and diversity policy, a summary of which has been made available on the Group's website at https://www.thungela.com/about-us/who-we-are.

In terms of this policy, in considering the composition of the board, cognisance is taken of the benefits of all aspects of diversity specifically including, but not limited, to gender and race diversity, with due regard to attaining the appropriate balance of knowledge and experience, skills, race, gender, culture, age and independence in order for the board to effectively discharge its role and responsibilities. The individual board members contribute to the collective blend of knowledge, skills, resources, objectivity and experience of the board. As a diverse board needs to include and make good use of differences in the skills, experience, background, academic qualifications, technical expertise, knowledge, nationality, culture, age, race, gender and other distinctions between members of the board, these differences are considered in determining the optimum composition of the board and, when possible, are balanced appropriately. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the board as a whole requires to be effective. The board will regularly review and consider whether its size, diversity and demographics make it effective.

THE BOARD

The board consists of seven members, with two executive directors, four independent non-executive directors and one non-executive director. In accordance with the board charter, the composition reflects a majority of non-executive directors. The board is the ultimate decision-making body of the Group, except in respect of matters reserved for shareholders. No single director has unfettered powers of decision making.

The board's responsibilities include providing the Group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, and reviewing policies and processes which seek to ensure the integrity of the Group's risk management and internal controls.

The board is ultimately accountable for the management of the Group's business, strategy and key policies. The board is also responsible for approving the Group's objectives and targets. In addition, the board oversees the Group's operations and ensures compliance with all relevant statutory and regulatory requirements.

The board has established a written Thungela Approval framework, which sets out the delegation of authority to management and decisions the board wishes to reserve for itself. The Approval framework is regularly reviewed and monitored.

The non-executive directors bring an independent view to the board's decision making. None of the directors, other than the executive directors, have a fixed term of appointment and one-third of the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at every AGM, in accordance with the Thungela MOI. Any non-executive director whose term of office exceeds nine years will be subject to a rigorous annual review by the remuneration and nomination committee, for onward recommendation to the board, taking into account their performance and independence. A statement as to such director's independence will be included in the Integrated annual report.

The mandatory retirement age for non-executive directors will be 70 years, at which time the director shall vacate office at the end of the financial year in which that director turns 70 years old, unless the board, on recommendation by the remuneration and nomination committee in its discretion, decides otherwise.

Each director has been, and in future shall be, identified and selected by the remuneration and nomination committee, subject to final approval by the board. Directors shall be appointed and removed in accordance with the applicable provisions of the Thungela MOI, the Companies Act of South Africa and any other applicable law or regulatory provision.

At all times the board shall comprise a balance of non-executive and executive directors with a majority of non-executive directors, of whom the majority shall be independent. The board shall further comprise an appropriate mix of knowledge, skills, experience, diversity and independence to provide the necessary breadth and depth of knowledge and experience to meet the board's objectives and responsibilities objectively and efficiently, which will be assessed annually by the chairperson of the board in consultation with the remuneration and nomination committee. The remuneration and nomination committee will follow a transparent and formal process in recommending suitable candidates for the board's consideration.

The board includes two executive directors, being the CEO and the CFO, as recommended by King IV, as well as the board charter. The board meets as often as required, but at least four times annually. Information relevant to a meeting is supplied on a timely basis to the board, ensuring directors can make informed decisions. The directors have unrestricted access to information about the company and its senior management and, where appropriate, may seek independent advice on matters within the board's mandate, at Thungela's expense.

MEMBER	NUMBER OF MEETINGS: 12[1]
SS Ntsaluba (chairperson)	12/12
SG French[2]	2/4
BM Kodisang[3]	7/8
KW Mzondeki	12/12
TML Setiloane[4]	10/10
J Ndlovu	12/12
GF Smith	12/12

[1] Eight special board meetings in addition to the required four.
[2] Seamus French was appointed 4 June 2021.
[3] Ben Kodisang was appointed 16 March 2021.
[4] Thero Setiloane was appointed 7 March 2021.

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BOARD OF DIRECTORS

SANGO SIVIWE NTSALUBA
INDEPENDENT NON-EXECUTIVE CHAIRPERSON

BCOM, BCOMPT (HONS), CTA, HDIP TAX LAW, MCOM IN DEVELOPMENT FINANCE, CA(SA)

Age: 61
Nationality: South African
Appointed: 1 January 2021

Sango is the chief executive officer and founder of Aurelian Capital, an investment holding company. He co-founded SNG-Grant Thornton, one of South Africa's leading auditing and accounting firms. Having spent over two decades in leadership positions in operations, investment, and finance, he also has extensive board experience in listed, public sector and unlisted companies in South Africa and abroad. Sango has a wealth of knowledge and experience in financial services, transport, logistics, mining and food production. From his years of experience and background, he brings to the board invaluable experience on governance, analytical analysis, sensitivities to emerging world trends and understanding of social and environmental matters.

JULY NDLOVU
CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE DIRECTOR

BSC (HONS) (ENG), MBL, SENIOR EXECUTIVE PROGRAMME (COLUMBIA BUSINESS SCHOOL)

Age: 56
Nationality: Zimbabwean
Appointed: 1 September 2016

July was previously chief executive officer of Anglo American's South African coal business. Before that he occupied the position of executive head of processing at Anglo American Platinum Limited. He is an experienced mining executive having worked in different commodities over the last three decades.

GIDEON FREDERICK (DEON) SMITH
CHIEF FINANCIAL OFFICER (CFO), EXECUTIVE DIRECTOR

BCOM (HONS), CTA , CA(SA)

Age: 44
Nationality: South African
Appointed: 1 July 2017

Deon is the chief financial officer and executive director of Thungela. He was previously the chief financial officer of Anglo American's South African coal business. He became a member of the executive team in 2017. He subsequently assumed responsibility for strategy, business development and finance. Before joining the team, Deon was responsible for several finance functions across Anglo American and its divisions over 14 years, including corporate finance, capital management, shared accounting services and risk and audit. Deon spent six years with KPMG where he completed his articles and managed a software joint venture.

BENJAMIN MONAHENG (BEN) KODISANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

BCOM, HONS BCOMPT, CA(SA)

Age: 51
Nationality: South African
Appointed: 16 March 2021

Ben is the founder and chief executive officer of ALT Capital Partners, a private markets impact investment business. He has enjoyed more than 25 years of investment and business experience across asset classes and across the continent. He is well experienced in areas of operations, finance, business development and governance. He serves on several boards including Absa Bank Botswana Limited, Fortress REIT Limited, Barloworld Khula Sizwe Property Holdings, and Sphere Holdings. Previously chairman of the South African Property Owners Association (SAPOA) and Wesgro, he was also a past CEO of Sanlam Alternatives and managing director of STANLIB Asset Management Limited and Old Mutual Property.

KHOLEKA WINIFRED MZONDEKI
INDEPENDENT NON-EXECUTIVE DIRECTOR

BCOM, FCCA (UK)

Age: 54
Nationality: South African
Appointed: 12 February 2021

With over 20 years of experience in governance and senior financial management, Kholeka has been appointed as an Independent non-executive director at Thungela. She has served as financial director and chief financial officer in several organisations during her career, including the Fortune 500 company, 3M. She has served and is serving on the boards of Reunert, Aveng, Nampak and Telkom SA. Previously chairperson of Trudon (Yellow Pages), a subsidiary of Telkom, she was part of the team instrumental in taking Trudon on a digital journey. As well as being a finalist in the Nedbank/BWA Businesswoman of the Year Award, Kholeka also served as an audit member at the United Nations World Food Programme on a pro-bono basis.

THERO MICARIOS LESEGO SETILOANE
INDEPENDENT NON-EXECUTIVE DIRECTOR

BSC, BENG

Age: 62
Nationality: South African
Appointed: 7 March 2021

Thero is an independent non-executive director at Thungela. He currently serves as a non-executive director on the board of Foskor. He is also a director and board member of the Oppenheimer Memorial Trust. He previously held the positions of CEO for Business Leadership South Africa, and executive vice president of business sustainability at AngloGold Ashanti Limited. He was also an executive director at the Real Africa Holdings Limited and the deputy chief executive officer for the commercial division of Transtel. The various board positions that he held included chairman of Rand Refinery Proprietary Limited, chairman of the Nuclear Fuels Corporation of South Africa, chairman of the Agricultural Research Council and chairman of Swiss Re Africa.

SEAMUS GERARD FRENCH[1]
NON-EXECUTIVE DIRECTOR

BENG (CHEMICAL)

Age: 59
Nationality: Irish
Appointed: 4 June 2021

Seamus is Managing director, Europe and CEO designate of the international engineering and construction company, Laing O'Rourke. Prior to joining Laing O'Rourke, he was CEO of Anglo American plc's bulk commodities and other materials division, responsible for the coal, iron ore and nickel businesses.

[1] Seamus French resigned from Anglo American 31 December 2021, and will be considered independent from 1 January 2022.

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EXECUTIVE MANAGEMENT

BERNARD DALTON
EXECUTIVE HEAD: MARKETING

Age: 60

Bernard is a seasoned marketing professional with more than 35 years of experience in the mining and metals industries, having spent a number of years with BHP Billiton Aluminium, BHP Energy Coal and South 32. He has worked in Singapore on commodity trading and risk management. Bernard is known for his extensive commercial knowledge and is a director at RBCT. In his most recent role as group manager marketing and Sales for South 32, he established the marketing strategy and structure for domestic and export sales across Johannesburg and London.

LESLIE MARTIN
EXECUTIVE HEAD: TECHNICAL

BENG (MECHANICAL ENGINEERING)

Age: 50

Leslie is a mechanical engineer, having commenced his career at Anglo American in 1996 as a junior engineer in the coal division. He had various roles, including general manager and head of the safety and sustainability development department. He has experience in underground and opencast mining, process plants, projects and construction. Leslie successfully integrated the operational risk management process into the operating model of the South African coal division of Anglo American.

LESEGO MATABOGE
EXECUTIVE HEAD: HUMAN RESOURCES

BA, PGDIP

Age: 49

Lesego was formerly the head of human resources at the South African coal division of Anglo American plc. He has extensive human resources experience within the natural resources sector, having worked at Kumba Iron Ore Limited and ArcelorMittal SA Limited.

MPUMI SITHOLE
EXECUTIVE HEAD: CORPORATE AFFAIRS

BA (HONS)

Age: 43

Mpumi was formerly the head of corporate affairs at the South African coal division of Anglo American plc. Prior to this, Mpumi was media and external relations manager at Anglo American Platinum Limited where she was instrumental in shaping the reputation and narrative of the organisation during the six-month platinum strike in 2014. Before joining Anglo American, Mpumi was head of communications at Sanofi-Aventis.

JOHAN VAN SCHALKWYK
CHIEF OPERATING OFFICER

BENG (MINING)

Age: 47

Johan was formerly the head of operations and business services of the South African coal division of Anglo American plc. He has held a number of management roles at various collieries of Anglo American's South African coal operations and was the general manager at the Sishen mine of Kumba Iron Ore Limited, during which these mines achieved prestigious safety, productivity and efficiency awards within the Anglo American Group.

CARINA VENTER
EXECUTIVE HEAD:
SAFETY, HEALTH AND ENVIRONMENT

NATIONAL DIPLOMA IN SAFETY MANAGEMENT, MBA

Age: 44

Carina was previously the head of safety and health at the South African coal division of Anglo American plc. She has held several management roles in the South African coal operations, having started her career at SasCoal Engineering.

COMPANY SECRETARY

FRANCOIS KLEM
COMPANY SECRETARY

DIPLOMA IN BUSINESS MANAGEMENT, DIPLOMA IN COMPANY SECRETARYSHIP, CHARTERED INSTITUTE OF SECRETARIES

Age: 57

Francois has been appointed to this position in order to meet the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The duties of the company secretary include:

- ensuring that board procedures are followed and reviewed regularly
- ensuring compliance with the applicable rules and regulations for the conduct of the affairs of the board
- providing the board and individual board members with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group and in line with good governance practices
- providing counsel and guidance to the board on its individual and collective powers and duties
- eliciting responses, input and feedback for board and board committee meetings
- preparing and circulating board and board committee papers timeously
- ensuring preparation and circulation of proper minutes of shareholder, board and board committee meetings
- maintaining statutory records in accordance with legal requirements
- reporting to the board on any non-compliance with the MOI or Companies Act of South Africa
- certifying in the annual financial statements that the Group has filed the required notices and returns timeously in accordance with the Companies Act of South Africa
- ensuring that the Group's annual financial statements are properly distributed
- carrying out the other functions required of a company secretary by the Companies Act of South Africa and the JSE Listings Requirements
- considering the regulatory universe, preparing and providing the board with updates and proposed changes to laws and regulations affecting the Group
- assisting the remuneration and nomination committee with the appointment of directors
- advising the remuneration and nomination committee on all legal and regulatory matters, including legal frameworks and processes
- advising the board with regards to all regulatory filing and public disclosure relating to Thungela's governance processes
- assisting with director induction and training programmes.

The board has considered and satisfied itself as to the competence, qualifications and experience of the company secretary.

GOVERNANCE FRAMEWORK

The board is the ultimate decision-making body of the Group, except in respect of matters reserved for shareholders. The board has delegated responsibility to the CEO and the Group executive committee, who are provided with clear definitions of their responsibilities and accountabilities. Their performance is measured against agreed key performance indicators and the Group's performance, which are also used to determine their compensation.

Evaluating the board's and committees' performance in terms of King IV principles, will provide the board with a mechanism and outcomes with which to assess its governance performance and make improvements if necessary. With Thungela only having listed on 7 June 2021, the board has appointed an external service provider to conclude the first round of board, committee and board members' assessments in 2022, followed by the development of focused training for individual board and committee members based on the outcomes of these assessments. Feedback from the assessments will be presented to the remuneration and nomination committee and board in the fourth quarter of 2022. A summary of the feedback from the external assessor will be included in the Integrated annual report for the year ending 31 December 2022.

BOARD

AUDIT COMMITTEE

Required to report annually and oversees the Group's accounting and financial reporting, external audit, integrated reporting and combined assurance.

REMUNERATION AND NOMINATION COMMITTEE

Responsible for the process of nominating, electing and appointing board members, CEO, CFO and board succession planning, board performance evaluation process and the remuneration policy in terms of the board and prescribed officers.

SOCIAL AND ETHICS COMMITTEE

Responsible for overseeing and reporting on ESG matters to the extent that it is not covered in the risk and sustainability committee, ethics, stakeholder relations and responsible corporate citizenship and overseeing people diversity and regulatory compliance and transformation.

RISK AND SUSTAINABILITY COMMITTEE

Overall oversight of Group risk, information technology, oversight of sustainability, with focus on safety, health and environment and decides on the Group's risk appetite.

BOARD COMMITTEES

As provided for in Thungela's MOI and board charter, the board is supported and assisted by the audit committee, the remuneration and nomination committee, the social and ethics committee and the risk and sustainability committee which have clear mandates and oversight responsibility for various aspects of the business.

The responsibilities delegated to each committee are formally documented in their terms of references, which have been approved by the board and are reviewed annually. The current composition of each of the committees is set out below.

AUDIT COMMITTEE

The audit committee is chaired by Kholeka Mzondeki, an independent non-executive director. The other members are Ben Kodisang and Thero Setiloane. The composition of the audit committee complies with the Companies Act of South Africa (as applicable). As recommended by King IV, all members of the audit committee (including the chairperson) are independent non-executive directors, and the members as a whole have the necessary financial literacy, skills and experience to execute their duties effectively.

This committee meets at least four times during the year.

MEMBER	NUMBER OF MEETINGS: 4
KW Mzondeki (chairperson)	4/4
BM Kodisang	4/4
TML Setiloane	4/4

The committee is responsible for performing the functions required of it in terms of the JSE Listings Requirements, section 94(7) of the Companies Act of South Africa, the UK Disclosure Guidance and Transparency Rules and the other functions in terms of its mandate.

These functions include:

- nominating for appointment the Group's external auditor and ensuring that such auditor is independent of the Group
- determining the external auditor's fees and terms of engagement as well as reviewing the appropriateness of the audit scope
- ensuring that the appointment of the independent external auditor complies with the provisions of the Companies Act of South Africa and any other relevant legislation
- determining, from time to time, the nature and extent of non-audit services to be provided by the Group's independent external auditor
- preparing a report to be included in the annual financial statements, in compliance with the Companies Act of South Africa
- receiving and dealing with any concerns and complaints (whether from within or outside the Group, or on its own initiative) relating to accounting practices, internal or external audits conducted, the content of the Group's financial statements, the financial reporting procedures, controls and related matters
- making submissions to the board on any matter concerning the Group accounting policies, financial control, records and reporting
- ensuring that appropriate financial reporting procedures have been established and that those procedures are operating, which includes consideration of all entities included in the consolidated financial statements, to ensure that it has access to all financial information to allow for the effective preparation and reporting on the financial statements
- independently reviewing and monitoring the integrity of the Group's consolidated annual financial statements
- assessing the annual financial statements, income tax returns and CIPC annual returns of the Company and all subsidiaries
- to the extent delegated by the Thungela board, the management of financial and other risks that affect the integrity of other external reports issued by the Group and the effectiveness of its systems of governance, systems of risk management and internal control
- performing such oversight functions as may be determined by the Thungela board
- overseeing the independent external audit process, as well as the scope and performance of the internal audit process through the risk and assurance function
- independently reviewing and monitoring the integrity of the financial statements
- overseeing the management of financial and other risks that affect the integrity of other external reports issued by the Group and the effectiveness of its systems of governance, systems of risk management and internal control
- ensuring the effectiveness and objectivity of the internal and external auditor
- reporting to the shareholders in the annual report that the committee has executed the responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements
- ensuring that the Group's risk and assurance function is appropriately resourced and equipped to perform in accordance with appropriate professional standards for internal auditors
- ensuring compliance with the statutory duties of the committee as contained in relevant legislation and the JSE Listings Requirements
- requesting from the independent external auditor the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in their assessment of the suitability for appointment of the audit firm and designated individual audit partner for each year they are appointed

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- ensuring that the appointment of the auditor is presented and included as a resolution at the AGM pursuant to section 61(8) of the Companies Act of South Africa
- ensuring that appropriate financial reporting procedures have been established and that those procedures are operating, which should include consideration of all entities included in the Annual financial statements, ensuring that it has access to all financial information to allow for the effective preparation and reporting on the financial statements.

Audit committee members have unrestricted access to information about the Group which falls within the committee's mandate and management of the Group and, where appropriate, may seek the advice of independent professionals on matters within the audit committee's mandate at Thungela's expense.

The CFO has a standing invitation to the audit committee and the committee also invites the chairperson of the board and the CEO to meetings. The audit committee may also invite such other directors and members of the Group executive committee as may be deemed fit. The lead external audit partner, the head of internal audit, the CFO and the CEO all have direct access to the audit committee chairperson.

The audit committee has reviewed the expertise, experience and performance of the CFO and determined that it is satisfied with the appropriateness of the CFO's expertise and experience.

The audit committee has ensured that the Group's risk and assurance function is appropriately resourced and equipped to perform in accordance with appropriate professional standards for internal auditors and is responsible for the establishment of appropriate financial reporting procedures by the Group. The audit committee has ensured that such procedures and their financial controls are operating (which include consideration of all entities included in the consolidated annual financial statements, to ensure that Thungela has access to all of its financial information to allow it to effectively prepare and report on its financial statements).

The audit committee has ensured that the appointment of the external auditor is presented and included as a resolution at the AGM of Thungela pursuant to section 61(8) of the Companies Act of South Africa.

The audit committee has requested from the auditor the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for reappointment of the auditor and for reappointment of the designated audit partner.

REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee is chaired by Ben Kodisang, an independent non-executive director. The other members are Sango Ntsaluba, Kholeka Mzondeki and Seamus French. All members of the remuneration and nomination committee (including the chairperson) are non-executive directors, the majority of whom are independent, which complies with the recommendations in King IV.

The committee may invite such other members of the Group executive committee as considered appropriate.

This committee meets at least twice a year prior to scheduled meetings of the board. Given the listing date of 7 June 2021, the committee only convened once, during November 2021.

MEMBER	NUMBER OF MEETINGS: 1
BM Kodisang (chairperson)	1/1
SG French	1/1
KW Mzondeki	1/1
SS Ntsaluba	0/1

The committee is responsible for both remuneration and nomination matters, including:

- identifying individuals qualified to be elected as members of the board and board committees, recommending such individuals to the board for appointment in terms of the Thungela MOI and the inclusion and diversity policy, as well as establishing procedures to ensure that the selection of individuals for such recommendation is transparent, by establishing formal and transparent procedures for the appointment of directors
- independently reviewing and monitoring the integrity of the remuneration policies and implementation thereof
- ensuring that Thungela remunerates fairly, responsibly and transparently
- ensuring compliance with the statutory duties of the committee as contained in relevant legislation.

REMUNERATION MATTERS

The remuneration functions include:

- reviewing executive remuneration and benefits, ensuring the directors and senior management are fairly and responsibly rewarded for their individual contributions to the Group's overall performance
- reviewing and approving the remuneration for the CEO, CFO, chairperson of the board and senior management
- reviewing and approving the remuneration and annual salary increase of the Group's company secretary
- evaluating the competitiveness of the Group's remuneration and benefits
- reviewing and approving the overall annual increase pool awarded to the Group employees and monitoring the annual overall salary percentage increases of senior management and lower-level employees
- approving employment agreements, offers of employment as well as severance agreements for the CEO and the Group executive committee
- reviewing and monitoring the implementation of the Group's incentive, benefits and/or equity-based remuneration plans, and making recommendations to the board with respect to new incentive, benefits and/or equity-based remuneration plans
- reviewing the potential risk in respect of the remuneration and benefit programmes and policies
- annually evaluating and monitoring the remuneration philosophy and practices
- actively engaging with shareholders on their concerns through a shareholder engagement process in the event there are 25% or more votes against the remuneration policy or implementation report, or both of them, of the voting rights exercised at any shareholders' meeting.

The remuneration and nomination committee recommends the remuneration to be paid to the non-executive directors to the board for approval, and to the extent required by the Companies Act of South Africa for approval by the shareholders.

NOMINATION MATTERS

The committee's nomination functions include:

- identifying successors to the chairperson of the board, the CEO and CFO and recommending such successors to the board
- monitoring executive level talent management.

The remuneration and nomination committee will regularly review the structure, size and composition of the board and its committees, with a view to making recommendations to the board to ensure the board has the required mix of skills, experience, diversity and other qualities in compliance with applicable laws and regulations.

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is chaired by Thero Setiloane, an independent non-executive director. The other members are Sango Ntsaluba and Seamus French, both non-executive directors, the CEO and the executive head of human resources. The composition of the social and ethics committee complies with the Companies Act of South Africa (as applicable). The members of the social and ethics committee include executive and non-executive members, with a majority being non-executive directors, which complies with the recommendations of King IV.

The social and ethics committee may invite such other members of the Group executive committee as considered appropriate and may extend a standing invitation to them to attend the meetings of the committee.

This committee meets at least twice a year prior to scheduled meetings of the board.

MEMBER	NUMBER OF MEETINGS: 1
TML Setiloane (chairperson)	1/1
SG French	1/1
LE Mataboge	1/1
J Ndlovu	1/1
SS Ntsaluba	1/1

FUNCTIONS

The primary purpose of the social and ethics committee is overseeing the Group's activities in sustainable social and economic development.

It is responsible for monitoring and ensuring compliance with all applicable laws (including the Companies Act of South Africa), as well as relevant codes and standards relating to B-BBEE, employment equity, transformation, governance, code of conduct, business integrity, corporate social responsibility, consumer relationships and human resources.

It is also responsible for:

- reviewing the strategies and policies designed to achieve responsible corporate citizenship
- reviewing and approving the code of ethics and the stakeholder management plan and policy
- reporting to shareholders as required in terms of the Companies Act of South Africa
- reviewing the Group's standing in terms of the goals and purpose of the:
  - 10 principles set out in the United Nations Global Compact Principles
  - the OECD recommendations regarding corruption
  - the Employment Equity Act.

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RISK AND SUSTAINABILITY COMMITTEE

The risk and sustainability committee is chaired by Sango Ntsaluba, the chairperson of the board and an independent non-executive director. The other members are Thero Setiloane, Ben Kodisang, Kholeka Mzondeki, and Seamus French, all of whom are non-executive directors, and July Ndlovu (CEO).

The CFO and such other members of the Group executive committee as considered appropriate have a standing invitation to attend the meetings of the committee.

This committee meets at least four times a year prior to scheduled meetings of the board.

MEMBER	NUMBER OF MEETINGS: 2
SS Ntsaluba (chairperson)	2/2
SG French	2/2
BM Kodisang	2/2
KW Mzondeki	2/2
J Ndlovu	2/2
TML Setiloane	2/2

FUNCTIONS

The committee oversees, on behalf of the board, the identification, monitoring and management of risks impacting the Group, and the sustainability policies and practices.

In fulfilment of its responsibility, the risk and sustainability committee's functions include:

- guiding and advising the board in setting risk tolerance and risk appetite levels, after consulting with operational management
- ensuring that the risk management plan is disseminated throughout Thungela and integrated into the day-to-day activities
- reviewing and approving an information technology (IT) governance framework which delegates to management the responsibility for implementation of the IT governance framework
- monitoring the appropriateness of the strategies in providing oversight of the sustainability policies
- requesting and receiving reports of the Group's operations and, where appropriate from associates, managed joint operations and non-managed joint operations, subsidiaries and contractors, covering matters that have a material impact on safety, health and environmental risks and liabilities facing the Group
- reviewing and monitoring implementation of policies for the management of sustainable development of safety, health and environment
- monitoring regulatory compliance.

GOVERNANCE PRACTICES

CODES, REGULATIONS AND COMPLIANCE

The board is responsible for Thungela's compliance with relevant and applicable laws, codes and standards, which is an integral part of the Group's culture in ensuring the achievement of its strategy. The board has delegated the implementation of an effective compliance framework to the risk and assurance team. Supervision of compliance risk management is delegated to the risk and sustainability committee, which reviews and monitors compliance.

Thungela complies with various codes and regulations such as the Companies Act of South Africa, the JSE Listings Requirements and UK Listing Rules and King IV. Internal audits are regularly performed to assess compliance with legal and industry requirements. Thungela is in compliance with the provisions of the Companies Act of South Africa and is operating in conformity with its MOI.

KING IV

The board is committed to good corporate governance practices when executing its fiduciary duties and is fully committed to compliance with the governance requirements as set out in King IV. The board is satisfied that Thungela has adopted the 16 principles after conducting a self-assessment and is monitoring the application of the recommended practices.

Thungela as a JSE listed company is required in terms of the JSE Listings Requirements to report on the extent to which the principles set out in King IV are applied. The details may be found in the Thungela King IV Register included in the ESG report which is available at https://www.thungela.com/investors/integrated-reports.

MANAGEMENT ETHICS

Ethics and code of conduct

Thungela promotes ethical business conduct through the implementation of the Group's business integrity policy, code of conduct and anti-corruption policy. Thungela is committed to conducting a business that is consistent with its values, principles and leadership code through guidelines and policies that set out its ethical culture. These policies guide employees, contractors, suppliers and all other stakeholders on how Thungela conducts itself and the way it does business.

Thungela has upheld its principle of zero tolerance to unethical behaviour during the year under review. This was achieved through exercising rigorous ethics management and monitoring. Thungela has clear governance structures charged with ethics management and monitoring. The board, through the social and ethics committee, is the ultimate custodian of ethics management as outlined in the Companies Act of South Africa and King IV.

Thungela has a dedicated anonymous tip-offs (whistleblowing) hotline and email independently run by a third party.

The Thungela ethics function is shared between the office of the company secretary and human resources disciplines. During the period under review, awareness was created through targeted communication on unethical behaviour, communicated through various platforms to reach all employees, suppliers, contractors and communities. Incidents reported are thoroughly investigated either by the internal risk and assurance function or by external forensic investigators with the aim of resolving all incidents timeously. Fairness and transparency are exercised during the investigation and the outcome of each investigation is properly considered to ensure that corrective action is taken to address control failures. Feedback on incidents and outcomes of investigations are presented to the social and ethics committee at least on a bi-annual basis.

The board is committed to good corporate governance practices when executing its fiduciary duties and is fully committed to compliance with the governance requirements as set out in King IV.

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REGULATORY COMPLIANCE

Thungela recognises the importance of complying with legislation as well as adhering to non-binding codes and standards impacting mining operations.

Thungela recognises the importance of complying with legislation as well as adhering to non-binding codes and standards impacting mining operations. The compliance process is an important element in embedding a compliance culture at Thungela and providing the board and management with the assurance of compliance with relevant legal and regulatory requirements.

The compliance function is divided between the legal, and risk and assurance disciplines and is aligned to the strategic objectives. The Group is developing a system to track and monitor regulatory compliance to allow the adoption of appropriate remedial or mitigating steps, where necessary.

On a quarterly basis, the compliance function provides reports to the risk and sustainability committee on the level of regulatory compliance to applicable mining and related legislation, regulations, standards, best practices and codes. Representatives of the risk and assurance function attend the quarterly risk and sustainability meeting by invitation.

ANNUAL COMPLIANCE CERTIFICATE

The annual compliance certificate confirming the Group's compliance with the JSE Listings Requirements for the period was completed on 22 April 2022 and submitted to the JSE.

TRADING IN SECURITIES

Thungela developed and published on the internal website, Ignite, a Dealing Code (the Code) for the dealing in securities, which is aligned with the JSE Listings Requirements. This Code sets out provisions on how trade is conducted by Thungela directors, prescribed officers, the company secretary and restricted employees when dealing in Thungela securities. The Code, in line with the JSE Listings Requirements, prohibits directors and restricted employees from trading in any Thungela securities without obtaining prior approval from the chairperson of the board, the CEO or the company secretary.

Directors, prescribed officers and the company secretary, and any directors and the company secretary of Thungela's major subsidiaries, are also required to publicly disclose any dealings in the Group's securities by themselves or their associates. The JSE Listings Requirements defines a prohibited period during which trading is prohibited in Thungela securities (ie a closed period) as follows:

- from 1 January each year to the date on which the annual financial results are published
- from 1 July each year to the date on which the interim financial results are published
- any period when Thungela is trading under a cautionary announcement
- any period when there exists any matter which constitutes price sensitive information in relation to Thungela securities (whether or not the director, prescribed officer or company secretary has knowledge of such matter).

The prohibition applies equally to directors, prescribed officers, restricted employees and restricted employees' associates. At the start of a closed period, directors and employees are formally advised by the company secretary of the commencement and duration of the closed period. Trading embargoes are also imposed on individuals who possess price sensitive information at any given time.

SPONSOR

Thungela understands the role and responsibilities of the sponsor stipulated in the JSE Listings Requirements and has cultivated a good working relationship with its sponsor, Rand Merchant Bank (RMB). The Group is satisfied that the sponsor has executed its mandate with due care and diligence for the year under review.

REMUNERATION REPORT

REMUNERATION AND NOMINATION COMMITTEE

Chairperson
Ben Kodisang

Members
Seamus French
Kholeka Mzondeki

This first remuneration report for Thungela is presented in three parts, in line with the relevant best practice as outlined in King IV and the JSE Listings Requirements.

Background statement	Remuneration philosophy and policy	Implementation report
Providing the overall context of the report and highlighting specific matters of particular significance.	Describing the Group's overall remuneration policy with a particular focus on executive directors and prescribed officers.	Outlining the details of the remuneration of the executive directors and prescribed officers for the year under review.

SECTION 1: BACKGROUND STATEMENT

THE START OF OUR JOURNEY

Thungela's remuneration journey required us to consider our inherited legacy, while also delivering a remuneration philosophy and approach that allows us to create sustainable value for all of our stakeholders.

As part of the Demerger, Thungela inherited a remuneration policy from Anglo American which has provided us with a sound starting point. The board and remuneration and nomination committee (RemCo) have applied their minds to understanding the specif ic focus areas and new philosophy for a pure-play thermal coal business. As a result, we have made the following adjustments from the inherited approach:

- approval of specific performance conditions to be used for the first conditional share award
- a two-year holding period after the vesting of conditional share awards for executive directors and prescribed officers
- updating the balance between cash and deferred bonus shares as part of our short-term incentive (STI)
- introducing minimum shareholding requirements for our executive directors and prescribed officers
- introducing appropriate malus and clawback provisions governing all employees who are eligible for incentive awards.

REMUNERATION AND THE DEMERGER PROCESS

Certain remuneration elements and awards made and settled during 2021 were governed by the applicable Anglo American plans or were approved by the previous shareholder to support and reward the successful listing of the Group. This includes the accelerated vesting on listing of all previously unvested long-term incentive awards made under Anglo American plans, namely:

- forfeitable shares under the Anglo American bonus share plan
- conditional shares under the Anglo American long-term incentive plan.

It also includes retention and milestone awards to retain and reward our executive directors and cash-based retention awards for key talent including our prescribed officers. These awards were made to ensure stability through the transition and establishment of Thungela as a listed company.

These reward elements are distinct from the reward policy applicable from the listing date onwards, which are governed by the Thungela board and RemCo and for which approval will be sought from our shareholders by means of the non-binding, advisory vote at the AGM.

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DELIVERING IN A CHALLENGING ENVIRONMENT

We have delivered a strong financial performance, the details of which are reflected in the review of financial performance (refer to page 68). The key outcomes that were considered by the RemCo in relation to the remuneration decisions set out in this report are the following:
- Adjusted EBIDTA of R10.0 billion (2020: R286 million)
- Adjusted operating free cash flow of R3.9 billion (2020: R249 million outflow)
- FOB cost per export tonne of R830 (2020: R804).

Following the death of Moeketsi Mabatla on 23 June at Goedehoop colliery, we have refocused our efforts on delivering our safety strategy and being a fatality-free business. As a result, we have seen a significant improvement in our TRCFR to 1.35 (2020: 1.51). We have also continued to drive the reduction of our GHG emissions by 17% from our 2016 baseline. This is a key metric in both our short-term and long-term incentives.

We have continued to face several challenges during the year, including:
- the ongoing impact of the COVID-19 pandemic on our operations, employees, contractors and families
- the poor rail performance resulting from the operational issues experienced by TFR.

These are external and largely non-controllable, but we have offset some of the impacts through various mitigation strategies which have resulted in strong operational performance supported by strict cost management. Our level of delivery despite these challenges has been considered in relation to the outcomes of the short-term incentives for 2021.

DEVELOPING OUR REMUNERATION POLICY

The RemCo and the board are acutely aware of the complexity of crafting and implementing remuneration policies that are fair and responsible in the context of the inequality, unemployment and poverty within our country, but deliver market competitive rewards that allow Thungela to attract, retain and engage people with the skills and talent to resource our newly listed Group. We have sought to balance these elements in the process of developing our remuneration philosophy and policy.

Certain key elements for the executive directors were disclosed in our PLS. The policy section below highlights any changes, provides more details and includes the policy provisions for the prescribed officers.

Key remuneration decisions by the remuneration and nomination committee in 2021:
- approved the remuneration and malus and clawback policies for the Group
- awarded annual increases to the executive directors, prescribed officers, company secretary, and management personnel as of 1 January 2022
- granted the first conditional share award under the approved Remuneration Policy which will vest in 2024 based on performance for the period 1 January 2021 to 31 December 2023
- approved the 2021 performance outcomes, short-term incentives and deferred bonus share awards for executive directors, prescribed officers and other applicable employees
- recommended for board approval and shareholder approval the proposed non-executive director (NED) fee structure for 2022.

We will also include remuneration elements that support our ESG strategy and framework. These elements will continually be considered as we refine our performance conditions going forward.

Focus areas for the remuneration and nomination committee for 2022:
- revising our approach to the short-term incentives to include an element of individual performance, augmenting the current team focused approach
- reviewing the balance of the key result areas driving the short-term incentives to further align with our purpose
- concluding a new wage agreement under our collective bargaining structure
- implementing structured processes to review and understand the level of pay fairness and equality.

ACCESS TO INFORMATION AND ADVISORS

Members of the RemCo have access to various sources of information and advice to inform their independent judgement on remuneration and related matters. This assists them to better understand trends within the executive remuneration environment related to regulations, compliance and stakeholder perceptions, and risks associated with the current structure of remuneration.

The Group and RemCo have received advice from Bowmans, a leading South African law firm, related to the development of the remuneration policy and framework, while they also independently advised RemCo in relation to the benchmarking of executive remuneration. Additional benchmarking data was received from Old Mutual RemChannel.

We are satisfied that this advice was independent and objective.

CONCLUSION

The past year has been a milestone year for Thungela. We successfully demerged from Anglo American and have been established as a standalone thermal coal business. We have delivered outstanding results, notwithstanding several external challenges.

The RemCo is of the opinion that the remuneration policy achieved its objectives in 2021 and we look forward to engaging with our stakeholders to ensure we continue evolving to enable the effective delivery of our purpose.

Ben Kodisang
Chairperson of the remuneration and nomination committee

22 April 2022

SECTION 2: REMUNERATION PHILOSOPHY AND POLICY

REMUNERATION PHILOSOPHY

We are ensuring that Thungela's purpose is reinforced through our remuneration philosophy and policy.

We have adopted a remuneration philosophy that is designed to attract, retain and incentivise individuals to support the development and realisation of the Group's business strategy, thereby creating sustainable value for all stakeholders.

REMUNERATION POLICY

The Group's remuneration policy has been aligned with the recommendations of King IV and is based on the following principles with the aim of delivering fair and responsible remuneration:

- **Alignment with Group strategy and culture** – remuneration practices are continually re-assessed to ensure that they are aligned with the Group's strategy and support the entrenchment of its values and leadership behaviours.
- **Competitive pay levels** – reward is set at a competitive level within the relevant market to ensure that the Group attracts, motivates and retains highly talented individuals.
- **Internal equity** – reward is managed to adhere to the principle of responsible, equal, fair and competitive pay.
- **Link with stakeholder interests** – incentive-based rewards are linked to achieving stretching performance conditions, which are aligned with stakeholder interests over the short, medium, and long term.
- **Risk-based approach** – long-term incentive schemes are designed and applied to minimise stakeholder exposure to unreasonable risk.
- **Relevance** – performance measures and targets for incentive plans are structured to operate effectively throughout the business cycle and support the business strategy. These are also continually reviewed to ensure that they remain aligned to market trends, stakeholder and any legislative or regulatory requirements.
- **Communication** – transparent communication of the reward policy to all our stakeholders through various channels.

REMUNERATION ELEMENTS

RemCo, in collaboration with management and appropriate advisors, actively conducts a total remuneration benchmarking analysis on an annual basis to ensure that our remuneration aligns with and enables the delivery of the Group's strategy. This includes an analysis of all remuneration elements: fixed remuneration, short-term incentives and long-term incentives for the executive directors, prescribed officers and non-executive directors. These elements are benchmarked against an appropriate comparator group and external survey data representative of the Group's size and complexity.

The elements of remuneration included in the policy are:

- fixed remuneration, including basic salary and benefits
- STI comprised of cash payments and deferred bonus shares
- long-term incentives (LTI).

Fixed remuneration

The Group's fixed remuneration is currently structured on a "basic salary plus" basis.

Basic salary

Executive and management employees

The basic salary of employees is reviewed on an annual basis with increases effective from 1 January. As part of the annual review process the Group is positioned competitively against peers that are comparable in size, sector and business complexity. Group performance, affordability, prevailing consumer inflation and average industry and sector increases are considered in determining annual adjustments.

Annual increases are generally inflation-linked but where affordable, additional budget is allocated for adjusting remuneration levels that are not appropriately aligned to internal pay ranges and/or market rates for a specific job. These market adjustments are informed by positioning current salaries within a tolerance pay range and comparative ratio for a specific discipline, job or grade. Pay levels that are not within the tolerance pay range are adjusted for closer alignment to the market's 50th percentile.

Bargaining unit employees

In the case of bargaining unit employees, basic salary levels depend on the outcome of wage negotiations with representative unions.

Benefits

Core benefits are offered as a condition of service, with some elective flexible offerings for employees in our management group. Core benefits primarily comprise retirement, risk and medical scheme participation. The Group regularly reviews these benefits for affordability, flexibility and perceived value to employees. Currently, management employees are only allowed to belong to one recognised closed medical scheme, but this is continually monitored to identify opportunities for adding additional flexibility. Retirement benefits are provided through defined contribution funds, with contribution levels aligned to market best practice and the rules of a fund.

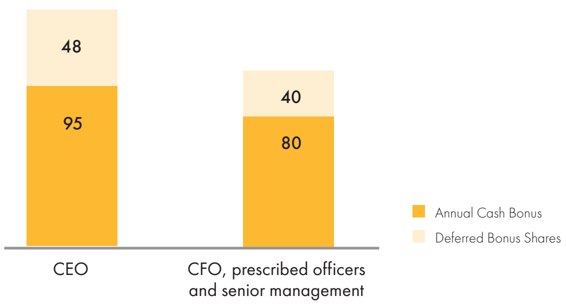
Short-term incentives

The structure and process of our current STI was inherited from Anglo American. We decided to continue with this approach in 2021.

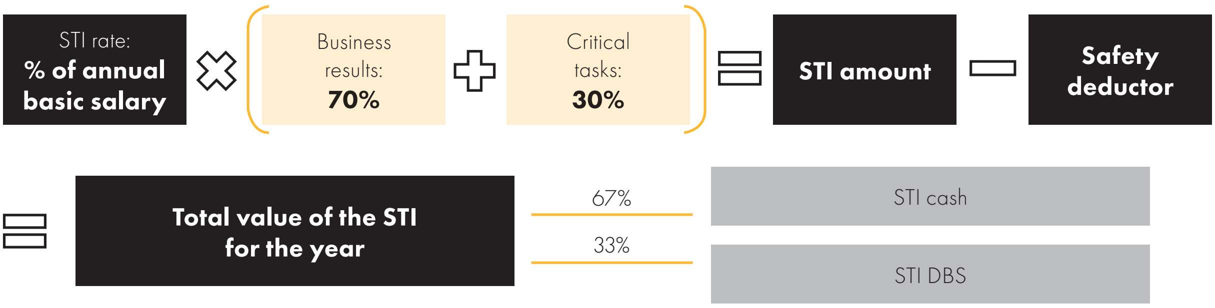
Our annual STI is designed to encourage and reward the collaborative delivery of strategic priorities for the relevant year. It comprises a cash portion and a deferred share portion which are calculated using a percentage of annual basic salary. The cash portion is focused on incentivising delivery in the short-term while the shares form part of the deferred bonus share (DBS) plan that aims to deliver ownership in Thungela while assisting with the retention of senior management. The DBS is delivered under the terms set out in the Thungela share plan and will vest over three years in equal tranches.

The following outlines the maximum award as a percentage of annual basic salary:

PERCENTAGE OF ANNUAL BASIC SALARY (%)



The calculation of the STI comprises two elements, namely business results and critical tasks, ie delivery of key business enabling projects. The calculation also includes a safety deductor which reduces the overall bonus by a percentage for every fatality which has occurred in the Group. The calculation of the STI for senior management and above employees is outlined below:



More details of the composition of the STI performance conditions are provided in section 3: the implementation report, together with the outcomes for the 2021 financial year.

Long-term incentives

Thungela's LTI plans have a time horizon of more than a year and are divided into two categories: conditional and forfeitable share awards.

Conditional share awards

Annual awards of shares in the Group which will vest after a three-year period subject to the continuous employment of the individual and the achievement of key performance conditions that are aimed at delivering value to all stakeholders.

Maximum awards of conditional shares are expressed as a percentage of annual basic salary:

CEO **100%**	CFO **80%**
Prescribed officers **80%**	Senior management (E Upper) **80%**

Forfeitable share awards

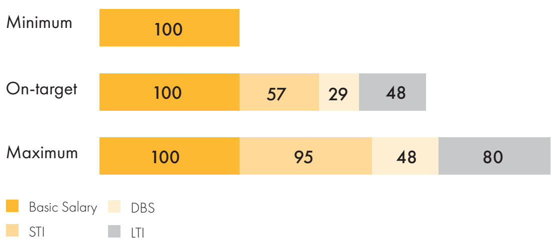
These refer to annual or ad hoc awards of shares in the Group, the vesting of which will be determined by the employee fulfilling the applicable employment condition. These shares are held by an escrow agent on behalf of the employee until the vesting date. These shares attract voting and dividend rights for the period they are held in escrow but can only be traded once they have vested. Thungela's remuneration policy makes provision for four types of forfeitable shares:

Deferred bonus shares – these make up a portion of the employee's STI	**Sign-on shares** – used to compensate new employees for share values forfeited as a result of joining Thungela
Retention shares – used in limited instances to retain key talent below the executive committee	**Milestone shares** – used to award senior employees achieving agreed milestones, ie delivery of key projects or corporate finance events

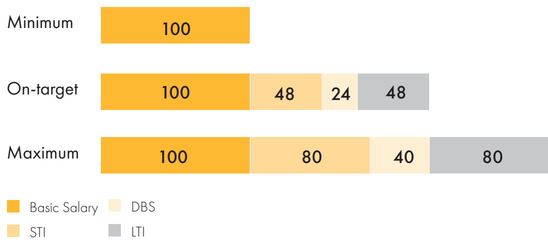
PAY MIX SCENARIOS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The graphs below illustrate the remuneration outcomes at different levels of performance with each element disclosed as a percentage of annual basic salary. The maximum award values for the cash and the DBS portions of the STI and the annual conditional share award are aligned with the policy percentages provided above. The 'on-target' values are determined as 60% of the maximum for the STI and LTI. The LTI value excludes share price movements and is disclosed based on the award value for the current year multiplied by the applicable vesting percentage.

CEO (%)



CFO AND PRESCRIBED OFFICERS (%)



PERFORMANCE CONDITIONS FOR THE CONDITIONAL SHARE AWARDS

The first conditional share award was made in November 2021 and will be measured over the period 1 January 2021 to 31 December 2023. The awards carry neither a right to dividends nor voting rights, however, participants are entitled to dividend equivalents accrued over the vesting period, to be converted into additional shares and added to the overall number of the awards.

Executive directors and prescribed officers who are awarded conditional share awards are subject to an additional holding period of two years following the vesting of these shares during which time they may not be encumbered.

The performance conditions for this award were carefully considered to strike the right balance between the interests of various stakeholders. The performance conditions for the inaugural conditional award set out below.

Performance category	Performance area	Weight %
Shareholders (25%)	Relative TSR (local)	7.5
	Relative TSR (global)	7.5
	Dividend yield	10
Financial (20%)	Cash margin per export saleable tonne	20
Production sustainability (25%)	Life of business	15
	Lifex capital intensity	10
ESG (30%)	Carbon emissions	10
	Fresh water import	2.5
	Potable water usage	2.5
	Water treatment	2.5
	Water reuse/recycle	2.5
	Inclusion and diversity	10

The nature and weighting of the performance categories and areas have changed since those that were proposed as part of the PLS. The changes made are as follows:

- reduction of the weighting of the *financial* performance category from 40% to 20%. This includes a reduction in the number of performance areas
- increase in the weighting of the *production sustainability* performance category from 15% to 25%. This included adding an additional performance area related to capital intensity
- expanding the *environment* performance category to an *ESG* performance category and increasing the weighting from 20% to 30%. Inclusion and diversity was added as a performance area.

MINIMUM SHAREHOLDING REQUIREMENTS

Executive directors and prescribed officers are required to accumulate and hold a predetermined and market-aligned minimum shareholding. The minimum shareholding requirement (MSR) must be accumulated from LTI and DBS awards on an elective basis before these awards vest.

These individuals are required to accumulate and hold an appropriate percentage of their share incentive awards to meet the target. The extent to which targets have been met is calculated by multiplying the closing share price at financial year end by the number of shares held and expressing this as a percentage of their annual fixed remuneration at the time, with the following target holdings to be set for executives:

- 200% of the value of annual fixed remuneration in the case of the CEO
- 100% of the value of annual fixed remuneration for the CFO and prescribed officers.

Current members of the Group executive committee will be required to build up the target shareholding over the next five years.

Members of the Group executive committee who are appointed in the future will be required to build up the target shareholding over the five years following their date of appointment to the committee.

CONTRACTUAL COMMITMENTS

All executive directors and prescribed officers have permanent employment contracts with Thungela or its subsidiaries. The contracts prescribe a notice period of six months for the executive directors and three months for the prescribed officers. Executive directors and prescribed officers are subject to a restraint-of-trade period of six months from the date of termination of their contract.

Our service contracts and the associated contractual commitments were reviewed by Bowmans as part of our listing process to ensure that they are aligned with market practice and related governance and legislative requirements. These contracts will be regularly reviewed to ensure that they remain aligned with all requirements.

OTHER POLICY PROVISIONS

		STI	LTI
Termination benefits There are no contractual obligations to effect payment on termination, other than in respect of payment for the notice period and accrued leave balances. The STI and LTI will be dealt with based on the nature of the termination and at RemCo's discretion.	**Ineligible termination** Resignation, dismissal	Not eligible for any STI cash and unvested DBS awards will be forfeited	The right to receive any shares or cash awards will immediately be forfeited
	Eligible termination Death, retirement, disability, dismissal for operational reasons	STI cash payments will be pro-rated for the year and the vesting of all unvested DBS awards will be accelerated to the termination date	All awards will be accelerated, but will be pro-rated to reflect the time served of applicable vesting periods and the RemCo's estimate of the level of achievement of performance conditions

		STI cash	STI DBS	LTI
Malus and clawback The malus and clawback policy may be implemented based on various trigger events, including: • material misstatement of Group results and performance measures that result in incorrect or inappropriate determination of variable pay awards • gross misconduct or behaviour by the individual bringing the Group into disrepute • material failing in risk management, especially in the case of events affecting the environment and communities • unacceptable safety outcomes, especially in the case of fatalities, or where safety outcomes are significantly below the thresholds for the year and management is deemed responsible for this outcome • material environmental incidents.	**Malus** is the ability of the Group to reduce unvested or unpaid awards before the end of the vesting period or prior to payment	From the end of the performance period to STI payment date	During the period prior to the vesting of the DBS	During the performance period covered by the award (pre-vesting)
	Clawback is the ability of the Group to recoup, in full or in part, the value of vested shares for payments for the duration of the clawback period	Three years from STI payment date	Three years from the vesting of each tranche of the DBS	Three years from vesting date

NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees are based on an annual retainer for board and board committee roles. The board chairperson's fees are determined on an 'all-inclusive' basis and additional fees are not paid for board committee membership. The other non-executive directors receive fees for their board roles in addition to the fees for their roles as chairpersons or members of a board committee.

The current fee policy, details of actual fees paid per non-executive director and the fees proposed for the 2022 financial year are included in the implementation report below, and the proposed fees are included in the notice of the AGM for approval by special resolution by the shareholders.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

The remuneration policy, as described in Section 2 of the remuneration report, excluding those arrangements specifically applicable to the Group's listing and that do not form part of the ongoing remuneration policy, as noted above, is subject to a non-binding advisory vote by shareholders at the AGM. In the event that more than 25% (of those shareholders voting) vote against the policy, the RemCo will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the RemCo when considering changes for the subsequent year. A summary of the concerns and the RemCo response will be included in the following year's remuneration report.

SECTION 3: IMPLEMENTATION REPORT

SCOPE OF IMPLEMENTATION

This section outlines the remuneration received by Thungela's executive directors, prescribed officers and non-executive directors for the year under review. It covers the remuneration elements and awards that were made and settled during 2021 in the following three categories:

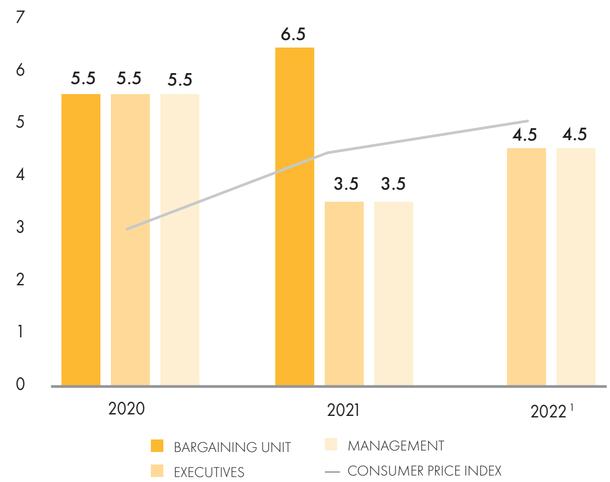
1 Accelerated awards that were made in line with Anglo American's remuneration policy and plans	• Anglo American BSP (forfeitable shares) • Anglo American LTIP (conditional shares)
2 Awards approved by Anglo American to support and reward the successful listing of Thungela and retain talent to ensure stability during the transition	• Retention and milestone awards (forfeitable shares) • Transitional share conversion under Demerger • Retention awards (cash)
3 Awards that were made in line with Thungela's remuneration policy	• 2021 STI (cash) • 2021 DBS (forfeitable shares) • 2021 LTIP (conditional shares)

The implementation report highlights the successful delivery of the Demerger and our subsequent performance as a standalone company and how this has translated into the remuneration outcomes of the executive directors and prescribed officers.

BASE SALARY ADJUSTMENTS

Based on market insights and benchmarking from Bowmans and RemChannel, supported by an analysis of the historical and forecasted CPI environment, a 4.5% increase on basic salary was approved by RemCo for executive directors, prescribed officers and management employees as of 1 January 2022. Increases for bargaining unit employees are effected in the middle of the calendar year and therefore the increases for 2022 will be negotiated and agreed under the collective bargaining process starting during quarter two of 2022. The figure below provides a comparative view of increases between executive, management, and bargaining unit employees against CPI.

BASE SALARY ADJUSTMENTS (%)



[1] For 2022, increases are as approved by RemCo, and CPI as per IMF forecast.

2021 SHORT-TERM INCENTIVE OUTCOMES

As indicated in Section 2 of the report, the structure and calculations used to calculate the performance outcomes related to the Group's STI were inherited from Anglo American.

As part of the determination of the performance outcomes for 2021, RemCo considered the impact of COVID-19 and the underperformance of TFR on Thungela's ability to deliver production and financial performance targets. The processes followed to make the adjustments resulting from these challenges were independently reviewed to ensure that they are reflective of Thungela's realistic performance.

The calculation of the short-term incentive was outlined in Section 2, but the actual outcomes are presented in this section. The table below outlines the results related to the business results' (70%) component of the STI. It presents the performance levels based on the adjustments noted above for each of the three performance categories and the 10 associated metrics.

BUSINESS RESULTS PERFORMANCE CATEGORIES AND OVERALL RESULT (%)

Performance category	Metric	Weight	%
Financial 27/70	EBITDA	9	100
	Sustaining operating free cash flow	9	0
	ROCE	9	100
Production 23/70	Export saleable production	9	100
	Unit cost per tonne	9	100
	Mine compliance to plan	5	100
ESG 20/70	TRCFR	5	66
	Level 3 – 5 environmental incidents	5	25
	Carbon emissions	5	100
	Rehabilitation	5	0
		70	**72**

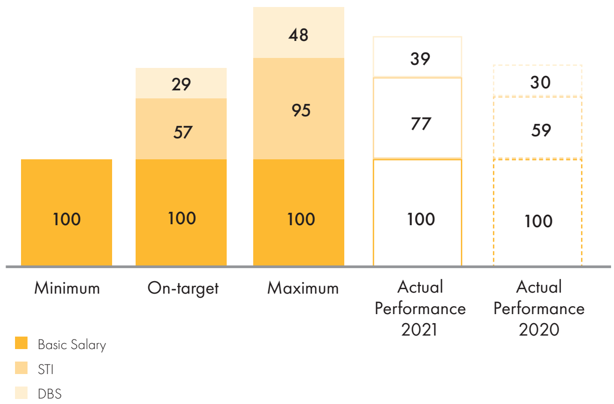
The rest of the STI was determined by the outcomes of various critical tasks (30%) which we had committed to achieve by the end of 2021. In 2021 we had four critical tasks, namely:

Critical task description	Description of level of delivery	Achieved
Successfully demerge and establish Thungela within the agreed timelines	Thungela was successfully established as a standalone entity as of 7 June 2021 which was in line with the shortest of our timelines.	Yes
Implement our prime section model at our underground operations and realise the benefits	Prime sections have been established at all three of our underground operations and have shown their value through delivering multiple sections that produced more than 1 million tonnes, which is the benchmark for high-performing continuous miner sections.	Yes
Successfully implement the SAP4 Hana environment for the finance, supply chain and asset management environments	The project was successfully delivered and an additional SAP SD aspect was implemented within the marketing environment.	Yes
Introduce the Thungela culture as part of the change management related to the Demerger	The Thungela culture, comprising our values and associated behaviour charter, was implemented across the Group through various channels including through our change agent network.	Yes

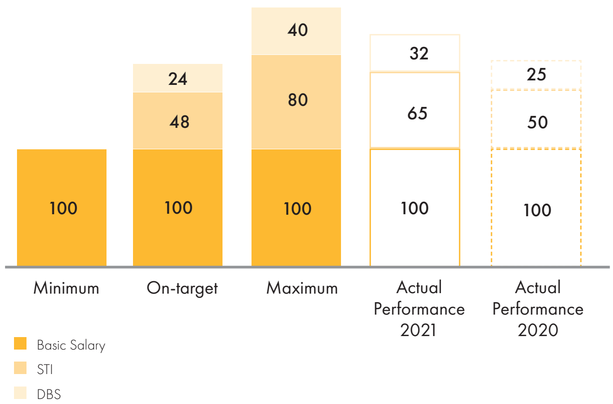
Since these tasks were successfully delivered, a 100% achievement related to the critical task (30%) component of the STI was realised.

The charts below reflect the CEO, CFO and prescribed officers' performance outcomes when compared to the 2021 performance targets and 2020 results for comparison:

CEO (%)



CFO AND PRESCRIBED OFFICERS (%)



REMUNERATION OUTCOMES FOR OUR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The disclosures that follow set out the details of the 2021 remuneration outcomes for the executive directors and prescribed officers of Thungela. The disclosures cover the following three components:

1 **Total single figure remuneration**	The schedules are aligned with the single figure remuneration disclosure requirements of King IV and set out the total remuneration for the years ending 31 December 2021 and 31 December 2020.
2 **Statement of unvested awards and cash flows**	The schedules of unvested awards and cash flows are aligned with King IV's disclosure requirements which state that the value of awards at year end represents the face value of shares after adjusting for share price movements since award date and the targeted vesting level. The cash on settlement represents the cash value of all awards that were settled during 2021.
3 **Minimum shareholding requirements (MSR)**	The MSR achievement tables outline the percentage fulfilment of the MSR policy level (outlined in Section 2) at the year ended 31 December 2021.

Remuneration outcomes for July Ndlovu – CEO

1 Schedule of total single figure of remuneration

R '000	2021	2020
Basic salary	7,340	6,971
Retirement and benefits[1]	1,152	1,066
Other[2]	30	25
Guaranteed pay	8,522	8,062
STI cash[3]	5,059	–
STI DBS[4]	2,556	–
Thungela LTIPs[5]	–	–
Total current policy	7,615	–
STI cash[6]	–	2,820
Anglo American BSP[7]	–	15,562
Anglo American LTIPs[8]	24,846	–
Retention and milestone[9]	33,737	–
Other LTIs[10]	100	–
Total Anglo American policy and Demerger	58,683	18,382
Total remuneration	74,820	26,444

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as UIF, leave encashments and long service awards.
3 Thungela's cash component of the STI which is attributable to the 2021 financial year, but paid in the 2022 financial year.
4 Thungela's deferred bonus share component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
5 Thungela LTIP awards reflected in the final year of the performance period and therefore those awarded in 2021 will only be reflected in the 2023 financial year.
6 Anglo American cash component of the STI which is attributable to the 2020 financial year, but paid in the 2021 financial year.
7 Anglo American BSP awards were all attributable to the 2020 and previous financial years and they were settled in the 2021 financial year due to the Demerger.
8 The value of the Anglo American LTIPs which vested during 2020 and 2021. The LTIPs which vested in 2021 were accelerated due to the Demerger.
9 Retention and milestone awards granted on admission date, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
10 The value of the Thungela shares provided for Anglo American shares held under the BSP under the rules of the Demerger grossed up to pre-tax values.

2 Statement of unvested awards and cash flows for the 2021 financial year

Award type	Form of award	Award date	Vesting date	Award price Rand/share	Number: Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
AA BSP awards	Shares – AGL	*	*	*	21,374	4,605	–	(25,979)	–	15,561,758	–
AA LTIP awards	Shares – AGL	*	*	*	66,900	–	(27,328)	(39,572)	–	24,846,441	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	2,151	–	(2,151)	–	55,259	–
2021 Retention award	Shares – TGA	01-Jun-21	04-Jun-21	25.00	–	449,829	–	(449,829)	–	11,245,725	–
2021 Milestone award (1)	Shares – TGA	11-Nov-21	04-Jun-22	25.00	–	449,829	–	–	449,829	–	36,989,439
2021 Milestone award (2)	Shares – TGA	11-Nov-21	04-Jun-23	25.00	–	449,829	–	–	449,829	–	36,989,439
					88,274	1,356,243	(27,328)	(517,531)	899,658	51,709,183	73,978,878
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	201,962	–	–	201,962	–	9,964,401
					–	201,962	–	–	201,962	–	9,964,401

* AA awards are made up of multiple awards and vesting dates. These were not awarded under the Thungela remuneration policy.
1 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.
2 Conditional shares were calculated on a vesting rate of 60% which is the 'on-target' percentage as stated in Section 2 of the report.

3 Minimum shareholding requirements (MSR)

MSR fulfilment date[1]	2026
2021 Number of MSR shares	250,434
2021 Value of MSR shares[2]	R20,593,188
Fulfilment % as of 31 December 2021[3]	**121**

[1] The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
[2] The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.
[3] The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (200% of annual fixed remuneration) to be held.

Remuneration outcomes for Deon Smith – CFO

1 Schedule of total single figure of remuneration

R '000	**2021**	2020
Basic salary	**4,368**	3,710
Retirement and benefits[1]	**709**	598
Other[2]	**27**	98
Guaranteed pay	**5,104**	4,406
STI cash[3]	**2,537**	–
STI DBS[4]	**1,268**	–
Thungela LTIPs[5]	**–**	–
Total current policy	**3,805**	–
STI cash[6]	**–**	1,411
Anglo American BSP[7]	**–**	12,128
Anglo American LTIPs[8]	**10,695**	3,730
Retention and milestone[9]	**17,039**	–
Other LTIs[10]	**53**	–
Total Anglo American policy and Demerger	**27,787**	17,269
Total remuneration	**36,696**	21,675

[1] Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
[2] Other payments such as UIF, leave encashments and long service awards.
[3] Thungela's cash component of the STI which is attributable to the 2021 financial year, but paid in the 2022 financial year.
[4] Thungela's deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
[5] Thungela LTIP awards reflected in the final year of the performance period and therefore those awarded in 2021 will only be reflected in the 2023 financial year.
[6] Anglo American cash component of the STI which is attributable to the 2020 financial year, but paid in the 2021 financial year.
[7] Anglo American BSP awards were all attributable to the 2020 and previous financial years and they were settled in the 2021 financial year due to the Demerger.
[8] The value of the Anglo American LTIPs which vested during 2020 and 2021. The LTIPs which vested in 2021 were accelerated due to the Demerger.
[9] Retention and milestone awards granted on admission date, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
[10] The value of the Thungela shares provided for Anglo American shares held under the BSP under the rules of the Demerger grossed up to pre-tax values.

2 Statement of unvested awards and cash flows for the 2021 financial year

Award type	Form of award	Award date	Vesting date	Award price Rand/ share	Number: Opening	Number: Awarded	Number: Forfeited	Number: Settled	Number: Closing	Cash on settlement Rand	Year-end fair value[1] Rand
AA BSP awards	Shares – AGL	*	*	*	12,986	2,658	–	(15,644)	–	12,127,617	–
AA LTIP awards	Shares – AGL	*	*	*	27,400	–	(10 302)	(17,098)	–	10,694,927	–
2021 Thungela transitional shares	Shares – TGA	07–Jun–21	07–Jun–21	25.69	–	1,127	–	(1,127)	–	28,953	–
2021 Retention award	Shares – TGA	01–Jun–21	04–Jun–21	25.00	–	231,730	–	(231,730)	–	5,793,250	–
2021 Milestone award(1)	Shares – TGA	11–Nov–21	04–Jun–22	25.00	–	224,915	–	–	224,915	–	18,494,760
2021 Milestone award(2)	Shares – TGA	11–Nov–21	04–Jun–23	25.00	–	224,914	–	–	224,914	–	18,494,678
					40,386	685,344	(10,302)	(265,599)	449,829	28,644,747	36,989,438
2021 Thungela LTIP[2]	Shares – TGA	16–Nov–21	16–Nov–24	36.34	–	84,668	–	–	84,668	–	4,177,350
					–	84,668	–	–	84,668	–	4,177,350

* AA awards are made up of multiple awards and vesting dates. These were not awarded under the Thungela remuneration policy.
1 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.
2 Conditional shares were calculated on a vesting rate of 60% which is the 'on-target' percentage as stated in Section 2 of the report.

3 Minimum shareholding requirements (MSR)

MSR fulfilment date[1]	2026
2021 Number of MSR shares	128,578
2021 Value of MSR shares[2]	R10,572,969
Fulfilment % as of 31 December 2021[3]	**207**

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.
3 The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (200% of annual fixed remuneration) to be held.

Remuneration outcomes for prescribed officers

1 Schedule of total single figure of remuneration

	JPD van Schalkwyk		L Martin		LE Mataboge		N Sithole		C Venter[10]		BM Dalton[11]
R'000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Basic salary	3,406	2,968	3,070	2,694	2,228	2,083	2,217	2,043	2,184	1,485	2,045
Retirement and benefits[1]	612	609	519	453	384	347	360	327	346	258	330
Other[2]	24	20	43	136	22	19	122	101	130	18	16
Guaranteed pay	4,042	3,597	3,632	3,283	2,634	2,449	2,699	2,471	2,660	1,761	2,391
STI cash[3]	1,995	–	1,782	–	1,294	–	1,287	–	1,268	–	1,195
STI DBS[4]	998	–	891	–	647	–	644	–	634	–	598
Thungela LTIPs[5]	–	–	–	–	–	–	–	–	–	–	–
Total current policy	2,993	–	2,673	–	1,941	–	1,931	–	1,902	–	1,793
STI cash[6]	–	1,001	–	908	–	702	–	689	–	502	–
Anglo American BSP[7]	–	4,833	–	7,481	–	3,551	–	3,189	–	609	–
Anglo American LTIPs[8]	6,736	–	10,695	3,730	4,370	–	4,370	–	–	–	–
Retention and milestone	–	–	–	–	–	–	–	–	–	–	–
Other LTIs[9]	2,926	–	31	–	28	–	25	–	5	–	3,999
Total Anglo American policy and Demerger	9,662	5,834	10,726	12,119	4,398	4,253	4,395	3,878	5	1,111	3,999
Total remuneration	16,697	9,431	17,031	15,402	8,973	6,702	9,025	6,349	4,567	2,872	8,183

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as UIF, leave encashments and long service awards .
3 Thungela's cash component of the STI which is attributable to the 2021 financial year, but paid in the 2022 financial year.
4 Thungela's deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
5 Thungela LTIP awards reflected in the final year of the performance period and therefore those awarded in 2021 will only be reflected in the 2023 financial year.
6 Anglo American cash component of the STI which is attributable to the 2020 financial year, but paid in the 2021 financial year.
7 Anglo American BSP awards were all attributable to the 2020 and previous financial years and they were settled in the 2021 financial year due to the Demerger.
8 The value of the Anglo American LTIPs which vested during 2020 and 2021. The LTIPs which vested in 2021 were accelerated due to the Demerger.
9 The value of the Thungela shares provided for Anglo American shares held under the BSP under the rules of the Demerger grossed up to pre-tax values. It also includes the vesting of a retention award for JPD van Schalkwyk and a sign-on award to BM Dalton.
10 Appointed as of 1 April 2020.
11 Appointed as of 1 April 2021.

2 Table of unvested awards and cash flows for the 2021 financial year

					Number						
Award type	Form of award	Award date	Vesting date	Award price Rand/ share	Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
JPD van Schalkwyk											
AA BSP awards	Shares – AGL	*	*	*	6,464	1,633	–	(8,097)	–	4,833,345	–
AA LTIP awards	Shares – AGL	*	*	*	20,900	–	(10,302)	(10,598)	–	6,736,167	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	809	–	(809)	–	20,783	–
2020 Retention award[3]	Cash	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	–	1,483,896
					27,364	2,442	(10,302)	(19,504)	–	11,590,295	1,483,896
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	67,613	–	–	67,613	–	3,335,890
					–	67,613	–	–	67,613	–	3,335,890
L Martin											
AA BSP awards	Shares – AGL	*	*	*	7,422	1,483	–	(8,905)	–	7,481,218	–
AA LTIP awards	Shares – AGL	*	*	*	27,400	–	(10,302)	(17,098)	–	10,694,927	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	668	–	(668)	–	17,161	–
2020 Retention award[3]	Cash	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	–	1,381,344
					34,822	2,151	(10,302)	(26,671)	–	18,193,306	1,381,344
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	63,247	–	–	63,247	–	3,120,480
					–	63,247	–	–	63,247	–	3,120,480
LE Mataboge											
AA BSP awards	Shares – AGL	*	*	*	4,802	1,146	–	(5,948)	–	3,550,541	–
AA LTIP awards	Shares – AGL	*	*	*	13,600	–	(6,724)	(6,876)	–	4,370,184	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	594	–	(594)	–	15,260	–
2020 Retention award[3]	Cash	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	–	1,041,582
					18,402	1,740	(6,724)	(13,418)	–	7,935,985	1,041,582
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	47,458	–	–	47,458	–	2,341,483
					–	47,458	–	–	47,458	–	2,341,483
N Sithole											
AA BSP awards	Shares – AGL	*	*	*	4,218	1,124	–	(5,342)	–	3,188,802	–
AA LTIP awards	Shares – AGL	*	*	*	13,600	–	(6,724)	(6,876)	–	4,370,184	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	534	–	(534)		13,718	–
2020 Retention award[3]	Cash	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	–	1,017,768
					17,818	1,658	(6,724)	(12,752)	–	7,572,704	1,017,768
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	46,872	–	–	46,872	–	2,312,571
					–	46,872	–	–	46,872	–	2,312,571
C Venter											
AA BSP awards	Shares – AGL	*	*	*	–	1,021	–	(1,021)	–	609,466	–
2021 Thungela transitional shares	Shares – TGA	07-Jun-21	07-Jun-21	25.69	–	101	–	(101)	–	2,595	–
2020 Retention award[3]	Cash	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	–	990,000
					–	1,122	–	(1,122)	–	612,061	990,000
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	45,109	–	–	45,109	–	2,225,588
					–	45,109	–	–	45,109	–	2,225,588
BM Dalton											
2021 Thungela LTIP[2]	Shares – TGA	16-Nov-21	16-Nov-24	36.34	–	60,162	–	–	60,162	–	2,968,273
					–	60,162	–	–	60,162	–	2,968,273

* AA awards are made up of multiple awards and vesting dates. These were not awarded under the Thungela remuneration policy.

1 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.

2 Conditional shares were calculated on a vesting rate of 60% which is the 'on-target' percentage as stated in Section 2 of the report.

3 Prescribed officers received a cash-based incentive that is aimed at retaining key employees to ensure the stabilisation of Thungela as a separate entity. These are also special awards related to the listing and do not form part of the ongoing remuneration policy of the Group.

3 Minimum shareholding requirements (MSR)

Prescribed officer	MSR fulfilment date[1]	2021 Number of MSR shares	2021 Value of MSR shares[2]	Fulfilment % as of 31 December 2021[3]
JPD van Schalkwyk	2026	1,100	90,453	**2**
L Martin	2026	35,074	2,884,135	**79**
LE Mataboge	2026	594	48,845	**2**
N Sithole	2026	1,558	128,114	**5**
C Venter	2026	560	46,049	**2**
BM Dalton	2026	–	–	**–**

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2021 is R82.23 per share.
3 The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (100% of annual fixed remuneration) to be held.

TERMINATION OF OFFICE PAYMENTS

King IV recommends that the implementation report should contain details of payments made as a result of the termination of employment of executive directors or prescribed officers. During 2021, there have been no such termination payments made.

REMUNERATION POLICY COMPLIANCE

The disclosure outlined in the implementation report is based on rewards made in compliance with the applicable remuneration policy (either Anglo American or Thungela). There have been no deviations from the Thungela policy in 2021.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration of non-executive directors is inclusive of the following director fees: board attendance fees, board committee attendance fees and ad hoc board fees for any extra work and meetings conducted. The emoluments paid to non-executive directors during the year under review are set out as follows:

Director	Chairing	Appointment date	2021 Fees (R 000's)
SS Ntsaluba[1]	Board	1 January 2021	**1,602**
KW Mzondeki[2]	Audit committee	12 February 2021	**1,138**
TML Setiloane[3]	Social and ethics committee	7 March 2021	**943**
BM Kodisang[4]	Remuneration and nomination committee	16 March 2021	**909**
SG French[5]		4 June 2021	**571**

1 The board chairperson's fee is inclusive of all committee appointments. The board chairperson also chairs the risk and sustainability committee.
2 KW Mzondeki also serves on the remuneration and nomination committee, as well as the risk and sustainability committee.
3 TML Setiloane also serves on the audit committee and the risk and sustainability committee.
4 BM Kodisang also serves on the audit committee and risk and sustainability committee.
5 SG French serves on the social and ethics committee, remuneration and nomination committee, and the risk and sustainability committee. He donated his fees to the communities in which the Group operates.

The following table outlines the non-executive directors' fees for each committee chairperson and member along with the proposed non-executive directors' fees for 2022:

Position	Proposed fees for the year ending 31 December 2022	Fees for the year ended 31 December 2021
Board		
Chairperson[1]	**1,567,500**	1,500,000
Lead independent director[1]	**1,120,000**	–
Member	**522,500**	500,000
Audit committee		
Chairperson	**313,500**	300,000
Member	**172,450**	165,000
Remuneration and nomination committee		
Chairperson	**229,900**	220,000
Member	**172,450**	165,000
Social and ethics committee		
Chairperson	**229,900**	220,000
Member	**172,450**	165,000
Risk and sustainability committee		
Chairperson[2]	**–**	–
Member	**172,450**	165,000

[1] This is inclusive of all memberships of the board and applicable subcommittees.
[2] The board chairperson is the chairperson of the risk and sustainability committee.

The original fees were benchmarked against a comparator group of companies and found to be in the appropriate tolerance range. As a result, it has been proposed that the non-executive director fees are increased in line with the 4.5% increase approved by RemCo for executive directors on 16 November 2021. As part of the proposal, a benchmark was determined for a lead independent non-executive director, and it is proposed that the fee is set on an all-inclusive basis at the market median and adjusted by the 4.5%.

The proposed non-executive directors' fees for 2022 were recommended by the RemCo and were approved by the board on 18 March 2022. These fees and the addition of a lead independent non-executive director will be voted on by the shareholders at the AGM by special resolution.

NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT

The implementation report, as disclosed in Section 3 of the remuneration report is subject to a non-binding advisory vote by shareholders at the AGM. In the event that more than 25% (of those shareholders voting) vote against the implementation report, the RemCo will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the RemCo when considering changes for the subsequent year. A summary of the concerns and the RemCo response will be included in the following year's remuneration report.

06

RESOURCES AND RESERVES

COAL RESOURCES AND COAL RESERVES

As at 31 December 2021

INTRODUCTION

For the reporting of Coal Resources and Coal Reserves, Thungela conforms to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (the SAMREC Code), adopted by the JSE, and accepted as the minimum standards, recommendations and guidelines for public reporting of Coal Resources and Coal Reserves. The Group also conforms to the JSE Listings Requirements Section 12, Part 1.

The estimates (tonnes and qualities) for individual assets are reported on a 100% basis and the attributable ownership is stipulated in the Coal Resources and Coal Reserves statement. Resources are reported on an exclusive basis.

STATEMENT BY THE LEAD COMPETENT PERSON

By signing this statement, the Lead Competent Person, Bart Jozef Maria Van de Steen, confirms that the information disclosed in this section of the Integrated annual report is compliant with the SAMREC Code and the relevant JSE Listings Requirements Section 12, Part 1. The Coal Resources and Coal Reserves are published in the form and context in which they are intended. The Lead Competent Person has not been unduly influenced by Thungela or any person involved in the compilation of this report and its content. The Lead Competent Person has 34 years of relevant experience in the commodity under consideration and is registered as a Professional Engineer with the recognised professional body, the Engineering Council of South Africa.

Bart Jozef Maria Van de Steen
Head of resource development and operational excellence
PhD
ECSA, Registration No: 20050122

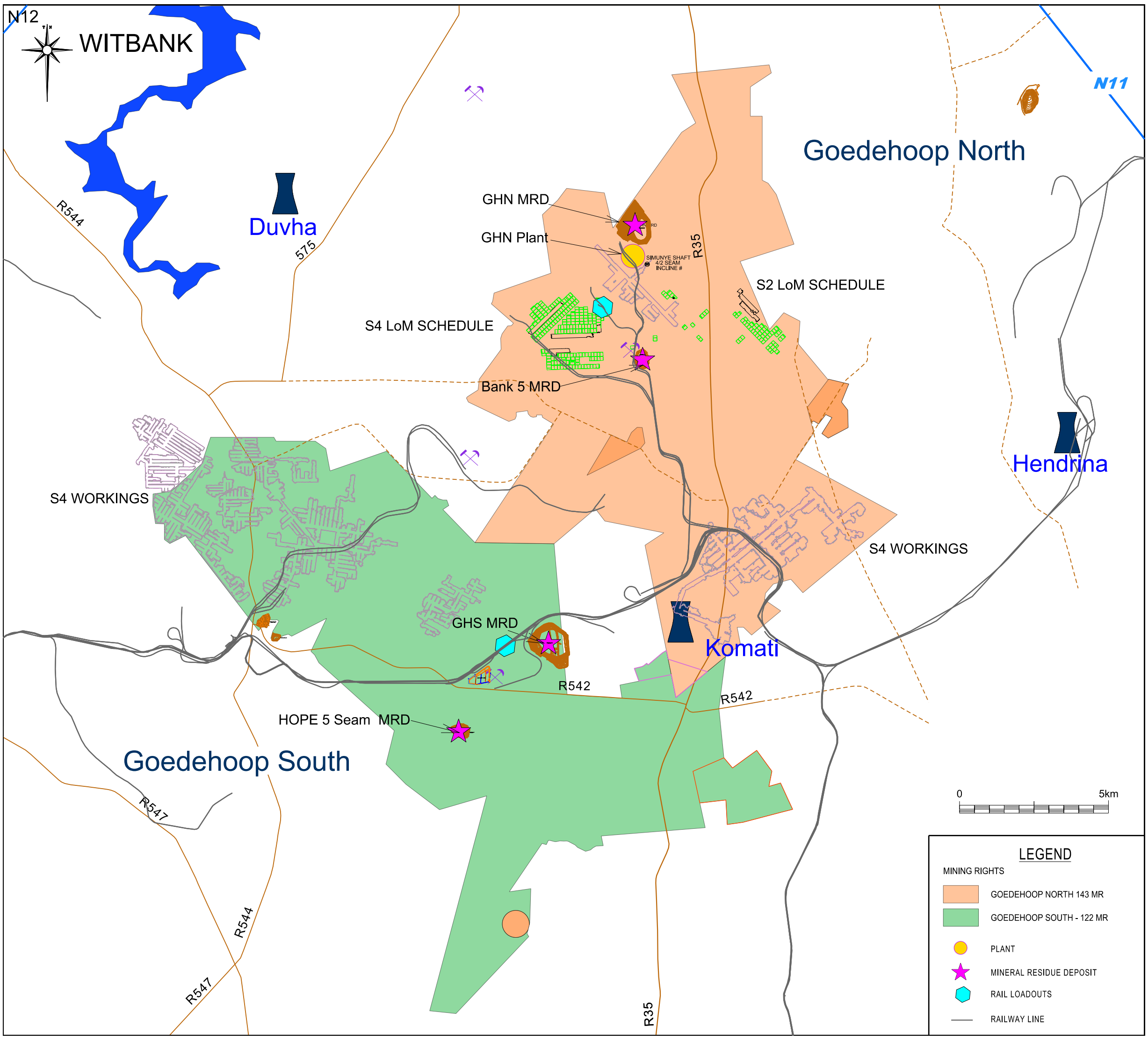
COMPETENCY

Pursuant to the requirements of the JSE Listings Requirements Section 12, Part 1 and clause 8 of the 2016 SAMREC Code, a written consent statement by the Competent Person has been signed in the individual asset Competent Person's report (which is available on request) declaring the Coal Resources and Coal Reserves, and he/she has consented to the inclusion of his/her estimates in the form and context in which they appear in this section of the report.

A list of the Competent Persons, their affiliation and relevant years of experience is available at the end of this section.

OVERVIEW OF ASSETS

GOEDEHOOP



The greater Goedehoop colliery comprises the currently active Goedehoop North (GHN) colliery (formerly known as Bank colliery) and the closed Goedehoop South colliery (GHS). The two collieries were amalgamated in 2006. Although the GHS colliery closed in 2019, some of the environmental and water management infrastructure remains intact. Both the collieries have their own processing plants (GHS plant is now dismantled) and train loading facilities. There are also Goedehoop North and Goedehoop South mineral residue deposits (MRDs).

The GHN colliery is an underground bord and pillar coal mine located approximately 165 km east of Johannesburg in the Mpumalanga province of South Africa.

LEGAL TENURE

The Goedehoop colliery is covered by three granted and executed new order mining rights (NOMRs), three granted and executed converted mining rights and one MR that is awaiting grant and execution (Komati Power Station MR).

The company owns 100% of the mining rights and has the exclusive right to mine coal on or under these areas.

GHN and GHS operate under several environmental management programme reports (EMPr), EAs and water use licences (WULs). All the required permits are in place for the activities at the colliery.

The colliery does not require a waste licence and no longer holds a valid air emission licence (AEL) as incineration activities have ceased.

>

GHN and GHS comprise several land claims, which require validation or claimant verification while others require gazetting, negotiation and settlement.

There are currently no known impediments to tenure security.

The surface rights are owned by various entities, including the company, while some of the company owned surface rights are leased to third-party tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes, underground in-seam directional non-cored boreholes and aeromagnetic surveying, as well as standard downhole geophysics.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Minescape GDB, which includes validation processes during importing of data.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R2.6 million.

GEOLOGICAL SETTING AND MODELLING

Goedehoop colliery is located in the Witbank Coalfield where generally five coal seams are present. These consist of, from bottom, the No 1 Seam sequentially to the No 5 Seam at the top, with inter-seam partings consisting of mainly siltstone and sandstone, with thicknesses ranging between 1 m and 30 m. The No 4 Seam and No 2 Seam are the only contributors to the GHN colliery's export product.

The Goedehoop area has been intruded by transgressive Karoo dolerites in the form of sills and dykes and stringers. Minor faulting occurs infrequently.

The Ogies Dyke, a major west-east trending intrusion of up to 20 m thick and over 100 km in length, sub-divides GHN into two domains.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model with estimates of raw qualities as gridded surfaces, from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

MINING ACTIVITIES

The GHN colliery has three sections mining the No 4 Seam and two sections mining the No 2 Seam, using mechanised bord and pillar mining. The practical mining height in the No 4 Seam is minimum 2.7 m and in the No 2 Seam is maximum 4.5 m. The roof conditions are generally good and the pillar design appropriate.

Mining equipment used underground includes continuous miners, shuttle cars, roof bolters, feeder breakers and a series of conveyor systems, all supported by the required ancillary equipment.

The remaining LOM is estimated at four years with ROM reserves of 17.7 Mt. The colliery is investigating future opportunities (opencast and underground) to extend the LOM.

There are no Inferred Coal Resources included in the LOM plan.

PRODUCTION AND COAL PROCESSING

The annual production ROM for GHN colliery for 2021 is 4.4 Mt, with a saleable export product of 2.2 Mt.

The 5,700 kcal/kg NAR (26.40 MJ/kg) export product is produced in a single stage processing wash plant, which treats the coarse and finer coarse coal separately in Wemco drums and dense medium cyclones, respectively.

Product and waste streams are sampled using automatic samplers as the coal leaves the plant. Saleable product is then sent to either the product silos or directly onto a stockpile adjacent to the silos. Coal is then loaded onto trains and dispatched to the Richards Bay Coal Terminal.

GOEDEHOOP NORTH MRD

The Goedehoop North MRD is a facility consisting of coarse and fine fraction material, derived from previously mined and beneficiated coal. The coarse material, together with some of the as-arising discard from the coal handling preparation plant (CHPP), is currently being reclaimed and sold to a third party.

The estimated Coal Resource is derived from a geological model constructed in the Datamine Minescape 3D modelling software, using drillhole data together with a flown Digital Terrain Map (DTM) topography and a pre-mined topography surface as the estimated base.

Nine vertically stacked horizontal layers have been defined to reflect the variation in raw coal qualities. An assumed bulk density of 1.6 g/cm^3 for the coarse fraction was used to estimate the tonnage. No fines material is included in the reserve estimation.

The current sales contract was extended to 31 December 2021, with an expected further extension in 2022. The 2021 contract allows for sales up to 3.0 Mtpa.

The material is loaded and transported directly to the contractor's plant, where a yield of approximately 30% has been achieved, for domestic power station quality.

GOEDEHOOP SOUTH MRD

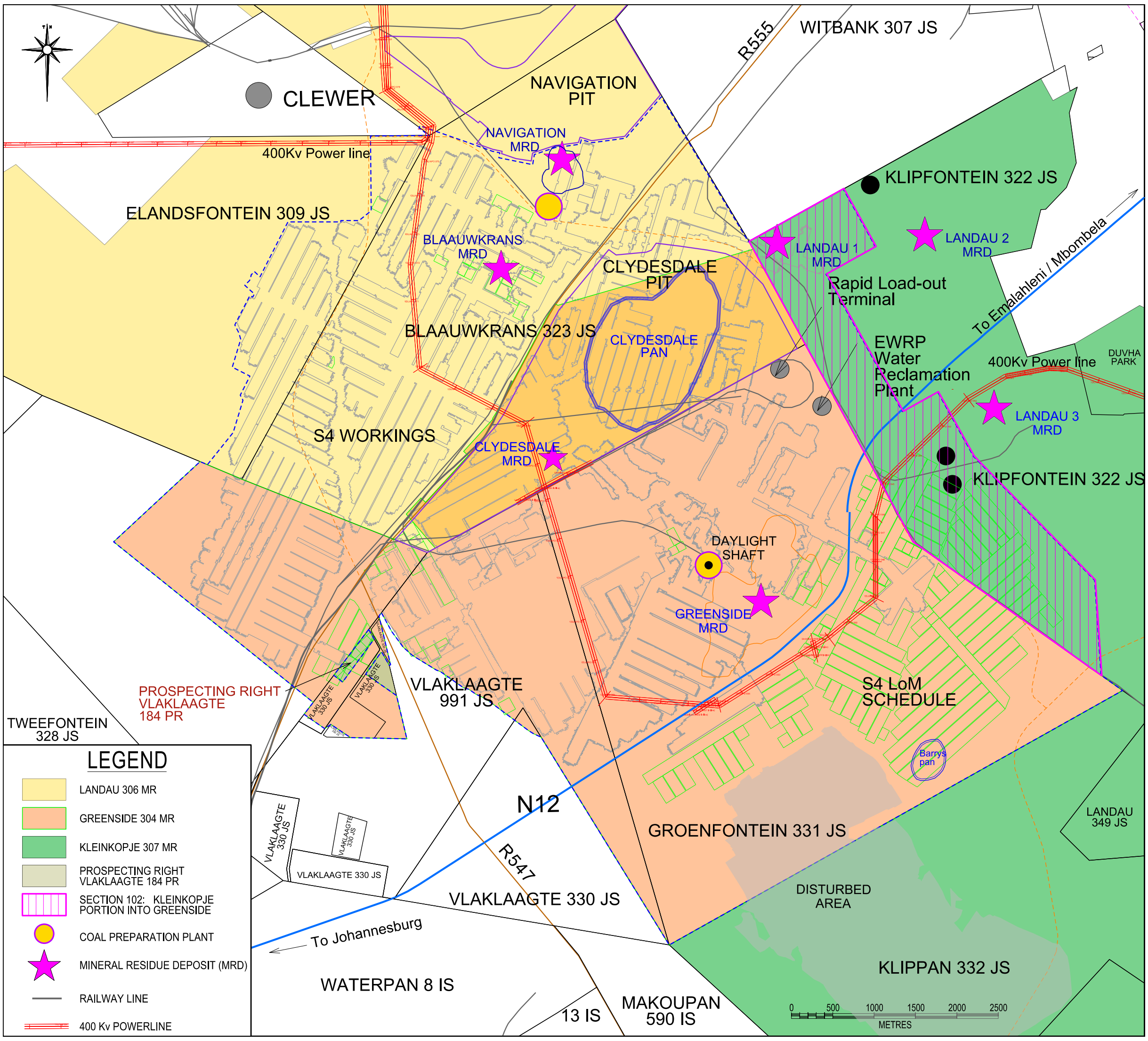
Goedehoop South (GHS) MRD Coal Resources and Coal Reserves were declared for the first time in 2021. A contractor will mine and beneficiate 3.2 Mtpa to produce a saleable 4,800 kcal/kg product at an expected 30% yield, for the duration of the economic life of the MRD.

The GHS MRD comprises original coarse material and high-quality fines slimes compartments, added in later years, enclosed by coarse residue. A separate low grade slimes compartment was added on the eastern side which is used for slimes disposal. The placement of coarse coal residue commenced further south on the MRD.

The estimated Coal Resource is derived from a geological model constructed in the Datamine Minescape 3D modelling software, using drillhole data, a flown DTM topography and pre-mined topography surface as the estimated base.

Eight vertically stacked horizontal layers have been defined to reflect the variation in raw coal qualities. An assumed bulk density of 1.6 g/cm^3 was used to estimate the tonnage. No fines material is included in the Coal Resources or Coal Reserves.

GREENSIDE



Greenside colliery is an underground coal mine located approximately 120 km east of Johannesburg, close to the town of eMalahleni in the Mpumalanga province of South Africa.

It forms part of the South African Coal Estate (SACE) complex, together with Khwezela North (formerly known as Landau) and Khwezela South (previously known as Kleinkopje).

The rapid load-out terminal (RLT) and the eMalahleni water reclamation plant (EWRP) lie approximately 2.5 km northeast of the colliery. The colliery hosts a mineral residue deposit (MRD), a coal preparation plant complex and two inclined shafts to the underground workings.

LEGAL TENURE

Greenside colliery holds one granted and executed converted MR and one granted, executed new order PR for which a mining right application was lodged at the DMRE and is pending approval.

There are a number of properties in the Greenside MR and Landau MR which are common to both. There is accordingly an overlap of the Greenside and Landau MRs. Through the company's resource optimisation strategy for the SACE complex, comprising the Greenside MR, Landau MR and Kleinkopje MR collieries, resources have been rationalised over the life of these mines to ensure profitable mining of the reserves.

A Section 102 application was submitted to the DMRE in February 2021 for certain portions under the Kleinkopje MR (Khwezela South) to be included into the Greenside MR.

Since receiving the original WUL, a selection of licences and an exemption have been issued for water use related activities. Greenside has submitted an amended, consolidated WUL and is awaiting approval. The colliery operates under several EMPrs and EAs.

The colliery does not require a waste management licence (WML) in terms of the National Environmental Management: Waste Act (59 of 2008).

There are currently no known impediments to tenure security.

The surface rights are owned by a number of different entities, including the company. Company owned properties are commonly leased to third-party tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes, underground in-seam directional non-cored boreholes and aeromagnetic surveying with a minimal amount of standard downhole geophysics due to the flat-lying strata and the high density of cored boreholes.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R4.8 million.

GEOLOGICAL SETTING AND MODELLING

Greenside colliery is located in the Witbank Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top, with inter-seam partings consisting of mainly shale or siltstone and sandstone, with thicknesses ranging between 1.5 m and 23 m. The No 4 Seam is currently the only contributor to the colliery's export product.

The colliery is sub-divided into two distinct domains, by a major northwest, southeast trending normal fault system with a measured maximum throw of 30 m in the southeast. The throw gradually decreases to a ~1 m throw towards the northeast. Mining has been constrained by the fault system, with development from the east and west, stopping on approaching the fault zone. Several dolerite dykes have been identified by drilling and mining, but the impact on mining is limited to occasional cases of poor ground conditions experienced during mining.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces, from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

MINING ACTIVITIES

The Greenside colliery is an underground coal mine with five sections mining the No 4 Seam at relatively shallow depths, using the mechanised bord and pillar mining technique. The practical mining height ranges between 2.8 m and 4.5 m. The roof conditions are generally good and subsidence protection and undermining of surface structures are well managed.

Mining equipment used underground includes continuous miners, shuttle cars, roof bolters and a series of conveyor systems. Mining activities are further supported by the required ancillary equipment. Currently two incline shafts are used to access the underground workings.

Based on a 25.1 Mt ROM reserve, the LOM is estimated at 5.4 years. Inferred Coal Resources less than a scheduled 1% (0.2 Mt) are included in the LOM plan.

The overall mine plan is to fully extract the remaining reserves in the north of the Greenside Area of Responsibility (GAR), while developing into the reserves in the south-eastern portion (East Block) of the mine.

PRODUCTION AND COAL PROCESSING

The annual production ROM for Greenside colliery for 2021 is 4.10 Mt, with a saleable export product of 3.5 Mt.

The washing plant complex produces a primary product nominally 5,850 kcal/kg NAR and a middlings product nominally 4,800 kcal/kg NAR.

The plant (also known as the No 4 Seam plant) consists of three modules, with modules 1 and 2 being identical and joined by a spiral plant circuit. Module 3 is separate and has its own spiral plant circuit. The plant is well maintained and quality control is good with sufficient numbers of automatic samplers being used.

A flotation plant recovers the ultrafines material from the No 4 Seam plant discard stream using froth flotation.

The primary product is transported via a conveyor to RLT, from where it is railed to the Richards Bay Coal Terminal for export. The middlings product is sold to the export market as well.

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GREENSIDE MRD

The Greenside MRD consists of discard material derived from the No 5, 4, 2 and No 1 Seams and an old ash mound. Portions of the MRD that are included in the resource estimate are the Bullnose, East and West Flanks. New and old slimes areas are excluded. Volumes towards the base of the MRD are excluded from the estimate due to uncertainty of the base surface.

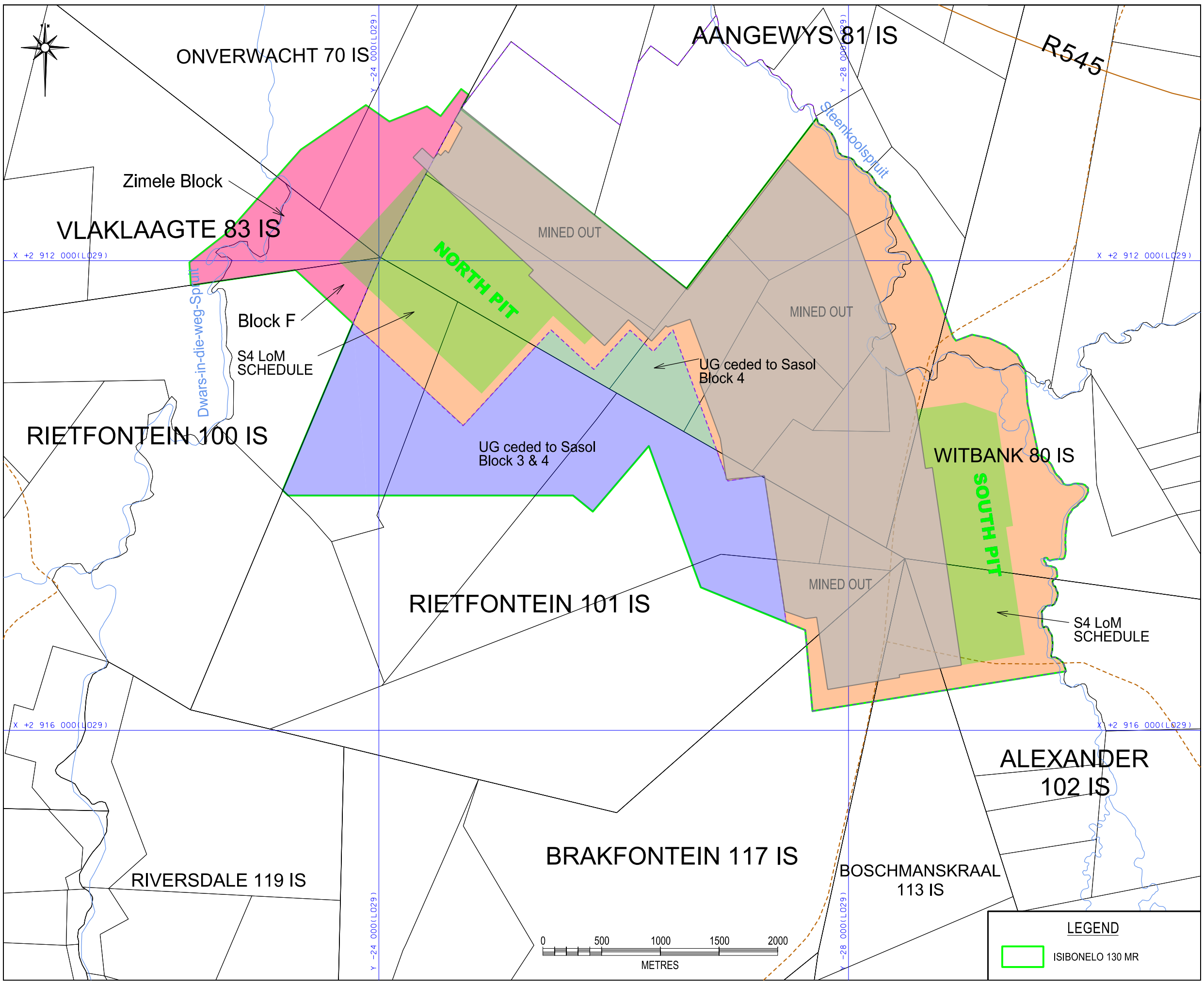
The total remaining volume of material in the MRD is significantly larger than indicated in the Coal Resource statement. Further evaluation is required before it can be fully classified.

The estimated Coal Resource is derived from a geological model constructed in the Datamine Minescape 3D modelling software, using drillhole data together with a DTM flown top surface.

Eleven vertically stacked horizontal layers define the variation in raw coal qualities. An assumed bulk density of 1.6 g/cm^3 was used to estimate the tonnage.

A domestic product is derived from washing MRD material through the No 5 Seam Plant and blending it with material derived from the No 4 Seam middlings. The product is then sold to the export market.

ISIBONELO



Isibonelo colliery comprises opencast reserves and resources and underground Coal Resources. The underground resources are pending a sale transaction, and for this reason are not declared in this report.

The colliery is located approximately 150 km east of Johannesburg, 13 km northeast of the town of Secunda in the Mpumalanga province of South Africa.

The opencast operation is constrained by the MR boundary, a 70 m corridor between the opencast resource and the underground resource, and the rivers to the west and east of the resource area, which form part of the MR boundary.

The operation consists of a north and south pit, with the main offices and workshops approximately 16 km south of the opencast operations.

LEGAL TENURE

Isibonelo colliery holds one granted and executed converted mining right and two Section 102 applications have been granted, which include the Zimele Block and the Block F Triangle areas into the current MR. An additional Section 102 application is pending approval by the DMRE, which relates to the underground Block 4 sale transaction.

Isibonelo colliery operates under one WUL. The licence includes and supersedes all activities previously licensed under numerous water use related licences issued to the colliery. The colliery operates under numerous approved EMPrs and EAs. The colliery does not have a waste management licence.

Three land claims require validation by the Restitution Management Support Office (RMSO). The company has fulfilled its obligations in this regard and any further action required is the responsibility of the RMSO.

There are currently no known impediments to tenure security.

The surface rights are owned by a number of different entities of which the majority are owned by the company and leased to a number of tenants. Certain surface rights, in the vicinity of the north pit, were acquired and the Company is awaiting the deeds office transfer.

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EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes and aeromagnetic surveying with standard downhole geophysics being the norm over the last four years.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing of data.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R4.2 million.

GEOLOGICAL SETTING AND MODELLING

Isibonelo colliery is located in the Highveld Coalfield where four coal seams are present. These consists of, from bottom, the underdeveloped No 2 Seam, sequentially to the No 5 Seam at the top. Only the No 4 Seam is declared as Coal Resources and Coal Reserves.

No faulting was detected during exploration drilling or mining activities. A sill identified on the aeromagnetic survey as well as in boreholes is situated above the No 4 Seam and has little effect on the coal seam. Three thin dolerite dykes were intersected during mining, but with little effect on the mining or coal seam.

The coal seams are modelled in the Datamine Minescape 3D modelling software, which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. There are no washability analyses since the colliery produces a raw product.

MINING ACTIVITIES

The colliery is an opencast operation consisting of a north pit and a south pit. Both pits support a dragline operation and are assisted by a pre-strip truck and shovel fleet.

The main equipment used in the pits includes two draglines, hydraulic shovels, haul trucks, dozers, excavators, rotary drills, water bowsers and cranes with the required ancillary support equipment. The mine layout was designed to suit the available mining equipment.

The remaining LOM is estimated at five years with ROM reserves of 23.6 Mt. There are no Inferred Coal Resources included in the LOM plan. The terms of the supply agreement with Sasol determine the LOM.

PRODUCTION AND COAL PROCESSING

ROM for 2021 is 4.5 Mt with a 100% saleable raw product of 4.2 Mt.

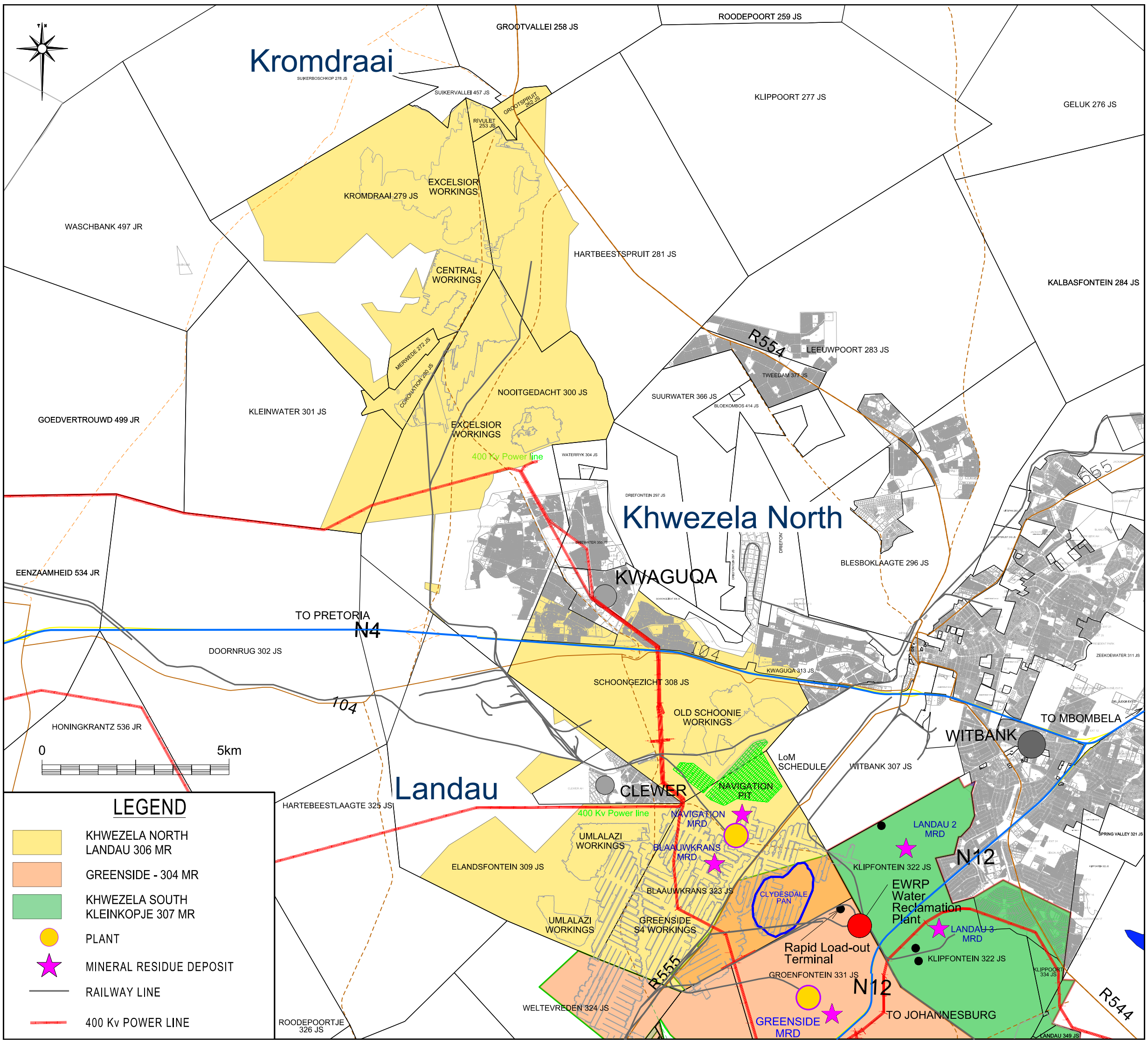
The colliery solely supplies to Sasol Synthetic Fuels (SSF) under the Coal Supply Agreement (CSA). The CSA contract was revised on 1 June 2019 and expires on 30 June 2025. The targeted supply of 4.5 Mtpa is evenly distributed over a 12-month period.

The coal from the pit is transported to the ROM tip by truck. The coal is crushed, screened and sized at the crushing and screening plant. There is an automatic satellite sampling plant at the point of sale. The coal analysis is critical to ensure quality compliance.

When available, additional raw coal, trucked from the Khwezela South mineral residue deposit (MRD) (refer to the Khwezela overview page), is blended with the in-pit coal.

The final product is transported by a 14 km conveyor from the crusher plant to point of sale at the Isibonelo bunker. From there it is transported by a 22 km long conveyor directly to the Sasol coal stockyard situated at the SSF plant, just south of the town of Secunda.

KHWEZELA



KHWEZELA NORTH

Khwezela North (previously known as Landau) constitutes the current operating Navigation pit and the coal remnants at the closed Kromdraai colliery and Landau colliery, including Umlalazi as well as Schoongezicht. The Clydesdale SACE lifex project lies on the southern boundary of the Landau MR. Coal Resources are not reported for this project due to current environmental permitting considerations. An active MRD (Blaauwkrans), which receives as-arising material from the Navigation plant is owned and operated by the Company. Inactive/dormant MRDs are also located in the area.

The Navigation pit is located approximately 120 km east of Johannesburg, 22 km west of the town of eMalahleni in the Mpumalanga province of South Africa. It forms part of the SACE complex, together with Khwezela South (formerly known as Kleinkopje) and Greenside colliery (refer to the asset overview of Greenside).

The Navigation pit is constrained by the MR boundary, Eskom powerlines, the Transnet railway to the north, bounding the Clewer settlement in the west, the Navigation CHPP and the Blaauwkrans MRD to the south.

The RLT, as well as the eMalahleni water reclamation plant (EWRP) lie south of the pit.

LEGAL TENURE

Khwezela North holds one granted and executed converted mining right (Landau MR).

Khwezela North operates under numerous approved EMPrs, EAs and WULs.

The colliery does not have a WML. For the Kromdraai rehabilitation programme, a WML has been applied for together with amendments to the EMPr and WUL.

One land claim is noted in Khwezela North. The claim is to be settled by financial compensation by the State, through the administration of RMSO.

There are currently no known impediments to tenure security.

The surface rights are owned by a number of different entities of which the majority is owned by the company and leased to various tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes and aeromagnetic surveying with a minimal amount of standard downhole geophysics due to the flat-lying strata and the high density of cored boreholes.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results are captured in Datamine GDB, which includes validation processes during importing of data.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R7.4 million.

GEOLOGICAL SETTING AND MODELLING

Khwezela North is located in the Witbank Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top and all contribute to the resource and reserve base. At Navigation pit, all seams, with the exception of the No 3 Seam, to a greater or lesser extent, have previously been mined underground, with the select portion of the No 2 Seam mined most extensively. The No 4, 2 and 1 Seams currently contribute to the colliery's export product.

Northwest-southeast striking faults encountered at Greenside colliery extend into the Navigation area but do not impact the mining. Northeast-southwest trending dolerite dykes are encountered but with little impact on mining.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

MINING ACTIVITIES

The Navigation pit is an opencast operation with a pre-strip operation allocated to a truck and shovel fleet. The overall stripping ratio is low compared to other similar opencast operations. The main operational risks are the potential spontaneous combustion in the old workings and local subsidence effects.

The primary mining equipment includes a dragline, hydraulic shovels, haul trucks, overburden drills and a coaling drill and is supported by the necessary ancillary equipment.

The main boxcut is in the north of the pit near the railway line where the overburden is the shallowest. The boxcut is constrained by available spoil space and will be developed in two parts. The third boxcut will be developed once space has been made by completing some of the multi-stage mining operations.

The LOM is estimated at seven years and the ROM reserves at 33.70 Mt. Inferred Coal Resources of 5% (1.8 Mt) are included in the LOM plan.

Although the Umlalazi pit is closed, small-scale truck and shovel mining of 0.76 Mt has taken place from the No 4 Seam inventory coal during 2021, taking advantage of the favourable market conditions.

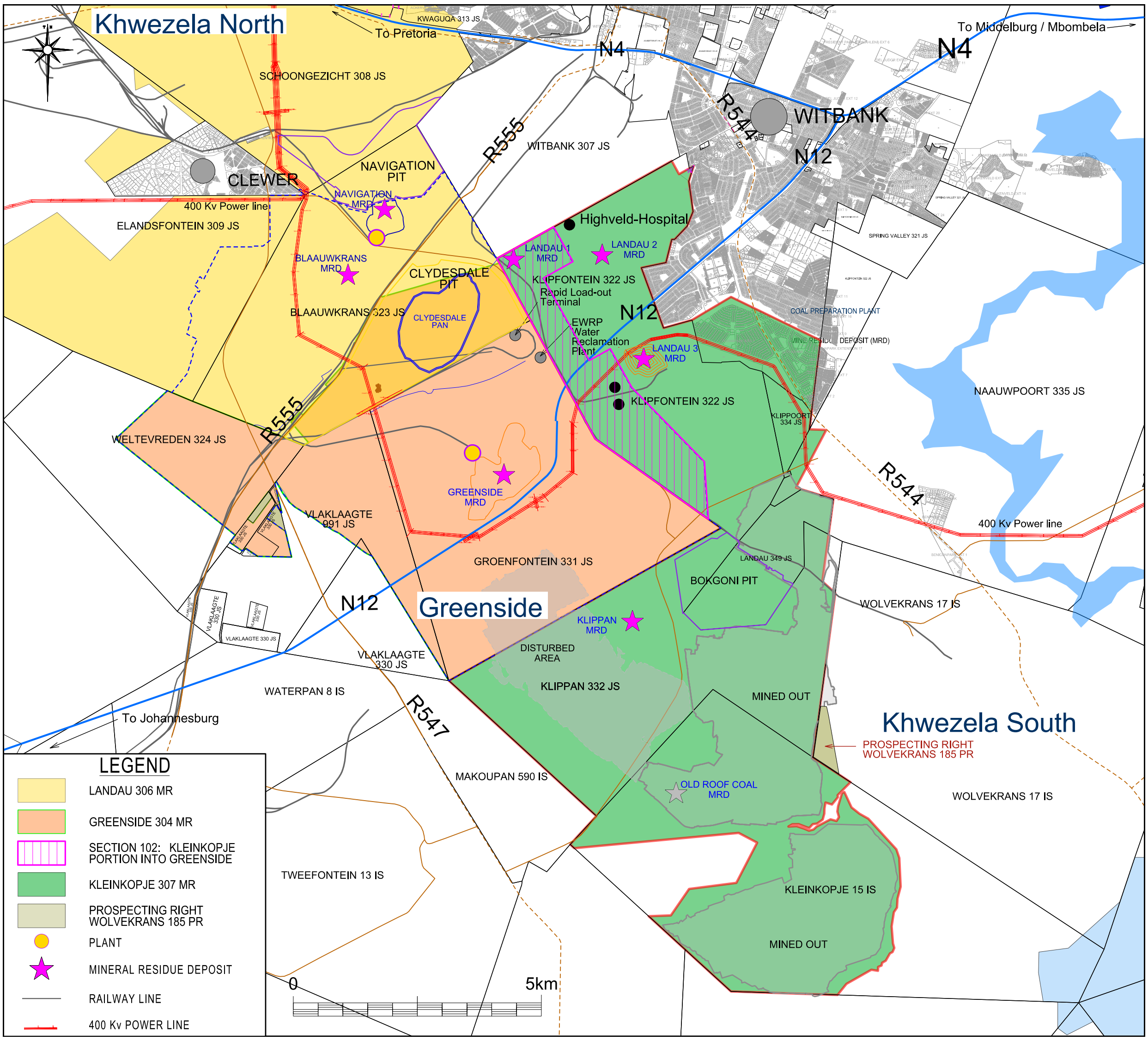
PRODUCTION AND COAL PROCESSING

The annual production ROM for 2021 is 3.5 Mt, which produced 1.96 Mt of export saleable product. Due to the constraints influencing pit extensions, little room is left for expansion of the resources and reserves footprint.

The CHPP produces a primary export product nominal calorific value of 5,700 kcal/kg NAR.

The plant consists of two identical modules, A and B. The fines are treated in spirals and the fines product coal added back to the export product.

The primary product is stockpiled and transported to the RLT via a conveyor, from where it is railed to the Richards Bay Coal Terminal for export.



KHWEZELA SOUTH

Khwezela South (formerly known as Kleinkopje) consists of the Bokgoni 2A pit and the mineral residue deposit (MRD) (also known as Landau 3), both of which were placed on care and maintenance effective from the first quarter of 2021. No Coal Reserves are declared. The remaining Coal Resource from Bokgoni 2A is declared under resources outside of mine plan. Other coal remnants within the mining right comprise the old Kleinkopje colliery in the south, NorthWest and Landau 1& 2 Blocks as well as the MRD at Klippan.

LEGAL TENURE

Khwezela South holds one granted and executed converted mining right (Kleinkopje MR) and one prospecting right (PR) for which a renewal application has been submitted and is awaiting adjudication.

A section 102 application has been submitted to the DMRE for certain portions under the Kleinkopje MR to be excluded and included into the Greenside MR.

Kleinkopje MR has applied for an EMPr and EA and has an authorised EA for a water management strategy for Post 2A dam.

Four land claims which require further action by the RMSO are noted in Khwezela South. The RMSO needs to either validate or gazette the claims.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities have been suspended since 2020. Previous activities included vertical cored, collar surveyed, surface boreholes and aeromagnetic surveying with a minimal amount of standard downhole geophysics due to the flat-lying strata and the high density of cored boreholes.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which include validation processes during importing.

Coal samples are sent to a SANAS accredited laboratory.

There is no 2022 budget for exploration activities at Khwezela South.

GEOLOGICAL SETTING AND MODELLING

Khwezela South is located in the Witbank Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top and are all, with the exception of the No 3 Seam, part of the resource base. A small graben with a 10 m throw lies to the northeast of Bokgoni 2A pit, but will not impact potential future mining. No major dolerite intrusions have been encountered.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model with estimates of raw qualities as gridded surfaces, from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

MINING ACTIVITIES

Although the Bokgoni 2A pit was put on care and maintenance, small scale, truck and shovel mining of 0.4 Mt, has occurred from No 5 and 4 Seam inventory coal during 2021 taking advantage of the favourable market conditions.

PRODUCTION AND COAL PROCESSING

The coal was blended with coal from the Navigation pit and beneficiated to produce an export product.

KHWEZELA SOUTH MRD

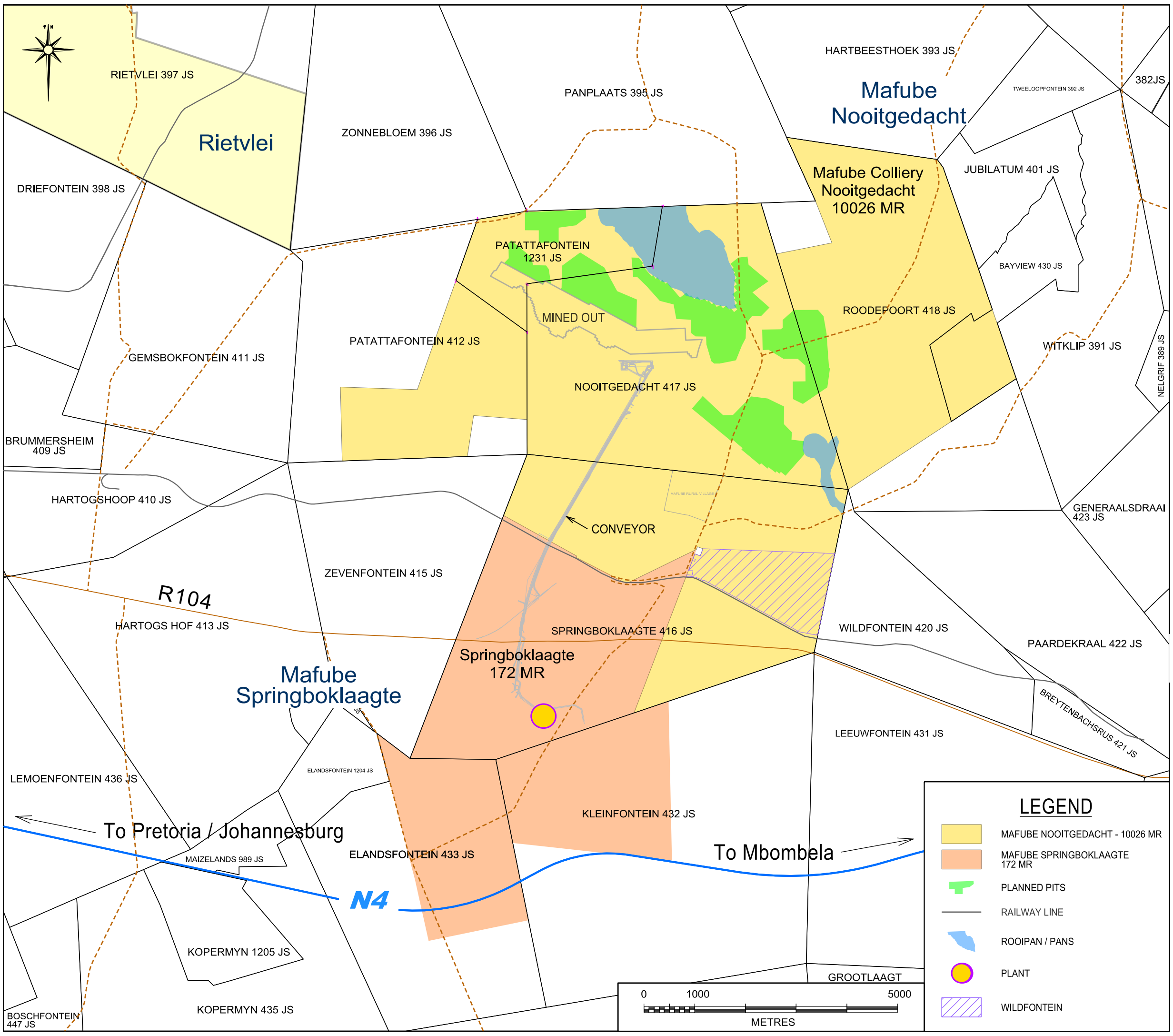
The Khwezela South MRD (also known as Landau 3) consists of discard material from the No 2 Seam, obtained during the early stages of the facility's construction, and old discard/ash dump which was not compacted and underwent spontaneous combustion. A poor-quality top zone was formed when the discard of re-washed MRD material was deposited during the last years of operation. The MRD was built up in two stages, resulting in an old slightly better quality section and a new poorer quality area.

The estimated Coal Resource is derived from a geological model constructed in the Datamine Minescape 3D modelling software, using drillhole data together with a flown DTM topography surface and a pre-mined basal topographic surface as the base of the MRD.

Seven vertically stacked horizontal layers represent the variation in raw coal qualities. An assumed bulk density of 1.5 g/cm^3 was used to estimate the tonnage.

During 2021, 1.2 Mt coal was mined from the declared resources outside mine plan (RoMP). The coal was trucked to Isibonelo colliery where it was blended with inpit coal at a ratio of 1:6 and then sold to Sasol.

MAFUBE



Mafube colliery is an opencast operation in which SACO holds a 50% direct interest and Exxaro Coal Mpumalanga Proprietary Limited (Exxaro) holds 50%. The joint operation (JV) is termed Mafube Coal Mining Proprietary Limited.

The colliery is located approximately 160 km east of Johannesburg and 30 km east from the town of Middelburg in the Mpumalanga province of South Africa.

The opencast operation is constrained primarily by the MR boundary. Internal to the MR, the edge of the large open waterbody known as Rooipan and the coal sub-crop define the resource limit.

The operation consists of six planned pits. The mining strategy is to schedule the mining pits to maximise the Coal Reserve recovery by maintaining steady-state production up to the end of LOM.

LEGAL TENURE

Mafube colliery holds one granted and executed NOMR and one granted and executed converted mining right. The coal in the Springboklaagte Reserve MR has been depleted. Mining operations currently occur in the Nooitgedacht Reserve MR.

Mafube colliery operates under numerous approved EMPrs, EAs and WULs.

Several land claims are registered. Some have been dismissed, others require validation or claimant verification and a few require further negotiations prior to settlement

There are various competing applications over Mafube's MRs for a variety of commodities. Mafube has lodged objections and appeals against the applications and the outcomes are pending.

There are currently no known impediments to tenure security.

The surface rights are owned by a number of different entities, including the Company and leased to a number of tenants.

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EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes and aeromagnetic surveying with a minimal amount of standard downhole geophysics due to the flat-lying strata and the high density of cored boreholes, not necessitating these surveys.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in an acQuire GIM Suite SQL database, managed by Exxaro.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R19.8 million, mainly aimed at the Rooipan area for which a general authorisation has been granted by the DMRE.

GEOLOGICAL SETTING AND MODELLING

Mafube colliery is located close to the northern edge of the Witbank Coalfield where four coal seams are present. These consist of, from bottom, the No 1 Seam, sequentially to the No 4 Seam at the top. The No 2 Seam is the main source of the declared Coal Resources and Coal Reserves, with the No 4 and 1 Seams also contributing.

No faulting was detected during exploration drilling or mining activities. Dolerite intrusives, tentatively identified from the aeromagnetic survey, have not been confirmed by drilling or mining activities.

The geological model is constructed using the Geovia Minex Dassault Systems software and is managed and maintained by Exxaro. The gridded coal seam surfaces, interpreted from boreholes, were constructed using set criteria or relationships between the seams, using the growth algorithm. Raw and washability quality grids were also constructed.

MINING ACTIVITIES

Two of the six LOM pits are currently being mined and the No 2 and No 1 Seam are being extracted.

The main equipment used in the pits are dozers, excavators, haul trucks, coal and overburden drills with articulated dump trucks used for topsoil removal.

The LOM is estimated at 10 years with ROM reserves of 49.7 Mt. This is in line with the Mafube plant capacity of 5.8 Mtpa ROM. Only 3.3% of the LOM plan is derived from Inferred Coal Resources.

Mine and geotechnical design criteria are aligned with industry best practice.

PRODUCTION AND COAL PROCESSING

ROM production for 2021 is 5.2 Mt. After processing, this produced 2.4 Mt of a 5,800 kcal/kg NAR export product and 1.2 Mt of a 4,800 kcal/kg NAR middlings export product.

The CHPP is operated by the company on behalf of the JV.

ROM coal is transported from the pit to the CHPP by a 7 km overland conveyor. The CHPP is a double-stage module, treating coarse and fine coal. Both saleable export products are transported by a 14 km overland conveyor to the RLT.

The CHPP also uses filter presses to process ultrafines. This product is sold on demand to the inland market.

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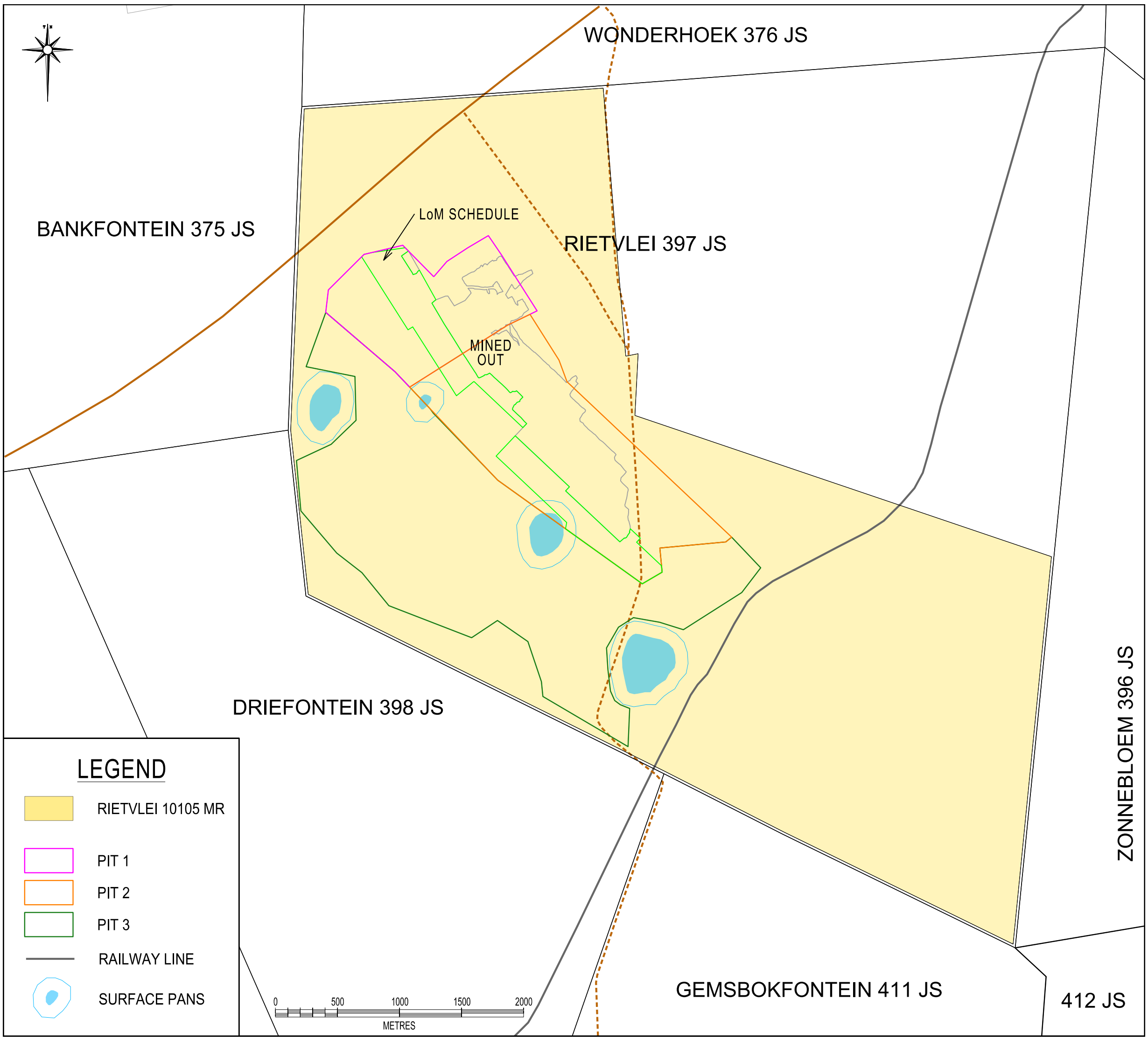
RIETVLEI



The Rietvlei coal mining project comprises an established truck and shovel opencast operation with two designed LOM pits and a third representing out of mine plan resources. The colliery is located 27 km northeast of the town of Middelburg in the Mpumalanga province of South Africa.

Butsanani Energy Investment Holdings Proprietary Limited holds a 51% share of Rietvlei Mining Company Proprietary Limited (RMC) and the balance is held by Mwelase Group of Companies Proprietary Limited (15%) and Emalangeni Mining Resources Proprietary Limited (34%).

Thungela holds 67% of Butsanani Energy Investment Holdings Proprietary Limited; a consolidation of TOPL and SACO, with Vunani Mining Proprietary Limited holding the remaining portion (33%). The effective ownership of RMC by Thungela is 34%.

The opencast operation is constrained by the MR boundary, sub-cropping of the coal seams, protected water features and a railway line which passes through the southern portion of the area as well as the provincial road in the northwest.

The operation consists of three designed pits, with the main infrastructure close to the opencast operations.

LEGAL TENURE

Rietvlei colliery holds one granted and executed NOMR.

The colliery operates under one approved WUL, one approved EMPr and one EA. The colliery does not have a WML. The colliery has not completed construction of a pollution control dam (PCD) to date. The excess water is currently managed within the MR area.

There are currently no known impediments to tenure security.

The surface rights are owned by the South African government and a lease agreement is in place.

EXPLORATION ACTIVITIES AND EXPENDITURE

Historical exploration activities were done by Anglo American Coal SA. The information provided to RMC, when RMC acquired the Rietvlei licence, included complete borehole information.

The more recent geological activities, conducted by GM Geotechnical Consultants cc (GM), were carried out following GM's standard logging and sampling procedures. All pre-split holes possess downhole geophysical surveys, whereas the exploration boreholes are photographed, logged and sampled. All geological information is stored in Excel spreadsheets/ database from where it is interrogated for errors.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R4.3 million.

GEOLOGICAL SETTING AND MODELLING

Rietvlei colliery is located in the Witbank Coalfield where two of the five coal seams are present. These consists of the No 1 and No 2 Seam, declared as Coal Resources and Coal Reserves and currently contributing to the raw product.

No faulting was detected during exploration drilling or mining activities. A dolerite intrusion in the far north was intersected by boreholes as well as mining, but the effect on the coal seams is minimal.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model with estimates of raw qualities as gridded surfaces, from borehole information as well as structural information from the pre-split holes. The washabilities are available on all recent exploration boreholes, and this data was incorporated into the geological model and mine planning for 2022.

MINING ACTIVITIES

The colliery is an opencast operation consisting of three designed pits, with mining activity taking place in pit 1 and 2. The colliery is a strip truck and shovel operation.

The main equipment used in the pits are excavators, haul trucks, dozers, rotary drills, water bowsers and graders.

The remaining LOM is estimated at two years with ROM reserves of 4.4 Mt, based on current coal sales agreements. There are no Inferred Coal Resources included in the LOM plan. The ROM is supplied to Eskom, with raw quality specification, as per the offtake agreements.

PRODUCTION AND COAL PROCESSING

The annual production ROM for 2021 is 2.2 Mt with a 100% saleable raw product of 2.2 Mt.

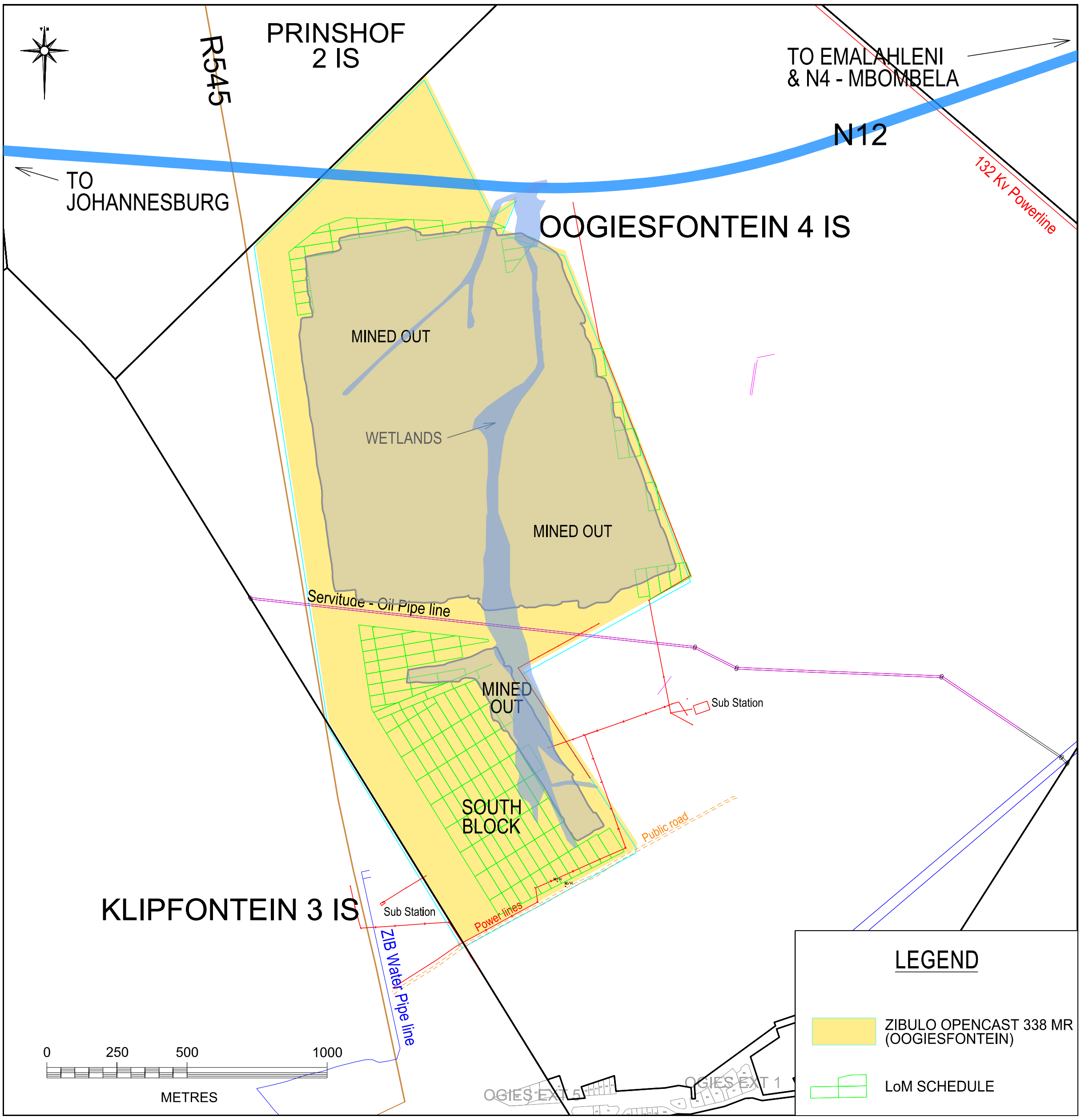
The coal from the pit is transported to the ROM tip by articulated dump trucks. The coal is crushed, screened and analysed by an on-site control laboratory at the crushing and screening plant. The product line has an in-line sampler and belt scales.

The final product is transported by road to the client. There is currently a low-grade contract with Eskom. The contract for the additional high-grade product ceased in April 2021.

During 2022 a washing plant will be introduced to reduce the high sulphur content and to upgrade the ROM to a domestic or export quality product. This necessitated a revised mine schedule and an increase in the ROM for 2022.

The reporting of the Coal Resources and Coal Reserves is on a depletion basis, with the exception of the increase in ROM and decrease in RoMP due to the introduction of a washing plant, as discussed in the paragraph above.

ZIBULO



ZIBULO OPENCAST

Zibulo Opencast (OC) is located approximately 100 km east of Johannesburg, close to the town of Ogies in the Mpumalanga province of South Africa.

It forms part of the Zibulo colliery, which includes the underground bord and pillar operation situated 16 km southwest of Ogies.

The Zibulo MR is held by Anglo American Inyosi Coal Proprietary Limited (AAIC), which is jointly owned by Inyosi Coal Proprietary Limited (27%) and SACO (73%).

The pit is constrained by the MR boundary as well as the N12 highway in the north and the R545 road in the south. The northern pit, nearing total extraction, is separated from the southern pit (box cut developed in 2021) by the Strategic Fuel Fund (SFF) pipeline servitude.

LEGAL TENURE

Zibulo OC holds one granted and executed NOMR.

The pit operates under several EMPrs, EAs and WULs. It does not require a WML, and all the required environmental permits are in place. An amendment to the WUL has been submitted to license additional activities.

The surface rights are owned by the Company and a third party.

No land claims are recorded over the Zibulo OC MR.

There are currently no known impediments to tenure security.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes and aeromagnetic surveying with a substantial amount of standard downhole geophysics done on the vertical holes. Some of the production (drill and blast) holes were used for the structural interpretation.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results are captured in Datamine GDB, which includes validation processes during importing of data.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R0.9 million.

GEOLOGICAL SETTING AND MODELLING

Zibulo OC is located in the Witbank Coalfield where typically five coal seams are present. However, at Zibulo OC only three seams occur, ie from bottom, the No 1 Seam, the No 2 Seam and the No 4 Seam at the top. The No 5 Seam has been eroded and the No 3 Seam is not present. The No 4 and No 2 Seams both contribute to the colliery's export product.

Zibulo OC is sub-divided into two distinct domains, north and south, by the SFF pipeline servitude. No faults or dolerites are present in the area. Granted WULs to mine the wetlands to the east and south are available.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

MINING ACTIVITIES

The Zibulo OC pit is a truck and shovel contractor-operated mini-pit. The northern portion of the pit is nearing total extraction, and the box cut development in the southern pit commenced in 2021. Rock engineering aspects are well managed, with adequate risk controls implemented.

Zibulo OC has the required infrastructure including a substation and electrical reticulation, haul roads, mining equipment and a ROM crushing plant.

The remaining LOM is estimated at six years with ROM reserves of 5.7 Mt, if the current mining rates are maintained.

PRODUCTION AND COAL PROCESSING

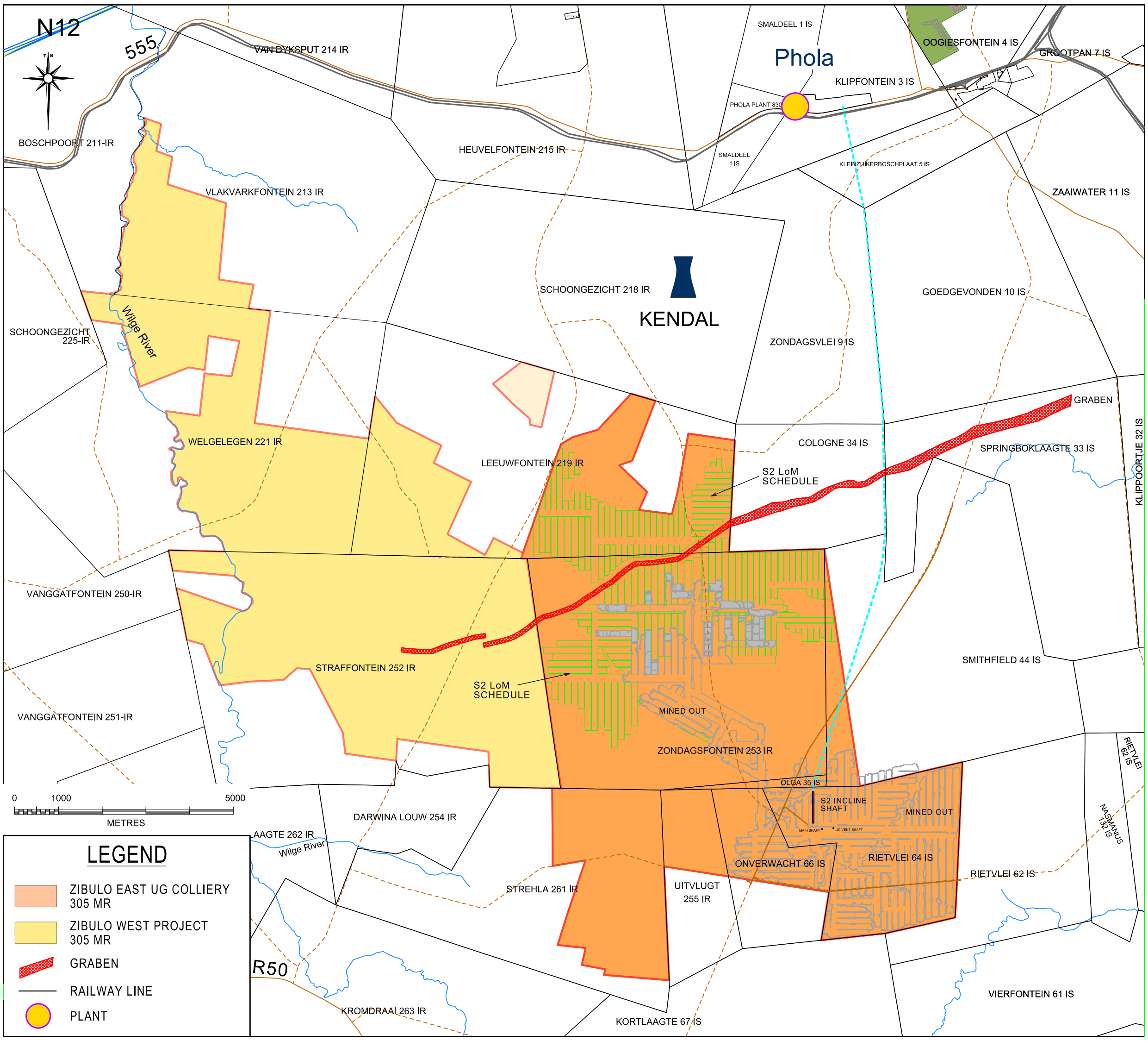
The annual production ROM for Zibulo OC for 2021 is estimated to be 1.3 Mt. The coal is combined with the Zibulo UG coal, producing a saleable 6,000 kcal/kg NAR export product and a 4,800 kcal/kg middlings NAR export product, with a total of 5.6 Mt saleable product.

The OC operation supplements the underground production ROM to the Phola coal processing plant (PCPP) so that the maximum allocated throughput capacity of 8 Mtpa can be achieved. The OC coal is trucked to the PCPP which is situated on the western border of Ogies.

The PCPP is a 50:50 joint venture between AAIC and Seriti Power Proprietary Limited. The plant has a nominal capacity of 16 Mtpa, of which the Zibulo colliery is entitled to 8 Mtpa according to the joint venture agreement. The ROM from both the Zibulo OC and the Zibulo UG is processed at the PCPP.

The processing plant has dedicated ROM and product stockpiles for each of the JV partners. There are two rail loops connected to TFR with two load-out facilities, one for export and one for Eskom. Fine coal is fed to spirals and the spirals product stream is split between the export and middlings product, depending on the quality produced.

A flotation plant was commissioned in 2021, with the ultra-fines feed only from Zibulo colliery. The product is mixed either with the 6,000 kcal/kg export product or the 4,800 kcal/kg export products, depending on the final quality.



ZIBULO UNDERGROUND

Zibulo Underground (UG) is a bord and pillar operation located approximately 100 km east of Johannesburg, 16 km southwest of Ogies, in the Mpumalanga province of South Africa.

It forms part of the Zibulo colliery which includes the Zibulo OC operation and the Zondagsfontein West Project.

The Zibulo MR is held by AAIC, which is jointly owned by Inyosi Coal Proprietary Limited (27%) and SACO (73%).

LEGAL TENURE

Zibulo UG holds one granted and executed NOMR which comprises the current underground mine and the Zondagsfontein West life extension project.

The colliery operates under several EMPrs, EAs and WULs. The colliery does not require a WML. All the required environmental permits are in place for the operation. An amendment to the WUL has been submitted to license additional activities.

The surface rights for Zibulo UG are currently owned by numerous different entities including the Company.

Five land claims are registered over Zibulo UG MR which require either dismissal, gazetting, validation or approval by the RMSO. The claims do not impact the current underground mining.

There are currently no known impediments to tenure security.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface borehole, underground in-seam directional non-cored boreholes, as well as extensive surface directional drilling and aeromagnetic surveying with a substantial amount of standard downhole geophysics done on the vertical holes.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 the planned exploration expenditure is estimated at R4.8 million.

GEOLOGICAL SETTING AND MODELLING

Zibulo UG is located in the Witbank Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top, with inter-seam partings consisting of mainly siltstone and sandstone, with thicknesses ranging between 1 m and 20 m. The No 2 Seam is currently the underground contributor to the colliery's export product.

Pre-Karoo paleo-highs influence the No 2 Seam thickness and elevation, particularly where the seam truncates against these paleo-highs.

The No 4 and No 5 Seams are declared as RoMP, and are considered to be economic Coal Resources for future mining, with the select No 4 Seam as a domestic product and the highly vitrinitic No 5 Seam as a possible metallurgical coal. However, the No 5 Seam potential is restricted by thickness, weathering and extensive sill influence.

Faulting is minimal across Zibulo UG except for the major graben structure in the north, striking east-west across the colliery. The graben consists of a series of sub-parallel faults with varying throws along strike. The graben was also intersected in the neighbouring underground workings of Khutala colliery and has a magnetic signature clearly visible on the aeromagnetic survey. Five fence line patterns were drilled to better define the extent of the graben at Zibulo UG.

Dolerite intrusions and associated stringers occur throughout the area and large sills appear close to the surface affecting mostly the No 5 Seam.

The coal seams are modelled in the Datamine Minescape 3D modelling software, which uses set criteria with interpolators to construct the depositional coal seams environment together with the raw qualities as gridded surfaces, from the borehole information. Washability data is treated separately in the resource estimation process.

MINING ACTIVITIES

Zibulo UG is a bord and pillar operation targeting a selective mining horizon between 3.3 m and 4.5 m thick in the No 2 Seam. The mine is designed to operate with eight sections. During 2021 a super (prime) section was established to improve the production rates.

The operation is equipped with continuous miners, shuttle cars, feeder-breaker and conveyor belt system. The UG infrastructure consists of a vertical shaft for transporting man and material, an incline shaft for the conveyance of coal and an appropriate ventilation system.

A graben in the north divides the reserve into two domains, although the coal quality on either side is similar and both domains designed to be mined.

The LOM is estimated at eight years and is supported by a ROM reserve base of 53.0 Mt. There are no Inferred Coal Resources included in the LOM plan.

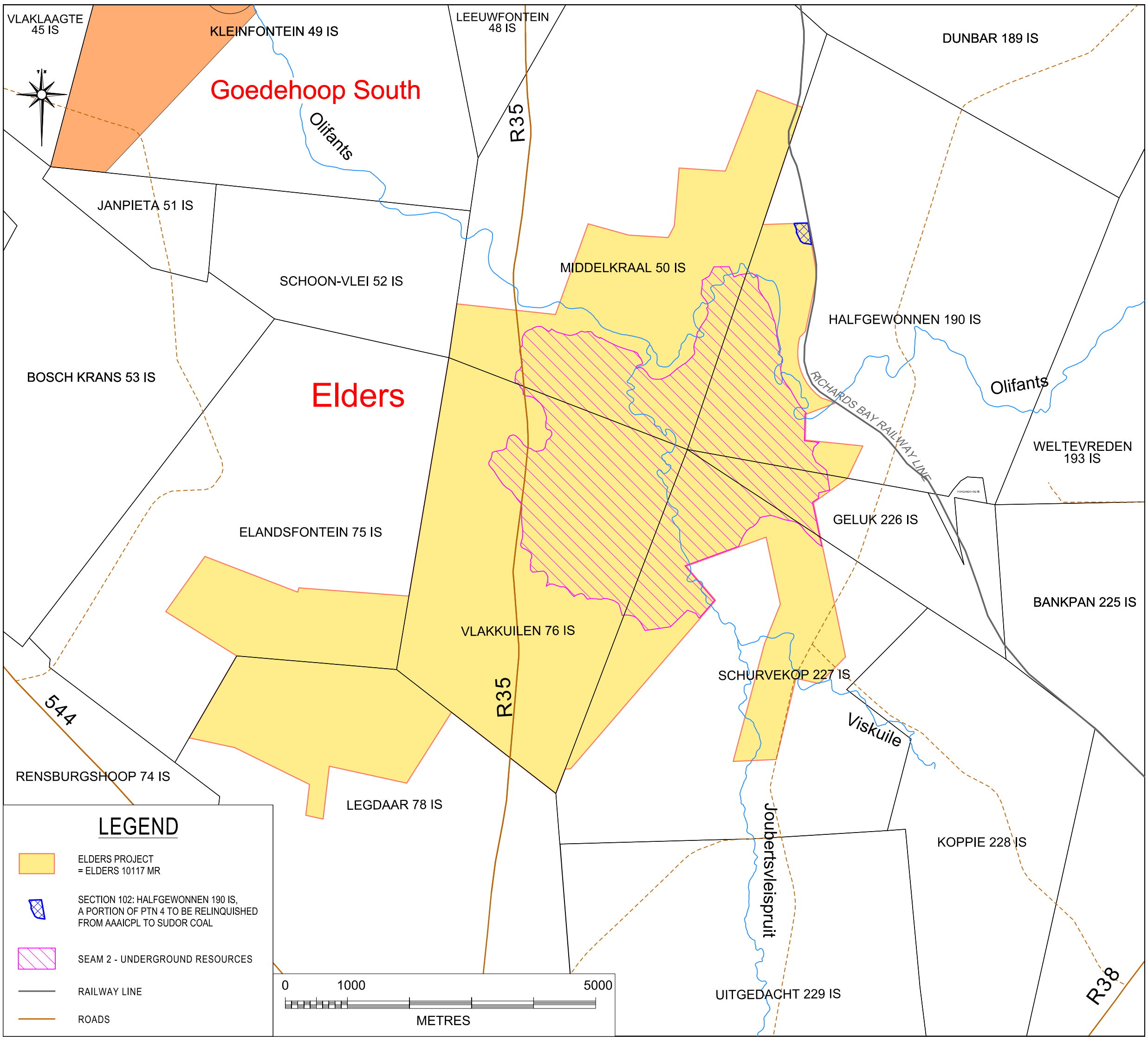
PRODUCTION AND COAL PROCESSING

The annual production ROM for Zibulo UG for 2021 is 6.1 Mt, producing a combined saleable 6,000 kcal/kg NAR export product and a 4,800 kcal/kg middlings NAR export product of 5.6 Mt, which includes the Zibulo OC coal.

The underground ROM coal is transported to the PCPP via a 16 km long overland conveyor. The product coal from both the Zibulo OC and the Zibulo UG is loaded for export at the PCPP RLT and railed to the Richards Bay Coal Terminal. The majority of the middlings coal is railed to the Richards Bay Coal Terminal for blending with other coal products, with a small amount sold Free on Rail or Free on Truck to inland customers.

OVERVIEW OF ASSET PROJECTS

ELDERS



The Elders project is currently in the technical study phase with a feasibility study (FS) completed in 2019. The FS included the planned underground exploitation of the No 4 and No 2 Seam as the primary seams of economic interest.

The Elders project area is located approximately 60 km south of the town of Middelburg in the Mpumalanga province of South Africa.

Within the Elders MR, three distinct domains exist, with a far north opencast domain (resources not reported), the central main underground study domain (resources reported) and the southwest underground domain (resources not reported). Both the non-reported areas will need further investigations regarding modifying factors and assessments on the Reasonable Prospects for Eventual Economic Extraction (RPEEE).

The focused study area is the underground central area with the economic target seams being No 2 and No 4. The declared RoMP is made up of these two economic seams.

The study area is constrained by the MR boundary, a railway line to the northeast, a paleo-high truncating the seams in the south and southeast as well as sub-crops in the north and west due to the pre-Karoo topography.

The Olifants River and Viskuile River flow through the north and centre of the study area and an extensive wetland is present in the area. The 1:100-year flood line of the rivers cuts across the planned mining areas.

LEGAL TENURE

The Elders project holds one granted and executed NOMR and one pending Section 102 application not yet granted nor executed.

A sale agreement with Sudor Coal Proprietary Limited (Sudor Coal) relates to a portion of portion 4 of the farm Halfgewonnen 190 IS. An application to relinquish the portion in favour of Sudor Coal was submitted to the DMRE during December 2020.

The Elders project has an integrated WUL, an approved EMPr and an approved EA.

Four land claims are under investigation and registered with the regional land claims commission.

There are currently no known impediments to tenure security.

The surface rights are owned by a number of different entities of which the majority is owned by the Company and leased to various tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface boreholes and aeromagnetic surveys, as well as a SkyTEM survey. The majority of holes possess standard downhole geophysical logs.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling, to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing.

No exploration activities occurred since 2016. In 2019 a FS was conducted and during the study phase, future drilling in specific areas was identified.

Coal samples are sent to a SANAS accredited laboratory.

No exploration expenditure is planned for 2022.

GEOLOGICAL SETTING AND MODELLING

Elders is located close to the northern margin of the Highveld Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top, with the No 4 and No 2 Seam declared as Coal Resources.

No faulting was detected during exploration drilling. Dolerite intrusives and sills were identified on two aeromagnetic surveys and a high-resolution SkyTEM survey. A newly developed geophysic survey tool, the MagSQUID, conducted a trial survey to prove its effectiveness in identifying magnetic features. Boreholes have confirmed some of these features and where the sills are close to the coal seams devolatilisation and/or burning may be evident.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

STUDIES RELATED TO MINING AND COAL PROCESSING

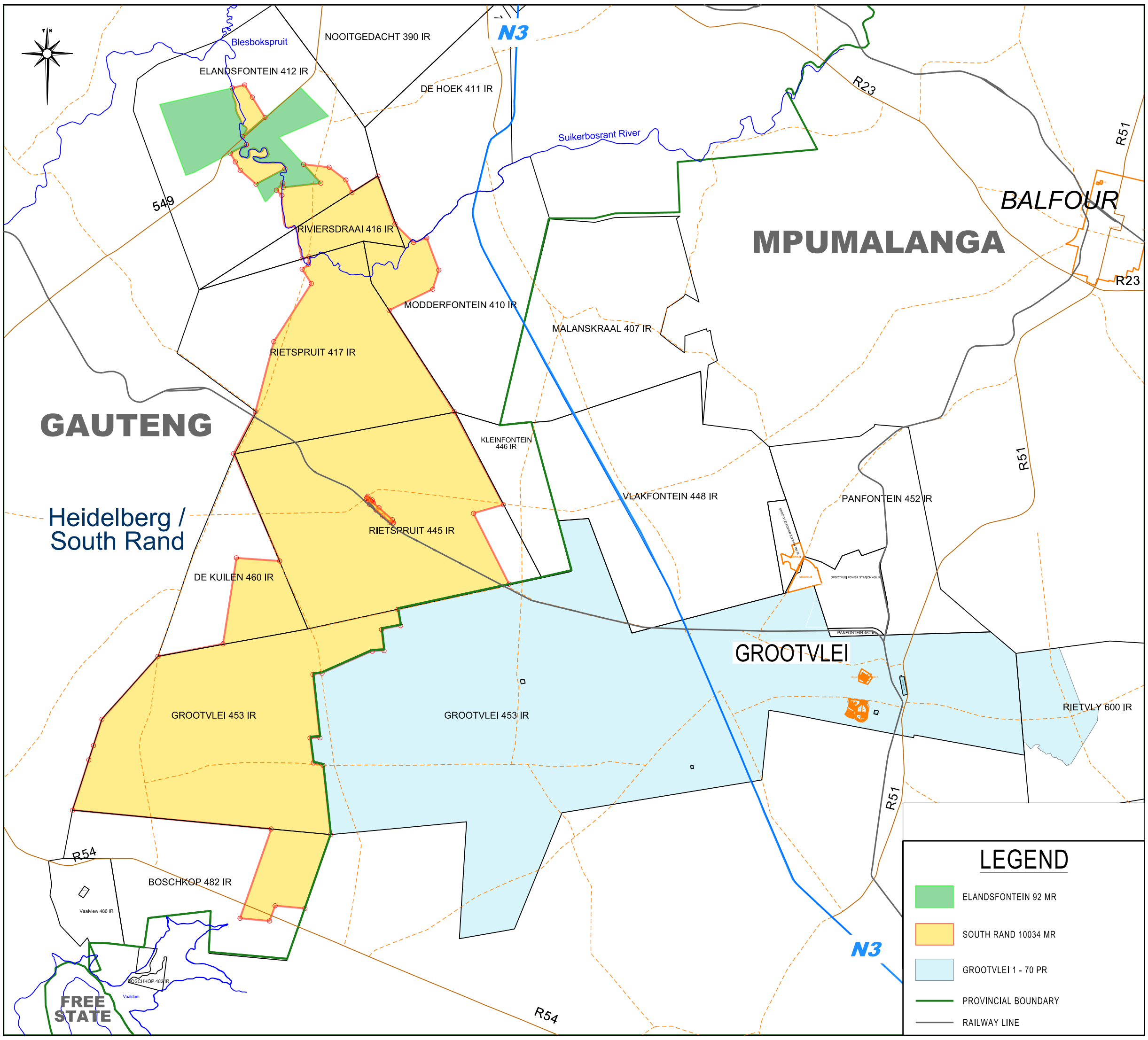
A rock engineering mine design review and verification of the planned Elders underground operation was conducted during July 2020 as part of the ongoing study work.

An appropriately sized open boxcut was designed to access the planned underground operation, with a bord and pillar mining method using primarily continuous miners.

Coal processing would occur through a CHPP since the coal has export potential. Supplementary raw supply of coal to the domestic market remains possible.

All surface, main access and underground infrastructure requirements are yet to be developed.

SOUTH RAND



The South Rand project is part of a disposal process with the transfer of the granted MR, a pending MR and also the pending renewal PR. Resources outside of mine plan will be declared until the transaction is complete.

The South Rand project area is divided into two portions. The northern portion, named the Heidelberg Project area and the Balance Project area is situated to the south of the Heidelberg Project and is bounded to the north by an east-west trending paleo-high, which divides the two project areas. The Heidelberg Project is situated in the Gauteng province and the South Rand Balance Project area is situated in both the Gauteng and Mpumalanga provinces.

South Rand is owned by AAIC, which is jointly owned by Inyosi Coal Proprietary Limited (27%) and SACO (73%).

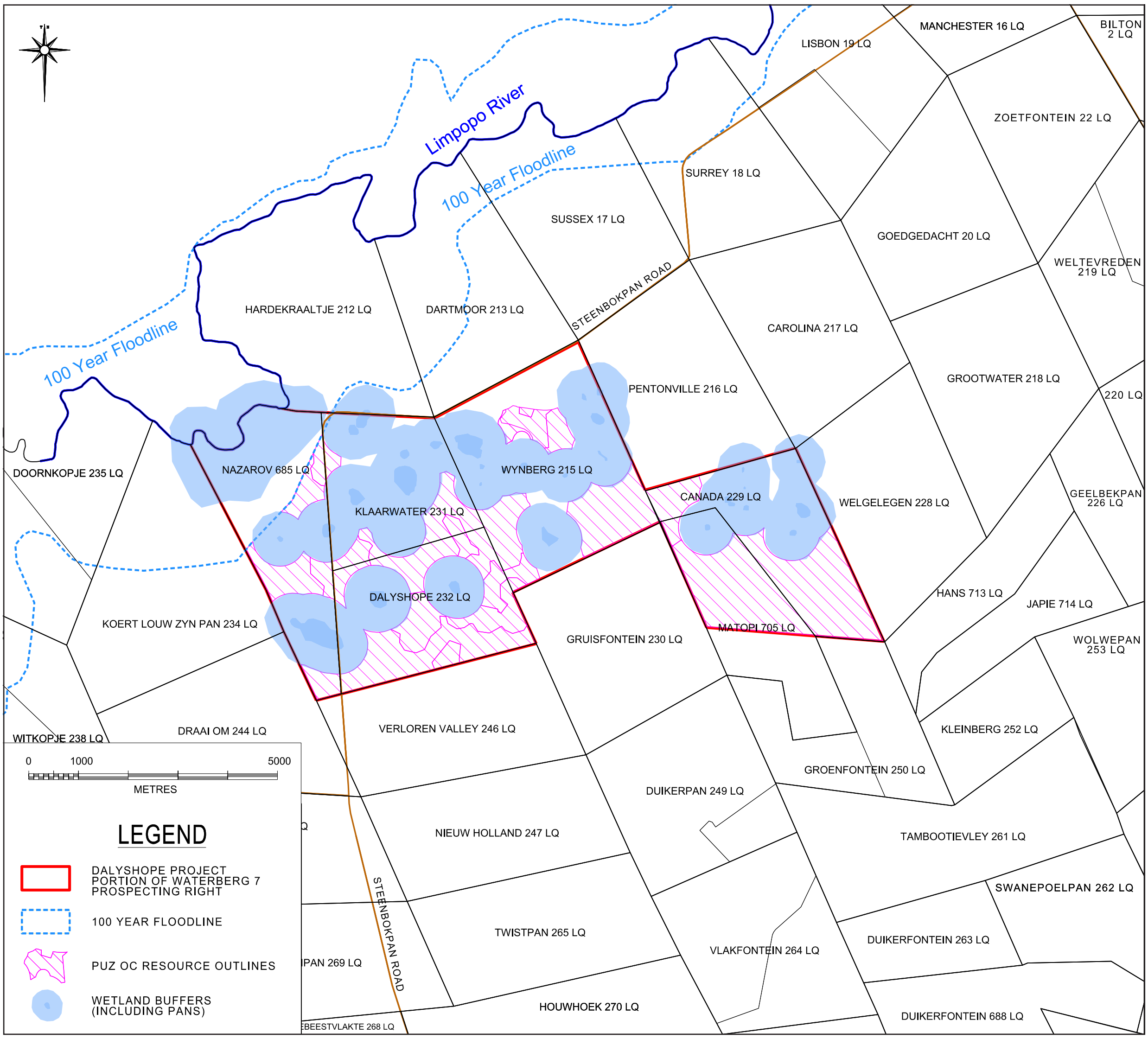
South Rand holds one granted MR (92 MR), one pending MR (10034 MR) and one pending renewal PR (70PR) (NOPR).

The area is well drilled with cored boreholes, quality analyses of the different coal seams and downhole geophysical surveys since the 2009 exploration programme. Exploration activities ceased at the end of 2013.

South Rand is located in the South Rand Coalfield and is structurally complex as a result of dolerite intrusions and faults.

The No 2 Seam is the main seam, with a selection of the No 2 Seam, called the SM3, declared as Coal Resources.

WATERBERG



The Waterberg project comprises four farms, collectively known as Dalyshope. It is a coal development project located close to the Botswana border, 55 km northwest of the town of Lephalale in the Limpopo province.

Dalyshope is the main study area and does not include the other scattered areas which are part of the PR.

Dalyshope consists of two basic coal deposit types, ie the upper multiple seam coal deposit type (typical of the Waterberg Coalfield) and the lower thick interbedded seam coal deposit-type (typical of the Witbank and Highveld Coalfields). Both these coal deposit-types constitute the declared Coal Resources.

Dalyshope is constrained by the PR boundary and the 1:100-year flood line of the Limpopo River which traverses the northwest corner of Dalyshope. A number of pristine pans, with high environmental sensitivity, are found across Dalyshope and the legal 500 m buffer zones were added to the exclusion zones of the potential opencast portion of the resource.

LEGAL TENURE

The Waterberg project holds two converted PRs.

The Waterberg 5 PR pertains to the nearby farm Boompan 237LQ and other more distant farms, none of which are included in this report.

The Waterberg 7 PR consists of the Dalyshope study area and isolated farms. The isolated farms are not included in this report.

Both PRs have been renewed the permissible number of times and have now expired. However, a Mining Rights Application (MRA) covering both PRs was accepted by the DMRE in 2020 and a decision is currently pending. The company may thus continue with prospecting activities unless the MRA is denied.

Various authorisations and licences were applied for, in 2020, in support of the proposed mining operations, including an EA, a WML and an WUL as well as a Tree Permit. All these applications await approval.

There are no known land claims or other impediments to tenure security.

The surface rights are owned by different entities. The company owns the surface rights of the farms covering the planned operations. Operations on any of the other farms would need surface rights to be acquired.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities by the Company (ceased in 2015) included vertical cored, collar surveyed, surface boreholes and aeromagnetic survey, as well as a 2D seismic survey. The majority of boreholes possess standard downhole geophysics data. The downhole geophysics are required to accurately correlate the coal zones and interbeds, and establish the correct sampling intervals.

Logging and sampling of the vertical cored boreholes are done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing of data.

Exploration resumed in December 2020, and is managed under contract by Universal Coal Development IV Proprietary Limited (UCD). Exploration activities include surface drilling, downhole geophysics, geotechnical drilling and large diameter drilling.

Coal samples are sent to a SANAS accredited laboratory.

For 2022 there is no planned exploration expenditure.

GEOLOGICAL SETTING AND MODELLING

The Dalyshope study area is located close to the southwestern edge of the Waterberg Coalfield, within the Ellisras Basin.

At Dalyshope, the coal is found in the upper Grootegeluk Formation and the lower Goedgedacht Formation of the Ecca Group.

The interbedded Grootegeluk Formation is divided into the Prime Zone and the underlying Transition Zone. The Prime Zone is the target seam.

The Goedgedacht Formation contains coal seams similar to the Witbank Coalfields. Three seams, ES1, 2 and 3, are identified in the Dalyshope area, with the ES2 Seam being the target seam.

A few potential small displacement faults have been identified by 2D seismic lines survey in the southern portion of the Dalyshope area. Another anomaly in the north was identified by the low resolution aeromagnetic survey and 2D seismic line, but no abnormal features were intersected by closely spaced boreholes drilled to target the anomaly. No dolerite intrusions have been intersected in any of the boreholes.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

STUDIES RELATED TO MINING AND COAL PROCESSING

The Company signed a farm-out agreement with UCD on 3 March 2020 over the Dalyshope project area. In terms of the agreement, UCD is appointed as contractor to conduct and fund the continuation of prospecting activities over Dalyshope, where for a minimum expenditure UCD can earn an agreed participating interest in the project.

Certain conditions are in place that must be met before UCD can earn the participating interest.

Various studies have been undertaken or are in progress to develop an appropriate exploitation plan. This work is managed by UCD, as part of the agreement.

The current plan envisages four open pits, but only two pits have been tentatively scheduled.

With borehole data being reviewed for the plant design parameters, a modular cyclone plant is under consideration to produce an export and domestic product.

A preliminary geotechnical assessment focused on civil aspects and studies is underway regarding the preparation of the block plan and layout. This is further supported by the associated mechanical, electrical and instrumentation designs and requirements. Water is planned to be sourced from multiple potential sources which may include the company's Gas Project (located in the northern part of the Coalfield) or the Mokolo and Crocodile River (West) water augmentation project. The respective pipeline routes are to be determined.

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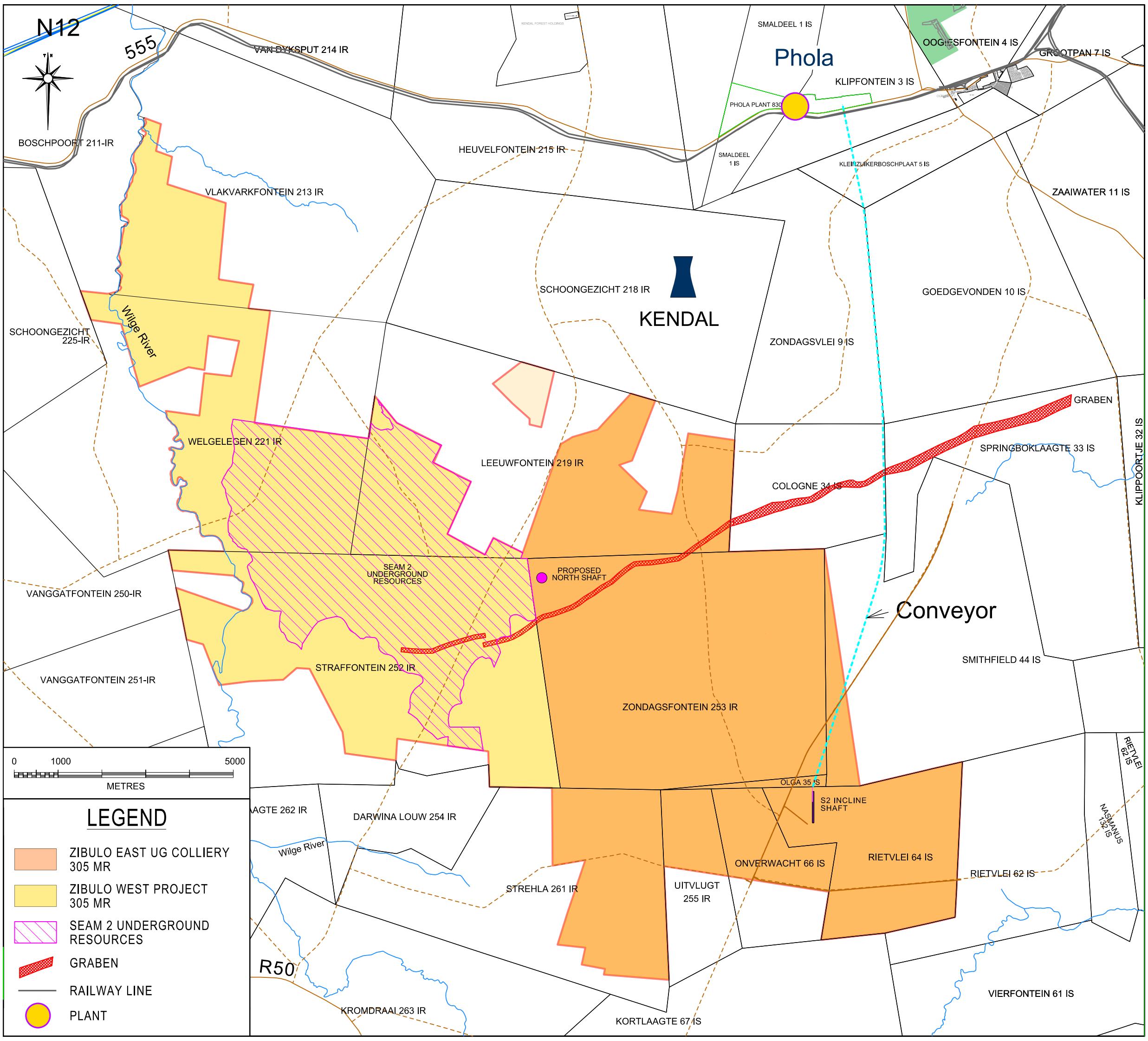
ZONDAGSFONTEIN WEST



Zondagsfontein West (ZFNW) project is a life extension project to the current Zibulo UG operation and is currently in the FS phase.

ZFNW forms part of the Zibulo colliery, which includes the Zibulo OC operation situated 3 km north of Ogies and the underground bord and pillar operation situated 16 km southwest of Ogies. The project area is located approximately 90 km east of Johannesburg, in the Mpumalanga province of South Africa.

The Zibulo MR is held by AAIC, which is jointly owned by Inyosi Coal Proprietary Limited (27%) and SACO (73%).

The Zibulo UG operation started in the southeast portion of the MR and is developing northwards, crossing the graben structure (refer to the Zibulo overview page) and mining north of the graben, whereafter it is expected to expand in the ZFNW project area.

ZFNW is constrained by the MR boundary, the current Zibulo UG LOM in the east, the Wilge River as part of the MR boundary in the west. Subcrops and pinch-outs against paleo-highs also restrict the resource base.

LEGAL TENURE

Zibulo UG holds one granted and executed NOMR which comprises the current underground mine and also includes the ZFNW life extension project.

During the FS phase, a scoping and environmental impact assessment and associated EMPr application were submitted to the DMRE. The final scoping report has been submitted and is awaiting approval from the DMRE. Upon approval, the EIA phase will commence.

Five land claims are registered over Zibulo UG MR which require either dismissal, gazetting, validation or approval by the RMSO. The claims do not impact the FS.

There are currently no known impediments to tenure security.

The surface rights for Zibulo colliery are currently owned by numerous entities including the Company. Negotiations have started on acquiring surface rights in the area of the proposed surface infrastructure.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities include vertical cored, collar surveyed, surface borehole and aeromagnetic surveying with a substantial amount of standard downhole geophysics done on the vertical holes.

Logging and sampling of the vertical cored boreholes was done as soon as possible after drilling to avoid deterioration of the coal core. The core is photographed and logging, sampling and analytical results captured in Datamine GDB, which includes validation processes during importing of data.

Coal samples are sent to a SANAS accredited laboratory.

There is no planned exploration expenditure for 2022.

GEOLOGICAL SETTING AND MODELLING

ZFNW is located towards the western edge of the Witbank Coalfield where five coal seams are present. These consists of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top, with inter-seam partings consisting of mainly siltstone and sandstone. The No 2 Seam is currently the only contributor to the declared UG Coal Resources. No opencast Coal Resources are declared at present.

Pre-Karoo paleo-highs influence the No 2 Seam thickness and coal qualities, where the seam is truncated against these paleo-highs. A paleo-valley is also evident in the west.

Faulting is expected to be minimal except for the area adjacent to the graben structure. The magnetic signature of the graben, clearly visible on the aeromagnetic survey at Zibulo UG, disappears in the west. Since no significant displacement has been identified by the drilling, it is assumed that the effect of the graben tails off to the southwest of the study area.

Dolerite intrusions and associated stringers with minimal effect on the coal seams occur at Zibulo UG and it is anticipated that these will continue in the ZFNW study area. Several dykes have been interpreted from the aeromagnetic survey. Based on experience from Zibulo UG, these are likely to be Pre-Karoo in age and would have no impact on the coal seams.

The coal seams are modelled in the Datamine Minescape 3D modelling software which uses pre-defined criteria with interpolators to construct the coal seam model, with estimates of raw qualities as gridded surfaces from borehole information. Washability data for each coal seam is utilised separately in the resource estimation process.

STUDIES RELATED TO MINING AND COAL PROCESSING

The expected closure of the Zibulo OC in five years will leave the PCPP with spare capacity. This reality triggered the initiation of the current ZFNW life extension technical studies.

The construction of a new access shaft north of the graben, in the Zibulo UG mining area, is part of the study phase, as well as the design of an overland conveyor tied to the current Zibulo UG overland conveyor, transporting coal to the PCPP.

An underground bord and pillar operation using continuous miners, similar to the Zibulo UG operation, is planned. Construction of a new access shaft north of the graben in the Zibulo UG mining area and an overland conveyor to tie-in to the current Zibulo UG overland conveyor are anticipated.

All surface and underground access infrastructure for the planned mining operation are yet to be finalised.

Coal processing will occur through the PCPP with a portion of the coal having export potential. The remainder of coal from the ZFNW project will produce a product for the domestic market.

ESTIMATED COAL RESOURCES AND COAL RESERVES STATEMENT

CLASSIFICATION AND ESTIMATION OF COAL RESOURCES AND COAL RESERVES

Coal Resource classification is based on the South African guide to the systematic evaluation of coal exploration results, Coal Resources and Coal Reserves (SANS 10320:2020) and outlined in the 2016 SAMREC Code, which classifies Coal Resources into categories (Reconnaissance, Inferred, Indicated and Measured) on a function of increasing geological confidence in the estimate and is based on the density of points of observation, physical continuity of the coals seams and the distributions of coal qualities. Coal Resources at the Group's operations and projects exceed the minimum drillhole density criteria outlined in SANS 10320:2020. Other geological parameters considered include seam depth, seam thickness and structural features (faults, dykes, sills, paleo-highs etc). For operations producing a saleable export product, cored drill holes with sampled and analysed washability data points of observations are used to define the Resource classification category for each seam individually.

All Coal Resources must have reasonable prospects for eventual economic extraction (RPEEE). Typically, the term "eventual" refers to a period of up to 50 years. Other parameters to consider include, but are not limited to, legal tenure and regulatory compliance (particularly environmental compliance), cultural and socio-political aspects; engineering parameters including mining methods and geotechnical considerations, marketing and commercial (including economic) assumptions and infrastructure development requirements.

Geological factors applied during the Coal Resource estimation process are similar for most of the operations/projects where Coal Resources are declared. They include, but are not limited to, minimum/maximum seam thickness cutoffs; maximum raw ash percentage, coal qualities (eg calorific value, volatiles, sulphur), overburden ratio limits (opencast), depth below surface (underground) limits, exclusion zones due to areas of structurally complexity and/or igneous intrusions and geological loss percentages which reflect the confidence in the resource estimate.

Coal samples are sent to a SANAS accredited laboratory.

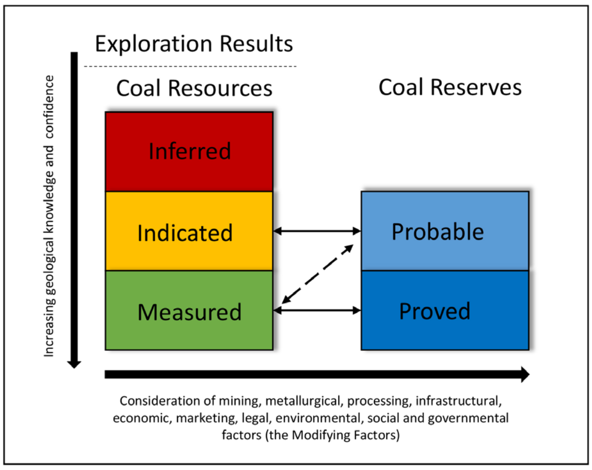
Coal Resource estimates are derived from resource models, built in the 3D geological modelling software Minescape, a Datamine product.

Coal Reserves are classified as either Proved or Probable Coal Reserves dependent upon the Coal Resource classification included in the Coal Reserves, along with other factors of uncertainty pertaining to the mine design or coal quality.

Modifying factors used to convert Coal Resource estimates to Coal Reserve (ROM and Saleable) estimates include, but are not limited to, mining method, mining loss, mining extraction, practical mining heights, contamination/dilution, overall mining recovery, wash plant factors, surface moisture (correction factor) and commodity prices among other financial parameters. Application of the modifying factors should create a reasonable schedule of the expected performance on a ROM and a saleable coal product basis. The modifying factors for each operation are signed off by the relevant responsible persons and this provides assurance that all factors are appropriate. The modifying factors are tracked and reconciled to ensure improved forecasts of Coal Reserve estimates.

The Coal Reserve estimate is derived from a mining model scheduled in the scheduling software package XPAC, an RPM product.

The figure below illustrates the relationship between Exploration Results, Coal Resources and Coal Reserves and sets out the framework for classifying tonnage and quality estimates as outlined in the 2016 SAMREC Code.



Risks that could result in a material change of the Coal Resources or Coal Reserves are also assessed and quantified. The main Coal Reserve risk is the Rand coal price for the product. There is no material Coal Resource risk with the conservative approach Thungela took by excluding environmentally sensitive areas from the resource base.

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COAL RESERVES[1]

At 31 December 2021

	Ownership %	Life (years)	Mining method	Classification	2021 ROM tonnes[2] Mt	2021 Yield[3] ROM %	2021 Saleable tonnes[2] Mt	2021 Saleable qualities[4] kcal/kg	2020 ROM tonnes[2] Mt	2020 Yield[3] ROM %	2020 Saleable tonnes[2] Mt	2020 Saleable qualities[4] kcal/kg
Goedehoop	100	4	UG									
Thermal (Export)				Proved	16.8	53.7	9.1	5,960	20.0	54.0	10.8	6,310
				Probable	0.9	51.3	0.5	5,970	1.3	53.6	0.7	6,310
				Total	17.7	53.6	9.5	5,960	21.3	54.0	11.5	6,310
Greenside	100	6	UG									
Thermal (Export)				Proved	25.0	64.5	15.8	5,870	25.8	69.9	18.0	5,920
				Probable	0.1	70.7	0.1	5,980	0.1	68.6	0.05	5,880
				Total	25.1	64.5	15.9	5,870	25.9	69.9	18.1	5,920
Isibonelo	100	5	OC									
Synfuel				Proved	18.4	100.0	18.4	4,660	21.9	100.0	21.9	4,660
				Probable	5.2	100.0	5.2	4,650	5.2	100.0	5.2	4,700
				Total	23.6	100.0	23.6	4,660	27.1	100.0	27.1	4,670
Khwezela North	100	7	OC									
Thermal (Export)				Proved	27.8	44.8	13.3	6,020	31.3	45.3	14.9	5,990
				Probable	5.9	39.7	2.5	6,040	5.9	39.6	2.5	5,980
				Total	33.7	43.9	15.8	6,020	37.2	44.4	17.4	5,990
Mafube	50	10	OC									
Thermal (Export)				Proved	26.7	65.3	18.0	5,430	32.1	63.7	21.1	5,410
				Probable	23.0	62.5	14.8	5,380	23.0	62.5	14.8	5,380
				Total	49.7	64.0	32.8	5,410	55.1	63.2	35.9	5,400
Rietvlei	34	2	OC									
Thermal (Domestic)				Proved	4.4	100.0	4.4	5,080	4.6	100.0	4.6	5,020
				Probable	–	–	–	–	–	–	–	–
				Total	4.4	100.0	4.4	5,080	4.6	100.0	4.6	5,020
Zibulo	73	8										
Thermal (Export)			UG	Proved	32.9	42.1	13.9	6,500	37.5	43.8	16.4	6,500
				Probable	20.1	42.4	8.5	6,500	20.8	43.0	9.0	6,500
				Total	53.0	42.2	22.4	6,500	58.3	43.5	25.4	6,500
Thermal (Domestic)			UG	Proved		29.6	9.8	5,260		29.5	11.1	5,350
				Probable		30.6	6.2	5,260		30.5	6.3	5,290
				Total		30.0	15.9	5,260		29.9	17.4	5,330
Thermal (Export)			OC	Proved	5.7	47.3	2.6	6,450	7.4	34.3	2.5	6,500
				Probable	–	–	–	–	–	–	–	–
				Total	5.7	47.3	2.6	6,450	7.4	34.3	2.5	6,500
Thermal (Domestic)			OC	Proved		31.5	1.6	5,260		25.2	1.9	5,160
				Probable		–	–	–		–	–	–
				Total		31.5	1.6	5,260		25.2	1.9	5,160
Total	76											
Thermal (Export)				Proved	157.6	54.8	72.8	5,850	180.5	55.7	83.7	5,990
				Probable	55.2	53.7	26.4	5,820	56.3	53.7	27.0	5,830
				Total	212.8	54.5	99.1	5,840	236.8	55.2	110.7	5,950
Total	67											
Thermal (Domestic)				Proved		49.4	15.8	5,210		47.4	17.5	5,240
				Probable		30.6	6.2	5,260		30.5	6.3	5,290
				Total		44.1	22.0	5,220		42.9	23.8	5,260
Total	100											
Synfuel				Proved		100.0	18.4	4,660		100.0	21.9	4,660
				Probable		100.0	5.2	4,650		100.0	5.2	4,700
				Total		100.0	23.6	4,660		100.0	27.1	4,670

Mining method: OC = Opencast/Cut, UG = Underground.
Reserve Life = The scheduled extraction period in years for the total Coal Reserve in the approved Life of Mine plan.
For the multi-product operations, the ROM tonnes apply to each product.
The Saleable tonnes cannot be calculated directly from the ROM Reserve tonnes and should not be directly applied to the ROM tonnes.
Ownership percentages for totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnes.
Table footnotes appear at the end of the section.

COAL RESERVES[1] MRDS

At 31 December 2021

	Ownership %	Life (years)	Classification	2021 ROM tonnes[2] Mt	2021 Yield[3] ROM %	2021 Saleable tonnes[2] Mt	2021 Saleable qualities[4] kcal/kg	2020 ROM tonnes[2] Mt	2020 Yield[3] ROM %	2020 Saleable tonnes[2] Mt	2020 Saleable qualities[4] kcal/kg
Goedehoop North MRD	100	2									
Thermal (Domestic)			Proved	—	—	—	—	—	—	—	—
			Probable	2.9	100.0	2.9	3,020	6.0	100.0	6.0	3,020
			Total	2.9	100.0	2.9	3,020	6.0	100.0	6.0	3,020
Goedehoop South MRD	100	2									
Thermal (Export)			Proved	—	—	—	—	—	—	—	—
			Probable	6.5	30.0	1.9	4,800	—	—	—	—
			Total	6.5	30.0	1.9	4,800	—	—	—	—
Greenside MRD	100	2									
Thermal (Export)			Proved	—	—	—	—	—	—	—	—
			Probable	3.3	74.6	2.4	4,560	5.1	58.8	3.0	4,680
			Total	3.3	74.6	2.4	4,560	5.1	58.8	3.0	4,680
Total Reserves MRDs	100	2									
Total (Export)			Proved	—	—	—	—	—	—	—	—
			Probable	9.8	54.8	4.4	4,670	5.1	58.8	3.0	4,680
			Total	9.8	54.8	4.4	4,670	5.1	58.8	3.0	4,680
Total Reserves MRDs	100	2									
Thermal (Domestic)			Proved	—	—	—	—	—	—	—	—
			Probable	2.9	100.0	2.9	3,020	6.0	100.0	6.0	3,020
			Total	2.9	100.0	2.9	3,020	6.0	100.0	6.0	3,020

MRD = Mineral Residue Deposit.
Table footnotes appear at the end of the section.

COAL RESOURCES[5]

At 31 December 2021 (exclusive from Reserves)

	Ownership %	Mining method	Classification	2021 MTIS[5] Mt	2021 Coal quality[6] kcal/kg[6]	2020 MTIS[5] Mt	2020 Coal quality[6] kcal/kg[6]
Goedehoop	100	OC/UG	Measured	**209.5**	**5,220**	209.5	5,220
			Indicated	**8.5**	**5,660**	8.5	5,660
			Total Measured and Indicated	**218.0**	**5,230**	218.0	5,230
			Inferred (in LOM plan)[7]	**—**	**—**	—	—
			Inferred (excl LOM plan)[8]	**2.9**	**5,820**	2.9	5,820
			Total Inferred	**2.9**	**5,820**	2.9	5,820
Greenside	100	UG	Measured	**8.1**	**5,730**	9.4	5,660
			Indicated	**1.5**	**5,510**	1.5	5,510
			Total Measured and Indicated	**9.6**	**5,700**	10.9	5,640
			Inferred (in LOM plan)[7]	**1.8**	**5,520**	2.5	5,540
			Inferred (excl LOM plan)[8]	**2.0**	**5,570**	2.0	5,570
			Total Inferred	**3.8**	**5,550**	4.5	5,550
Isibonelo	100	OC	Measured	**3.7**	**4,840**	3.8	4,820
			Indicated	**3.4**	**4,900**	3.4	4,880
			Total Measured and Indicated	**7.1**	**4,870**	7.2	4,850
			Inferred (in LOM plan)[7]	**—**	**—**	—	—
			Inferred (excl LOM plan)[8]	**—**	**—**	—	—
			Total Inferred	**—**	**—**	—	—
Khwezela North	100	OC	Measured	**7.5**	**5,210**	8.4	5,210
			Indicated	**3.1**	**5,180**	3.0	5,180
			Total Measured and Indicated	**10.5**	**5,200**	11.4	5,200
			Inferred (in LOM plan)[7]	**2.7**	**5,050**	2.7	5,050
			Inferred (excl LOM plan)[8]	**2.8**	**5,190**	2.9	5,190
			Total Inferred	**5.5**	**5,120**	5.6	5,120
Khwezela South	100	OC	Measured	**28.8**	**6,020**	28.8	6,020
			Indicated	**5.0**	**6,010**	5.0	6,010
			Total Measured and Indicated	**33.8**	**6,020**	33.8	6,020
			Inferred (in LOM plan)[7]	**—**	**—**	—	—
			Inferred (excl LOM plan)[8]	**0.5**	**6,190**	0.5	6,190
			Total Inferred	**0.5**	**6,190**	0.5	6,190
Mafube	50	OC	Measured	**57.0**	**5,030**	58.2	5,030
			Indicated	**5.5**	**4,960**	5.5	4,960
			Total Measured and Indicated	**62.4**	**5,020**	63.6	5,020
			Inferred (in LOM plan)[7]	**1.7**	**5,210**	1.7	5,210
			Inferred (excl LOM plan)[8]	**0.9**	**5,110**	0.9	5,110
			Total Inferred	**2.6**	**5,180**	2.6	5,180
Rietvlei	34	OC	Measured	**23.7**	**5,080**	25.4	5,070
			Indicated	**5.0**	**5,070**	5.2	5,070
			Total Measured and Indicated	**28.7**	**5,080**	30.6	5,070
			Inferred (in LOM plan)[7]	**—**	**—**	—	—
			Inferred (excl LOM plan)[8]	**—**	**—**	—	—
			Total Inferred	**—**	**—**	—	—
Zibulo	73	UG	Measured	**230.7**	**4,980**	230.7	4,980
			Indicated	**111.3**	**4,800**	111.3	4,800
			Total Measured and Indicated	**341.9**	**4,920**	341.9	4,920
			Inferred (in LOM plan)[7]	**—**	**—**	—	—
			Inferred (excl LOM plan)[8]	**80.5**	**4,720**	80.5	4,720
			Total Inferred	**80.5**	**4,720**	80.5	4,720
Total Resources	79		Measured	**568.8**	**5,140**	574.1	5,140
			Indicated	**143.2**	**4,930**	143.3	4,930
			Total Measured and Indicated	**712.0**	**5,100**	717.4	5,100
			Inferred (in LOM plan)[7]	**6.2**	**5,230**	6.9	5,270
			Inferred (excl LOM plan)[8]	**89.6**	**4,800**	89.7	4,800
			Total Inferred	**95.8**	**4,830**	96.6	4,830

Mining method: OC = Opencast/Cut, UG = Underground.
Ownership percentages for total is weighted by Total MTIS.
2021/2020 Zibulo MTIS and Coal Qualities excludes Project Zondagsfontein West (reported separately under Projects).
2021/2020 Total Resource excludes Project Zondagsfontein West.
Table footnotes appear at the end of the section.

COAL RESOURCES[5] MRDS

At 31 December 2021 (exclusive from Reserves)

	Ownership %	Classification	2021 MTIS[5] Mt	2021 Coal quality[6] kcal/kg[6]	2020 MTIS[5] Mt	2020 Coal quality[6] kcal/kg[6]
Goedehoop South MRD	100	Measured	—	—	—	—
		Indicated	—	—	—	—
		Total Measured and Indicated	—	—	—	—
		Inferred (in LOM plan)[7]	—	—	—	—
		Inferred (excl LOM plan)[8]	0.7	3, 140	—	—
		Total Inferred	0.7	3, 140	—	—
Greenside MRD	100	Measured	3.1	3,750	3.1	3,860
		Indicated	—	—	—	—
		Total Measured and Indicated	3.1	3,750	3.1	3,860
		Inferred (in LOM plan)[7]	—	—	—	—
		Inferred (excl LOM plan)[8]	—	—	—	—
		Total Inferred	—	—	—	—
Khwezela South MRD	100	Measured	4.3	3,790	5.9	3,790
		Indicated	—	—	—	—
		Total Measured and Indicated	4.3	3,790	5.9	3,790
		Inferred (in LOM plan)[7]	—	—	—	—
		Inferred (excl LOM plan)[8]	—	—	—	—
		Total Inferred	—	—	—	—
Total Resources MRDs	100	Measured	7.4	3,770	9.0	3,810
		Indicated	—	—	—	—
		Total Measured and Indicated	7.4	3,770	9.0	3,810
		Inferred (in LOM plan)[7]	—	—	—	—
		Inferred (excl LOM plan)[8]	0.7	3, 140	—	—
		Total Inferred	0.7	3, 140	—	—

MRD = Mineral Residue Deposit.
Table footnotes appear at the end of the section.

COAL RESOURCES[5] PROJECTS

At 31 December 2021 (exclusive from Reserves)

	Ownership %	Classification	2021 MTIS[5] Mt	2021 Coal quality[6] kcal/kg[6]	2020 MTIS[5] Mt	2020 Coal quality[6] kcal/kg[6]
Elders	73	Measured	136.2	5, 190	136.2	5, 190
		Indicated	20.7	4,940	20.7	4,940
		Total Measured and Indicated	156.9	5, 160	156.9	5, 160
		Inferred	7.7	4,970	7.7	4,970
South Rand	73	Measured	79.5	4,860	79.5	4,860
		Indicated	171.8	4,850	171.8	4,850
		Total Measured and Indicated	251.3	4,850	251.3	4,850
		Inferred	233.5	4,590	233.5	4,590
Waterberg	100	Measured	620.6	2,850	620.6	2,850
		Indicated	768.5	2,800	768.5	2,800
		Total Measured and Indicated	1,389.1	2,820	1,389.1	2,820
		Inferred	722.3	3,040	722.3	3,040
Zondagsfontein West	73	Measured	47.1	4,910	12.8	4,880
		Indicated	63.3	4,780	50.7	4,920
		Total Measured and Indicated	110.4	4,840	63.5	4,910
		Inferred	44.0	4,720	73.9	4,780
Total Projects	92.6	Measured	883.4	3,500	849.1	3,440
		Indicated	1,024.3	3,310	1,011.6	3,300
		Total Measured and Indicated	1,907.6	3,400	1,860.7	3,360
		Inferred	1,007.5	3,490	1,037.4	3,530

Ownership percentages for total is weighted by Total MTIS.
Project Zondagsfontein West reported separately (excl. from Zibulo).
2021 Total Projects includes Project Zondagsfontein West.
2021 Project Waterberg combined OC and UG MTIS and qualities.
Due to the uncertainty attached to Inferred Coal Resources, it cannot be assumed that all or part of an Inferred Coal Resource will necessarily be upgraded to an Indicated or Measured Coal Resource after continued exploration.
Table footnotes appear at the end of the section.

TABLE FOOTNOTES

1. Coal Reserves are quoted on a ROM basis in million tonnes, which represents the tonnes delivered to the plant. Saleable reserve tonnes represent the estimated product tonnes. Coal Reserves (ROM and saleable) are reported on the applicable moisture basis. Rounding of figures may cause minor computational discrepancies.
2. ROM tonnes are quoted on an as delivered moisture basis and saleable tonnes on a product moisture basis.
3. Yield – ROM % represents the ratio of saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air-dried to air-dried basis.
4. The coal quality for Coal Reserves is quoted as kilocalories per kilogram (kcal/kg). Kilocalories per kilogram represent calorific value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
5. Coal Resources are quoted on a mineable tonnes in-situ (MTIS) basis in million tonnes, which are additional to those Coal Resources that have been modified to produce the reported Coal Reserves. Coal Resources are reported on an in-situ moisture basis. Rounding of figures may cause minor computational discrepancies.
6. The coal quality for Coal Resources is quoted on an in-situ heat content as kilocalories per kilogram (kcal/kg), representing CV rounded to the nearest 10 kcal/kg.
7. Inferred (in LOM plan) refers to inferred Coal Resources that are included in the LOM extraction schedule of the respective operations and are not reported as Coal Reserves.
8. Inferred (excl LOM plan) refers to inferred Coal Resources outside the LOM plan but within the mine lease area.

EXPLANATORY NOTES

OPERATIONS

Coal Reserves decreased due to production. Certain collieries took advantage of the favourable market conditions to mine coal that is outside of the mine plan.

Goedehoop South MRD: First-time reporting due to a new contract for the duration of the life of the MRD.

Rietvlei: Coal Reserves decreased due to production, offset by the inclusion of resources outside of mine plan into reserves with the commissioning of a washing plant.

PROJECTS

Zondagsfontein West (life extension to Zibulo colliery):
Reported separately from Zibulo colliery. Material increase of the Coal Resource due to cut-off changes and additional exploration drilling resulting in upgrading of classification categories during the feasibility study stage.

South Rand: The project is part of a disposal process; transfer of the MR is pending.

Audits related to the generation of the Coal Reserve estimates were carried out by independent consultants during 2020 at the following operations: Goedehoop, Greenside, Isibonelo, Khwezela North, Mafube and Zibulo.

Audits related to the generation of the Coal Resource estimates were carried out by independent consultants during 2020 at the following operations and projects: Elders, Goedehoop, Greenside, Isibonelo, Khwezela North, Khwezela South, Mafube, Waterberg and Zibulo.

RESOURCE AND RESERVE RECONCILIATION
2020 VS 2021

The previous estimation of Coal Resources and Coal Reserves by external, independent Competent Persons was conducted in 2020 with an effective date of 31 December 2020.

The comparison between the total Coal Reserves (incl. MRDs) of 31 December 2020 and 31 December 2021 is illustrated in Figure 1.

Production: The actual tonnes mined.

Conversion: Tonnes mined outside the mine plan, the newly declared Goedehoop South MRD and the increase in the Rietvlei reserve base.

Reconciliation: Tonnes attributed to losses due to thinning of seam in sub-crop areas, rounding discrepancies and minor adjustments to 2020 reported figures.

The comparison between the total Coal Resources (excl. projects) of 31 December 2020 and 31 December 2021 is illustrated in Figure 2.

Depletion: Depleted inventory tonnes.

Conversion: Tonnes mined outside the mine plan.

Transfer: Newly reported Goedehoop South MRD and inventory coal transferred to RoMP.

Reconciliation Adjustments: Losses caused by sterilised coal, minor rounding discrepancies and minor adjustments to 2020 reported figures.

The comparison between the total Coal Resources (Projects) of 31 December 2020 and 31 December 2021 is illustrated in Figure 3.

The new information category represents the updated Zondagsfontein West project including changes in cut-off parameters and new exploration information.

FIGURE 1: THUNGELA RESOURCES OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESERVES 2020 VS 2021

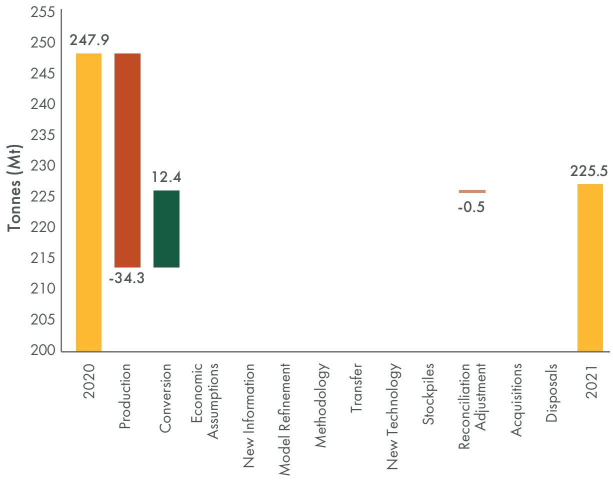


FIGURE 2: THUNGELA RESOURCES OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES OUTSIDE MINE PLAN 2020 VS 2021

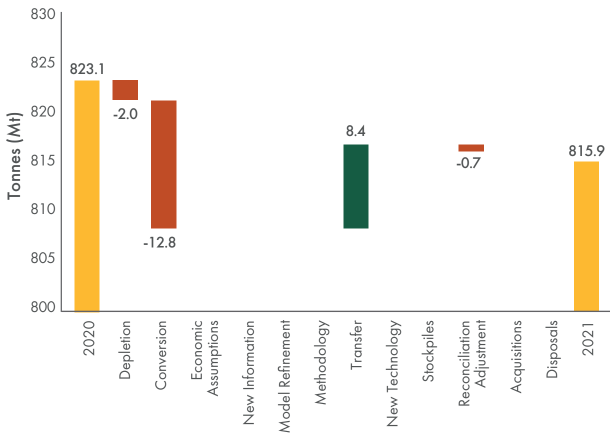
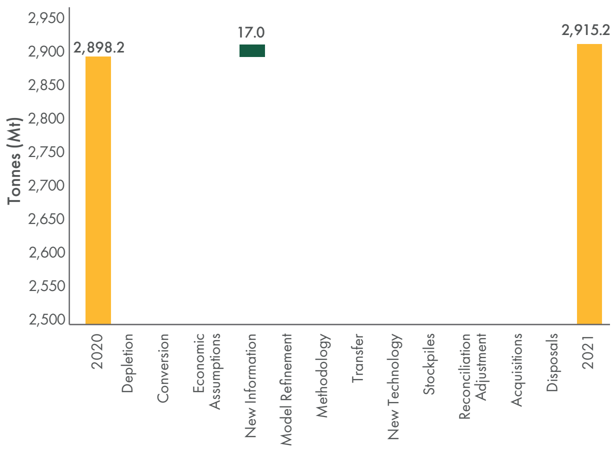


FIGURE 3: THUNGELA RESOURCES PROJECTS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES 2020 VS 2021



COMPETENT PERSONS REGISTER 2021

RESOURCES

Asset	Competent Person[1]	Relationship with Group[2]	Professional Registration/Affiliation	Years of Relevant Experience
Goedehoop	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Goedehoop MRDs	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Greenside	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Greenside MRD	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Isibonelo	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	13
Khwezela North	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Khwezela South	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Khwezela MRD	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Mafube	Deborah Xaba	Full-time Employee	SACNASP (400019/05)	21
Rietvlei	K. Black	Independent Consultant to Rietvlei Mining Company Proprietary Limited[3]	SACNASP (400295/12)	14
Zibulo	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	13
Elders	U. Herrmann	Full-time Employee	SACNASP (400081/97)	20
South Rand	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	13
Waterberg	N. Haniff	Full-time Employee	SACNASP (400316/04)	15
Zondagsfontein West	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	13

RESERVES

Asset	Competent Person[1]	Relationship with Group[2]	Professional Registration/Affiliation	Years of Relevant Experience
Goedehoop	T. Muofhe	Full-time Employee	SACNASP (400059/17)	14
Goedehoop MRDs	T. Muofhe	Full-time Employee	SACNASP (400059/17)	14
Greenside	M. Simakuhle	Full-time Employee	SACNASP (400248/08)	17
Greenside MRD	M. Simakuhle	Full-time Employee	SACNASP (400248/08)	17
Isibonelo	G.L. Govender	Full-time Employee	SAGC (GPrMS0210)	10
Khwezela North	E. Phelane	Full-time Employee	SACNASP (202221/13)	14
Khwezela South	E. Phelane	Full-time Employee	SACNASP (202221/13)	14
Khwezela MRD	E. Phelane	Full-time Employee	SACNASP (202221/13)	14
Mafube	Deborah Xaba	Full-time Employee	SACNASP (400019/05)	21
Rietvlei	L. Raaths	Independent Consultant to Rietvlei Mining Company Proprietary Limited[3]	SAIMM (702015)	30
Zibulo	M.S. Xulu	Full-time Employee	SACNASP (400110/17)	11

[1] Competent Person signed consent form, relevant to each asset , is included in the individual Competent Persons' report.
[2] Thungela Resources Limited, 25 Bath Avenue, Rosebank, Johannesburg, 2196, Gauteng, South Africa.
[3] Rietvlei Mining Company Proprietary Limited, 151 Katherine Street, Vunani House, Sandton, 2196, Gauteng, South Africa.

07 GROUP INFORMATION

SHAREHOLDER INFORMATION

THUNGELA'S PUBLIC AND NON-PUBLIC SHAREHOLDING

Ordinary shares Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
1 to 1,000 shares	48,932	95.32	3,757,716	2.76
1,001 to 10,000 shares	1,743	3.40	5,156,013	3.78
10,001 to 100,000 shares	473	0.92	15,549,949	11.41
100,001 to 1,000,000 shares	157	0.31	48,095,543	35.28
1,000,001 shares and above	27	0.05	63,752,587	46.77
Total	51,332	100.00	136,311,808	100.00

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Banks and nominee accounts	187	0.37	9,392,513	6.89
Brokerage accounts	138	0.27	27,766,133	20.37
Individuals and private trusts	48,431	94.35	18,514,209	13.58
Insurance and assurance companies	299	0.58	1,973,946	1.45
Investment companies	71	0.14	1,388,204	1.02
Mutual funds	556	1.08	41,872,288	30.72
Other corporations	406	0.79	359,306	0.26
Pension and provident funds	799	1.56	18,710,431	13.72
Private corporations	438	0.85	15,536,386	11.40
Sovereign wealth funds	7	0.01	798,392	0.59
Total	51,332	100.00	136,311,808	100.00

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	% of total shareholders
Non-public shareholders				
Directors and prescribed officers	8	0.02	1,767,393	1.30
Treasury shares held by Group companies	1	0.00	1,363,119	1.00
Public shareholders	51,323	99.98	133,181,296	97.70
Total	51,332	100.0	136 311 808	100.00

MAJOR SHAREHOLDERS

According to the Group's share register at year end, the following shareholders held shares equal to or in excess of 5% of the issued ordinary share capital of the Group:

Beneficial shareholders holding 5% or more	Number of shares	%
Anglo American[1]	10,855,155	7.96
Government Employees Pension Fund	10,520,984	7.72
	21,376,139	15.68

[1] Anglo American's interest in Thungela is held through Tarl Investment Holdings (RF) Proprietary Limited, Epoch Two Investment Holdings (RF) Proprietary Limited and Epoch Investment Holdings (RF) Proprietary Limited.

The 2,712,606 treasury shares held by the Group as detailed in note 31 of the Annual financial statements consist of 1,363,119 shares held in terms of the Thungela 2021 LTIP awards and 1,349,487 shares held by directors of Thungela in terms of the Thungela Milestone awards.

GLOSSARY

Term used	Definition
AAIC	Anglo American Inyosi Coal Proprietary Limited
AAML	Anglo American Marketing Limited
AASA	Anglo American South Africa Proprietary Limited
AASAF	Anglo American South Africa Finance Limited
ACSSA	Anglo Corporate Services South Africa Proprietary Limited
AEL	Air emission licence
AGM	Annual general meeting
Anglo American (AA)	Anglo American plc
AOPL	Anglo Operations Proprietary Limited, also referred to as TOPL
APM	Alternative performance measure(s)
ART	Antiretroviral treatment
ASA	Anglo South Africa Proprietary Limited
ASAC	Anglo South Africa Capital Proprietary Limited
BEE	Black economic empowerment
B-BBEE	Broad-based black economic empowerment
Benchmark coal price	Benchmark price reference for 6,000 kcal/kg thermal coal exported from the Richards Bay Coal Terminal
BSP	Bonus share plan
Butsanani Energy	Butsanani Energy Investment Holdings Proprietary Limited
Capex	Capital expenditure
Capital support agreement	The agreement concluded between ASA and Thungela regulating the terms and conditions upon which ASA will support the thermal coal sales of the Group
Carbon Tax Act	Carbon Tax Act 15 of 2019
CA(SA)	Chartered Accountant South Africa
CEO	Chief executive officer
CFO	Chief financial officer
CHPP	Coal Handling Preparation Plant
Circular 1/2021	Circular 1/2021: Headline earnings issued by SAICA detailing the requirements for determining headline earnings
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
Coal Reserves	Modified indicated and measured coal resources, including consideration of modifying factors that affect extraction. It is the economically extractable material
Coal Resources	The in-situ coal for which there are reasonable prospects for eventual economic extraction
Coaltech	The Coaltech Research Association is a voluntary collaborative non-profit organisation which addresses the research needs of the coal Industry of South Africa
Colliery Training College	Colliery Training College Proprietary Limited
Conditional shares	Shares or share awards awarded to participants under the Thungela share plan which are subject to certain Performance conditions and Employment conditions
Contingent Resources	The quantities of gas estimated to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
CPI	Consumer Price Index
CPP	The Nkulo Community Partnership Trust, also referred to as the Community Partnership Plan
CPR	Competent Persons Report
CSA	Coal Supply Agreement
Customs and Excise Act	Customs and Excise Act 91 of 1964

Term used	Definition
CV	Calorific Value of thermal coal
DFFE	Department of Forestry, Fisheries and Environment
Demerger	The process to separate Thungela from Anglo American, as fully described in the PLS
DMRE	Department of Mineral Resources and Energy
DOA	Delegation of Authority or Thungela Approval Framework
DTM	Digital Terrain Map
EA	Environmental Authorisation
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, and amortisation
ECSA	Engineering Council of South Africa
EIA	Environmental Impact Assessment
Employment condition	The conditions of employment to be satisfied in order for participants under the Thungela share plan for awards to vest on the vesting date
Employment period	A specified period of employment over which the Employment conditions must be met
EMPr	Environmental management programme report
EPP	The SACO Employee Partnership Trust, also referred to as the Employee Partnership Plan
EPS	Earnings per share
ESG	Environmental, social and governance
EWRP	eMalahleni Water Reclamation Plant
FCA	Financial Conduct Authority of the UK or its successor from time to time
FIFO	First in, first out
FOB	Free on Board
FOR	Free on Rail
Forfeitable shares	Shares or share awards awarded to participants pursuant to the Thungela share plan, the vesting of which is subject to the fulfilment of the Employment condition over the Employment period
FS	Feasibility Study
FSMA	The UK Financial Services and Markets Act 2000 (as amended from time to time)
GA	General Authorisation
Gas in Place (GIP)	The quantity of gas that is estimated to exist originally in naturally occurring accumulations before any extraction or production
GDP	Gross Domestic Product
GH	Goedehoop colliery
GHG	Greenhouse gas
GHN	Goedehoop North
GHS	Goedehoop South
GJ	Gigajoule
Greenfield	An undeveloped/unexplored/underexplored region or location remote from existing mines
Group	Thungela and its subsidiaries, joint arrangements and associates
GS	Greenside
HDSA	Historically disadvantaged South African
HEPS	Headline earnings per share
HFI	Combined Carve-out Historical Financial Information of the SA Thermal coal operations
IASB	International Accounting Standards Board
ICMM	The International Council on Mining and Metals

Term used	Definition
IFRS	International Financial Reporting Standards as issued by the IASB and the IFRS Interpretations Committee (previously known as the IFRIC). When used before a number this references a specific standard to be applied
Indicated Coal Resource	The portion of the Coal Resource for which the derived quantities and qualities are estimated with sufficient confidence, although lower in confidence than a measured Coal Resource, in the geological evidence, to allow for the application of modifying factors to support mine planning and the evaluation of the economic viability of the resource. An indicated Coal Resource may only be converted to a probable Coal Reserve
Inferred Coal Resource	The portion of the Coal Resource for which the derived quantities and qualities are estimated with lower confidence in the geological evidence. An inferred Coal Resource is not converted to a Coal Reserve
Internal restructure	The internal restructuring of the Group undertaken in preparation for the Demerger, as fully described in note 2 of the Annual financial statements
ISI	Isibonelo
ISIN	International Securities Identification Number
JSE	JSE Limited
JV	Joint venture
King IV	The King IV Report on Corporate Governance™ for South Africa, 2016. (Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved)
km	Kilometre(s)
kt	A measure representing 1,000 tonnes
KWZ	Khwezela
Lifex	Capex to extend the life of existing operations
LOM	Life of mine, duration of time to extract possible resources
LOM plan	A design and financial/economic study of an existing operation in which appropriate assessments have been made of existing geological, mining, social, governmental, engineering, operational, and all other Modifying factors, which are considered in sufficient detail to demonstrate that continued extraction is reasonably justified
LSE	London Stock Exchange
LTI	Long-term incentive
LTIP	Long-term incentive plan
MAF/Mafube	Mafube Coal Mining Proprietary Limited
Mainstreet	Mainstreet 1756 (RF) Proprietary Limited, the SPV holding the Richards Bay Coal Terminal entitlement
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the delegated acts, implementing acts, technical standards and guidelines thereunder as modified and as such legislation forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and as modified by UK domestic law from time to time
Measured Coal Resource	The portion of the Coal Resource for which the derived quantities and qualities are estimated with sufficient confidence in the geological evidence, to allow for the application of Modifying factors to support detailed mine planning and the evaluation of the economic viability of the resource. A measured Coal Resource may be converted to a proved or probable Coal Reserve
MHSA	The South African Mine Health and Safety Act 29 of 1996
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
Mintek	Mintek is South Africa's national mineral research organisation and is one of the world's leading technology organisations specialising in mineral processing, extractive metallurgy and related areas

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Term used	Definition
Modifying Factors	Considerations used to convert mineral resources to mineral reserves, including, but not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
MOI	Memorandum of Incorporation
MPRDA	The South African Mineral and Petroleum Resources Development Act 28 of 2002
MR	Mining Right
MRA	Mining Right Application
MRD	Mineral residue deposit
MRD plant	Coal discard wash plant
Mt	Million tonnes
MTIS	Mineable tonnes in situ
Mtpa	Million metric tonnes per annum
NAR	Net as received
Nasonti Coal	Nasonti Coal Proprietary Limited
Nasonti Group	Nasonti Trust including wholly owned subsidiaries Nasonti Technical and Nasonti Coal
Nasonti Technical	Nasonti Technical Services Proprietary Limited
National Environmental Management: Air Quality Act	National Environmental Management: Air Quality Act, Act 39 of 2004
NCI	Non-controlling interest
NEMA	The South African National Environmental Management Act 107 of 1998 (as amended from time to time)
NOMR	New order mining right
NOPR	New order prospecting right
NRV	Net realisable value
OC	Opencast/cut operations/mine
Offtake agreement	The offtake agreement between the company, TOPL and AAML, dated 6 March 2021
Overburden	The material that lies above the mining area of economic interest
Pamish	Pamish Investments No. 66 Proprietary Limited
PCD	Pollution control dam
PCPP	Phola Coal Processing Plant
Peat	Damp composing matter that in time transitions to coal
Pension Fund Act	Pension Fund Act 24 of 1956
Performance condition	A performance condition to be met by a participant in the Thungela share plan
Phola	Phola Processing Plant Proprietary Limited
PLS	Combined Prospectus and Pre-listing statement of Thungela, published on 8 April 2021
PR	Prospecting right
Probable Coal Reserves	Modified indicated or measured Coal Resources, including consideration of modifying factors that affect extraction. It is the economically extractable material
Pro forma financial information	The Pro forma consolidated statement of profit or loss for the year ended 31 December 2021 and 31 December 2020, along with supporting pro forma analysis of operating profit/(loss) and pro forma APMs
Proved Coal Reserves	Modified measured Coal Resources, including consideration of Modifying factors that affect extraction. It is the economically extractable material
RBCT	Richards Bay Coal Terminal Proprietary Limited

Term used	Definition
Reasonable Prospect for Eventual Economic Extraction (RPEEE)	An assessment done by the Competent Person in respect of technical and economic factors likely to influence the prospect of economic extraction. Multiple factors are considered including geological, mining, metallurgical, economic, legal, governmental, environmental, and socio-political factors
Reserve Life	The period in years in the approved life of mine plan for scheduled extraction of proved and probable Coal Reserves
RLT	Rapid load-out terminal
RMB	Rand Merchant Bank
RMC	Rietvlei Mining Company Proprietary Limited
RMSO	Restitution Management Support Office
RNS	Regulatory News Service
ROCE	Return on capital employed
ROM	Run of mine, representing the material extracted from mining operations before it is processed into saleable product
RoMP	Resources outside of Mine Plan
SACE	South African Coal Estate
SACNASP	South African Council for Natural Scientific Professions
SACO	South Africa Coal Operations Proprietary Limited
SACO Group	SACO and its subsidiaries, joint arrangements and associates
SAGC	South African Geomatics Council
SAICA	South African Institute of Chartered Accountants
Saleable reserves	The reported saleable reserve product type is subject to prevailing market conditions and may be sold in accordance with the current environment
SAMREC Code	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 Edition
SANS 10320:2020	South African National Standard 10320: "The South African guide to the systematic evaluation of coal resources and coal reserves" Second Edition
SANAS	South African National Accreditation System
SARS	South African Revenue Services
SA Thermal coal operations	Anglo American's South African Thermal coal operations which were the subject of the Demerger, as defined in the PLS
Secondary index price	Benchmark price reference for 6,000 kcal/kg thermal coal at point of discharge in Northwest Europe
SFF	Strategic Fuel Fund
SIB	Stay in business
SLP	Social and labour plan
Sponsor	JSE sponsor of Thungela, namely, RMB
SPV	Special purpose vehicle
SSF	Sasol Synfuels
Synfuel	A coal specifically for the domestic production of synthetic fuel and chemicals
TAF	Thungela approvals framework – Delegation of authority
TFR	Transnet Freight Rail, a division of Transnet SOC Limited
The Companies Act of South Africa	The Companies Act 71 of 2008 (as amended)
The <IR> Framework	The International Integrated Reporting Framework
Thermal domestic	Low to high-volatile thermal coal primarily for domestic consumption for power generation
Thermal export	Low to high-volatile thermal coal primarily for export in the use of power generation
Thungela or the Company	Thungela Resources Limited

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Term used	Definition
Thungela share plan	The long-term share incentive plan adopted by Thungela to attract, retain, incentivise and reward high-calibre employees
TOPL	Thungela Operations Proprietary Limited (known as AOPL until the name was formally changed on 1 March 2022)
Transnet	Transnet SOC Limited
TRCFR	Total recordable case frequency rate
TSA	Transitional Services Agreement – to provide Thungela with certain services post Demerger
TSR	Total shareholders' return
UG	Underground
UIF	Unemployment insurance fund
UK	The United Kingdom of Great Britain and Northern Ireland
UK Disclosure Guidance and Transparency Rules	The rules relating to the disclosure of information made in accordance with section 73A(3) of FSMA
UK Listing Rules	The listing rules relating to admission to the UK Official List
UK Officials List	The official list of the FCA
USD	United States Dollar
VAT	Value added tax
WAF	Water Accounting Framework (for the Mineral Industry)
WANOS	Weighted average number of shares outstanding
WML	Waste Management Licence
WUL	Water Use licence
ZAR	South African Rand
ZBL/Zibulo	Zibulo mine
Zimele	Anglo American Zimele Loan Fund Proprietary Limited

APPENDIX 1

MEASURING PERFORMANCE

for the year ended 31 December

Key performance indicators (KPIs)	2021	2020
Safety and health		
Fatalities	1	1
Total recordable case frequency rate (TRCFR)	1.35	1.51
Environment		
Energy efficiency (million GJ)	3.42	3.87
Total greenhouse gas (GHG) emissions (Kt CO2 - equivalent)	819	883
Water abstraction (million m^3)	865	785
Water reused/recycled (%)	61	66
Water treatment (%)	57	50
Number of level 3 – 5 environmental incidents	1	–
Wellness		
Total % of employees who know their HIV status	91	92
Total % of HIV positive employees on ART	93	94
Occupational health		
Employees at risk of exposure that have undergone medical surveillance (%)	100	100
Social		
Number of level 3 – 5 incidents with social consequences	8	4
People		
Employees – full time	4,446	4,876
Employees – contractors	2,000	2,370
HDSAs in management (%)	74	70
Women in management (%)	28	25
Women in core mining (%)	27	25
Voluntary labour turnover (%)	3.0	3.0
Production (Mt)		
Export saleable tonnes	15.0	16.5
Domestic saleable tonnes	10.1	14.0

APPENDIX 2

UK LISTING RULES DISCLOSURE TABLE

Disclosure as required by section 9.8.4 C of the UK Listing Rules has been provided below

Listing Rule	Information per the Rule	Disclosure
9.8.4 (1)	Interest capitalised by the Group in the period under review, including any related tax relief	Not applicable
9.8.4 (2)	Published unaudited financial information (LR 9.2.18 R)	Not applicable
9.8.4 (4)	Long-term incentive schemes involving a director (LR 9.4.3 R)	Refer to the Remuneration report Pages 117 to 133
9.8.4 (5)	Waiver of or agreement to waive any emoluments from the company or subsidiary by a director	None
9.8.4(6)	Details of waiver of future emoluments by a director	None
9.8.4 (7)	Non pro rata allotment of the Company's shares for cash, not specifically authorised by the shareholders	None – all allotments of shares were approved by the shareholders. Detailed disclosure can be found in note 2A and note 31 of the Annual financial statements.
9.8.4 (8)	Non pro rata allotment of major subsidiaries shares for cash, not specifically authorised by the shareholders	None – all allotments of shares were approved by the shareholders. Detailed disclosure can be found in note 2A of the Annual financial statements.
9.8.4 (9)	If the Company is a subsidiary of another company, details of the parent undertaking	Not applicable
9.8.4 (10)	Contracts of significance involving the Group and a director or controlling shareholder	None
9.8.4 (11)	Provision of services contract to the Company or subsidiaries by a controlling shareholder	Not applicable
9.8.4 (12)	Shareholder has waived or agreed to waive any dividends	Not applicable
9.8.4 (13)	Shareholder has agreed to waive any future dividends	Not applicable
9.8.4 (14)	Agreement between the Company and a controlling shareholder (LR 9.2.2.AD R)	Not applicable

SHAREHOLDER DIARY

Financial year end	31 December 2021
Annual general meeting	24 May 2022 at 12:00 SAST
Reports	
Integrated annual report for the year ended 31 December 2021	22 April 2022
Announcement of interim results	August 2022
Dividends	
Dividend for 2021 declared	22 March 2022
Last date to trade for 2021 dividend	3 May 2022
Share trading ex-dividend RSA	4 May 2022
Share trading ex-dividend UK	5 May 2022
Record date	6 May 2022
Payment date JSE	9 May 2022
Payment date LSE	23 May 2022

CORPORATE INFORMATION

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 No: 9111917259
('Thungela' or 'the Group' or 'the Company')

REGISTERED OFFICE
25 Bath Avenue
Rosebank
Johannesburg
2196
South Africa
Tel: +27 11 638 9000

POSTAL ADDRESS
PO Box 1521
Saxonwold
2132

DIRECTORS
Executive
July Ndlovu (CEO)
Gideon Frederick (Deon) Smith (CFO)

Non-executive
Seamus Gerard French (appointed 4 June 2021)[1]

[1] Seamus G French resigned from Anglo American on 31 December 2021 and will be independent from 1 January 2022.

Independent non-executive
Sango Siviwe Ntsaluba (chairperson, appointed 1 January 2021)
Kholeka Winifred Mzondeki (appointed 9 February 2021)
Thero Micarios Lesego Setiloane (appointed 7 March 2021)
Benjamin Monaheng (Ben) Kodisang (appointed 16 March 2021)

PREPARED UNDER THE SUPERVISION OF
Gideon Frederick (Deon) Smith CA(SA)

GROUP COMPANY SECRETARY
Daniel Francois Klem

INVESTOR RELATIONS
Ryan Africa
Email: ryan.africa@thungela.com

MEDIA CONTACTS
Tarryn Genis
Email: tarryn.genis@thungela.com

SA TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196 Johannesburg
Private Bag X9000
Saxonwold, 2132
Tel: +27 11 370 5000

UK TRANSFER SECRETARIES
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey, Channel Islands

SPONSOR
Rand Merchant Bank
(a division of FirstRand Bank Limited)
Tel: +27 11 282 8000
Email: sponsorteam@rmb.co.za

UK FINANCIAL ADVISER AND CORPORATE BROKER
Liberum Capital Limited
Tel: +44 20 3100 2000

If you have any queries regarding your shareholding in Thungela Resources Limited, please contact the transfer secretaries on:
+27 11 370 5000

www.thungela.com