thungela

INTEGRATED ANNUAL REPORT 2022

THUNGELA'S 2022 REPORTING SUITE

This report forms part of our overall suite of reporting documents for the year ended 31 December 2022, all of which should be read together. Our 2022 reporting suite includes the following documents:

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.
- 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 (ESG) 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) Reporting Standards, specifically the GRI 12: Coal Sector 2022 Standard, as well as internal safety and sustainable development indicators.

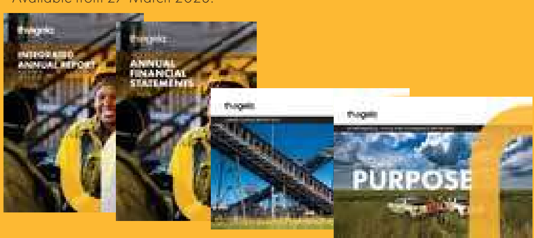
CLIMATE CHANGE REPORT

- Disclosure of Thungela's approach to climate change, including risks and related management, compiled in accordance with the recommendations of the TCFD.

Various acronyms, abbreviations and measures used throughout the reporting suite have been defined on pages 174 to 179.

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

*Available from 27 March 2023.



FORWARD-LOOKING STATEMENTS AND THIRD-PARTY INFORMATION

This document includes forward-looking statements. All statements included in this document (other than statements of historical facts) are, or may be deemed to be, forward-looking statements, 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). 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. Thungela therefore cautions that forward-looking statements are not guarantees of future performance.

Any forward-looking statement made in this document or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause Thungela's business not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Thungela has no duty to, and does not intend to, update or revise the forward-looking statements contained in this document after the date of this document, except as may be required by law. Any forward-looking statements included in this document have not been reviewed or reported on by the Group's independent external auditor.

The information contained within this report is deemed by the Group to constitute inside information as stipulated under the market abuse regulation (EU) 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.

ALTERNATIVE PERFORMANCE MEASURES

The directors consider additional financial and operational measures to assess the results of the operations of the Group, referred to as APMs. These APMs can be identified throughout this document using the Δ symbol, and are fully described in the Annual Financial Statements.

Responsibly creating value together for a shared future

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ABOUT THIS REPORT

Thungela Resources Limited (Thungela or the Group) is one of the largest pure play producers and exporters of thermal coal in South Africa and listed on the JSE and LSE in June 2021.

SCOPE AND BOUNDARY

This is Thungela's second Integrated Annual Report, which provides a holistic view of Thungela, its subsidiaries, joint operations and associates for the year ended 31 December 2022, 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.

MATERIAL MATTERS

The principle of materiality informed our preparation of this report. A matter is considered 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 44 to 47 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.

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 of our stakeholders. The six capitals we use and on which our business has an impact are set out throughout this report and specifically in our business model on pages 42 and 43.

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 Integrated Reporting Council's Integrated Reporting Framework and considered other relevant guidelines and regulations in preparing this report, including:

- The Companies Act 71 of 2008 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
- 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 2022, 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).

ASSURANCE

Financial and non-financial aspects of this report and of our reporting suite for the year ended 31 December 2022 are independently assured. The report of the independent external auditor, PricewaterhouseCoopers Inc. (PwC), on the consolidated and separate financial statements appears on pages 26 to 31 of the annual financial statements for the year ended 31 December 2022. The report of the independent external assurer, IBIS Environment, Social, Governance Consulting Africa Proprietary Limited (IBIS), on specific non-financial indicators appears on pages 117 to 119 of the Environmental, Social and Governance Report for the year ended 31 December 2022.

The assurance reports do not necessarily cover all of the information contained in this report, and copies of these reports should be obtained from the Thungela website at www.thungela.com 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 2022. 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 the 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

26 April 2023

The six capitals

- Human
- Social and relationship
- Manufactured
- Intellectual
- Natural
- Financial

GROUP PERFORMANCE IN 2022

Delivering on our purpose of responsibly creating value together for a shared future

SAFETY

Fatalities

None

(2021: One)

TRCFR*

1.41

(2021: 1.35)

OPERATIONAL

Export saleable production

13.1Mt

(2021: 14.5Mt)

Export equity sales

12.2Mt

(2021: 13.9Mt)

CREATING SHARED VALUE

Nkulo Community Partnership Trust

R448 million contribution

(2021: R137 million)

Sisonke Employee Empowerment Scheme

R448 million contribution

(2021: R137 million)

PATHWAY TO NET ZERO

Thungela will reduce its scope **1 and 2** emissions from existing operations by **30%** in 2030**, and reach **net zero** by 2050

FINANCIAL

Adjusted EBITDA

R29.5 billion

(2021: R10.0 billion)

FOB cost

R1,079 per export tonne

(2021: R830 per tonne)

Returns to shareholders

R13.8 billion

(2021: R2.5 billion)

Earnings per share

R127.08

(2021: R61.08)

Headline earnings per share

R130.82

(2021: R66.57)

* Total recordable case frequency rate

** Relative to 2021 baseline

CHAIRMAN'S LETTER

RESPONSIBLY CREATING VALUE TOGETHER FOR A SHARED FUTURE

Our purpose of responsibly creating value together for a shared future is the consistent thread that binds us together as a Group. Once again, Thungela achieved outstanding results in a challenging environment characterised by the continued deterioration of Transnet Freight Rail's (TFR) performance.

The challenging operating environment experienced in 2022 makes our results and strategy execution all the more impressive.

We believe that achievement of our objectives requires that all parties play their roles.

STRIVING TO BE A FATALITY-FREE BUSINESS

Safety continues to be a key focus for the board, management and every employee across our operations. In 2022, the business operated fatality free, and indeed many operations went scratch-free for periods exceeding 100 days.

Sadly, our colleague Mr Breeze Mahlangu, an operator at Zibulo, passed away in February 2023 following complications after an accident in December 2022. We extend our condolences to his family and friends. This tragic loss is a crushing blow for all of us at Thungela. This is a reminder that we need to remain focused every day on our core value of safety, to ensure everyone can go home safely, every day.

The increase in TRCFR is disappointing and we will continue our focus on our safety strategy. We cannot become complacent in our drive to operate as a fatality-free business.

DEMONSTRATING RESILIENCE AND DELIVERING ON OUR STRATEGY

The year 2022 not only tested our resilience, it demonstrated that we are on the right track in embedding our strategic objectives.

Despite several obstacles, we rose to the occasion and proved our agility, never losing sight of our long-term ambition and our purpose to responsibly create value together for a shared future.

Last year upon listing, the board set clear goals as it crafted Thungela's value-focused strategy. The board's objectives set for the year have been met and we have made significant progress on executing our strategic priorities in 2022.

Driving our ESG aspirations

Our environmental, social and governance (ESG) approach is to recognise the urgency in addressing environmental degradation but is mindful of the social challenges we face today. We continue to strike a balance that recognises all of these imperatives.

We have set clear intermediate emissions reduction targets on our pathway to net zero, and have committed to reducing our scope 1 and 2 emissions by 30% by 2030.

Our pathway to net zero has been developed on a scenario approach, aligned to the International Energy Agency's (IEA) climate change scenarios – this will enable us to respond in the most effective way based on changes in both our business and the world at large.

Driving our ESG aspirations is about more than just meeting targets, it is about building trust between stakeholders.

Building trust requires continued effort and consistency, and in 2022 we held several constructive engagements with stakeholders about a range of topics, including ESG.

Maximising value from existing assets

The Elders production replacement project was approved by the board in 2022. Elders will replace the volumes lost from the Goedehoop operation as the latter nears the end of its life, and will not only maintain the size and shape of our South African export business, but will also sustain regional jobs and support local suppliers. The Zibulo North Shaft life extension feasibility studies are progressing well and the project is expected to be tabled for board consideration in 2023.

Creating future diversification options

In February 2023, we announced the acquisition of a controlling interest in the Ensham Coal Mine and related assets, a thermal coal mine in Queensland, Australia. This marks our first investment outside of South Africa. This cash and earnings-accretive transaction contributes to our strategy to diversify our geographic footprint, as well as to balance our operations to manage the risks associated with single geography exposure. From an ESG perspective, owning and operating a mining asset already in production provides us with the ability to extend the life of our business without adding new carbon units globally.

Optimising capital allocation

In November 2022 we acquired the remaining 27% interest in Anglo American Inyosi Coal Proprietary Limited (AAIC), the entity which owns the Zibulo operation and the Elders project, from Inyosi Coal (RF) Proprietary Limited (Inyosi). This transaction allows for Thungela to benefit from the full economics of the most cash-generative assets in our portfolio, while at the same time creating significant value for our long-time partner as they transition from asset partners to shareholders in Thungela.

CONTINUING TO CREATE SHARED VALUE

At Thungela, we believe that our success needs to be connected with social progress. As part of our purpose, we strive to create shared value, and in 2022 we have delivered on this promise.

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Despite several obstacles, we rose to the occasion and proved our agility, never losing sight of our long-term ambition and our purpose to responsibly create value together for a shared future.

The Sisonke Employee Empowerment Scheme and Nkulo Community Partnership Trust (previously referred to as the EPP and CPP, respectively) were established upon listing to empower employees and communities to share in the value we create. Our contributions to each of these trusts total R448 million related to the performance for 2022, bringing our total contributions to the trusts since listing to R1.2 billion.

In addition to our social and labour plan commitments, the education programme and other corporate social investment, we continue to make an important and lasting impact on the lives of those who are most critical to enabling value creation – our employees and host communities.

DISCIPLINED CAPITAL ALLOCATION

The board was pleased to declare a final dividend of R40 per share on 27 March 2023, once again fulfilling its promise to deliver attractive shareholder returns.

Last year, the board expressed the view that creating value responsibly meant maintaining disciplined capital allocation, balance sheet flexibility, and sufficient funding to withstand market and Benchmark coal price fluctuations. As a result, it was deemed appropriate to maintain liquidity of between R5 billion and R6 billion following periods of stronger market conditions. While we have reduced the cash portion of this buffer to R5 billion following the declaration of the final dividend, the board has decided to increase the liquidity buffer to R8.2 billion through the securing of facilities amounting to R3.2 billion. Two primary factors informed this decision – uncertainty regarding the expected timeframe for TFR performance to normalise, and the acquisition of the Ensham Business which materially changes the overall structure of the Group, including our liquidity needs.

The enhanced liquidity buffer will provide the Group with adequate funding to execute its strategy.

A MATTER OF NATIONAL URGENCY

TFR performance has reached a record low, with total volume railed only marginally above 50Mt in 2022. This is the lowest volume railed for the industry in over 13 years.

The rail and port operator has continued to operate below capacity due to security incidents on the line, maintenance challenges on rail infrastructure and rolling stock, and, in the fourth quarter of 2022, a crippling 12-day strike by Transnet employees and one of the worst derailments seen on the line in recent history.

Sango Ntsaluba
Chairman

In late 2022, Transnet and the mining industry set up collaborative structures at senior leadership levels focused on stabilising rail performance in the short term, before ramping performance back up to historical levels in the medium term.

The deterioration of TFR performance to these levels seems to have been a wakeup call for government in general, and TFR in particular. There is a realisation that continuation on this trajectory could result in a national crisis in South Africa given the importance of the mining industry in providing employment, sustaining livelihoods and generating foreign currency inflows for the fiscus.

We therefore call upon government to act swiftly and effectively in providing Transnet with all the support necessary for the state-owned entity's performance to start turning around and to attend to other risks such as unstable electricity supply, illegal mining and increasingly disgruntled communities frustrated by a lack of service delivery.

The state of affairs at the national power utility is well reported on in the media and loadshedding continues to weigh heavily on South African industry and the economy as a whole. While the political focus on this issue appears to be a step in the right direction, it is imperative that clear, actionable and measurable steps are taken to resolve this crisis. The newly appointed Minister of Electricity must take the necessary steps to ensure a reliable and consistent supply of electricity to all parts of the country.

Illegal mining continues to be rampant across the South African mining industry and especially in the regions in which we operate. Thungela has not been spared from this criminal activity and we have seen illegal mining across our operations. We will continue to work with communities, law enforcement agencies and the judiciary to find a lasting solution in this regard. Illegal mining was a contributing factor to the environmental incident that occurred at Khwezela's Kromdraai site in February 2022. Furthermore, illegal miners are also mining areas that have previously been rehabilitated, resulting in increased costs for Thungela to rehabilitate these areas again. We have proactively taken a strategic decision to accelerate the closure of parts of the Khwezela complex in order to discourage illegal mining on our sites and to mitigate the risk of future adverse environmental events.

We call on government to work towards the resolution of these issues affecting South African industry and society, to tackle corruption, to hold management at state-owned entities accountable, and to urgently arrest the rapid deterioration of rail, electricity and other infrastructure. South Africa stands on a precipice, and not resolving these issues may push us over the edge.

IN PURSUIT OF BOARD EXCELLENCE

Amid compounding challenges in South Africa and across the world, it is becoming abundantly clear that an actively engaged board is paramount to Thungela's success.

The priorities for the board have been set out in detail on page 94 of this report and the board will continue to focus on these throughout the year. These priorities include, *inter alia*:

- Elimination of fatalities.
- Continued focus on challenges such as TFR and power availability.
- Pathway to zero emissions and decarbonisation.

In keeping with our commitment to establishing a world-class board, Yoza Jekwa has been appointed as an independent non-executive director to the Thungela board of directors, and as member of the Thungela social and ethics committee, with effect from 12 August 2022. Yoza is the CEO and co-founder of Thrive Capital Partners (an investment firm focussed on infrastructure and impact investing in South Africa and Sub-Saharan Africa). She brings extensive investment banking and board-relevant experience. Furthermore, she is actively involved in various outreach and social responsibility programmes aligned to Thungela's values.

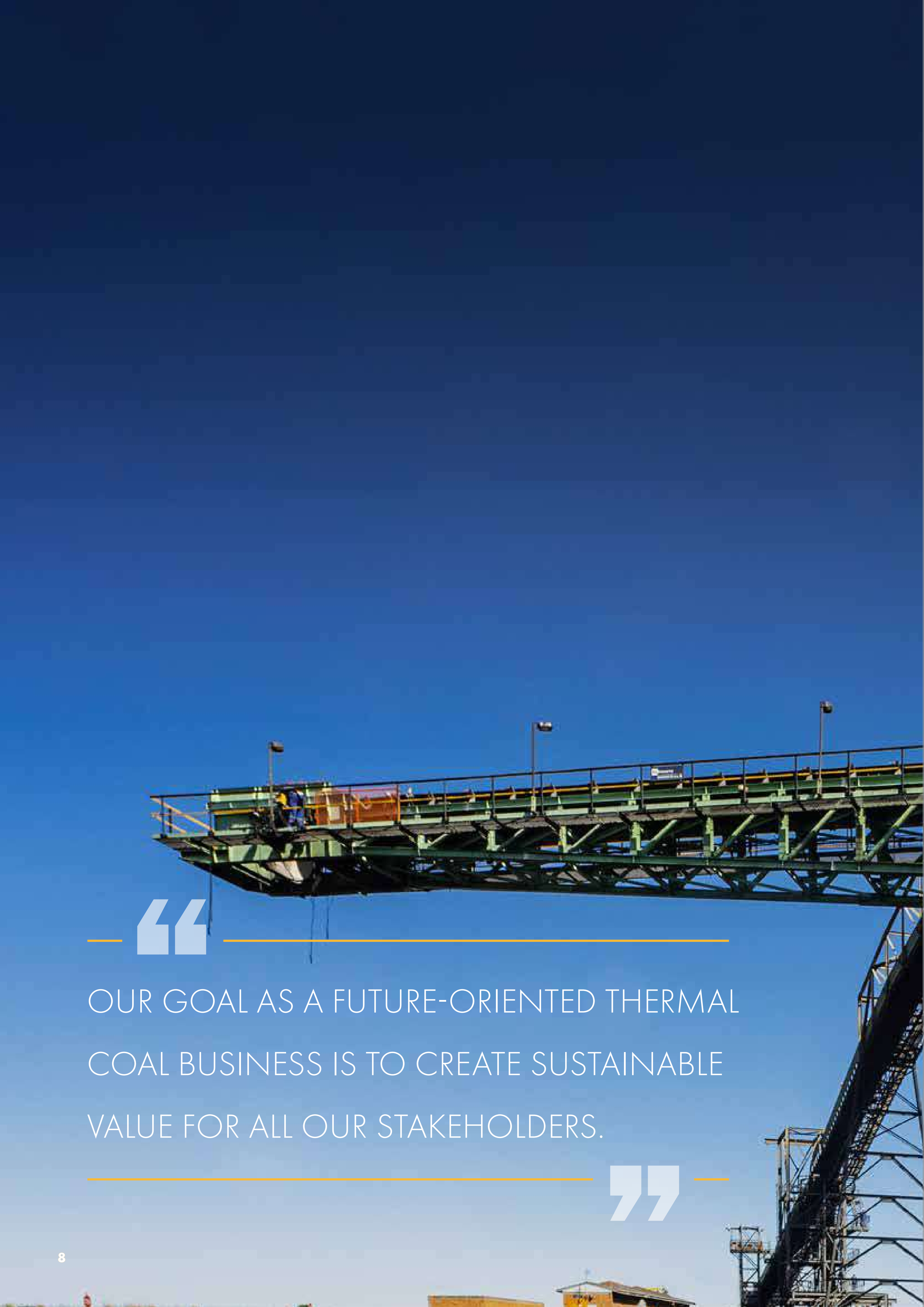
CLOSING REFLECTIONS

Four months into 2023, we are concerned by the challenges that abound, including TFR performance, the softening of coal prices and the volatility of coal demand worldwide. It is clear that coal prices cannot be expected to be as strong as in 2022, but the fundamentals for coal remain strong. These strong fundamentals and our disciplined capital allocation approach allow us to take a long-term view with confidence while staying true to our purpose.

Finally, I wish to thank my fellow board members, management and indeed everyone at Thungela for delivering a stellar performance in 2022 and we look ahead to continuing to deliver on our purpose to responsibly create value together for a shared future in 2023.

Sango Ntsaluba
Chairman

26 April 2023



OUR GOAL AS A FUTURE-ORIENTED THERMAL COAL BUSINESS IS TO CREATE SUSTAINABLE VALUE FOR ALL OUR STAKEHOLDERS.

02

THUNGELA AT A GLANCE

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 look forward to a future worth sharing.

OUR 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 our employees 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

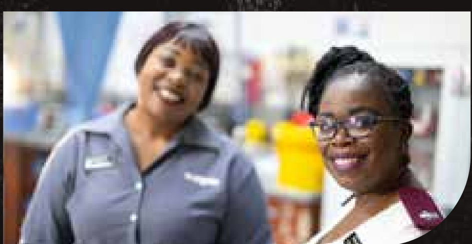
Being a good employer means creating a sense of belonging where people can bring their whole selves to work. We believe in embracing the differences that make our people, and our business, unique.

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 always be 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.

OUR OPERATIONS

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

GREENSIDE COLLIERY

Market: export and domestic

Coal Resources

- Measured: 8.8Mt
- Indicated: 4.5Mt

Coal Reserves

- Proved: 15.9Mt
- Probable: 0.9Mt

Mining method: underground – bord and pillar

LOM: 5 years

KHWEZELA COLLIERY

Market: export and domestic

Coal Resources

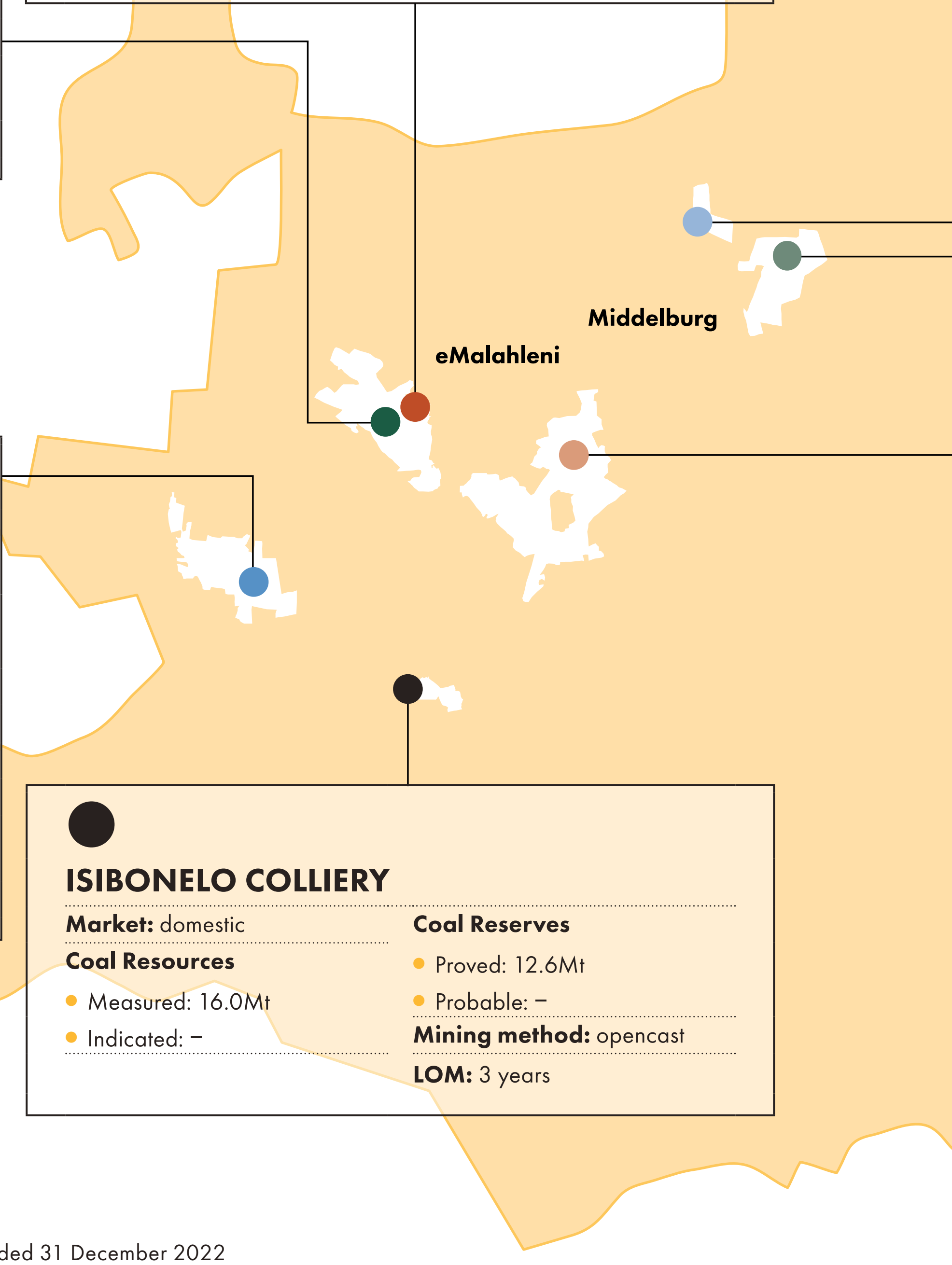
- Measured: 39.8Mt
- Indicated: 9.5Mt

Coal Reserves

- Proved: 29.2Mt
- Probable: 2.1Mt

Mining method: opencast

LOM: 7 years



ZIBULO COLLIERY

Market: export and domestic

Coal Resources

- Measured: 221.6Mt
- Indicated: 107.4Mt

Coal Reserves

- Proved: 41.0Mt
- Probable: 21.2Mt

Mining method: underground – bord and pillar, and opencast

LOM: 10 years

ISIBONELO COLLIERY

Market: domestic

Coal Resources

- Measured: 16.0Mt
- Indicated: –

Coal Reserves

- Proved: 12.6Mt
- Probable: –

Mining method: opencast

LOM: 3 years

RIETVLEI COLLIERY

Market: domestic

Coal Resources

- Measured: 19.7Mt
- Indicated: 3.0Mt

Coal Reserves

- Proved: 10.0Mt
- Probable: –

Mining method: opencast

LOM: 4 years

MAFUBE COLLIERY[1]

Market: export

Coal Resources

- Measured: 15.9Mt
- Indicated: –

Coal Reserves

- Proved: 80.6Mt
- Probable: 40.8Mt

Mining method: opencast

LOM: 21 years

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

GOEDEHOOP COLLIERY

Market: export and domestic

Coal Resources

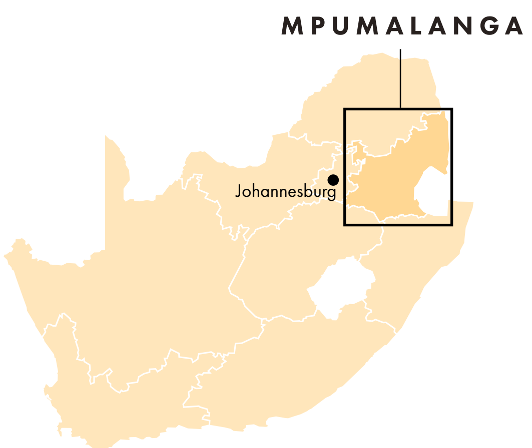
- Measured: 225.5Mt
- Indicated: 6.0Mt

Coal Reserves

- Proved: 11.7Mt
- Probable: 0.4Mt

Mining method: underground – bord and pillar

LOM: 3 years



OPERATIONS

ZIBULO

The Zibulo Colliery is an underground and opencast mini-pit thermal coal mine. We operate the Zibulo underground operation using a fully mechanised bord and pillar mining method while the opencast mini-pit is operated by contracting partners using a truck and shovel fleet. Run of mine (ROM) coal is conveyed on a 16km overland conveyor belt to be beneficiated at the Phola Coal Processing Plant.

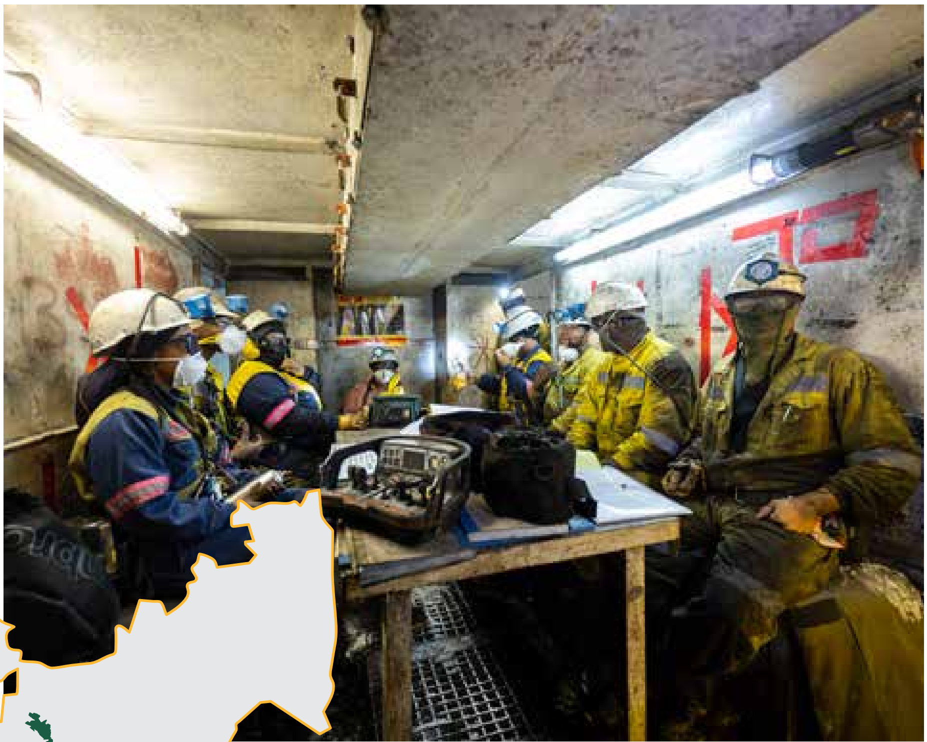
The Phola Coal Processing Plant has a rail load-out terminal connected with the Richards Bay Coal Terminal (RBCT).

Based on the current life of mine (LOM) plan, mining operations at the opencast are expected to cease in 2026 with the remaining operations in the underground workings expected to cease in 2032. We are progressing a life extension project at the Zibulo North Shaft, for which the bankable feasibility study and independent project review were completed in 2022.

Reserves:	**62.2Mt**
Resources:	**329.0Mt**
LOM:	**10 years**

CHAMPIONING ESG

- Zibulo upgraded the Phola fire station, which now includes en-suite lodging rooms and a pause and dining area where fire fighters can rest after a call-out.
- Established a stakeholder engagement forum to enhance relationships with traditional authorities from Phola, Ogies and Lebohang. This allows us to ensure that our engagement platforms are inclusive and to collaboratively identify impactful initiatives that consider the most vulnerable in our host communities.
- In 2023 Zibulo will complete construction of a facility for the Zamelani Abadala Senior Citizen Organisation in Lebohang. This facility will create a safe environment where senior citizens will have access to meals, exercise, and social and health services. It will also host skills development programmes and accommodate offices for social workers and other community services.



OPERATIONS

GREENSIDE

The Greenside Colliery is an underground thermal coal mine in Mpumalanga. We supply the thermal coal mined from the Greenside Colliery to the export coal markets. Greenside extracts coal using a fully mechanised bord and pillar mining method. The Greenside LOM plan is scheduled to complete mineable reserves by 2027.

A railway line traverses Greenside and is shared with the Khwezela Colliery, connecting the rail load-out terminal with the RBCT. The eMalahleni Water Reclamation Plant (EWRP) is located within the Greenside mining right. It services the Greenside, Khwezela and Zibulo Collieries. Potable quality water produced by the EWRP is supplied to local communities via the eMalahleni Local Municipality.

Reserves:	**16.8Mt**
Resources:	**13.3Mt**
LOM:	**5 years**

CHAMPIONING
ESG

- Skills training was delivered to 42 young people including the operation of heavy equipment, hospitality, welding and beekeeping – thus creating skills that unlock opportunities for employment.
- Greenside participated in the Thungela education programme, which aims to improve the educational outcomes of learners at selected early childhood development centres, primary and secondary schools.
- In 2023 Greenside will start with the construction of Lynnville Township Regeneration Project. The project was identified to create an economic hub where small businesses can participate in economic activity outside of mining.

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OPERATIONS

GOEDEHOOP

The Goedehoop Colliery is an underground thermal coal mine. We operate Goedehoop using a fully mechanised bord and pillar mining method and supply the thermal coal mined from this colliery to the export thermal coal market.

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 RBCT.

Reserves:	**12.1Mt**
Resources:	**231.5Mt**
LOM:	**3 years**

CHAMPIONING
ESG

- Goedehoop's corporate social investment spend in 2022 focused on enterprise development, education, senior citizens, skills development, health and welfare and gender-based violence prevention.
- Goedehoop, with select partners, enabled the purchase of a laser fibre cutting machine for the Mpumalanga Stainless Initiative (MSI). This machine is the only one of its kind in the province and enables the MSI and its beneficiaries to keep pace with developments in the steel industry, access opportunities, and grow earnings.
- In 2023 Goedehoop will establish two mobile clinics, drill boreholes, and install JoJo tanks to support local farming communities with improved access to water.

OPERATIONS

MAFUBE

Reserves[1]:	**121.4Mt**
Resources[1]:	**15.9Mt**
LOM:	**21 years**

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

The Mafube Colliery is operated as a 50:50 joint venture (JV) between Exxaro Coal Mpumalanga Proprietary Limited (Exxaro) and South Africa Coal Operations Proprietary Limited (SACO). It is an opencast thermal coal mine that utilises a strip mining methodology for coal exposure. Mafube produces primary and secondary products that are sold to the JV partners in equal proportions for their own specific markets.

Based on the current LOM plan, mining operations are expected to cease by 2043.

A railway line traverses the property, connecting the dedicated rail load-out terminal with the RBCT.

CHAMPIONING ESG

- The Mafube Colliery successfully established the Sikhululiwe Cemetery and handed it over to the Steve Tshwete Local Municipality. The cemetery can accommodate 5,209 grave sites and was undertaken with consideration of cultural traditions and ancestral beliefs.
- The Mafube Colliery will soon donate 248ha of grazing land to the Steve Tshwete Local Municipality to support local cattle owners with grazing land capacity in the surrounding farms.
- The Mafube Colliery has committed to construct an access route to Sikhululiwe Village to improve road safety and infrastructure in and around the village.

OPERATIONS

KHWEZELA

The Khwezela Colliery is an opencast thermal coal mine that uses a 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 2029.

A railway line, shared with the Greenside Colliery, traverses our property connecting the rail load-out terminal with the RBCT.

Reserves:	**31.3Mt**
Resources:	**49.3Mt**
LOM:	**7 years**

CHAMPIONING ESG

- Khwezela constructed two waste transfer stations in eMalahleni. This initiative will address some of the eMalahleni local municipality's long-standing waste management challenges and provide a centralised location at which informal waste collectors can gather and sort items for recycling.
- The community of Clewer now has access to a community hall thanks to Khwezela. This project offers a safe space for the community to participate in sports, arts, culture and community initiatives.
- One of the ways that Khwezela is driving ESG is by maximising diesel and energy efficiency through advanced technologies as part of the Thungela strategy towards a zero carbon footprint.

OPERATIONS

ISIBONELO

Reserves:	**12.6Mt**
Resources:	**16.0Mt**
LOM:	**3 years**

The Isibonelo Colliery is an opencast thermal coal mine that consists of two opencast pits that produce coal for the Sasol Synfuels Operations under the coal supply agreement (CSA) with Sasol Mining Proprietary Limited (Sasol).

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

The thermal coal is crushed and screened and then conveyed to Sasol Synfuels Operations in Secunda via a 13km long overland conveyor.

In terms of the LOM plan, which is determined by the Isibonelo CSA, mining operations at Isibonelo are expected to cease by June 2025.

CHAMPIONING ESG

- Construction of the Lebogang 4.7km sewerage pipeline is facilitating management of waste in light of the growing population in Leandra. The project was undertaken in partnership with Sasol.
- Through the Star Schools project Isibonelo provides supplementary classes for 150 grade 10, 11 and 12 learners annually. Subsequently, learners deliver some of the region's best results, enabling them to gain access to bursaries and a university education.
- In 2023 Isibonelo plans to construct a waste transfer station in the Govan Mbeki Municipality. This project will address the health and environmental concerns associated with waste management.

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OPERATIONS

RIETVLEI

Reserves: **10.0Mt**

Resources: **22.7Mt**

LOM: **4 years**

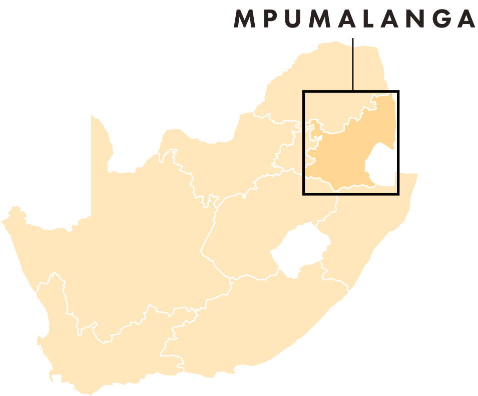
The Rietvlei Colliery is an opencast thermal coal strip mine. The mine is operated by Rietvlei Mining Company Proprietary Limited (RMC), in which we own a 34% effective interest through our shareholding in Butsanani Energy Investment Holdings Proprietary Limited (Butsanani Energy). Rietvlei is the only operation within the Group to supply thermal coal directly to Eskom.

In 2022 the mine broadened its market offering through the commissioning of a coal beneficiation plant, which allowed Rietvlei to sell into a more diversified customer base, as well as to optimise the product feed into Eskom.

CHAMPIONING ESG

- Bankfontein Combined School received nutritional support, mathematics and science tutoring as well as teacher mentorship in 2022. Rietvlei further supported the school through the construction of a fence, staff rooms and the upgrading of ablution facilities.
- Computer and security courses were started in the local community.
- The ongoing key economic development initiative involves the paving of roads and building pedestrian walkways in the community of Somaphepha. The project is expected to be completed in 2023.


HAZARDOUS WASTE



PROJECTS

ELDERS

The Elders production replacement 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 is intended as the replacement for the Goedehoop Colliery volumes as that operation nears the end of its life. It is anticipated that the project should sustain regional jobs and existing community suppliers.

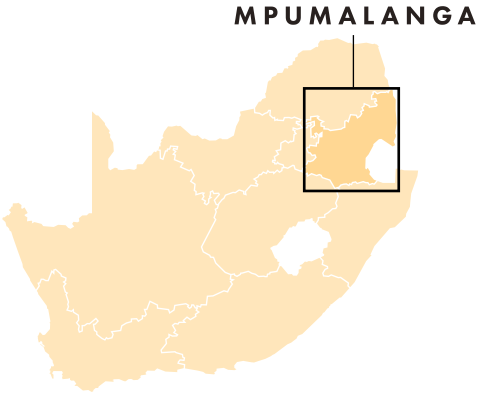
The on-site infrastructure has been planned to produce up to 4.2Mtpa of ROM, initially from the higher quality No 2 Seam, with further optionality to mine the No 4 Seam sequentially or simultaneously depending on offtake demands. The No 2 Seam is well suited to produce a washed 5,700kcal/kg export product and the No 4 Seam is better suited for domestic customers as raw sales or a lower grade 4,500kcal/kg domestic product.

The development capital is estimated in the order of approximately R2.0 billion and should be completed 24 months after final notice to proceed.

The project has commenced construction with the main boxcut and structural, mechanical, piping and platework contracts in progress. The capital spent in 2022 is R205 million, with 52% of the total capital already committed. First underground coal is expected in the first quarter of 2024, followed by a steady ramp-up.

KEY STATISTICS

Capex cost	R2.0 billion (between 2022 and 2025)
LOM	12 years steady-state (No 2 Seam)
Production profile	4.2Mtpa ROM (No 2 Seam)
Potential quality	5,700kcal/kg export 4,500kcal/kg domestic
Project stage	Execution phase
Scheduling	
First coal	Q1 2024
Construction complete	Q2 2024
Conveyor complete	Q1 2025
Nameplate production	Q4 2025



PROJECTS

ZIBULO NORTH SHAFT

The Zibulo North Shaft project 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 thereby extending the LOM to beyond 2040, and ensure continued utilisation of the full allocated wash capacity of the Phola Coal Processing Plant. The new shaft will improve operational efficiency and optimise the cost structure through reduced travel distances to the coal face. This will further mitigate the loss of ROM production as the opencast operation winds down, and de-risk the Zibulo operation through access to additional panels.

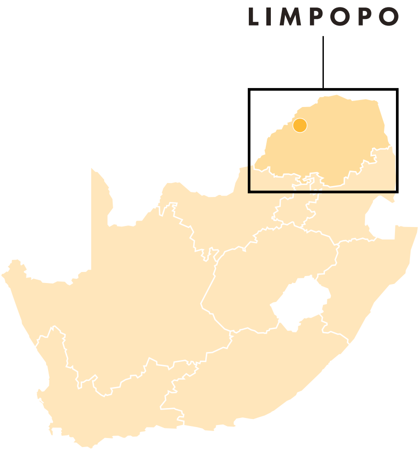
The new shaft is positioned approximately 8km northwest of the existing shaft on the edge of Zondagsfontein West Resource area, which was acquired and licensed at the same time as the Zondagsfontein East (current Zibulo) mining area.

The on-site infrastructure is aimed at sustaining ROM production of up to 8Mtpa after the initial underground development has been completed. The export product quality is expected to reduce from 6,000kcal/kg to 5,700 kcal/kg from 2030 based on current operational strategies, while production beyond 2035 will be targeted for domestic supply.

The bankable feasibility study and independent project review were completed in the fourth quarter of 2022. The associated environmental and regulatory processes are progressing according to plan and the project will be tabled for consideration by the board in 2023.

KEY STATISTICS

Capex cost	R2.4 billion (between 2023 and 2026)
LOM extension	10 to 12 years
Production profile	7.8 to 8.4Mtpa
Potential quality	6,000kcal/kg export 5,700kcal/kg export
Project stage	Bankable feasibility complete
Scheduling	
First coal	H1 2025
Construction complete	Q1 2025
Nameplate production	H1 2026



PROJECTS

METHANE PROJECT

OVERVIEW

The Lephalale coal-bed methane project (LCBMP) is located approximately 30km 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 132,000ha and owns approximately 12,500ha of surface rights within the exploration right footprint.

Thungela has been involved in the LCBMP since 1992, culminating in the establishment of a five-spot pre-feasibility test site in 2004, which ran for 10 years. The quality of the LCBMP has been confirmed by several studies supported by over 100 exploration holes.

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
- Diesel fuel substitution
- Liquefied natural gas

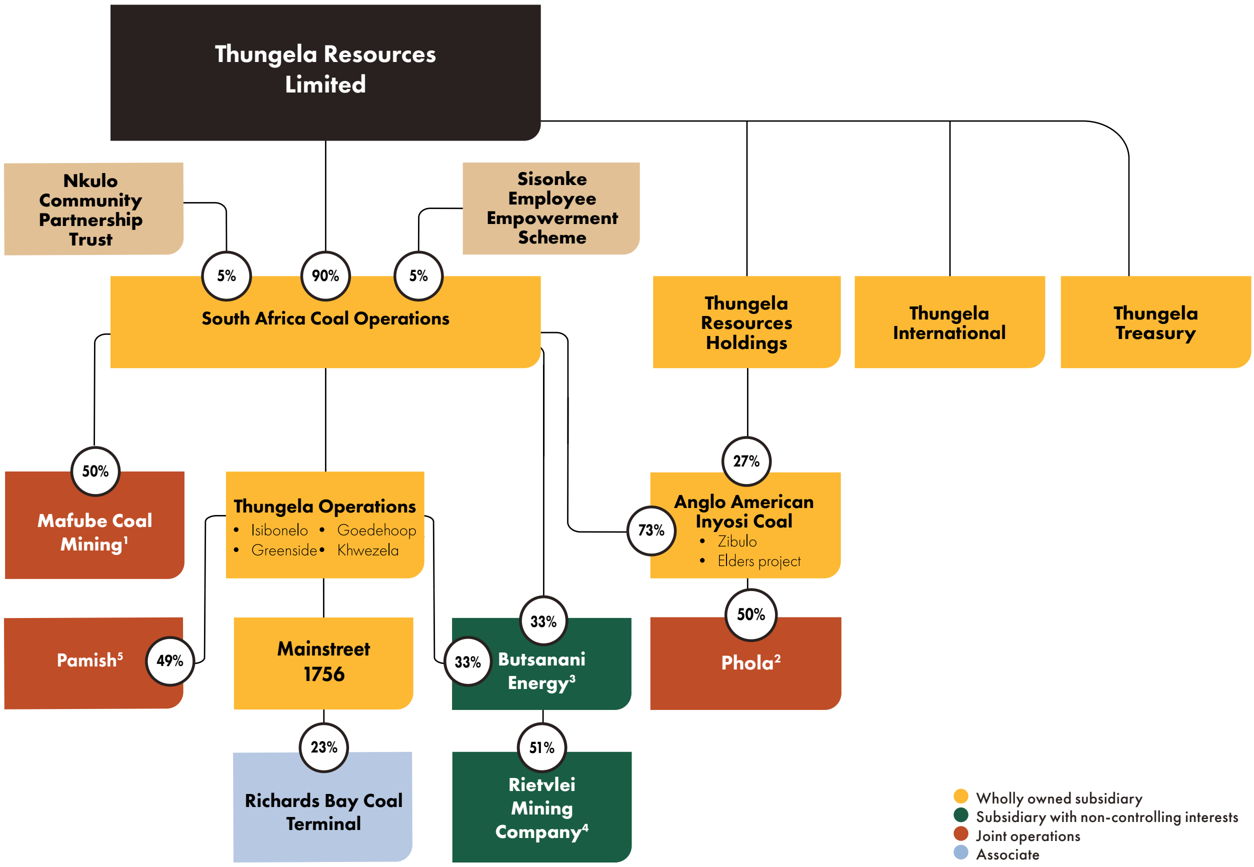
An additional consideration is the associated water that is produced, which could become an important resource to the water-scarce Lephalale district.

Our development options are supported by a resource model that was developed with Advanced Resources International Inc. that supports the 3.5 trillion cubic feet (Tcf) gas in place estimate, of which 1.5Tcf is extractable.

A feasibility study has commenced and an associated production right application is planned for mid-2023.

OWNERSHIP STRUCTURE

Organisational structure of the Group



[1] Exxaro Coal Mpumalanga Proprietary Limited holds the remaining 50% interest in Mafube Coal Mining.
[2] Seriti Power Proprietary Limited holds the remaining 50% interest in Phola.
[3] Vunani Mining Proprietary Limited holds the remaining 33% of Butsanani Energy.
[4] Emalangeni Mining Resources Proprietary Limited and Mwelase Group of Companies Proprietary Limited hold 34% and 15% of RMC respectively.
[5] Nasonti Technical Services Proprietary Limited holds the remaining 51% of Pamish.

BOARD OF DIRECTORS

Sango Siviwe Ntsaluba

Independent non-executive Chairman

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

Age: 62
Nationality: South African

Appointed: 1 January 2021

Sango is the founder and chief executive officer of Aurelian Capital and also co-founded SNG-Grant Thornton, a leading auditing and accounting firm. He has a wealth of knowledge and experience 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 locally and abroad. Sango brings invaluable experience to the board on governance, analytical analysis, sensitivities to emerging world trends and an understanding of social and environmental matters.

Skills brought to Thungela
Leadership, investment, auditing, operations, taxation, board experience, governance, financial services, transport, logistics, mining, sustainability, food production.

July Ndlovu

Chief executive officer, executive director

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

Age: 57
Nationality: South African, Zimbabwean
Appointed: 1 September 2016

July is an experienced mining executive and has worked in different commodities over the last three decades. He was previously chief executive officer of Anglo America plc's (Anglo American) South African coal business and prior to that occupied the position of executive head of processing at Anglo American Platinum Limited.

Skills brought to Thungela
Operations, mining, risk management, executive management, sustainability, large scale industrial, board experience.

Gideon Frederick (Deon) Smith

Chief financial officer, executive director

BCOM (HONS), CTA, CA(SA)

Age: 45
Nationality: South African

Appointed: 1 July 2017

Deon was previously the chief financial officer of Anglo American's South African coal business and subsequently assumed responsibility for strategy, business development and finance. Prior to joining the team, he 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.

Skills brought to Thungela
Strategy, finance, auditing, risk management, investment banking, legal, IT/tech/digital, financial services, corporate finance, mergers and acquisitions.

Benjamin Monaheng (Ben) Kodisang

Independent non-executive director

BCOM (HONS), BCOMPT, CA(SA)

Age: 52
Nationality: South African

Appointed: 16 March 2021

Ben is the founder and chief executive officer of ALT Capital Partners and has over 25 years of investment and business experience across asset classes throughout the African continent. He serves on several boards including Absa Bank Botswana Limited, Fortress REIT Limited, Barloworld Khula Sizwe Property Holdings (RF) Limited and Sphere Holdings Proprietary Limited. Prior to this, he was chairman of the South African Property Owners Association (SAPOA) and Wesgro. In addition, Ben was CEO of Sanlam Alternatives, a managing director of STANLIB Asset Management Limited and Old Mutual Property Proprietary Limited.

Skills brought to Thungela
Operations, finance, business development, risk management, investment banking, fund management, sustainability, asset and investment property management, and governance.

Audit committee
Remuneration and nomination committee
Social and ethics committee
Risk and sustainability committee

Kholeka Winifred Mzondeki

Independent non-executive director

BCOM, FCCA (UK)

Age: 55
Nationality: South African

Appointed: 12 February 2021

Kholeka has over 20 years' experience in governance and senior financial management. She has served as financial director and chief financial officer in several organisations, including the Fortune 500 company, 3M. In addition, she has served and is serving on several boards and was chairman of Trudon Proprietary Limited (Yellow Pages), a subsidiary of Telkom SA SOC Limited. Kholeka was part of the team that pioneered Trudon's digital journey. She has been a finalist in the Nedbank/BWA Businesswoman of the Year Award and has also served as an audit member at the United Nations World Food Programme, on a pro-bono basis.

Skills brought to Thungela
Management, risk management, retail/consumer, sustainability, IT/tech/digital, governance, finance, accounting, strategy, board experience, leadership.

Thero Micarios Lesego Setiloane

Independent non-executive director

BSC, BENG

Age: 63
Nationality: South African

Appointed: 7 March 2021

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

Skills brought to Thungela
Governance, mining, leadership, retail, fund management, sustainability, large scale industrial, agriculture, education, research, IT/tech/digital, board experience.

Seamus Gerard French

Independent non-executive director

BENG

Age: 60
Nationality: Irish

Appointed: 4 June 2021

Seamus recently resigned as chief executive officer-designate and Europe Hub managing director of the international engineering and construction company, Laing O'Rourke plc. Prior to joining Laing O'Rourke, he was chief executive officer of Anglo American's plc's bulk commodities and other materials division, responsible for the coal, iron ore and nickel businesses.

Skills brought to Thungela
Governance, mining, executive management, leadership, board experience, sustainability and community development.

Yoza Noluyolo Jekwa

Independent non-executive director

MBCHB, MBA

Age: 47
Nationality: South African

Appointed: 12 August 2022

Yoza is the chief executive officer and founder of Thrive Capital Partners, an investment firm focused on infrastructure and impact investing in South Africa and Sub-Saharan Africa. Prior to this, Yoza was the chief executive officer of Mergence Investment Managers Proprietary Limited, a mid-sized diversified asset management company with circa R35 billion of assets under management. She also has extensive investment banking experience as an originator and structurer of acquisition financing/investments for mid to large cap corporates as a dealmaker within RMB and as a principal in acquisition and leverage finance at Nedbank Limited. She currently serves as an independent non-executive director on the boards of Brait plc and of Northam Platinum Limited.

Skills brought to Thungela
Corporate finance, risk management, investment banking, fund management, sustainability, health care, infrastructure, impact investing, executive management, leadership, board experience.

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EXECUTIVE MANAGEMENT

Bernard Dalton
Executive head: marketing

Age: 61

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 South Africa Limited and South 32 Limited (South 32). He has worked in Singapore on commodity trading and risk management, is known for his extensive commercial knowledge and is a director at RBCT. In his most recent role prior to joining Thungela, he was 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

Age: 51

Leslie is a mechanical engineer, having commenced his career at Anglo American in 1996 as a junior engineer in the coal business. He has held various roles, including general manager and head of the safety and sustainable development department, and 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 Anglo American's South African coal business.

Lesego Mataboge
Executive head: human resources

BA, PGDIP

Age: 50

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

Mpumi Sithole
Executive head: corporate affairs

BA (HONS)

Age: 44

Mpumi previously held the position of head of corporate affairs at Anglo American's South African coal business. Prior to this, she was media and external relations manager at Anglo American Platinum Limited. Before joining Anglo American, Mpumi was head of communications at Sanofi. Mpumi has held leadership positions at various companies and has extensive experience in communications and brand management, reputation management, media relations, stakeholder engagement, socio-economic development and ESG strategic management.

Audit committee
Remuneration and nomination committee
Social and ethics committee
Risk and sustainability committee

Johan van Schalkwyk
Chief operating officer

BENG

Age: 48

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

Carina Venter
Executive head: safety, health and environment

NATIONAL DIPLOMA IN SAFETY MANAGEMENT, MBA

Age: 45

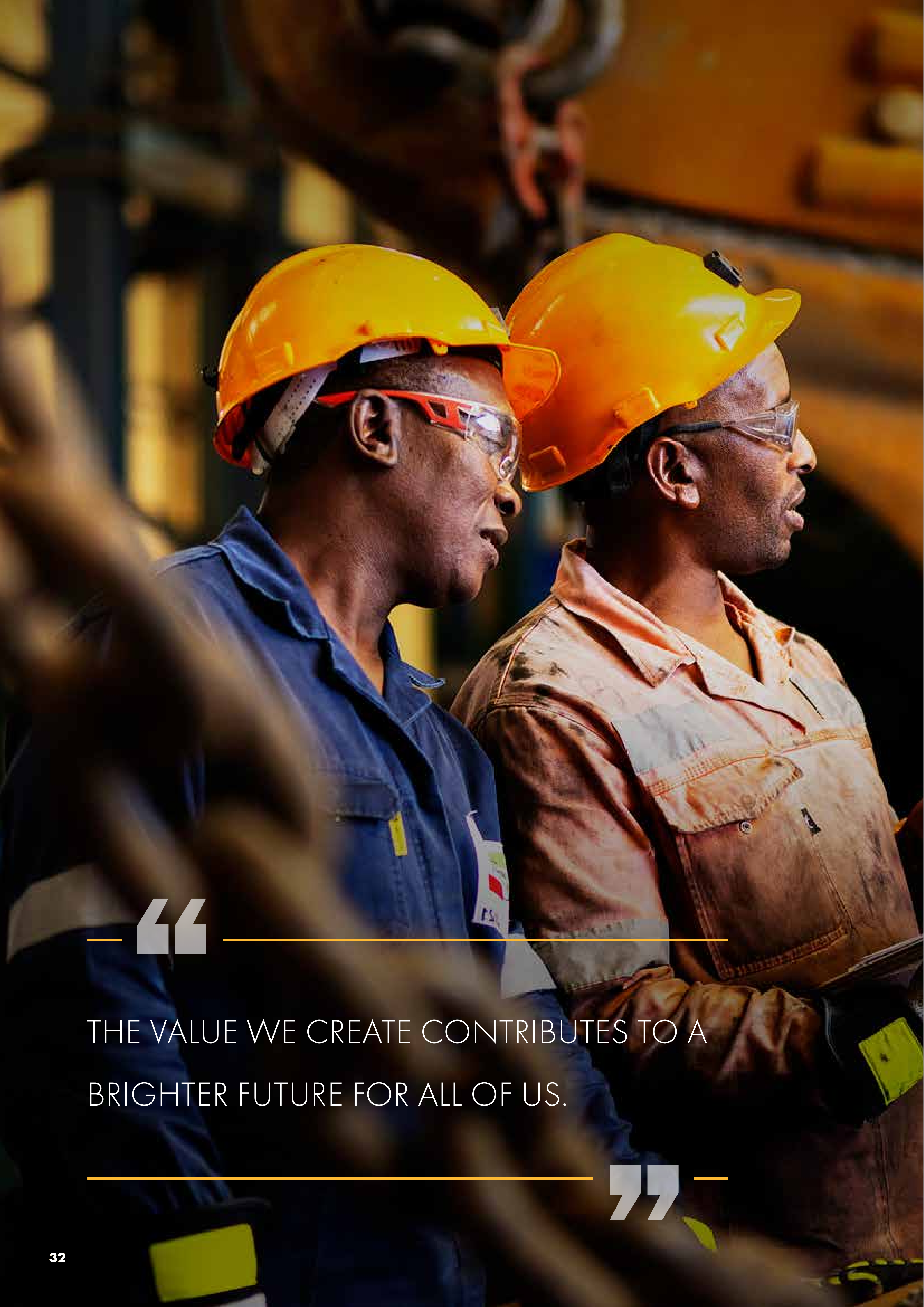
Carina has held several management roles in Anglo American's South African coal business, having started her career at SasCoal Engineering. She was previously the head of safety and health at Anglo American's South African coal business.

Francois Klem
Company secretary

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

Age: 59

Francois previously worked as a company secretary for Massmart Holdings Group, Central News Agencies, and Anglo American Platinum Limited. He also worked as the corporate governance manager for Anglo American's South African coal business prior to the demerger.



> THE VALUE WE CREATE CONTRIBUTES TO A BRIGHTER FUTURE FOR ALL OF US.

03

STRATEGY AND VALUE CREATION

CHIEF EXECUTIVE OFFICER'S REVIEW

Putting our purpose first, we continue to responsibly create value together for a shared future. As a business, this is the core to everything we do and is the compass that guides us.

PURPOSE IN ACTION

By focusing on what we can control, we achieved outstanding results in 2022 and delivered on our strategic priorities:

- We operated fatality free in 2022, and several of our sites reached over 100 days without an incident.
- We delivered robust results and produced 13.1Mt of export saleable production at an FOB cost per tonne$^{\Delta}$ of R929 (excluding royalties), meeting the updated production guidance we provided in August 2022.
- Adjusted EBITDA$^{\Delta}$ and net profit both increased significantly to R29.5 billion and R18.2 billion respectively, while our year-end net cash$^{\Delta}$ position reached R14.7 billion.
- This robust cash position allowed the board to declare a final dividend of R40 per share. Together with the interim dividend of R60 per share declared in August 2022, the total dividend returned to the shareholders of Thungela amounts to R100 per share, or R13.8 billion for the year. This is a substantial increase from our maiden dividend of R18 per share in 2021. The total dividend distribution amounts to 76% of adjusted operating free cash flow$^{\Delta}$, once again well in excess of the Group's dividend policy to target a minimum payout of 30%.
- We have also contributed R896 million to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust relating to 2022 performance, ensuring that our employees and host communities share in the value we create.
- We have delivered on our strategy to drive our ESG aspirations by publishing clear intermediate emissions reduction targets – we will reduce our scope 1 and 2 emissions from existing operations by 30% by 2030 (relative to the 2021 emissions baseline) and achieve net zero by 2050.
- The Elders production replacement project was approved by the board in 2022, delivering on our strategic priority to maximise value from our existing assets.
- We announced two highly cash-generative and earnings-accretive transactions. In November 2022, we acquired the remaining 27% shareholding held by Inyosi in AAIC, taking our economic interest in the Zibulo operation and the Elders project to 100%. More recently in February 2023, we initiated our first move into a new geography with the acquisition of a controlling shareholding in the Ensham Coal Mine and related assets in Australia – we expect the transaction to complete in mid-2023.

PLACING SAFETY AT THE FOREFRONT

Running a business where each and every employee goes home safely every day is central to everything we do, and we are unwavering in our commitment to operating a fatality-free business.

We operated fatality free in 2022, however our colleague Mr Breeze Mahlangu, an operator at Zibulo, tragically passed away in February 2023 following complications after an accident in December 2022. This has been devastating for all of us at Thungela and a reminder that we must be unconditional about safety to ensure that everyone goes home unharmed every day.

TRCFR increased to 1.41 in 2022, compared to 1.35 in 2021. The relentless application and management of critical controls, focused leadership interactions, and the identification and management of high-potential hazards continues to be emphasised across our operations. The safety of all our employees remains our absolute priority.

OUTSTANDING OPERATIONAL AND FINANCIAL PERFORMANCE

The global energy crisis resulting from the ongoing conflict in Ukraine, and the ensuing ban on Russian gas and coal entering the European Union (the EU), resulted in significant changes in seaborne thermal coal demand flows, with demand for South African coal moving into Europe increasing substantially. These dynamics led to a steep escalation in Benchmark coal prices, which averaged USD270.87 per tonne in 2022, up from USD124.11 in 2021. Although prices remain firm, they continue to be volatile.

In this unpredictable environment, we achieved a net profit of R18.2 billion, a substantial increase from R6.9 billion in 2021. This outcome is in large part due to strong coal prices. It is also testament to our people's agility in operating in a significantly constrained rail environment and continued efforts to combat cost inflation, especially given the lower production base.

We recorded export saleable production of 13.1Mt – a decrease of 13% compared to 15.0Mt (on a pro forma basis) in 2021, but within the revised guidance range of 13.0Mt to 13.6Mt issued in August 2022. The decrease is mainly attributable to the poor and inconsistent TFR rail performance, which substantially worsened following the issuing of this revised guidance.

FOB cost per tonne excluding royalties$^{\Delta}$ was R929 per tonne, which is marginally higher than the upper end of the revised guidance range of R885 to R915 per tonne issued in August 2022.

The results from this past year further bolster confidence in both our resilience and our potential. We will continue to put safety first, focus on controlling the controllables and stay true to our purpose to responsibly create value together for a shared future.

Capital expenditure came in at R1.9 billion, in line with guidance. Of this, R1.7 billion related to sustaining capital, and R235 million to expansionary capital for the Elders production replacement project, and feasibility study costs for the Zibulo North Shaft project.

Adjusted operating free cash flow[Δ] increased significantly to R18.1 billion in 2022, compared to R3.9 billion in 2021, as cash generation continued to be robust and capital expenditure efficiently managed.

DRIVING OUR ESG ASPIRATIONS

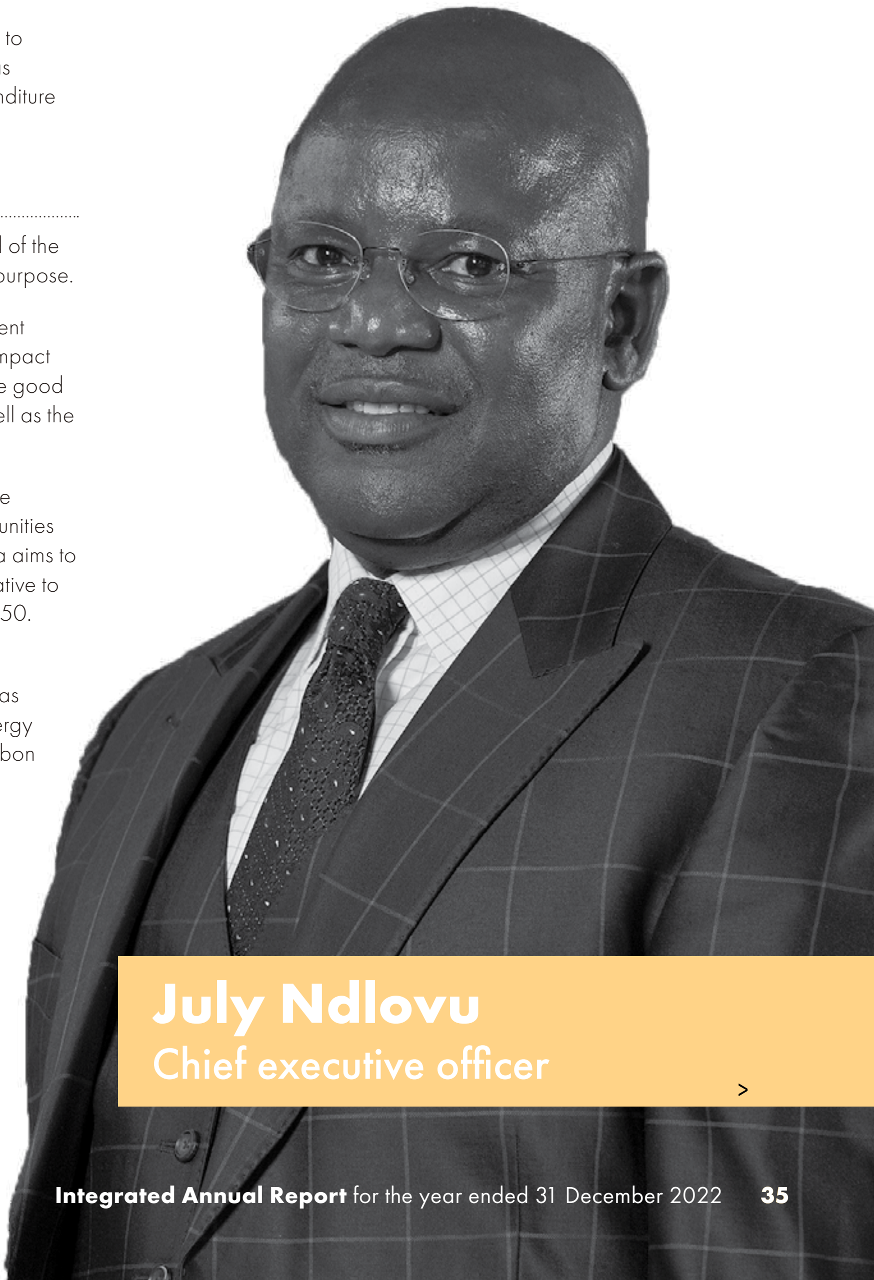
Being a responsible steward of both investors' capital and of the environment in which we operate is deeply rooted in our purpose.

In February 2022 an uncharacteristic environmental incident occurred at the Khwezela Colliery's Kromdraai site. The impact of this incident was promptly mitigated and we have made good progress in the rehabilitation of the Kromdraai area, as well as the remediation of the affected water courses.

In line with our commitment to reducing emissions, we have completed a full review of our emissions reduction opportunities and we have published our intermediate targets. Thungela aims to reduce its scope 1 and 2 emissions by 30% by 2030 (relative to the 2021 emissions baseline) and achieve net zero by 2050.

This reduction in emissions will be achieved through a combination of the introduction of new programmes such as a renewable energy strategy, and continued focus on energy efficiency at our operations to reduce our energy and carbon intensity.

We have also published our first Climate Change Report, aligned to the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD), alongside the release of our Environmental, Social and Governance Report. We will continue to develop and update our climate change strategy, as our business evolves to ensure that our commitment to net zero by 2050, subject to the countries in which we operate and the markets we serve, is considered and accounted for in the decisions we make on projects or acquisitions.



July Ndlovu
Chief executive officer

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The qualifier "subject to the requirements of the countries in which we operate and the markets we serve" is an important distinction as a responsible transition to renewable energy will, in each jurisdiction, be underpinned by the continued provision of reliable, secure and affordable base load energy.

EXECUTING OUR STRATEGY

In addition to driving our ESG aspirations, we have also made significant progress on the execution of our strategy which we shared with stakeholders in 2022.

Aligned to our strategic priority of maximising value from existing assets, the board approved the development of the Elders production replacement project which has been an integral part of Thungela's equity story from the outset. The project was approved at a total capital cost of R2 billion (in 2022 money terms) and will replace volumes from the adjacent Goedehoop operation as that mine comes to the end of its life. In keeping with our commitment to make ESG considerations a key driver of our capital allocation strategy, the social implications relating to the project were carefully considered, and Elders will sustain regional jobs and existing community suppliers.

In parallel, the feasibility study for the Zibulo North Shaft life extension project is progressing well, and we expect to submit this project to the board for consideration in 2023.

Thungela also has a significant gas resource in the Limpopo province and is evaluating the development options and phasing of this project in light of South Africa's energy crisis. This project is currently in the feasibility study stage.

Turning to the optimisation of capital allocation, in November we acquired the remaining 27% shareholding in AAIC, the entity that holds the Zibulo operation and the Elders project. This earnings-accretive transaction will allow us to benefit from the full economics of the most cash generative assets in our portfolio, resulting in an increase in earnings attributable to the equity shareholders of Thungela.

The announcement made in February 2023 related to the acquisition of a controlling shareholding in the Ensham Coal Mine and related assets in Australia marks an important milestone in our journey, as it delivers on Thungela's strategic priority of geographic diversification and offers several other benefits. The Ensham Coal Mine is a highly cash generative thermal coal asset, with long-life potential, and it puts Thungela in a position to capitalise on the strong Newcastle coal price environment. From a strategic point of view, this acquisition is an excellent fit for our business and a significant step towards reducing exposure to a single geography, while bolstering our resilience.

SPIKING ON SOCIAL

We have consistently said that for Thungela ESG is much more than merely emissions, or even only the environment. We think about ESG holistically, and given our unique context in South Africa, and Mpumalanga in particular, we have committed to focusing on the social component of ESG – creating value for our employees and the communities in which we operate.

Employees and communities share in the value that we create through their participation in the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust (previously referred to as the EPP and CPP, respectively). We are proud to have contributed an additional R198 million to each of these trusts, in addition to the R250 million contributed to each trust in relation to our performance in the first half of 2022. This brings the total contributions to these trusts since our listing to R1.2 billion. We also continue to make a meaningful difference in the lives of the people closest to our operations through our social and labour plan commitments, the education programme and other corporate social investments.

A further example of where we have 'spiked on social' is the Thuthukani supplier development programme. This initiative will ensure that we incubate small to medium enterprises, develop their skills and improve access to seed and working capital. We want to ensure that these enterprises gain access to real and meaningful opportunities in our supply chain.

TRANSNET: A NATIONAL CRISIS

Rail capacity throughout 2022 was predominantly impacted by a shortage of locomotives and spare parts, the impact of cable theft and the vandalism of critical infrastructure, as well as Transnet industrial strike action and a significant derailment in the fourth quarter.

TFR railed only 50.3Mt to RBCT for the industry in 2022 – nearly 10Mt lower than the minimum annual declared capacity of 60Mt, and 20Mt lower than the 70Mt achieved as recently as 2020.

Thungela was directly impacted by TFR's underperformance which cost us close to 3Mt in lost rail volumes and ultimately lost export sales.

We sought to mitigate this impact on our business by focusing on what we can control. However, full stockpiles forced us to further curtail production. Recognising the mining industry's reliance on properly performing logistics infrastructure, the Transnet board and the Minerals Council of South Africa (the Minerals Council) announced in December 2022 that they have agreed to establish joint collaborative structures to work together to ensure that rail infrastructure is stabilised and recovers to normal levels.

Thungela and other coal exporting parties are working with Transnet to provide joint oversight on the interventions required to stabilise and improve rail performance on the North Corridor that carries coal to RBCT.

Coal production and export sustains jobs and livelihoods in our host communities and drives the generation of foreign currency into the South African economy. It also contributes significantly to government in the form of taxes and royalties. Resolving the concerns around TFR performance is a matter of critical importance for the future of South Africa.

LOOKING AHEAD

Clearly, we remain focused on working with Transnet to resolve the rail performance. I am encouraged by early engagements with the Transnet board, and cautiously optimistic that we could start seeing some progress in 2023. However, until we have further clarity on the expected pace of improvements in rail performance, we are not currently providing guidance for 2024.

The fundamentals supporting thermal coal remain firmly in place, even if prices have softened somewhat in early 2023. Although Europe currently has adequate stocks of both coal and gas, we expect the EU to continue importing coal from South Africa in 2023 as Russian coal remains subject to sanction. While we are unlikely to see the historic price levels observed in 2022, we expect prices to remain robust.

In the longer term, we anticipate continued strong coal demand from emerging markets, especially those in Asia, where coal use is likely to remain part of the energy mix for at least the next two decades.

CONCLUSION

I would like to thank everyone at Thungela whose dedication and agility made it possible to deliver this stellar performance under challenging circumstances largely out of our control. It is with great pride that I can say that we have risen to the challenges confronting our business and made tremendous progress towards our strategic goals. The results from this past year further bolster confidence in both our resilience and our potential. We will continue to put safety first, focus on *controlling the controllables* and stay true to our purpose to responsibly create value together for a shared future.

July Ndlovu
Chief executive officer

26 April 2023

MARKET IN CONTEXT

The global economy was marked by volatility and various challenges in 2022, including conflict, inflationary pressures and the lingering disruptions caused by the COVID-19 pandemic.

The escalation of the conflict between Russia and Ukraine resulted in human tragedy and also severe turbulence in the global economy, and energy markets in particular. A range of sanctions were implemented against Russia, including against Russian thermal coal entering the EU from August 2022.

Global economies, especially Europe, which is reliant on Russian fuel sources, faced an energy security crisis which resulted in substantially increased demand for alternative energy sources, including thermal coal, in an already severely constrained supply environment. Supply constraints have continued in several major coal producing hubs – heavy rains in Australia, production challenges in Colombia and continued and significant logistics issues in South Africa. This resulted in significant volatility in the market and an increase in the price of coal.

In an effort to reduce reliance on Russian energy sources, other coal importing hubs also looked for alternative sources of high grade coal to meet energy requirements. This imperative for energy security increased seaborne thermal coal demand and, combined with the constrained supply, resulted in volatile increases in the Benchmark coal price which averaged USD270.87 per tonne in 2022, compared to USD124.11 per tonne in 2021.

Global coal trade flows significantly changed with the EU ban on Russian coal. The ban has seen heavily discounted Russian coals flow into India and other South Asian countries, negatively impacting South African coal market share in this region. Increased seaborne coal prices resulted in developing economies such as those in South Asia (including India, Pakistan, Sri Lanka and Vietnam) being unable to afford these prices and consequently demand from these hubs decreased. However, we saw increased South African coal flows into Europe – specifically of higher qualities which Thungela was well placed to supply. Although prices were firm they remained volatile and began softening towards the end of the year due to the milder than expected winter in Europe, which resulted in high coal stocks at European ports, as well as high gas inventories. China's efforts to tackle the COVID-19 pandemic as cases surged near the end of the year also resulted in further demand destruction.

2022 PERFORMANCE

Thermal coal price and exchange rate	2022	2021
Benchmark coal price (US$/tonne)	**270.87**	124.11
Average realised export price (US$/tonne)	**229.21**	103.82
Average realised export price (Rand/tonne)	**3,752**	1,535
Realised price as a % of Benchmark coal price	**85**	84
ZAR:US$ average exchange rate	**16.37**	14.79

The most significant challenge facing the coal mining industry in South Africa and Thungela remains the continued deterioration in TFR performance, with 2022 being another year of exceptionally poor rail performance. In 2020, TFR railed a total of 70.1Mt to the RBCT for the industry but this decreased to 58.1Mt in 2021. TFR performance continued to deteriorate during 2022 – from an annualised industry rate of 53.3Mt in the first half of the year, down to 47.4Mt in the second half – resulting in total volume railed of 50.3Mt for the full year. This is the lowest volume railed in over 13 years. The second half of the year was impacted by a protracted strike by Transnet employees in October 2022, as well as a severe derailment on the coal corridor in November 2022.

Thungela continues to manage consistently poor TFR rail performance to the extent possible by railing higher-grade products and creating additional stockpile capacity by trucking coal between our operations. We have also trucked coal from our operations to three additional third-party sidings to create further rail loading optionality and de-risk train cancellations. In addition, Thungela continues to review opportunities at alternative ports to support production efforts and manage stockpile levels.

In 2022 Thungela and Transnet concluded an amendment to the existing long-term agreement (LTA) according to which Transnet declared a minimum contractual rail capacity of 60Mt for its financial year ending March 2023. The LTA also resulted in an agreement on the rail tariff escalation applicable on the balance of the tenure of the LTA which is in place until 31 March 2024.

Thungela and the industry continue to offer support to Transnet. A steering committee was established in December 2022 which allows for executive collaboration with the Minerals Council, the Transnet board, RBCT and the industry more broadly. The primary goal of this collaboration is to ensure that TFR performance stabilises, and once this is achieved, focus will shift to performance improvement.

KEY FOCUS AREAS FOR 2023

While demand for seaborne coal should remain firm into 2023, the market is expected to remain volatile and it is unlikely that the record prices achieved in 2022 will be repeated in 2023.

Given the current challenges related to the conflict in Ukraine, we expect sanctions against Russia to remain in place throughout 2023. As trade flows take shape, this is likely to result in continued imports of South African coal into Europe, together with coal from other origins. However, Russian coal is likely to continue to take a portion of South Africa's market share in Asia, resulting in increased competition in that region. Australia is expected to continue recovering following the heavy rains in 2022 and the easing of the Chinese ban on Australian coal will result in limited volumes of this coal shifting back into China.

We will continue our concerted efforts to assist TFR in improving their performance, and will monitor key factors affecting the seaborne thermal coal markets, including:

- Geopolitical tensions and the resultant change in coal trade flows, including, *inter alia*, the impact of the conflict in Ukraine, as well as China easing the ban on Australian coal.
- Europe's drive to reduce its dependency on Russian fuel sources, increase its renewable energy capacity and alternative gas supplies and storage capacity.
- The continued impact of COVID-19, especially in China.
- India's continued push for increased domestic production and the impact on seaborne thermal coal demand.
- Potential new coal requirements within the South African domestic market, including Eskom, which could provide an additional market for mid- to high-ash coals.

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 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 have been 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. We continue to evaluate all merger and acquisition opportunities against these criteria.

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

We continue to make significant progress on the execution of our strategic focus areas.

Drive our ESG aspirations

Initiatives	Outcomes
Focus on elimination of fatalities	Zero fatalities in 2022
Reduce number of recordable injuries	Number of injuries flat year-on-year
Implement optimised rehabilitation and closure plans	Work to optimise these plans is ongoing
Develop pathway to net zero by 2050 and detailed climate change strategy – incorporating greenhouse gas (GHG) emission reduction initiatives	Scenario-based pathway to net zero developed
Develop carbon intensity reduction plan	Plans developed to reduce carbon intensity across operations
Set scope 1 and 2 emissions reduction targets	Targets set for existing operations: 30% reduction by 2030
Construct passive water treatment demonstration plant	Demonstration plant commissioned in July 2022
Reduce freshwater abstraction	Volume of freshwater abstracted reduced
Continue to create shared value	R896 million total contribution to the trusts based on 2022 performance

Maximise the full potential of our existing assets

Initiatives	Outcomes
Deliver productivity improvements	Progress curtailed by rail constraints
Enable an optimised cost structure	Cost containment initiatives ongoing
Optimise use of rail and port infrastructure to enhance marketing optionality	• Concluded rail agreement with a third-party to secure additional trains • Leased two additional third-party sidings • Trucking between sidings to maximise ability to rail • Completed alternate port sales
Accelerate farm-fence opportunities with a short pay-back period	Multiple farm-fence opportunities with short pay-back periods identified and reviewed
Develop and deliver production replacement and life extension projects with near term goals	• Elders production replacement project approved by the board in 2022 and construction had commenced • Zibulo North shaft life extension project to be presented for board consideration in 2023

Create future diversification options

Initiatives	Outcomes
Consider divestment of stranded resources and/or high-cost tonnes	Initiated divestment of remnant resource blocks at Umlalazi
Evaluate geographic diversification of thermal coal asset base	• Several opportunities evaluated • Executed geographic diversification through announcement of acquisition of Ensham Business in early 2023
Diversification where we have demonstrated our "right to win"	Ongoing evaluation of various options where we have demonstrated our "right to win"

Optimise capital allocation

Initiatives	Outcomes
Maintain liquidity buffer throughout cycle	Liquidity buffer enhanced in line with changing business context
Evaluate internal projects and acquisition options which could deliver superior returns over time	• Several merger and acquisition opportunities evaluated during 2022 • Ensham Coal Mine integration plan, pending completion of the acquisition in 2023
Seek shareholder approval for a potential share buyback programme	Buyback programme was tabled at 2022 AGM, but failed to pass

BUSINESS MODEL

The below business model outlines how Thungela operates. It is underpinned by the Group's purpose: To responsibly create value together for a shared future.

CAPITAL INPUTS

Resources on which we rely

Human
- Employees: 4,592
- Contractors: 1,984
- Skills development and training
- Remuneration and incentives
- Strong leadership team
- Skilled and diverse board

Social and relationship
- 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
- Seven mining operations
- TFR rail infrastructure
- Port infrastructure (23% ownership)

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

Natural
- Coal Resources and Coal Reserves
- Land
- Water
- Energy

Financial
- Debt and equity capital
- Cash flow and working capital management
- Self-insurance structure
- Focused capital allocation

BUSINESS ACTIVITIES

What we do

Resource conversion

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

Extraction

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

Beneficiation

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

Sales and marketing

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.

Closure

Rehabilitation
- Remediation and/or redevelopment of the land to a sustainable state.

Champion ESG

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

CAPITAL OUTPUTS

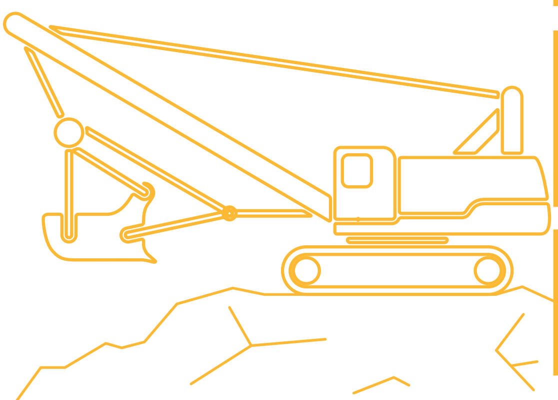
What we produce

Coal for export market

Export saleable production: 13.1Mt

Coal for domestic market

Domestic saleable production: 6.9Mt



OUTCOMES

What we deliver

Human capital

- Zero fatalities
- Upskilled employees: 1,478,562 training hours

Social and relationship capital

- 5% direct equity stake in SACO for employees via the Sisonke Employee Empowerment Scheme
- 5% direct equity stake in SACO for communities via the Nkulo Community Partnership Trust
- Contributions to the trusts of R896 million related to 2022 performance
- Local procurement spend of R2.3 billion

Manufactured capital

- Board approval of Elders production replacement project
- Impact of rail infrastructure performance
- Optimised sales mix

Intellectual capital

- Development of independent information technology (IT) platform
- Investment in self-insurance structure

Natural capital

- In situ 677.7Mt Coal Resources and 266.4Mt Coal Reserves
- Run of mine: 25.2Mt
- Land managed: 49,076ha
- Two reportable environmental incidents
- Biodiversity: wetland restoration projects

Water

- Freshwater abstraction: 767ML

Waste

- Hazardous: 776 tonnes
- Non-hazardous: 1,103 tonnes

Emissions

- Energy consumed: 3.01 million GJ
- GHG emissions (scope 1 and 2): 748kt CO_2 equivalent
- Electricity: 415,732MWh
- Diesel: 41,800kl

Financial capital

- Revenue: R50.8 billion
- Adjusted EBITDA[Δ]: R29.5 billion
- Adjusted operating free cash flow[Δ]: R18.1 billion
- Sustaining capital: R1.7 billion
- Expansionary capital: R235 million
- Earnings per share: R127.08 per share
- Headline earnings per share: R130.82 per share
- Dividend per share: R100 per share

MATERIAL MATTERS

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

During the year we conducted and adjusted our annual determination process and grouped our material matters into key themes. In doing so we considered our external environment and identified relevant megatrends, assessed our risks, and evaluated and considered stakeholder feedback.

An in-depth materiality workshop was held by senior management to identify relevant matters, assess their importance and prioritise them. The views and comments expressed by various stakeholders through our engagement with them in 2022 were taken into account in the workshop, including shareholder activists, communities and investors.

The Group executive committee reviewed and assessed the outcomes of the workshop which were then discussed and approved by the Thungela board.

Our material matters have been identified and grouped into the following key material themes:

SAFETY

RAIL INFRASTRUCTURE

OPERATING RESPONSIBLY

CREATING VALUE

SPIKING ON SOCIAL

These material themes, related material matters, their impact on value creation and our responses are discussed in more detail below.

SAFETY

Material matter	Impact on value creation	Our response	Link to strategy
Eliminating fatalities	• Everyone going home safely every day is the cornerstone to sustainable value creation.	• Safety strategy built around three pillars: ◦ Work management ◦ Back to basics ◦ Culture change	**Drive our ESG aspirations**

RAIL INFRASTRUCTURE

Material matter	Impact on value creation	Our response	Link to strategy
Reliability of rail infrastructure	• The performance of the rail and port networks, operated by TFR, materially affect our ability to export thermal coal to customers.	• Optimised export sales mix by railing higher quality products. • Creation of additional stockpile capacity. • Utilisation of additional sidings. • Trialling alternative transport options. • Prioritisation of equity volumes over third-party volumes. • Continued engagement with Transnet at all levels. • Provision of support to TFR where required (e.g. implementation of security initiative).	**Maximise the full potential of our existing assets** **Create future diversification options**

OPERATING RESPONSIBLY

Material matter	Impact on value creation	Our response	Link to strategy
Climate change	• Long-term demand destruction. • Inability to access funding or insurance.	• Development of a detailed climate strategy and pathway to net zero by 2050. • Reducing carbon intensity of existing operations annually. • Increased ESG and climate-related disclosures, including TCFD requirements. • Improving ESG performance.	**Drive our ESG aspirations**
Responsible mine closure and environmental provisions	• Environmental restoration and rehabilitation costs. • Negative impact on environment or communities living close to operations. • Higher than anticipated closure liabilities.	• Integrated approach to mine closure planning. • Execution of concurrent rehabilitation and closure plans. • Understanding the impact of NEMA Financial Provisioning Regulations. • Cash collateralisation of environmental liability over time.	
Environmental incidents	• Impact on company reputation and trust.	• Adequately providing for environmental liabilities. • Accelerated closure of high-risk sites and illegal mining hotspots. • Learning from incidents.	
Regulatory approvals	• Impact of delayed approvals.	• Proactive engagement with key stakeholders. • Adherence to relevant legislation and standards.	
Crime	• Increase in environmental liability. • Losses suffered due to operational disruptions from illegal mining.	• Collaboration with law enforcement.	

CREATING VALUE

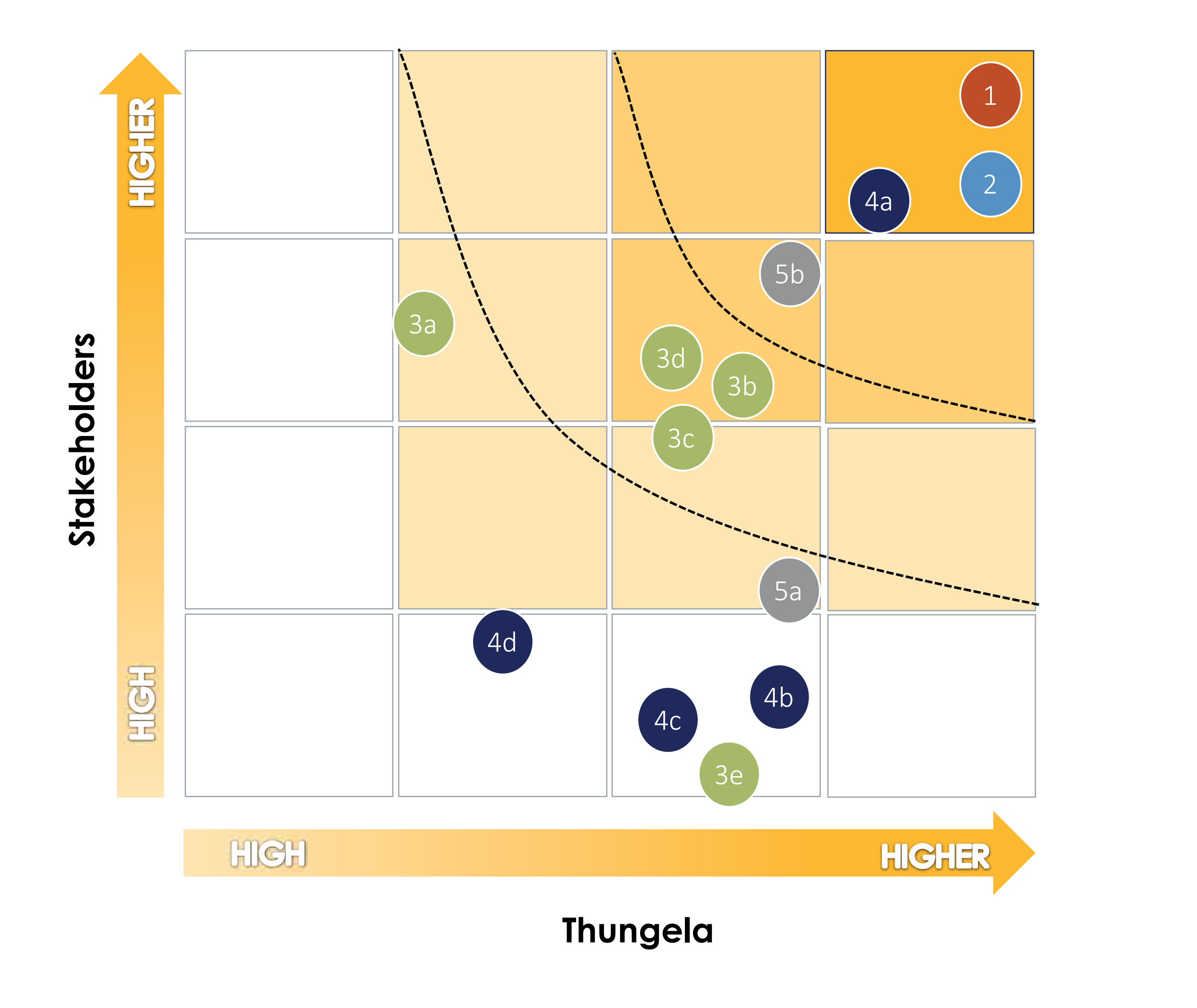
Material matter	Impact on value creation	Our response	Link to strategy
Capital allocation	• Long-term growth and profitability.	• Capital allocation policy and liquidity buffer. • Seeking shareholder approval for a potential share buyback programme.	**Maximise the full potential of our existing assets** **Create future diversification options** **Optimise capital allocation**
Resource conversion	• Extending the life of the business.	• Development and delivery of production replacement and life extension projects.	
Geographic diversification	• Mitigation of infrastructure risk in South Africa.	• Execution of acquisition delivering geographic diversification.	
Market factors	• Impact on earnings and cash flow.	• Price risk management programme.	

SPIKING ON SOCIAL

Material matter	Impact on value creation	Our response	Link to strategy
Creating value for employees	• Responsibly creating value for employees improves attraction and retention.	• Sisonke Employee Empowerment Scheme.	
Creating value for communities	• Positively impacting the lives of communities closest to operations (through job creation, local procurement and supplier development) mitigates potential community unrest.	• Nkulo Community Partnership Trust. • Preferential local procurement. • Thuthukani supplier development programme. • Education programme. • Municipal capacity development programme. • Regular community engagements.	**Drive our ESG aspirations**

MATERIALITY MATRIX

Material matters ranked by relevance for Thungela and its stakeholders



Key material theme	Material matter
1 Safety	Eliminating fatalities
2 Rail infrastructure	Reliability of rail infrastructure (TFR)
3 Operating responsibly	a. Climate change b. Responsible mine closure and environmental provisions c. Environmental incidents d. Regulatory approvals e. Crime
4 Creating value	a. Capital allocation b. Resource conversion c. Geographic diversification d. Market factors
5 Spiking on social	a. Creating value for employees b. Creating value for communities

APPROACH TO ESG

THE ROLE OF COAL

Developments during 2022, particularly the Russian invasion of Ukraine and the post-COVID-19 rise in the price of oil and gas, have resulted in coal demand reaching all-time highs. In advanced economies, where the use of coal had for several years been on the decline, demand rose by 10% while developing regions saw a 5% increase in consumption. This is considerable given that these economies already accounted for 80% of the world's coal use[1].

The IEA's stated energy policy scenario sees coal demand declining gradually by 12% by 2030, while the announced pledges scenario anticipates a reduction of 22% in the same time frame. The net zero scenario sees coal demand falling by 50% by 2030 and 90% by 2050, due to countries like India, which are heavily dependent on the resource, only having a net zero by 2070 pledge[1].

Responsible coal producers like Thungela will play an ongoing role in meeting future demand in regions such as these. This, however, must be done in a way that balances crucial environmental expectations and the vital role that coal plays – not just in developing economies – but in coal mining communities. We must also play our part by taking significant measures to decarbonise our business, while advocating for technologies that abate emissions from coal combustion.

In this Decade of Action, it is critical that we contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs). Our ESG focus areas are linked to our prioritised SDGs.

COMMITMENT TO ESG STANDARDS

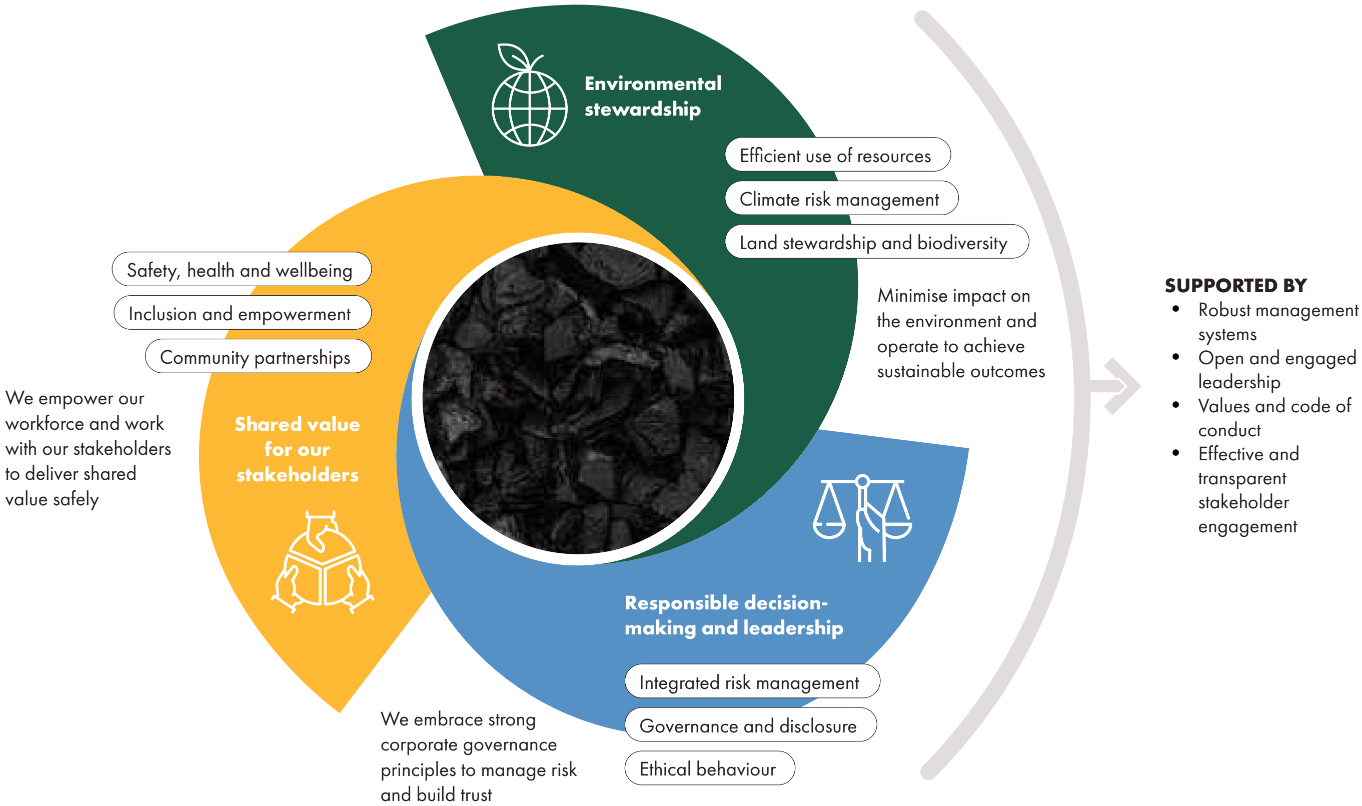
We are on a purpose-driven maturity journey that started with the adoption of our ESG approach in 2021, and went on to drive and embed our aspirations in this area during the course of the year.

Our ESG priorities were selected based on their material relevance to our sector, shareholders, employees, communities, and other key stakeholders. They are:

- Environmental stewardship
- Shared value for our stakeholders
- Responsible decision-making and leadership

These priorities are supported by robust management systems, open and engaged leadership, and a commitment to effective and transparent stakeholder engagement. They are also reflected in our values and code of conduct.

While we aim to maintain the highest standards in all aspects of ESG, our goal is to spike on the social element, where we already make a significant positive impact – on the country and in coal mining communities. We do this through our creation of substantial employment, tax and royalty revenue, earnings of foreign currency, and the provision of many essential community services. We also contribute significantly through the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust.



Full details related to our ESG approach and performance are included in the Environmental, Social and Governance Report available at www.thungela.com.

[1] IEA (2022) | World Energy Outlook

STAKEHOLDER ENGAGEMENT

Our success depends on sound relationships founded on mutual trust and respect.

Engagement, consultation, and communication with a large number of stakeholders takes place through both formal and informal channels, and across a variety of platforms. These are tailored according to the purpose of the engagement and each stakeholder group's particular interests in our business.

Our key stakeholders – together with the issues that are important to them – were determined and defined during a stakeholder mapping exercise.

This is reviewed and updated annually and incorporates material matters and opportunities, the frequency and types of engagement used, and the status of our relationship with each stakeholder group. The table below details our key stakeholders, their interests, and our mode of engagement with each category.

Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2022
Our people	• Union engagement on employment-related issues • Two-way communication with employees • Employment equity targets – Department of Labour, Department of Mineral Resources and Energy, and the Department of Trade, Industry and Competition • Employee and contractor wellbeing • Change management	• Central National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA) and management forums • Various site forum meetings (for example: employment equity, skills development, and women in mining forums) • Town hall and virtual engagements • ICAS employee assistance programme • Bokomoso financial wellness programme • 'BeWell' committees • Supervisory toolbox talks (supervisor and employee engagements) • Employee engagement briefs	• Skills development • Opportunities for women • Strategy for people with disabilities • Inclusion and diversity • Retrenchment and downscaling matters • Employee health and safety • Labour relations • Physical and mental health programmes • Wage negotiations • Transformation deliverables • Financial education • Thungela code of conduct
Labour unions	• Adherence to relevant legislation • Consistent application of and adherence to company and site policies	• NUM, NUMSA and management forums • Various site forums • Thungela website	• Employee health and safety • Labour relations • Relationship-building • Wage negotiations • Transformation deliverables • Conditions of employment • Sisonke Employee Empowerment Scheme
Communities	• Proactive, transparent and inclusive engagement • Ensure communities are kept abreast of employment, procurement, and socio-economic development opportunities; are updated about changes in the organisation; have knowledge of our grievance mechanisms and procedures; and are informed of our legal compliance status	• Future forums • Community engagement forums • Radio and social media platforms • Thungela website	• Procurement and employment opportunities • Socio-economic development • Social and Labour Plans (SLPs) • Management of grievances • Changes in the organisation • Nkulo Community Partnership Trust • Direct or indirect impacts affecting communities (environmental, mine planning, projects) • Key projects, for example, mine life extension (lifex) projects that may impact communities • Land claims and labour tenant issues • Mine closure plans • Access to business opportunities

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Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2022
Shareholders, investment community	• Inform investors of developments that may materially affect their investment decisions • Ensure the full, equal and timeous disclosure of price-sensitive information to shareholders	• Johannesburg Stock Exchange News Service (SENS) announcements • London Stock Exchange Regulatory News Service (RNS) announcements • Results presentations • Annual reports • Investor meetings (buy-side) • Analyst engagements (sell-side) • Annual general meeting	• Dividends • Share buyback approval • Capital allocation policy • Elders production replacement project • Progress on mergers and acquisitions • TFR performance • Price risk management • Thermal coal prices • Climate change and related disclosures • Pathway to net zero by 2050
Media	• Inform stakeholders of new developments, activities and performance • Build brand awareness • Inform and educate the public on topics and issues relating to our business • 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 • Social media	• Thungela performance • Thungela strategy • TFR performance • ESG • Mining rights and regulatory issues • Markets and products • Industry trends • Corporate citizenship and community involvement • Transformation • Labour relations • Kromdraai incident • Illegal mining
Government and regulators	• Regulatory compliance • Obtain guidance to ensure compliance • Ensure the relevant government departments and regulators are informed of organisational changes • Contribute to the country's success	• Various engagement forums • Site visits	• Compliance with safety and health regulations • Compliance with environmental regulations • Compliance with labour-related regulations • Compliance with the Mineral and Petroleum Resources Development Act (MPRDA) and Broad Based Black Economic Empowerment (B-BBEE) Regulations • Overlapping mining right applications or concerns • Delays in approval of mining right applications, and competing applications granted
Local government	• Advance partnerships on socio-economic development (SED) programmes • Contribute to the capacitation of host municipalities for improved service delivery • Communication of organisational changes • Report on relevant environmental regulations	• Municipal local economic development and integrated development planning forums (Steve Tshwete, eMalahleni and Govan Mbeki local municipalities)	• Partnership on SED programmes (for example, SLP projects and municipal capacity-building) • Community issues associated with our mines • Grievances raised through municipal channels • The Nkulo Community Partnership Trust • Compliance with annual air quality management reports (National Atmospheric Emissions Inventory System) • Compliance with regulations on fire prevention and flammable liquids and substances • Compliance with municipal by-laws related to waste, noise, blasting and wastewater management • Public participation on key projects related to our mines • Provision of water to the local municipality

Stakeholder	Objectives	Engagement channel	Key interests, concerns or expectations in 2022
Non-governmental organisations (NGOs) and civil society	• Partner with development and social NGOs and civil society in addressing social and environmental matters	• Meetings • Other forums	• Resolving grievances related to mining impacts • Responsible energy transition • Adequacy of closure provisions • Climate change and the role of coal
Industry associations, academia and other bodies	• Engage and contribute to government policy and regulatory development • Enable technical advancement and collaboration • Policy advocacy • Collaboration with other mining companies on common issues	• Various subject-specific forums	• Technical advancement and collaboration • NEMA Financial Provisioning Regulations • Climate Change Bill • Kromdraai incident • 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 • Global energy security • Technology agnostic approach to the transition to a low-carbon economy
Business partners and customers	• Customers – to ensure sustained and predictable business continuity and ultimately the delivery of a saleable, desired product • TFR – to ensure the delivery of logistical services • RBCT – to ensure an open and efficient export channel and the 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	• Enhance supplier relationships • Cost-efficiency and operational excellence • Build a green supply chain • Optimise procurement spend with host community suppliers • Build capacity for small, medium and micro enterprises (SMME) • Build relationships with local business forums	• Supplier roadshows • Individual supplier engagements • Digital platforms for supplier engagements • Advertise opportunities through existing market channels • Enterprise and supplier development programmes • Collaboration and engagement with original equipment manufacturers on the provision of technical support for SMMEs • Social performance meetings with business forums and future forums	• Building an agile, lean and effective supply chain function through optimisation, automation and digitalisation, for example, digitalising supplier vendor applications and opportunities • Reviewing the payment process to enhance the supplier experience • Creating a circular supply chain and ensuring responsible sourcing • Creating sustainable host community businesses through ESD and job creation targets • Communicating our approach to inclusive procurement, initiatives, progress and successes to host communities

BUSINESS RISKS AND OPPORTUNITIES MANAGEMENT

RISK MANAGEMENT

Thungela is exposed to a range of risks from both internal and external sources. At Thungela, risk assessment entails a dynamic and iterative process of identifying and evaluating risks. This includes assessing the likelihood and consequence of an adverse event on the Group's objectives, relative to the specified risk tolerances.

A key duty of the board and the Group executive committee is risk management. A comprehensive integrated risk management process, which involves the systematic application of management policies, procedures, and practices to the tasks of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk as an integral part of business processes, is also approved by the board.

The risk and sustainability committee and the audit committee are responsible for monitoring and assisting in this process.

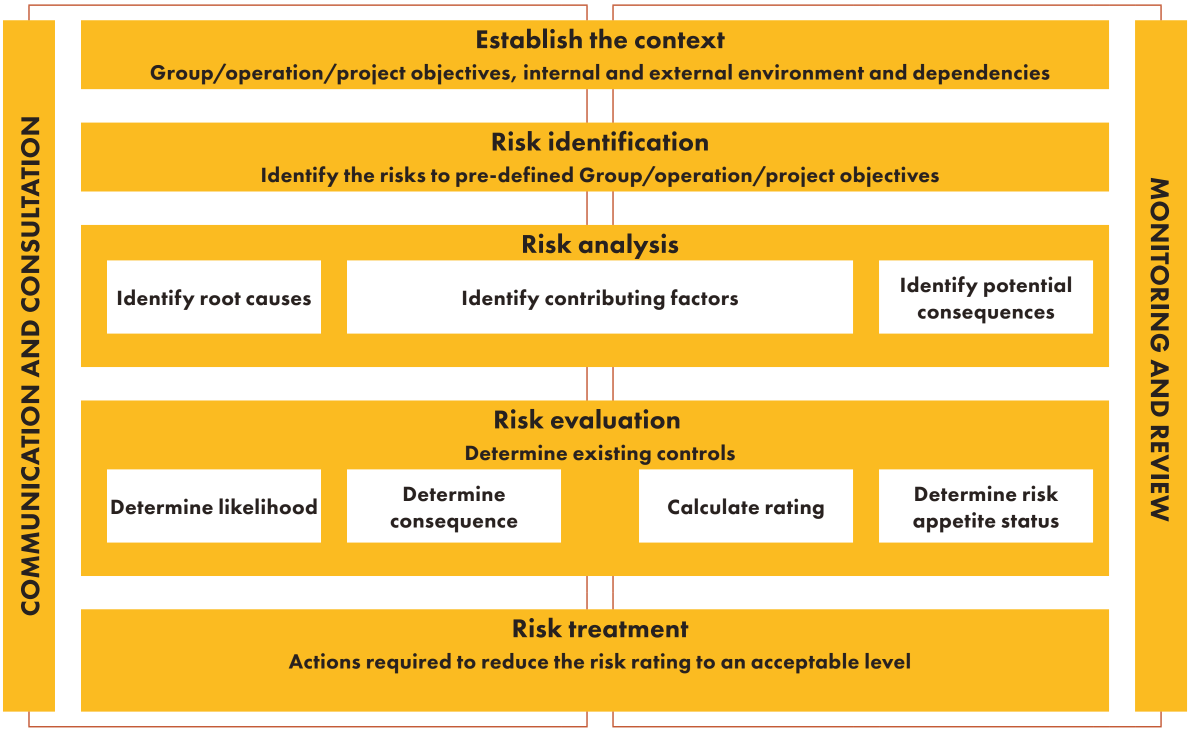
They regularly evaluate the integrated risk management process and lines of defence to make sure that risk is recognised, managed, mitigated, and reported in a timely and appropriate manner. Effective risk management provides sustainable value creation and predictable operational performance as part of excellent management practice.

During 2022 the Group's internal audit function facilitated a fraud risk assessment which indicated a well-controlled fraud risk prevention environment. Key controls include well-defined segregation of duties, management oversight, and key reconciliation procedures. A risk assessment of the Code of Conduct was also conducted. Key controls include induction training, and ongoing awareness campaigns with regards to expected employee behaviour while utilising social media.

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 ASSESSMENT PROCESS

The risk assessment process is an iterative process and is undertaken on a consistent basis, as illustrated below:



RISK FRAMEWORK

Thungela's integrated risk management includes the following key principles:

- The board considers risk in a way that supports the organisation in setting and achieving its strategic objectives.
- Risk is owned by the Group executive committee.
- Risk management is integrated across the organisation and embedded in critical business processes to ensure it supports day-to-day activities and executive decision-making at an operational and corporate level.

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 the 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 the risk appetite if adequate controls or management actions are in place. Risks exceed the risk 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				6	2,3,4,5,10
Possible					
Unlikely					7,8,9
Rare					

Risk level	
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**	Strata and geotechnical failure
2	Employee safety and health	**7**	Company sustainability
3	Commodity price and foreign exchange fluctuations	**8**	Critical business systems
4	Electricity supply	**9**	Legislative compliance
5	Community relations	**10**	Stakeholder activism

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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	Change from 2021	Link to strategic pillar
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 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. • We have commenced with the evaluation of alternative logistic arrangements to move additional equity coal to the market.	–	**Create future diversification options**
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.	–	**Drive our ESG aspirations**
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. • A price risk management steering committee is constituted specifically to monitor decisions and expenditure on swaps, related financial instruments, and fixed price transactions. • A three-year marketing offtake agreement is still in place with Anglo American Marketing Limited (AAML), terminating in June 2024.	–	**Optimise capital allocation**
4	**Electricity supply** Significant electricity supply reductions by Eskom have continued throughout 2022. Prolonged electricity outages could result in significant business interruptions, and impact on employee safety and health.	• We have clearly defined roles and responsibilities with regards to power management. We continue to assess the security of electricity supply, as part of the Energy Intensive Users Group of South Africa. • From a safety perspective, an uninterruptible power supply (UPS), and generators, are utilised in our underground mines for environmental monitoring purposes. In the event of a power outage, smoke particles, carbon monoxide and methane will continue to be monitored. Additionally, safety evacuation drills are performed regularly.	New	**Maximise the full potential of our existing assets**

↑ Increased – Unchanged ↓ Decreased

	Key risk	Mitigation	Change from 2021	Link to strategic pillar
5	**Community relations** Demands and expectations with regard to employment and procurement from various host communities.	• We have social commitments through the SLP and the corporate social investment programmes. We conduct regular engagements with host communities. The Nkulo Community Partnership Trust, implemented during 2021, ensures that our host communities benefit from our financial success. Host community procurement spend is aimed at supporting economic activity and growth around our operations.	↓	**Drive our ESG aspirations**
6	**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.	↓	**Drive our ESG aspirations**
7	**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 the Zibulo North Shaft.	↓	**All strategic pillars**
8	**Critical business systems** The information management (IM) transitional service agreements with Anglo American will end over the course of the next 18 months, 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. • Critical systems are continually assessed to protect our information and safeguard infrastructure critical to our sustainability.	↓	**Maximise the full potential of our existing assets**

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Key risk		Mitigation	Change from 2021	Link to strategic pillar
9	**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 Department of Mineral Resources and Energy (DMRE) and other regulators to ensure compliance with the material aspects of this legislation.	Decreased	**Maximise the full potential of our existing assets**
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.	Unchanged	**Drive our ESG aspirations**

EMERGING RISKS

The below residual risks are considered to be emerging risks, and may move into the key risks as identified above in the next financial year:

- Global political instability
- Inflationary pressures

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 risk	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.

Increased | Unchanged | Decreased

> THUNGELA ONCE AGAIN DELIVERED EXCEPTIONAL RESULTS WHILE EXECUTING OUR STRATEGIC PRIORITIES ACROSS SEVERAL FRONTS.

04

OUR PERFORMANCE

REVIEW OF FINANCIAL PERFORMANCE

For the year ended 31 December 2022

Net profit for the year **R18.2 BILLION** (2021: R6.9 billion)	Headline earnings per share **R130.82** (2021: R66.57)	Adjusted EBITDA[Δ] **R29.5 BILLION** (2021: R10.0 billion)	Net cash[Δ] **R14.7 BILLION** (2021: R8.7 billion)
FOB cost[Δ] **R1,079/tonne** (2021: R830/tonne)	FOB cost excluding royalties[Δ] **R929/tonne** (2021: R803/tonne)	Total dividend of **R13.8 BILLION** to shareholders of Thungela	Total dividend per share **R100** 76% of adjusted operating free cash flow[Δ]

We are pleased to announce an outstanding set of results for the year ended 31 December 2022. These results were driven by supportive market conditions but tempered by continued rail infrastructure constraints.

The further deterioration of the rail performance in 2022 severely constrained export sales, and the resultant impact on already high on-mine stockpiles led to further production curtailments across the business. The poor rail performance seen throughout the year was exacerbated by the impact of a strike by Transnet employees and a significant derailment in the fourth quarter.

We implemented a number of actions to mitigate the impact of the poor TFR performance on our business, including optimising our allocated rail capacity to the extent that trains became available by continuing to rail higher-grade products. We were also able to create further rail loading optionality and de-risk train cancellations by trucking coal between our operations and to three additional third-party sidings. We successfully trialled the road haulage of coal from our operations down to Richards Bay, and we continue to evaluate trucking as an alternative to rail transport.

The Group recorded export saleable production of 13.1Mt at an FOB cost per export tonne[Δ] of R1,079 (R929 per tonne excluding royalties). The Group realised 12.2Mt of export equity sales and generated adjusted EBITDA[Δ] of R29.5 billion, mostly driven by strong realised export prices.

Profit of R18.2 billion for the year includes the fair value loss of R347 million on the derivative asset relating to the capital support agreement, as well as fair value losses of R3.2 billion on the forward coal swap transactions undertaken by the Group. Profit was further impacted by a non-cash charge of R1.1 billion related to an increase in the environmental provisions through the annual assessment performed.

The Group recognised impairment losses of R656 million at Isibonelo as a result of increased costs due to ongoing production and equipment related challenges, which were exacerbated during the year by higher than historical average rainfall in the region, impacting the recoverable amount of the operation.

The Group generated adjusted operating free cash flow[Δ] of R18.1 billion for the year after paying income taxes and royalties to SARS of R8.5 billion. At 31 December 2022 the Group had a net cash[Δ] balance of R14.7 billion.

Our capital expenditure for the year was R1.9 billion, which comprises sustaining capital of R1.7 billion and expansionary capital of R235 million relating to the Elders production replacement project and feasibility study costs for the Zibulo North Shaft life extension project. We expect the Zibulo North Shaft project to be presented to the board for consideration in 2023.

We have contributed R438 million into the green fund this year, which includes a discretionary contribution of R200 million to further improve our environmental liability coverage[Δ] in line with our commitment to driving our ESG aspirations.

In light of the continued pressure faced by coal companies in accessing appropriate insurance cover, we have implemented a self-insurance structure which will see the Group gradually reduce its reliance on the traditional insurance market. In 2022 we made an initial contribution of R1.2 billion to this structure.

In November 2022 we announced the acquisition of the remaining 27% shareholding in AAIC from Inyosi in exchange for 4,180,777 shares issued by Thungela. This transaction is expected to be earnings and cash flow accretive and will allow us to benefit from the full economics of the most cash generative assets in our portfolio.

In February 2023 we secured R3.2 billion in committed facilities with two South African banks with which we have had a long-standing relationship. These facilities were arranged to further strengthen our balance sheet as we continue to migrate our capital structure in a manner that would enhance returns to shareholders over time. In addition this seeks to provide sufficient liquidity to complete our capital projects and to navigate uncertainty across a number of external factors.

The total dividend declared for 2022 amounts to R100 per share, or R13.8 billion in total. This represents 76% of the adjusted operating free cash flow$^{\triangle}$ for the year.

We also announced the acquisition of a controlling interest in the Ensham Coal Mine and related assets in Queensland Australia. The transaction delivers on our strategy to pursue geographic diversification in a commodity we understand well and in which we can leverage our core skills. The transaction meets our investment evaluation criteria of responsible stewardship, upgrading our portfolio and maximising shareholder value. Geographic diversification is a step towards de-risking our underlying business and bolstering our resilience, recognising the ongoing infrastructure challenges in South Africa.

The purchase price for the acquisition is AUD340 million, which consists of AUD267 million to be funded by Thungela, and AUD73 million to be funded by Audley Capital and Mayfair, our co-investors. Thungela will provide loan financing of AUD68 million to our co-investors to fund their investment, which is repayable through earnings generated by the Ensham Coal Mine. The acquisition is subject to the fulfilment of a number of conditions precedent which we expect to be met by mid-2023.

The acquisition, including the loan to our co-investors, will be funded from the net cash$^{\triangle}$ on hand at 31 December 2022.

Given our strong results we are pleased to declare a final ordinary cash dividend of R40 per share. The final dividend represents a payment to Thungela shareholders of R5.6 billion, or 61% of adjusted operating free cash flow$^{\triangle}$ generated in the second half of 2022. Combined with the 2022 interim dividend of R60 per share, this amounts to a total dividend declared for 2022 of R100 per share. This brings the total payment to Thungela shareholders to R13.8 billion, representing 76% of adjusted operating free cash flow$^{\triangle}$ for the year.

The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will each receive a further contribution of R198 million, to add to the R500 million contributed in August 2022. The trust deed of the Sisonke Employee Empowerment Scheme was amended to allow for eligible employees to receive their allocations in the year granted, and we accordingly paid R380 million to eligible employees in December 2022.

We remain resolute to deliver on our purpose to responsibly create value together for a shared future and we believe that the path we are taking will create value for our people, our communities and our shareholders.

Deon Smith
Chief financial officer

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FINANCIAL OVERVIEW

Financial and operational results of the Group

Rand million (unless otherwise stated)	2022	2021
Revenue	50,753	26,282
Operating costs	(22,420)	(17,322)
Profit for the reporting period	18,205	6,938
Attributable to non-controlling interests	1,217	509
Attributable to the equity shareholders of the Group	16,988	6,429
Earnings per share (cents/share)	12,708	6,108
Headline earnings per share (cents/share)	13,082	6,657
WANOS (number of shares)	133,684,828	105,260,339
Dividends (Rand/share)	100	18
APMs△		
Adjusted EBITDA	29,530	9,978
Adjusted EBITDA margin (%)	58	38
FOB cost per export tonne (Rand/tonne)	1,079	830
FOB cost per export tonne excluding royalties (Rand/tonne)	929	803
Adjusted operating free cash flow	18,096	3,923
Net cash	14,720	8,663
Capital expenditure	(1,923)	(2,323)
Environmental liability coverage (%)	54	52
Thermal coal price and exchange rate		
Benchmark coal price (US$/tonne)	270.87	124.11
Average realised export price (US$/tonne)	229.21	103.82
Average realised export price (Rand/tonne)	3,752	1,535
Realised price as a % of Benchmark coal price	85	84
ZAR:US$ average exchange rate	16.37	14.79
kt		
Run of mine	25,242	27,458
Export saleable production	13,062	14,511
Domestic saleable production	6,915	10,064
Total saleable production	19,977	24,575
Export equity sales	12,172	13,893
Third-party export sales	21	967
Domestic sales	6,723	10,185
Total sales volumes	18,916	25,045

The table above reflects the financial results as disclosed in the consolidated financial statements for the year ended 31 December 2022, including the APMs as included in Annexure 1 of the Annual Financial Statements for the year ended 31 December 2022.

The internal restructure was completed on 31 March 2021 and accordingly only had an impact on the financial and operational information of the Group in the comparative period. Refer to note 2A in the Annual Financial Statements for the year ended 31 December 2022 for detail related to the internal restructure.

OPERATIONAL PERFORMANCE

ROM decreased by 8.1% to 25,242kt (2021: 27,458kt) mainly due to the curtailment of export production in response to the continued poor TFR performance. Export saleable production volumes decreased by 10% to 13,062kt (2021: 14,511kt) largely as a result of the decrease in ROM production.

Our operations continued to be impacted by the poor and inconsistent rail performance which deteriorated materially in the second half of 2022, placing even greater strain on on-mine stockpiles which were already near capacity. We accordingly continued to actively curtail production at some of our operations during 2022.

Export equity sales declined by 12% to 12,172kt (2021: 13,893kt). The decrease in export sales is as a direct result of the poor TFR performance. In 2022, only 21kt of third-party coal was railed, compared to the 967kt in 2021 as export equity volumes were prioritised.

Domestic saleable production decreased by 31% to 6,915kt (2021: 10,064kt) mainly as demand from domestic customers reduced. Isibonelo continued to experience operational challenges in 2022 as a result of increased rainfall year-on-year and equipment related challenges. Domestic sales decreased by 34% to 6,723kt (2021: 10,185kt).

REVENUE

Revenue increased by 93% to R50.8 billion (2021: R26.3 billion) mainly as a result of the significant increase in the Benchmark coal price and the impact of a weaker US dollar exchange rate. The Group achieved an average realised export price of R3,752 per tonne in 2022 compared to R1,535 per tonne in the comparative period.

The realised export price as a percentage of the Benchmark coal price averaged 85% for 2022, an improvement from the 84% in 2021. The narrower discount of 15% is mainly due to premiums achieved on certain products as well as continued optimisation of the Group's export equity sales mix. The increase in revenue was further supported by the impact of the weaker average US dollar exchange rate of R16.37 (2021: R14.79).

OPERATING COSTS

Operating costs increased by 29% to R22.4 billion from R17.3 billion in 2021.

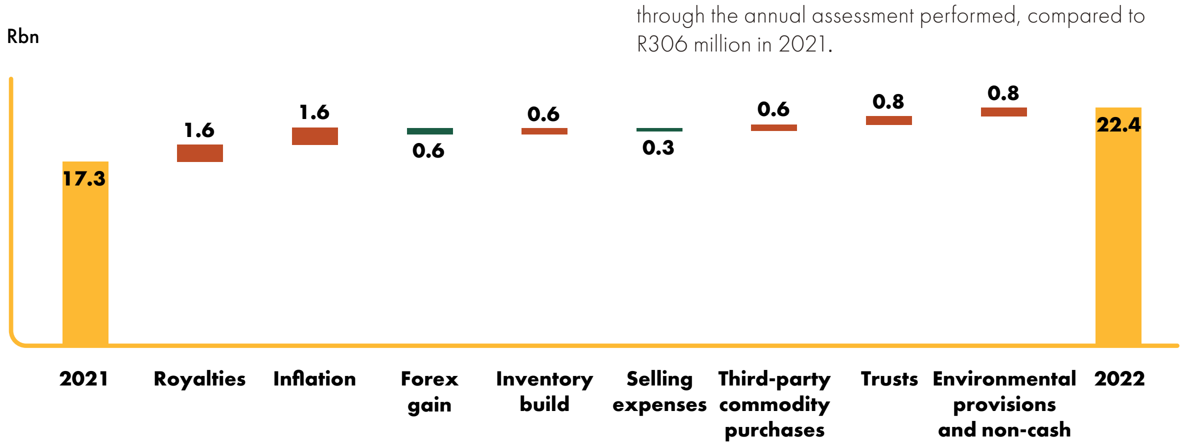
Royalties increased year on year by R1.6 billion on the back of the higher realised export prices achieved.

Total operating costs increased by R1.6 billion due to inflation and a significant rise in costs across the energy complex. The purchase price on our third-party commodity purchases fluctuates in line with Benchmark coal prices and accordingly increased.

As a result of the continued poor TFR performance and the continued curtailment of production, selling expenses reduced year on year, however, we continue to incur fixed costs as well as incremental stockpile management costs at all our operations.

The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust benefited from the strong financial performance of the Group and the expense recognised related to contributions made to the trusts amounted to R766 million. These contributions will continue to positively impact our employees and communities.

Operating costs were also impacted by a non-cash charge of R1.1 billion related to an increase in the environmental provisions through the annual assessment performed, compared to R306 million in 2021.

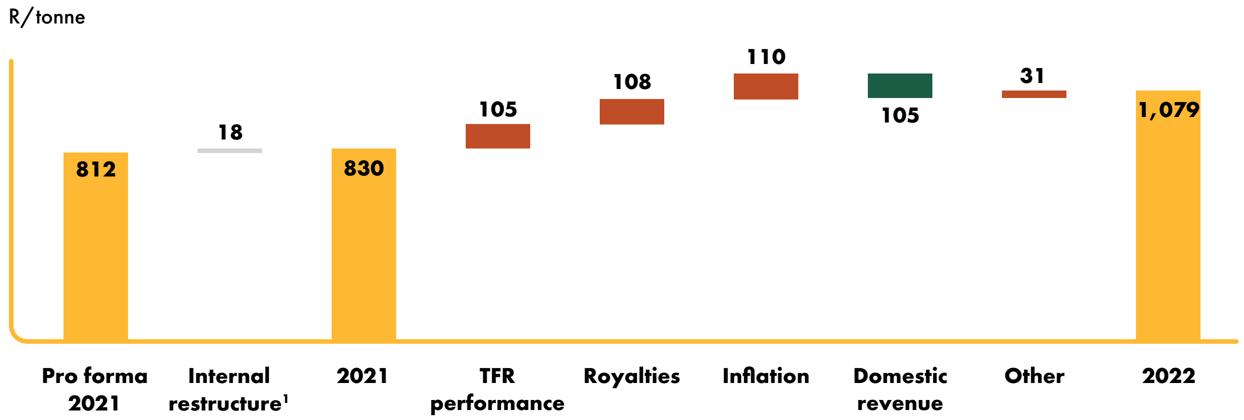


FOB COST PER EXPORT TONNE△

The FOB cost per tonne△ has increased to R1,079 per tonne from R830 per tonne in the comparative period (R812 per tonne on a pro forma basis), mainly due to the impact of lower volumes, higher royalties and inflation on our operating costs. The lower saleable volumes resulted from the poor TFR rail performance.

The positive impact on unit costs of the increased domestic revenue is mainly as a result of domestic sales that are linked to the Benchmark coal price. This impact is expected to moderate as Benchmark coal prices soften.

The FOB cost per export tonne excluding royalties△ of R929 per tonne, was 16% higher than the comparative period of R803 per tonne.



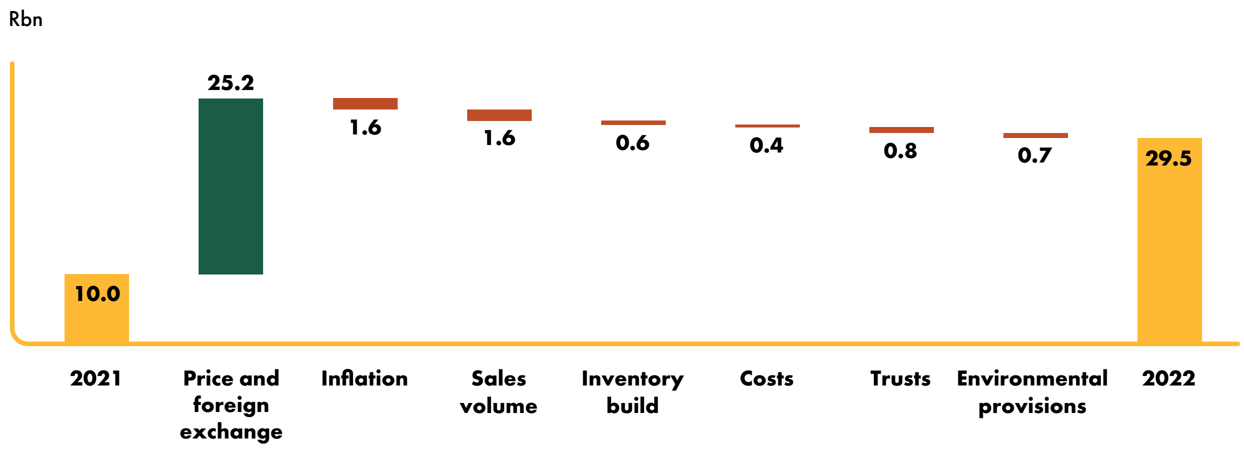
[1] Internal restructure of the Thungela Group before demerger, completed 31 March 2021

ADJUSTED EBITDA△

The Group generated adjusted EBITDA△ of R29.5 billion for the year ended 31 December 2022 (2021: R10.0 billion). The material increase in earnings was driven by higher realised export prices and the impact of the weaker US dollar exchange rate.

This was partially offset by, *inter alia*, the lower export sales volumes, the impact of higher inflation on operating costs and the non-cash charge relating to the environmental provisions.

The adjusted EBITDA margin△ improved to 58%, compared to 38% in 2021.



PROFIT FOR THE REPORTING PERIOD

Profit for the reporting period was R18.2 billion (2021: R6.9 billion), as the Benchmark coal price reached record highs in March 2022 and remained elevated for most of the year, although it started to soften in the fourth quarter.

Profit attributable to the equity shareholders of the Group is R17.0 billion (2021: R6.4 billion), while R1.2 billion (2021: R509 million) is attributable to non-controlling interests in AAIC and Butsanani Energy. Following the acquisition of the remaining 27% interest in AAIC in November 2022, the proportion of profit attributable to the equity shareholders of the Group is expected to increase.

Ahead of the demerger, a capital support agreement was put in place with Anglo American. This agreement ended on 31 December 2022, and did not result in any cash inflow or outflow for the Group for the year. A fair value loss of R347 million (2021: R569 million) was recognised related to this agreement. In line with the principle of securing a firm Benchmark coal price, the board resolved to take advantage of the favourable Benchmark coal price environment. The board accordingly approved a price risk management programme enabling the Group to enter into structured forward coal swap transactions from November 2021.

During 2022, the Group settled forward coal swap transactions of 1,515kt, representing 12% of our export saleable production, at a weighted average price of USD153 per tonne. The cash cost to settle these transactions for the year ended 31 December 2022 was R3.0 billion.

The fair value loss of R3.2 billion on these transactions was driven by the rapid increase in the Benchmark coal price to record levels from the onset of the conflict in Ukraine.

We have achieved a high net margin on these volumes and the Group continues to benefit from higher realised export prices on the remainder of our sales volumes.

The price risk management programme remains in place, within the mandate of the board, which is reassessed as market conditions change. At 31 December 2022, we have open positions of 181kt at a weighted average price of USD231 per tonne related to committed sales in the first half of 2023. The mark-to-market gain on these positions as at 31 December 2022 of R124 million is included in the total fair value losses recognised for the year.

Given the sustained production and cost challenges faced at Isibonelo, impairment losses of R656 million were recognised based on the reduction in the recoverable amount of this operation.

Thungela is exposed to volatility in the US dollar exchange rate as a result of our export sales to AAML. The Group entered into FECs to manage our exposure to the volatility in the US dollar exchange rate throughout the year. The loss recognised on the FECs of R553 million is offset by gains recognised on our closing cash balance in US dollars of R377 million, as well as gains recognised on our US dollar denominated trade receivables of R835 million, included in operating costs.

The Group incurred an income tax expense of R5.9 billion for 2022 which results in an effective tax rate of 25%. Due to the sustained increase in the Benchmark coal price and resultant higher taxable income, we have utilised all available tax losses and unredeemed capital deductions by 31 December 2022. The Group has recognised the full impact of previously unrecognised deferred tax assets on this basis which has impacted the effective tax rate for the year.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Thungela generated earnings attributable to the equity shareholders of the Group of R17.0 billion, equivalent to R127.08 per share, for the period ended 31 December 2022. In the comparative period we generated earnings attributable to the equity shareholders of the Group of R6.4 billion (R61.08 per share).

Thungela generated headline earnings attributable to the equity shareholders of the Group of R17.5 billion, equivalent to R130.82 per share, for the period ended 31 December 2022. For the comparative period, we generated headline earnings of R7.0 billion (R66.57 per share).

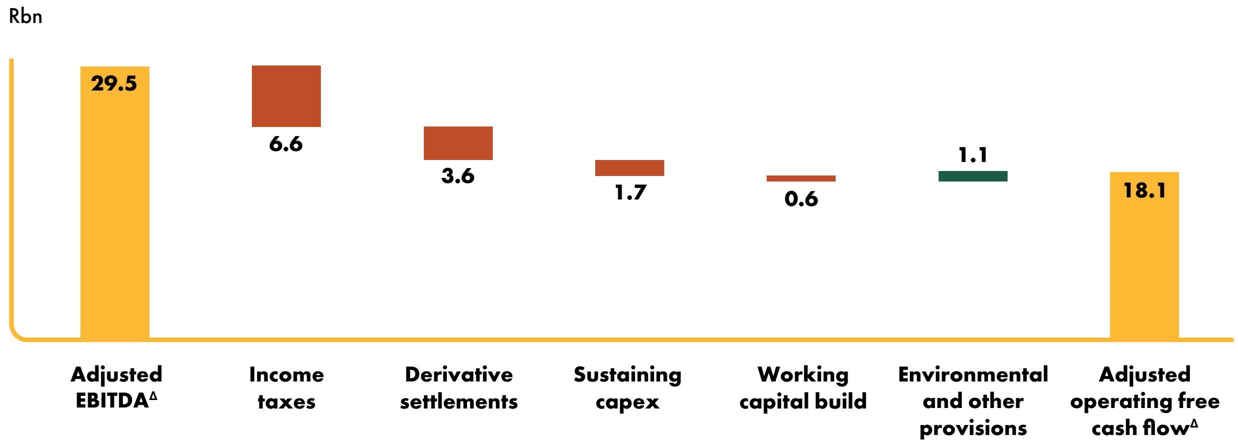
The per share figures above are based on a WANOS of 133,684,828 (2021: 105,260,339).

ADJUSTED OPERATING FREE CASH FLOW^Δ AND CASH AND CASH EQUIVALENTS

The Group generated adjusted operating free cash flow^Δ of R18.1 billion for the year ended 31 December 2022 (2021: R3.9 billion).

The difference between the adjusted EBITDA^Δ generated for the year and the adjusted operating free cash flow^Δ is mainly attributable to income tax payments to SARS of R6.6 billion, settlements of the derivatives related to the forward coal swap transactions and FECs of R3.6 billion, and sustaining capex of R1.7 billion.

The Group ended the period with cash and cash equivalents of R15.3 billion, which is reduced by cash held in the Sisonke Trust and the Nkulo Trust of R519 million and loans and borrowings of R60 million, resulting in net cash^Δ of R14.7 billion.



CAPITAL EXPENDITURE

The Group incurred capital expenditure of R1.9 billion for the period (2021: R2.3 billion) comprising both sustaining capex and expansionary capex.

Stay-in-business capex of R1.2 billion was spent mainly on machinery overhauls, infrastructure upgrades and mining fleet upgrades or replacements.

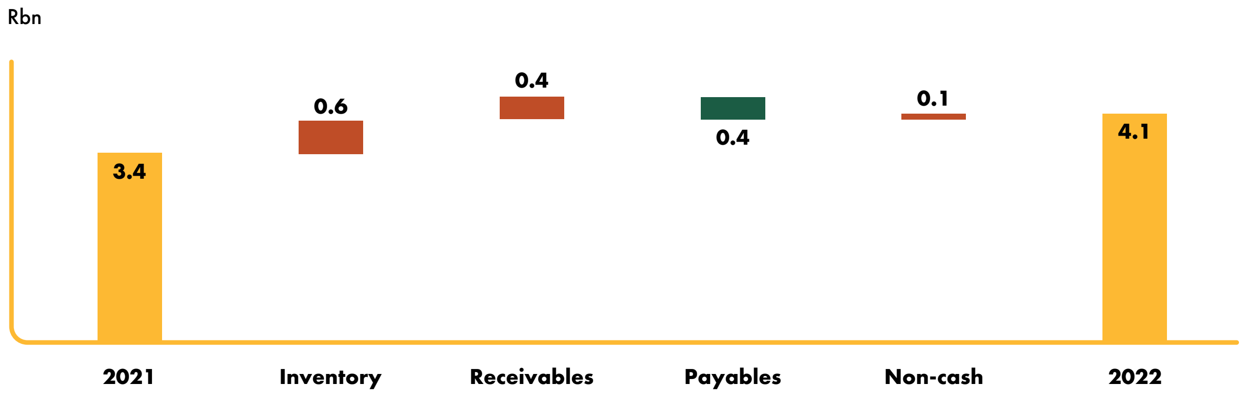
Stripping and development capex of R455 million was spent on activities to access LOM reserves.

Expansionary capex of R235 million includes R205 million spent on the Elders production replacement project and a further R30 million on feasibility study costs for the Zibulo North Shaft project.

NET WORKING CAPITAL

Net working capital at 31 December 2022 was R4.1 billion (2021: R3.4 billion), reflecting an increase of R724 million.

The working capital build up is mainly driven by a further inventory build of R632 million due to the poor TFR rail performance. The increase in trade receivables was driven by higher realised export prices whereas payables increased marginally which reflects cost increases as a result of inflationary movements.



ENVIRONMENTAL PROVISIONS

The environmental provisions are comprehensively assessed on an annual basis and determined with assistance from specialist independent environmental consultants. At 31 December 2022 the environmental provisions recognised amount to R7.6 billion (2021: R6.8 billion). The increase in the environmental provisions is based on expected increases in costs to be incurred in future based on global and local inflationary pressures, as well as the impact of illegal mining on our sites which had previously been rehabilitated.

The Group has investments ringfenced in the environmental rehabilitation trusts and the green fund of R4.1 billion (2021: R3.5 billion). Environmental liability coverage$^{\Delta}$ has increased from 52% at 2021, to 54% at 31 December 2022, mainly as a result of our R438 million contribution to the green fund in 2022, well in excess of the required annual contribution.

The environmental provisions are determined using the MPRDA Regulations as a base, adjusted for costs the Group is likely to incur until closure is completed. The financial provisioning as required by the current MPRDA Regulations is assessed annually and amounted to R4.4 billion at 31 December 2022 (2021: R4.1 billion). The difference between the financial provisioning required and the environmental provisions recognised is due to additional costs which the Group believes it is likely to incur through a combination of our interpretation of the NEMA Financial Provisioning Regulations as well as actual costs to be incurred in the period up to and following mine closure. These costs are most significantly in relation to costs for the treatment of polluted or extraneous water.

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 current draft of the NEMA Financial Provisioning Regulations requires 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. We are actively working to prove the efficacy of passive water treatment technologies, and have commissioned a demonstration scale plant to prove that this treatment can manage our water risks post mine closure in line with the methods included in our environmental provisions.

The transition date of the NEMA Financial Provisioning Regulations, previously scheduled for February 2017, has been postponed on a number of occasions and most recently was deferred to 19 September 2023, however there are several regulatory steps that are required to take place before this transition can be effective. An updated draft of these proposed regulations was published for comment on 11 July 2022 however no feedback has been provided by the DFFE on the industry comments provided. Should the NEMA Financial Provisioning Regulations become effective as currently drafted, the level of financial provisioning required to be held is likely to increase, which may be sourced on similar terms to our existing financial provisioning held.

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CAPITAL ALLOCATION AND LIQUIDITY

Thungela has a clear and prioritised capital allocation framework which seeks to prioritise returns to shareholders while collateralising our environmental liabilities over time and investing in sustaining capital to maintain asset integrity. Our dividend policy is to maintain a dividend payout of at least 30% of our adjusted operating free cash flow$^{\Delta}$ as a base dividend, followed by the allocation of capital to either projects which will enhance shareholder returns in the long-term, or additional returns to shareholders.

Another year of robust cash flow generation allowed the Group to improve the cash collateralisation of our environmental liabilities, fund sustaining capex needs, and end the year with net cash$^{\Delta}$ of R14.7 billion.

As a result, the board has declared a final dividend of R40 per share (R5.6 billion), which represents 61% of the adjusted operating free cash flow$^{\Delta}$ generated in the second half of the year. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will also receive a further R396 million collectively.

Combined with the interim dividend of R60 per share declared in August 2022, the final dividend brings the total dividend declared for 2022 to R100 per share, and R13.8 billion in total. This represents 76% of adjusted operating free cash flow$^{\Delta}$, well in excess of the Group's stated dividend policy.

The Thungela board has resolved to fund the acquisition of the Ensham Coal Mine and related assets from cash on hand at 31 December 2022. We have accordingly reserved R4.2 billion of the net cash$^{\Delta}$ balance to fund the acquisition.

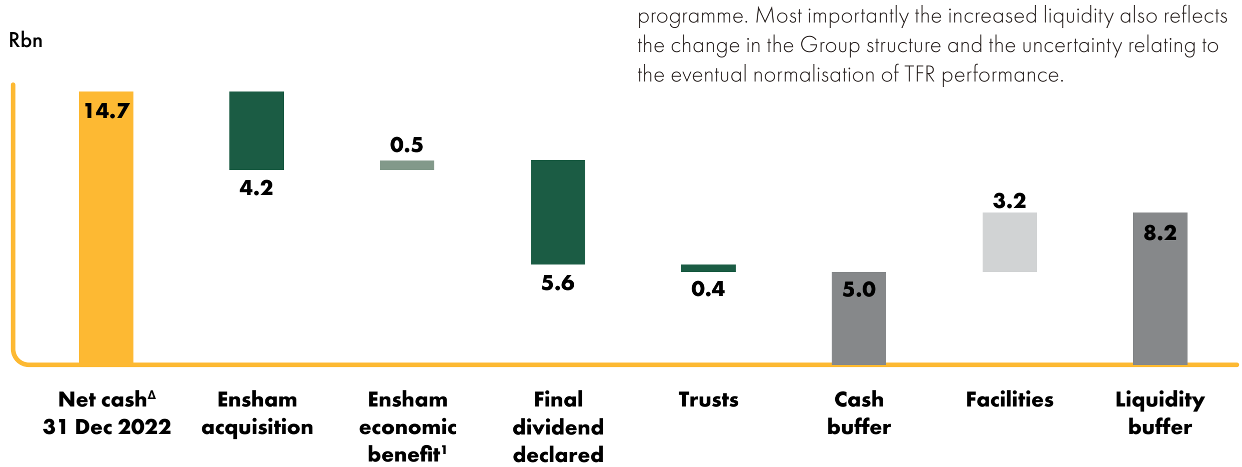
Given the lock-box mechanism included in the agreements, we expect the Ensham Business to deliver approximately R500 million in cash benefit by the time the transaction is completed in mid-2023. Thus the net cash outflow relating to the investment in the Ensham Business is expected be approximately R3.7 billion.

The board has consistently stated that it is appropriate to maintain liquidity of between R5 billion and R6 billion following periods of stronger market conditions.

However, the board recognises the softening coal prices we've seen in recent months, as well as the need to protect the Group's South African operations from the dire infrastructure challenges it faces. Furthermore, the acquisition of the Ensham Business materially changes the overall structure of the Group, including our liquidity needs. The board is therefore of the opinion that it is prudent to maintain a higher level of liquidity.

For this reason Thungela has secured access to R3.2 billion in credit facilities from two leading South African banks. Together with the cash of R5 billion, this results in an enhanced liquidity buffer of R8.2 billion which will enable the appropriate level of balance sheet flexibility.

In accordance with its balanced and disciplined approach to capital allocation, the Group will be adequately funded to execute its strategy, including the development of the Elders production replacement project, the funding of our pathway to net zero, as well as additional contributions to the self-insurance programme. Most importantly the increased liquidity also reflects the change in the Group structure and the uncertainty relating to the eventual normalisation of TFR performance.



[1] Reflects the Ensham economics which would accrue to the Group for the period 1 January 2023 to the completion of the transaction, up to a maximum of AUD102 million.

This graph does not reflect historical financial information, other than the net cash$^{\Delta}$ balance at 31 December 2022. This is accordingly a conceptual representation of the intended utilisation of the net cash$^{\Delta}$ on hand at the reporting date.

OPERATIONAL OUTLOOK

	2023
Export saleable production (Mt)	10.5 – 12.5
FOB cost per export tonne$^{\Delta}$ (Rand/tonne)	1,131 – 1,264
FOB cost per export tonne excluding royalties$^{\Delta}$ (Rand/tonne)	1,047 – 1,180
Capital – sustaining (Rand billion)	1.3 – 1.5
Capital – expansionary (Rand billion)	1.6 – 1.8

Looking ahead our priority remains executing on our strategy. A key part of this is maximising the value of our existing assets, while continuing to operate safely.

Thungela continues to be well positioned for the future as the fundamentals supporting coal demand remain strong. Our ability to create value for shareholders, employees, communities and the South African fiscus is inextricably linked to our ability to move coal from our mines to port, and ultimately to our customers.

However, given TFR's deteriorating performance since 2021, and the especially poor performance in 2022, we have had to reset our production outlook for 2023.

Our export saleable production guidance for 2023 is between 10.5Mt and 12.5Mt, as we plan to drawdown on the high on-mine stockpiles to the extent that the rail performance exceeds actual production levels.

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

Our sustaining capital expenditure for 2023 is expected to be between R1.3 billion and R1.5 billion. Expansionary capex is expected to be between R1.6 billion and R1.8 billion, relating primarily to R1.2 billion for Elders and R0.5 billion for Zibulo North Shaft, should the latter be approved by the board.

While we will ensure that the business remains capable of continuing to deliver safe production and that we maintain operational flexibility to ramp volumes up should rail performance improve, we have instituted a programme to reduce costs across our operations in an effort to manage the unit cost impact of the reduced production guidance. The expected impact of this programme has been taken into account in the 2023 FOB cost per export tonne$^{\Delta}$ guidance.

Given the degree of uncertainty regarding TFR performance currently, we are not providing guidance for 2024 and beyond at this stage. We continue to evaluate the potential for near-term improvements. Furthermore, we are actively involved in the collaborative effort between the Transnet board and the Minerals Council focused on stabilising and improving rail performance, and we remain hopeful that this matter of national importance will be resolved.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

Rand million	**2022**	2021
Revenue	**50,753**	26,282
Operating costs	**(22,420)**	(17,322)
Impairment losses	**(656)**	(808)
Fair value (losses)/gains on derivative financial instruments	**(3,207)**	348
Fair value loss on derivative asset – capital support	**(347)**	(569)
Restructuring costs and termination benefits	**(29)**	(422)
Profit before net finance costs and tax	**24,094**	7,509
Net finance costs	**49**	–
Investment income	**963**	503
Interest expense	**(738)**	(680)
Other net financing (losses)/gains	**(176)**	177
Profit before tax	**24,143**	7,509
Income tax expense	**(5,938)**	(571)
Profit for the reporting period	**18,205**	6,938
Attributable to:		
Non-controlling interests	**1,217**	509
Equity shareholders of the Group	**16,988**	6,429
Other comprehensive income/(loss)		
Items that will not be reclassified to the statement of profit or loss		
Remeasurement of retirement benefit obligations	**71**	27
Fair value losses on financial asset investments	**–**	(63)
Related tax	**(15)**	(6)
Net items that will not be reclassified to the statement of profit or loss	**56**	(42)
Total comprehensive income for the reporting period	**18,261**	6,896
Attributable to:		
Non-controlling interests	**1,217**	508
Equity shareholders of the Group	**17,044**	6,388
Earnings per share[1]		
Basic (cents/share)	**12,708**	6,108
Diluted (cents/share)	**12,487**	6,087
Reconciliation of headline earnings		
Profit attributable to equity shareholders of the Group	**16,988**	6,429
Adjusted for:		
Excluded remeasurements	**673**	800
Impairment of property, plant and equipment	**648**	786
Impairment of intangible assets	**8**	22
Loss/(profit) on sale of property, plant and equipment	**17**	(8)
Tax effects of excluded remeasurements	**(172)**	(222)
Impairment of property, plant and equipment	**(165)**	(218)
Impairment of intangible assets	**(2)**	(6)
(Loss)/profit on sale of property plant and equipment	**(5)**	2
Headline earnings[2]	**17,489**	7,007
Headline earnings used in the calculation of diluted headline earnings per share[3]	**17,489**	7,007
Headline earnings per share[1]		
Basic (cents/share)	**13,082**	6,657
Diluted (cents/share)	**12,855**	6,634

1 The earnings per share and headline earnings per share has been calculated using a WANOS of 133,684,828 (2021: 105,260,339).
2 There were no adjustments to headline earnings that had an impact for the non-controlling interests.
3 There were no adjustments to headline earnings used in the calculation of diluted headline earnings per share relating to the potential ordinary shares.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Rand million	2022	2021
ASSETS		
Non-current assets		
Intangible assets	82	118
Property, plant and equipment	10,656	10,568
Environmental rehabilitation trusts	3,446	3,288
Investment in associate	43	63
Deferred tax assets	503	378
Financial asset investments	755	323
Investment in insurance structure	1,226	–
Trade and other receivables	1	64
Other non-current assets	65	109
Total non-current assets	16,777	14,911
Current assets		
Inventories	3,181	2,546
Trade and other receivables	4,907	4,320
Current tax assets	231	46
Financial asset investments	31	31
Derivative financial asset – capital support	–	347
Derivative financial instruments	149	348
Cash and cash equivalents	15,299	8,736
Total current assets	23,798	16,374
Total assets	40,575	31,285
EQUITY		
Stated capital	11,323	10,041
Contributed capital	965	965
Merger reserve	2,606	2,606
Treasury shares	(302)	(183)
Share-based payments reserve	83	16
Other reserves	145	89
Retained earnings	11,453	3,039
Equity attributable to the shareholders of the Group	26,273	16,573
Non-controlling interests	(114)	1,901
Total equity	26,159	18,474
LIABILITIES		
Non-current liabilities		
Lease liabilities	62	92
Retirement benefit obligations	405	449
Deferred tax liabilities	1,421	1,400
Environmental and other provisions	7,179	6,609
Total non-current liabilities	9,067	8,550
Current liabilities		
Trade and other payables	3,997	3,499
Loans and borrowings	60	63
Lease liabilities	31	29
Environmental and other provisions	1,236	392
Current tax liabilities	25	278
Total current liabilities	5,349	4,261
Total liabilities	14,416	12,811
Total equity and liabilities	40,575	31,285

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Rand million	Stated capital	Contributed capital	Merger reserve	Treasury shares
Balance at 1 January 2021	–	–	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 payments reserve[2]	–	–	–	–
Reclassifications	–	–	–	–
Transfer of financial asset revaluation reserve on sale of investments[3]	–	–	–	–
Contributed capital – capital support agreement	–	916	–	–
Contributed capital – Anglo American retention awards	–	49	–	–
Balance at 31 December 2021	**10,041**	**965**	**2,606**	**(183)**
Purchase of shares by Group companies	**—**	**—**	**—**	**(165)**
Acquisition of additional interest in subsidiary	**1,282**	**—**	**—**	**—**
Total comprehensive income for the reporting period	**—**	**—**	**—**	**—**
Dividends paid	**—**	**—**	**—**	**—**
Movements in share-based payments reserve[4]	**—**	**—**	**—**	**—**
Treasury shares issued to employees on vesting of share awards	**—**	**—**	**—**	**46**
Balance at 31 December 2022	**11,323**	**965**	**2,606**	**(302)**

1 Includes the financial asset revaluation reserve of R3 million (2021: R3 million) and the retirement benefit obligation reserve of R142 million (2021: R86 million).

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

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

4 Includes movements as a result of share-based payment expenses of R113 million reduced by the impact of the vesting of shares of R46 million under the Thungela share plan.

Share-based payment reserve	Other reserves[1]	Retained earnings	Total equity attributable to shareholders of the Group	Non-controlling interests	Total equity
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)
–	9	(9)	–	–	–
–	(290)	290	–	–	–
–	–	–	916	–	916
–	–	–	49	–	49
16	**89**	**3,039**	**16,573**	**1,901**	**18,474**
–	**–**	**–**	**(165)**	**–**	**(165)**
–	**–**	**1,909**	**3,191**	**(3,191)**	**–**
–	**56**	**16,988**	**17,044**	**1,217**	**18,261**
–	**–**	**(10,483)**	**(10,483)**	**(42)**	**(10,525)**
67	**–**	**46**	**113**	**1**	**114**
–	**–**	**(46)**	**–**	**–**	**–**
83	**145**	**11,453**	**26,273**	**(114)**	**26,159**

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SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Rand million	2022	2021
Cash flows from operating activities		
Profit before tax	24,143	7,509
Net finance costs	(49)	–
Profit before net finance costs and tax	24,094	7,509
Impairment losses	656	808
Restructuring costs and termination benefits[1]	–	174
Fair value loss on derivative asset – capital support	347	569
Fair value losses/(gains) on derivative financial instruments	3,207	(348)
Depreciation and amortisation	1,197	1,018
Share-based payment charges	113	87
Increase in provisions[2]	1,730	127
Loss/(profit) on sale of property, plant and equipment	17	(8)
Other adjustments	15	33
Movements in working capital	(618)	(3,154)
Increase in inventories	(632)	(1,352)
Increase in trade and other receivables	(381)	(960)
Increase/(decrease) in trade and other payables	395	(842)
Cash flows from operations	30,758	6,815
Amounts applied to reduce environmental and other provisions[3]	(846)	(502)
Cash outflow on settlement of derivative financial instruments	(3,561)	–
Income tax paid	(6,567)	(197)
Net cash generated from operating activities	19,784	6,116
Cash flows from investing activities		
Expenditure on property, plant and equipment	(1,923)	(2,312)
Proceeds on sale of property, plant and equipment	–	9
Expenditure on intangible assets	–	(11)
Purchase of financial asset investments	(443)	(302)
Investment in insurance structure	(1,224)	–
Repayment of loans granted to investees	31	6
Loans granted to investees	(8)	(69)
Repayment of quasi-equity loans by associate	20	26
Investment income received	707	108
Acquired through internal restructure	–	158
Acquisition of joint operation	–	8
Net cash utilised in investing activities	(2,840)	(2,379)
Cash flows from financing activities		
Shares issued for cash	–	5,466
Interest expense paid	(33)	(58)
Capital repayment of lease liabilities	(26)	(32)
Repayment of loans and borrowings	(9)	(3,135)
Proceeds on loans from Anglo American	–	2,570
Purchase of shares by Group companies	(165)	(183)
Dividends paid to equity shareholders of the Group	(10,483)	–
Dividends paid to non-controlling interests	(42)	–
Net cash (utilised in)/generated from financing activities	(10,758)	4,628
Net increase in cash and cash equivalents	6,186	8,365
Cash and cash equivalents at the start of the reporting period	8,736	194
Net increase in cash and cash equivalents	6,186	8,365
Effects of changes in foreign exchange rates	377	177
Cash and cash equivalents at the end of the reporting period	15,299	8,736

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

1 Restructuring costs and termination benefits at 31 December 2021 of R174 million included the accelerated vesting of the Anglo American share awards on demerger and represented the non-cash portion of the expense.

2 Increase in provisions includes amounts recognised in the statement of profit or loss and other comprehensive income in respect of environmental and other provisions of R1,302 million (2021: R88 million) and contributions to the Nkulo Community Partnership Trust of R386 million (2021: R6 million).

3 Amounts applied to reduce environmental and other provisions represent cash paid to settle these obligations which is not recognised through the statement of profit or loss and other comprehensive income.

REVIEW OF OPERATIONAL PERFORMANCE

UNDERGROUND OPERATIONS

GOEDEHOOP COLLIERY

	2022	2021
Fatalities	—	1
TRCFR	1.55	2.38
Total saleable production (kt)	3,224	5,281
Export saleable production (kt)	2,356	2,191
Domestic production (kt)	869	3,090
FOB cost per tonne^Δ (Rand/tonne)	1,271	1,001
FOB cost per tonne excluding royalties^Δ (Rand/tonne)	1,057	984
Capex (Rand million)	91	257

Safety

Goedehoop recorded a TRCFR of 1.55 compared to 2.38 for the comparative period as a result of a lower number of incidents following a safety campaign on the mine.

Performance

Export saleable production of 2,356kt at 31 December 2022 was 7.5% higher than the comparative period in line with the plan to mine in higher yielding areas and as a result of increased productivity across all sections. The mine was able to increase stockpile capacity and utilise third-party sidings to alleviate the impact of the poor rail performance.

Domestic saleable production reduced by 72% to 869kt as a result of lower domestic demand.

FOB cost per tonne excluding royalties^Δ of R1,057 was 7.4% higher than the comparative period as a result of the impact of inflationary pressure and additional rehabilitation requirements.

GREENSIDE COLLIERY

	2022	2021
Fatalities	—	—
TRCFR	2.21	0.79
Total saleable production (kt)	2,586	3,456
Export saleable production (kt)	2,586	3,454
Domestic production (kt)	—	2
FOB cost per tonne^Δ (Rand/tonne)	1,166	845
FOB cost per tonne excluding royalties^Δ (Rand/tonne)	957	785
Capex (Rand million)	209	355

Safety

Greenside recorded a TRCFR of 2.21 compared to 0.79 for the prior period as a result of an increase in recordable injuries.

Performance

Export saleable production of 2,586kt at 31 December 2022 was 25% lower than the comparative period as more underground sections were deployed into the more geologically challenging East Block reserves, with moderate improvements recorded in the second half of the year.

FOB cost per tonne excluding royalties^Δ of R957 is 22% higher than the comparative period mainly as a result of the lower production.

ZIBULO COLLIERY

	2022	2021
Fatalities	—	—
TRCFR	0.21	0.98
Total saleable production (kt)	4,479	5,553
Export saleable production (kt)	4,318	5,553
Domestic production (kt)	161	—
FOB cost per tonne^Δ (Rand/tonne)	1,177	715
FOB cost per tonne excluding royalties^Δ (Rand/tonne)	1,012	682
Capex (Rand million)	664	704

Safety

Zibulo recorded a TRCFR of 0.21 compared to 0.98 in the prior period. The mine operated the first three quarters of 2022 injury free. Regrettably, in February 2023 Mr Breeze Mahlangu tragically passed away following complications after an accident in December 2022.

Performance

Zibulo's production suffered from the poor rail performance as stockpiling facilities at the Phola Plant are at capacity. Export saleable production of 4,318kt in 2022 was 22% lower than the prior period. The Zibulo opencast pit was materially curtailed as a result of the TFR challenges. Further to being hampered by full stockpiles, the underground production was also impacted by challenging geological conditions in the year.

FOB cost per tonne excluding royalties^Δ of R1,012 is 48% higher than the comparative period mainly as a result of the lower production levels and inflationary pressures.

OPENCAST OPERATIONS

KHWEZELA COLLIERY

	2022	2021
Fatalities	–	–
TRCFR	0.42	1.10
Total saleable production (kt)	2,150	3,207
Export saleable production (kt)	1,597	1,963
Domestic production (kt)	553	1,244
FOB cost per tonne△ (Rand/tonne)	2,174	1,240
FOB cost per tonne excluding royalties△ (Rand/tonne)	2,146	1,204
Capex (Rand million)	268	302

Safety
Khwezela recorded a TRCFR of 0.42 in compared to 1.10 in the prior period.

Performance
Export saleable production decreased by 19% to 1,597kt as the operation was curtailed due to the impact of the poor rail performance. Equipment and resources were redeployed to perform rehabilitation and other activities to alleviate the pressure on on-mine costs while maintaining the optionality to ramp-up production, which commenced in the second half of 2022.

Domestic saleable production at 553kt reduced by 56% due to the depletion of reserves from the Umlalazi pit and lower demand from domestic customers.

The FOB cost per tonne excluding royalties△ of R2,146 has increased by 78% compared to the prior period. Unit costs were mainly impacted by lower production and higher than inflation price increases on petroleum products and explosives.

MAFUBE COLLIERY (ATTRIBUTABLE)

	2022	2021 Pro forma
Fatalities	–	–
TRCFR	2.53	1.09
Total saleable production (kt)	1,834	1,796
Export saleable production (kt)	1,834	1,796
Domestic production (kt)	–	–
FOB cost per tonne△ (Rand/tonne)	955	786
FOB cost per tonne excluding royalties△ (Rand/tonne)	793	745
Capex (Rand million)	150	218

Safety
Mafube recorded a TRCFR of 2.53 in 2022 compared to 1.09 in the prior period mainly as a result of an increase in reportable injuries recorded in the first half of 2022.

Performance
Export saleable production at 1,834kt was in line with the prior year (on a pro forma basis). The stockpiles remain full and road hauling to other sidings ensured that production was not severely impacted by the poor rail performance.

FOB cost per tonne excluding royalties△ of R793 increased by 6.4% mainly due to higher than inflation price increases on petroleum products and explosives.

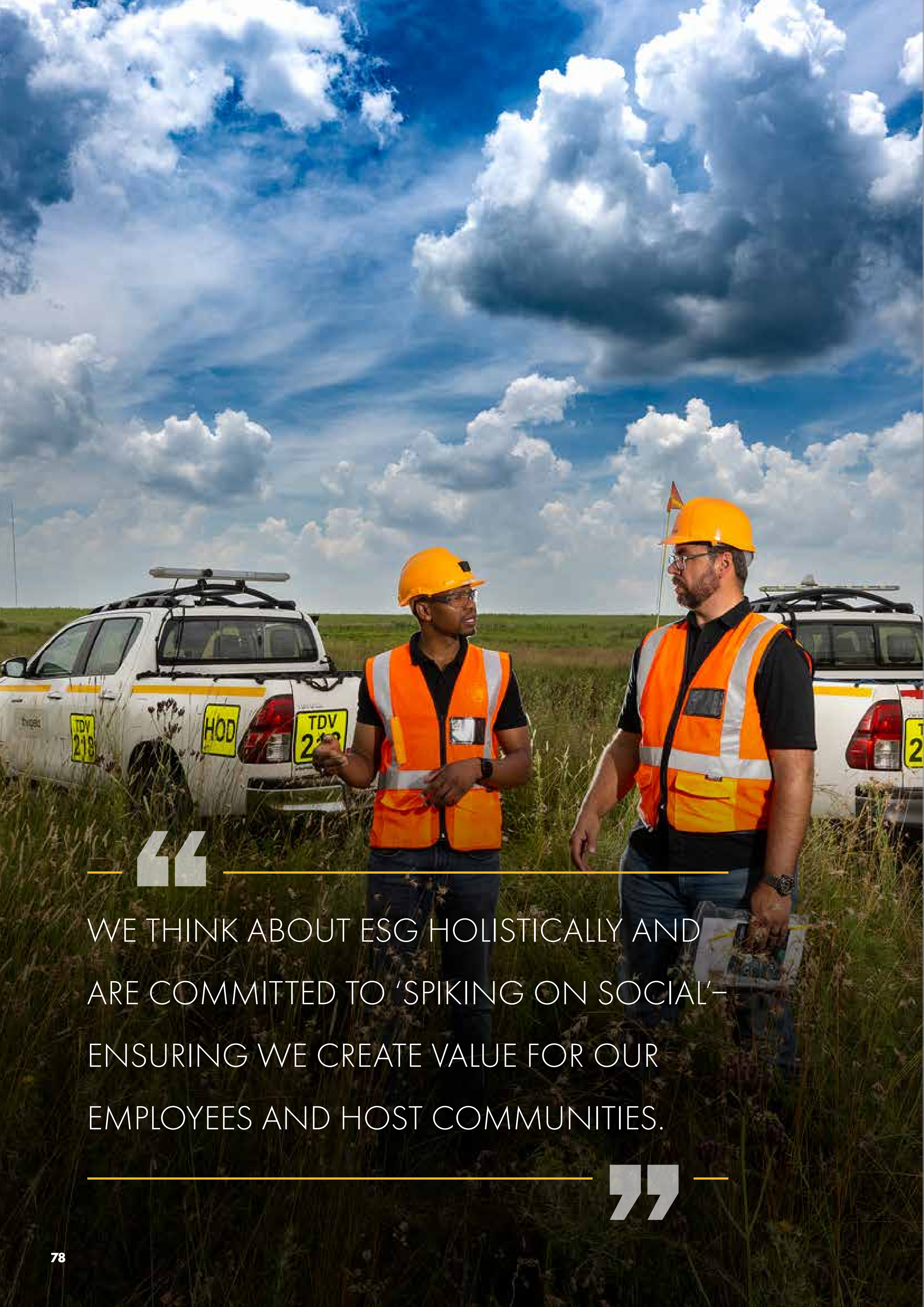
ISIBONELO COLLIERY

	2022	2021
Fatalities	–	–
TRCFR	1.83	2.99
Total saleable production (kt)	3,674	4,153
Export saleable production (kt)	–	–
Domestic production (incl. coal purchases) (kt)	3,674	4,153
FOR cost per tonne (Rand/tonne)	527	380
Capex (Rand million)	133	173

Safety
Isibonelo recorded a TRCFR of 1.83 in 2022 compared to 2.99 in the prior year.

Performance
Saleable production was 12% lower at 3,674kt in 2022. This year has seen higher rainfall than the prior year which has impacted production. In addition, equipment availability has further impacted performance. An improvement plan has been concluded and we expect a gradual improvement in mine performance.

The FOR cost per tonne of R527 increased by 39% mainly due to higher than inflation price increases on explosives and petroleum products as well transportation costs related to coal purchases required to meet the contractual obligations.



WE THINK ABOUT ESG HOLISTICALLY AND ARE COMMITTED TO ‘SPIKING ON SOCIAL’– ENSURING WE CREATE VALUE FOR OUR EMPLOYEES AND HOST COMMUNITIES.

05

OUR IMPACT

ESG PERFORMANCE

PERFORMANCE DASHBOARD

Key performance indicators	2022	2021
Safety and health		
Fatalities	**0**	1
Total recordable case frequency rate	**1.41**	1.35
Environment		
Total energy consumed (million GJ)	**3.01**	3.42
Energy intensity (MJ/total tonne moved)	**16.81**	19.04
Total GHG emissions (kt CO_2 – equivalent)	**748**	819
Carbon intensity (kg CO_2/total tonne moved)	**4.18**	4.56
Freshwater abstraction (ML)	**767**	865
Water efficiency (reuse/recycle) (%)[1]	**96**	95
Water treatment (%)	**57**	57
Number of level 3 – 5 environmental incidents	**2**	1
People		
HDPs in management (%)	**76**	74
Women in management (%)	**29**	28

[1] The water efficiency value for 2021 was updated based on the revised calculation methodology which uses a disaggregated approach to include water reuse in washing plants with thickeners and filter presses. Further detail on the revised calculation methodology will be included in the Environmental, Social and Governance Report.

SAFETY

We operated fatality free for 2022. However, our colleague Mr Breeze Mahlangu tragically passed away on 28 February 2023 following complications after an accident at Zibulo in December 2022. This has been devastating for all of us at Thungela and a reminder that we must be unconditional about safety to ensure that everyone goes home unharmed every day.

There were 25 recordable injuries in 2022, the same number as in 2021, despite a reduction in working hours. This resulted in an increase in TRCFR to 1.41 for the year ended 31 December 2022 compared to 1.35 in 2021. To ensure we remain vigilant and keep safety top of mind at all times, we continue to emphasise the relentless application and management of critical controls, focused leadership interactions, and the identification and management of high-potential hazards across our operations.

ENVIRONMENTAL STEWARDSHIP

Mining in South Africa is strictly regulated. We aim to achieve and surpass legal compliance to ensure we not only avoid or minimise the potential adverse environmental impacts of our operations, but also deliver positive environmental outcomes. We regularly engage with the Department of Water and Sanitation (DWS) and the DMRE on issues related to compliance and permitting.

We remain steadfast in our commitment as a responsible corporate citizen to mitigate the impacts of the incident that occurred at the Khwezela Kromdraai site in February 2022, and we are working with all stakeholders to achieve a sustainable outcome. Given the complexity of the plan to rehabilitate the Wilge river system, we appointed a specialist technical consultant to assist with this task. Through collaboration with the Mpumalanga Tourism and Parks Agency (MTPA), we have also engaged a panel of independent experts to review the work that is carried out and to guide the rehabilitation effort.

We have taken the recommendations of this panel of experts onboard with a view to ensure that agreed actions are based on sound scientific principles.

We continue to engage the DWS on progress made against the action plan as well as results from the biomonitoring carried out in August and October 2022. We have made significant progress in achieving milestones which are critical to the overall rehabilitation process. These include:

- An intervention by the Hawks to remove large-scale illegal mining activities was completed.
- Accelerating the rehabilitation of the area which will reduce the ingress of water by increasing run-off.
- Reinstating water management infrastructure that was vandalised or stolen due to illegal mining activities. Additionally, we are investigating longer-term, modular treatment capacity to further treat water to discharge qualities.
- Establishing the Wilge river's EcoStatus through the two biological sampling exercises conducted in collaboration with the MTPA. The outputs of the sampling exercises were used to guide future interventions as well as monitoring and evaluation of the impacts of the interventions.

Thungela has set aside the necessary financial and human resources to implement the interventions contained in the rehabilitation plan. We continue to approach the rehabilitation with the necessary level of urgency and commitment, in collaboration with all relevant stakeholders.

WATER MANAGEMENT

The Goedehoop, Isibonelo and Mafube Collieries rely on fresh water from external sources and are working towards a reduction target of 20% by 2023, using 2015's 1,015ML as a baseline. The overall trend for 2022 indicates that the current import of water has decreased by 11% to 767ML from 865ML in 2021.

A target was also set to increase water reuse and recycling levels to 75%. We have exceeded this target by driving efficiencies across the water cycles. Water recycling and reuse rose from 95% in 2021 to 96% in 2022. This increase is attributed to concerted efforts at our Goedehoop Colliery to reduce freshwater intake and improve recycling.

We have again achieved and exceeded our annual target of 40% water treatment in 2022.

REHABILITATION AND CLOSURE PROVISIONS

The transition date of the NEMA Financial Provisioning Regulations, originally scheduled for February 2017, has been postponed on a number of occasions and most recently was deferred to 19 September 2023.

The fourth draft of the NEMA Financial Provisioning Regulations was released for comment on 11 July 2022, but no feedback has been received from the DFFE on comments submitted by the industry. The NEMA Financial Provisioning Regulations require the treatment of water to be provided for using the costs of 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.

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. The construction of a demonstration scale plant to further prove the effectiveness of passive water treatment was completed in June 2022. The demonstration plant uses bacteria to remove sulphates, neutralise water and remove metals to create a fit-for-purpose end-product that can be used in agriculture. The study will continue to treat different water qualities to optimise process parameters and inform the design of a full-scale plant that will be constructed at our closed Kromdraai site and later expanded to other operations.

We are also trialling the use of phytoremediation at our Goedehoop Colliery in collaboration with a leading South African university to address mine-impacted water.

Thungela is accelerating the rehabilitation and closure of the North West and Kromdraai pits at the Khwezela Colliery. This should also contribute to the prevention of illegal mining activities on our sites.

REDUCING OUR CARBON INTENSITY AND DEVELOPING INTERMEDIATE TARGETS

Following our commitment to net zero by 2050, subject to the requirements of the countries in which we operate and the markets we serve, we have done a full review of our intermediate emissions reduction targets which we are pleased to publish. Thungela aims to reduce our scope 1 and 2 emissions by 30% (off the baseline of our 2021 emissions) by 2030 on our pathway to net zero.

Total carbon dioxide equivalent (CO_2e) emissions in 2022 were 748kt compared to 819kt in 2021. This 8.7% reduction was driven by energy efficiency improvement projects and a reduction in production volumes due to TFR underperformance. Our carbon intensity decreased by 8.3% from 4.56kg CO_2 per total tonne moved in 2021 to 4.18 kg CO_2 per total tonne moved in 2022.

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Our energy intensity improved by 12% year-on-year from 19.04MJ per total tonne moved in 2021 to 16.81MJ per total tonne moved in 2022. We undertook extensive opportunity scoping during 2022 to identify energy saving projects at each of our operations and projects as well as opportunities for substitution of some of our fixed energy requirements with renewable energy.

Further detail on our climate change response strategy will be provided in our maiden Climate Change Report aligned with the recommendations of the TCFD that will be published together with the Environmental, Social and Governance Report in April 2023.

CREATING VALUE FOR A SHARED FUTURE

In keeping with our commitment to responsibly create value together for a shared future, we have contributed R896 million to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust related to our 2022 performance. This will make a meaningful impact in the lives of our people and empower the Nkulo Community Partnership Trust to create a legacy beyond the life of our mines.

The Sisonke Employee Empowerment Scheme paid its first allocation to eligible employees in December 2022. A decision was made to amend the payment date, originally set for 2024, to allow for employees to receive their benefit in the year that contributions are made to the trust. Employees participated in financial wellness training before receiving the award.

ESD is critical in South Africa as it supports economic growth and transformation imperatives. We proudly launched our ESD programme, Thuthukani, in June 2022. This joint initiative is focused on providing small enterprises in our host communities in Mpumalanga with hands-on entrepreneurial business support and mentorship, access to loan funding and technical development. It runs across the Thungela operational areas in the municipalities of eMalahleni, Steve Tshwete and Govan Mbeki and will contribute to the creation of a thriving small business sector in Mpumalanga.

We are intentional about our socio-economic development programmes and their desired impact. We have adopted an approach that guides the social initiatives we undertake as a business, linking them to business objectives and designing them to meet the impact goals we have set.

A highlight for Thungela in 2022 was the conclusion of a three-year wage agreement with the NUM. The agreement, which will run until May 2025, will see salary and salary-related allowances of bargaining unit employees increase by approximately 6% annually over three years.

We depend on a diverse team of high-performing individuals who have the right skills, expertise and mindset to achieve the highest levels of productivity – safely, without harm to the environment or the communities that host our mining sites. To this end, we launched the Thungela Leadership Academy in 2022, in partnership with a leading South African university.

We have seen an improvement in the levels of HDPs at management level from 74% in 2021 to 76% in 2022. Women in management also increased from 28% in 2021 to 29% in 2022, which is testament to our commitment to transformation in our business.

ILLEGAL MINING

Illegal mining operations in Mpumalanga continue to pose a challenge to our business. These are highly sophisticated operations and form part of organised crime networks.

These networks are increasingly turning to violence which puts the lives of our security personnel and employees at risk, while at the same time increasing criminal activity in the communities in which we operate. An additional effect experienced is the environmental degradation at the sites where the activities are taking place.

While Thungela continues to invest in security and specialised interventions, we remain dependent on law enforcement authorities, regulators such as the DMRE, and the judicial system to halt illegal mining syndicates. Tackling the issue requires a collaborative and well-resourced effort between industry, law enforcement and regulators. Thungela is an active member of the Mineral's Council's security cluster, where industry members collaborate on dealing with criminality. Thungela will continue to work with the relevant authorities to combat illegal mining at our operations.

GOVERNANCE

The board remains committed to supporting management in decision-making and driving its agenda on critical matters, including ESG related matters. The board also recognises 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.

The Thungela remuneration and nomination committee approved the linking of 30% of the LTIP awards for senior management to ESG metrics, which are aligned with our ambitions.

Full details related to our ESG approach and performance are included in the Environmental, Social and Governance Report available at www.thungela.com.

OUR CONTRIBUTION TO SOCIETY

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

SISONKE EMPLOYEE EMPOWERMENT SCHEME

R448 MILLION

In 2022 the trust received a total contribution of **R448 million**, of which R250 million was paid to eligible employees in December 2022. The additional contribution announced in March 2023 of R198 million will be paid to eligible employee beneficiaries within three months from the payment date of the dividends in line with the trust deed.

NKULO COMMUNITY PARTNERSHIP TRUST

R448 MILLION

In keeping with our commitment to create shared value, the trust received a total contribution of **R448 million**, related to the 2022 performance. The trust was founded to deliver socio-economic development programmes for the upliftment of local communities. It will be administered by a board of trustees and work has commenced updating the trust deed to ensure the value that is created by Thungela flows to the intended beneficiaries.

HOST COMMUNITY PROCUREMENT

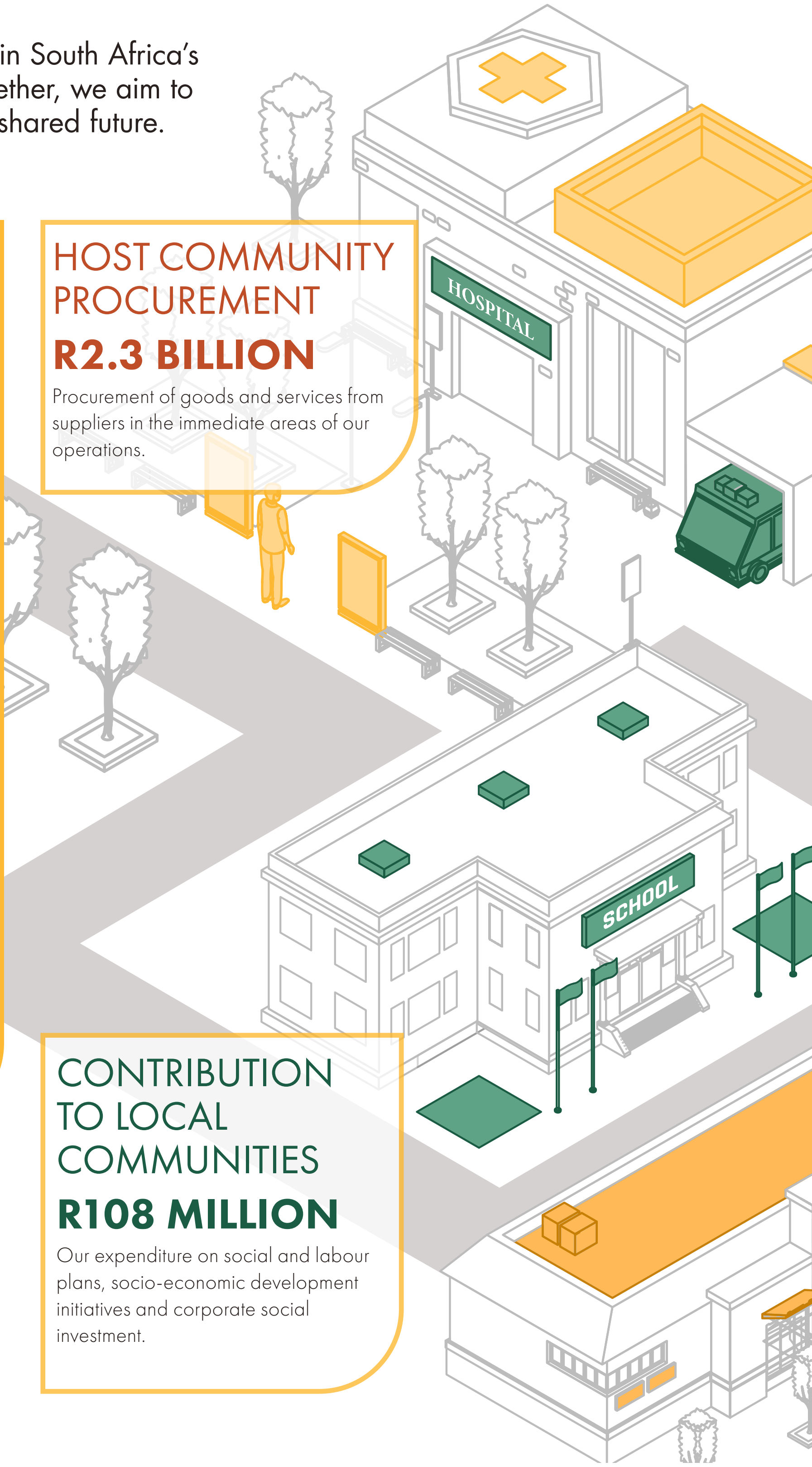
R2.3 BILLION

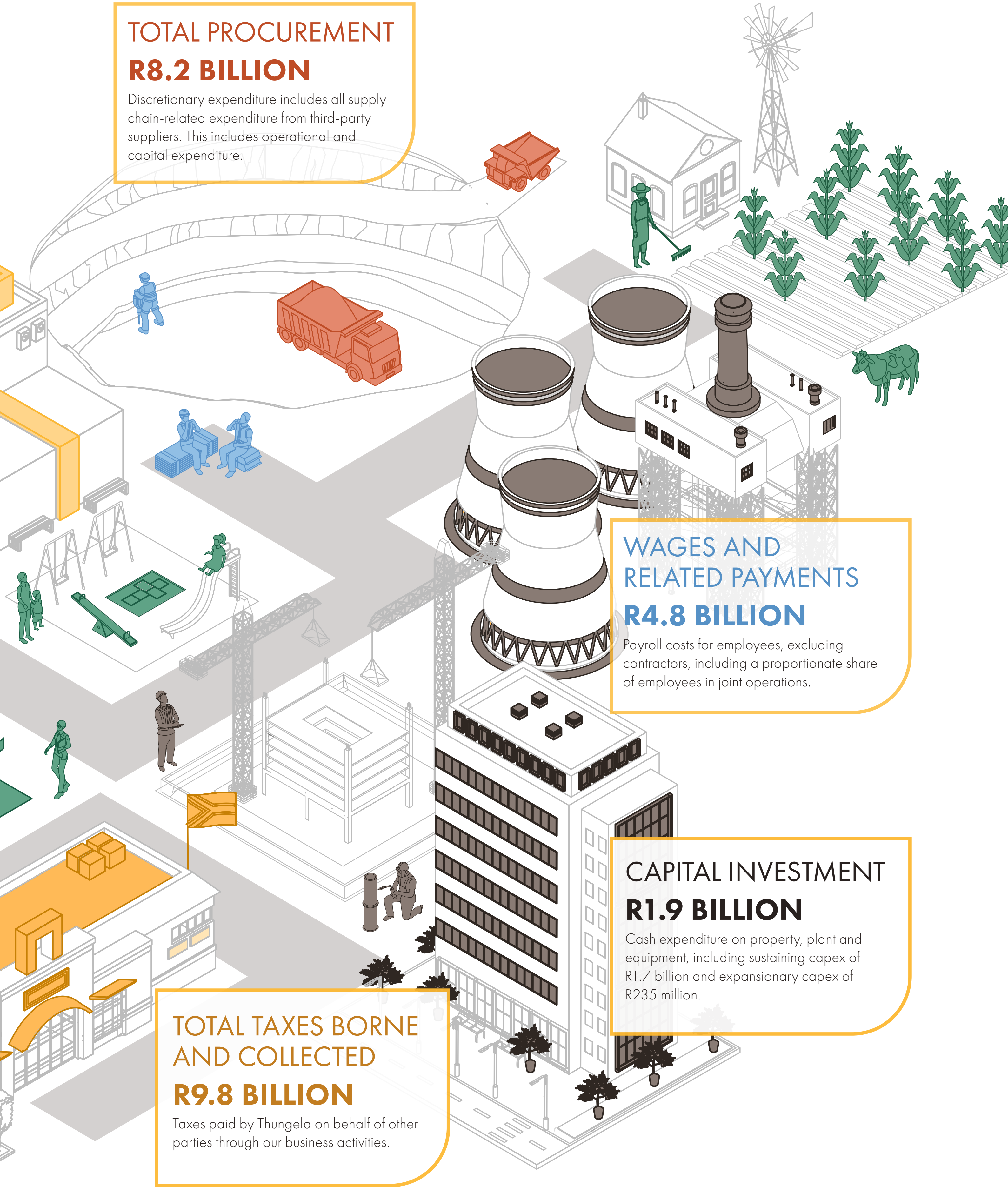
Procurement of goods and services from suppliers in the immediate areas of our operations.

CONTRIBUTION TO LOCAL COMMUNITIES

R108 MILLION

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





TOTAL PROCUREMENT

R8.2 BILLION

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

WAGES AND RELATED PAYMENTS

R4.8 BILLION

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

CAPITAL INVESTMENT

R1.9 BILLION

Cash expenditure on property, plant and equipment, including sustaining capex of R1.7 billion and expansionary capex of R235 million.

TOTAL TAXES BORNE AND COLLECTED

R9.8 BILLION

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

CONDUCTING BUSINESS ETHICALLY AND IN LINE WITH GOOD CORPORATE GOVERNANCE PRACTICES IS A PRIORITY FOR THUNGELA.

06 GOVERNANCE

ETHICAL LEADERSHIP

Conducting business ethically in line with good corporate governance practices is a key priority for Thungela, as it is in the best interest of our stakeholders and helps us remain responsible and accountable. Due processes of disclosure and transparency are followed to provide regulators and shareholders, as well as the general public, with accurate information about financial, operational and other aspects of the Group.

As a Group, we are 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.

Thungela adheres to board composition requirements set out in our inclusion and diversity policy, incorporating consideration of all aspects of diversity, including gender, race, culture, age, field of knowledge, tenure, skills and experience which is evident from the current board appointees. It also commits to transparent and fair executive pay structures, linked to ESG performance as applicable in South Africa and the United Kingdom, 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 this is integrated into the Group's strategies, policies, standards, practices and procedures. High standards of corporate governance support our pursuit of achieving business sustainability, as well as enhancing accountability, transparency and effective compliance.

In addition, the Group:

- Commits to proactively identify and assess the risks and opportunities to the business, and to develop and implement strategies to address these.
- Promotes diversity and inclusion on its board, and throughout the organisation.
- Implemented strategies to promote equality and develop a workforce that is diverse in terms of race, age, culture, skills, sexual orientation and gender.
- Has zero tolerance for corruption and has implemented policies, procedures and associated training to ensure that this is achieved.
- Implemented policies and initiatives to, among other things, encourage the reporting of inappropriate behaviour and protect whistle-blowers, encourage tax transparency and discourage anti-competitive practices.

COMMITMENT

The Group commits to principles of sound governance and the application of the highest ethical standards in the conduct of its business and affairs and 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 also 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.

The board comprises directors with an age range from 45 to 63, with an average age of 55 years. The board comprises four black males, two black females and two white males.

The knowledge and experience of the board is diverse, with board members having accounting, financial, technical, engineering, sustainability, and management skills, as reflected in their *curricula vitaes* as available on our website at www.thungela.com/about-us/who-we-are.

ETHICS AND CODE OF CONDUCT

Thungela promotes ethical business conduct through the implementation of the Group's business integrity policy, code of conduct and antitrust policy and has clear governance structures that are charged with ethics management and monitoring. 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 the Group conducts itself, the way it does business, and the behaviour expected of them at all times.

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. The ethics function is shared between the office of the company secretary and human resources disciplines. The board is ultimately responsible for the ethics function at Thungela.

A corporate governance policy has been put in place, which was approved by the board in February 2022. The policy speaks to compliance with King IV, regulatory compliance, trading in securities, the role of the board and board committees, the role of the CEO, and the role of the Group executive committee, as well as the governance structure and the approvals framework.

The Group rolled out online training with a focus on business integrity and the code of conduct. Face-to-face training commenced shortly thereafter at sites for employees with little to no access to the internet.

Thungela achieved a fully compliant audit for an internal audit done on both the Thungela business integrity and code of conduct policies in 2022.

INTERNAL COMMUNICATION

The Group frequently communicates company policies, ethics and reminders of sections of the code of conduct through a weekly Thungela newsletter, which is a communication method created by corporate affairs.

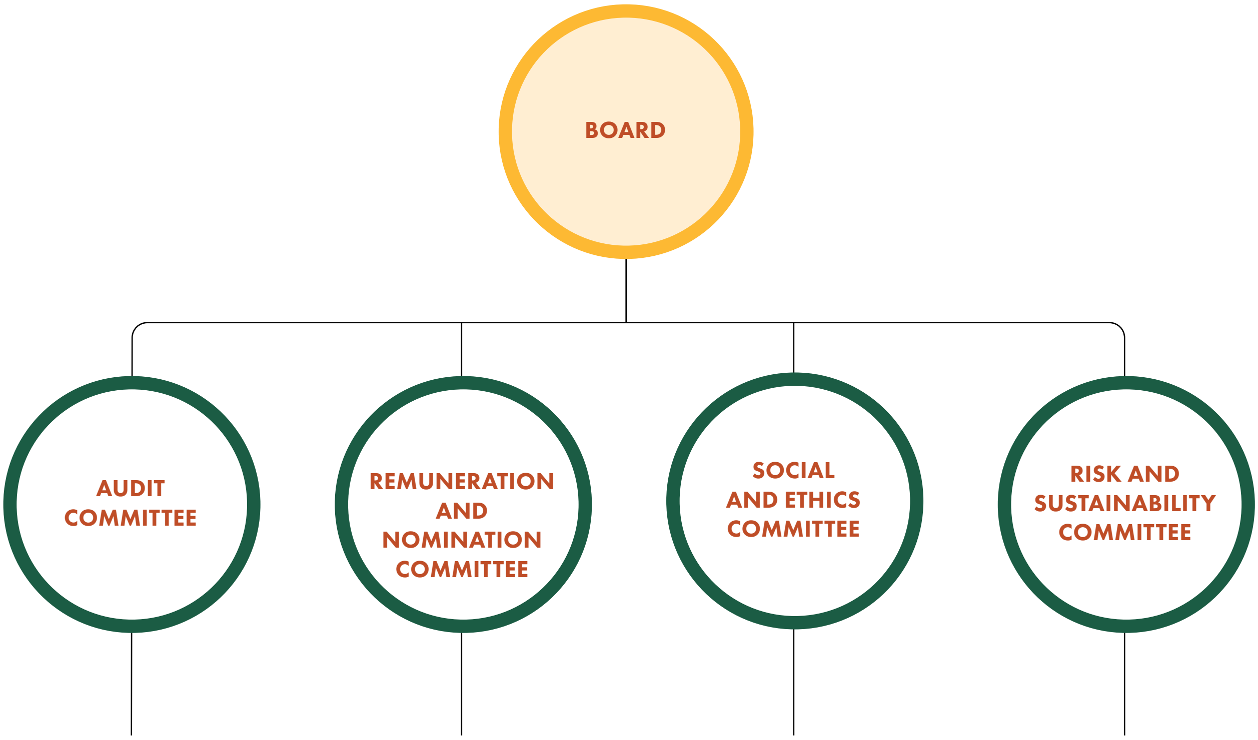
WHISTLE-BLOWING

A whistle-blowing hotline has been put in place and is managed by an external party, which supports anonymity and confidentiality. The process is frequently communicated to employees through weekly staff communication methods and face-to-face refresher training. The hotline is available to all employees, contractors, suppliers and broader stakeholders. Whistle-blowers are able to raise reports and receive feedback in all 11 official South African languages. The audit committee regularly reviews a summary of the whistle-blowing reports to identify possible trends and corrective action required.

During the year the hotline was contacted 109 times resulting in 23 reports being registered, with 17 of these reports being resolved by 31 December 2022. Of the 17 resolved cases, only two were proven, and the necessary corrective measures and disciplinary actions were taken.

Fairness and transparency are exercised during all investigations 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 on a bi-annual basis.

CORPORATE GOVERNANCE



Audit Committee: Required to report annually to shareholders 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, IT, and sustainability with focus on safety, health and the environment, and decides on the Group's risk appetite.

THE BOARD

The board is the ultimate decision-making body of the Group, except in respect of matters reserved for shareholders, and has delegated responsibility to the CEO, the CFO and the Group executive committee, who are provided with clear definitions of their responsibilities and accountabilities. The Group executive committee's 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 provides the board with a mechanism and outcomes with which to assess its governance performance and make improvements if necessary.

MEMBERSHIP

The members of the board, as appointed at the most recent AGM, are as follows:

- Sango Ntsaluba (Chairman)
- Kholeka Mzondeki
- Thero Setiloane
- Ben Kodisang
- Seamus French
- Yoza Jekwa
- July Ndlovu (CEO)
- Deon Smith (CFO)

ROLES AND RESPONSIBILITIES

The key roles and responsibilities of the board include, *inter alia*, the following:

- Providing the Group with clear strategic direction.
- Ensuring that there is adequate succession planning at senior levels.
- Reviewing operational performance and management.
- Reviewing policies and processes that seek to ensure the integrity of the Group's risk management and internal controls.
- Ensuring the implementation of, and compliance to, strict governance processes and procedures with a zero tolerance for fraud or corruption.
- Ensuring the business operates safely.
- Focusing on climate change driving the pathway to zero emissions.

The Thungela board and the Group executive committee work together to create 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 memorandum of incorporation (MOI). Both the board charter and the MOI are available on the Thungela website. 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. The framework is reviewed annually to ensure relevance to current market and economic conditions.

COMMITMENTS

The board has made a number of commitments to operating in line with relevant regulations, and the board acknowledges that:

- It 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 and all other relevant regulatory requirements.
- It endorses the principles of King IV and recognises 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.
- It is ultimately responsible for the performance of the Group.
- It is responsible for ensuring that the Group complies with its obligations in line with the UK Listing Rules, MAR and the UK Disclosure Guidance and Transparency Rules.
- It accepts its responsibility around climate change with particular focus on water management, rehabilitation, the environment, carbon emissions, and climate change reporting requirements.

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BOARD COMPOSITION

The board consists of eight members, with two executive directors, and six independent non-executive directors. In accordance with the board charter, the composition reflects a majority of non-executive directors. 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. Thero Setiloane will retire for re-election at the upcoming AGM to start the process of rotation. Also, as stipulated in the MOI, all newly appointed board members must retire at the first AGM following their appointment, therefore Yoza Jekwa will be retiring for re-election at the upcoming AGM.

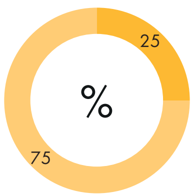
Any non-executive director whose term of office exceeds nine years will be subject to a rigorous annual review by the remuneration and nomination committee, for onward recommendation to the board, taking into account their performance and independence. A statement as to such director's independence will 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, 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 for nomination to the board by the remuneration and nomination committee, subject to final approval by the board. The remuneration and nomination committee follows a transparent and formal process in recommending suitable candidates for the board's consideration. 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.

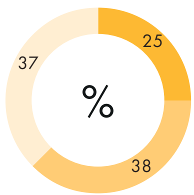
The board comprises an appropriate mix of knowledge, skills, experience, diversity and independence to provide the necessary breadth and depth of knowledge and experience to meet its objectives and responsibilities objectively and efficiently. This is assessed annually by the chairman of the board in consultation with the remuneration and nomination committee.

BOARD COMPOSITION



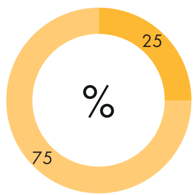
- Executive directors
- Independent non-executive directors

AGE DIVERSITY



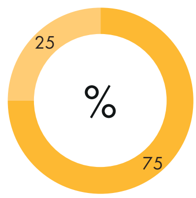
- 40 to 49
- 50 to 59
- 60 to 69

GENDER DIVERSITY



- Female
- Male

ETHNICITY



- Black
- White

BOARD AND DIRECTORS' PERFORMANCE EVALUATION

The performance of the board, the board committees and individual directors are evaluated annually against the relevant principles of King IV and other measures. This evaluation provides the board with a mechanism and outcomes that help assess its governance performance and make improvements where necessary. In 2022, the services of an external service provider, were contracted to conclude the evaluation process. Feedback from the process to the remuneration and nomination committee, and finally to the board was completed in November. The board was rated as highly effective, committed, and decisive, with the appropriate skills, experience and diversity. Management was rated as competent, and the feedback noted that the board has a good relationship with management.

The chairman of the board, board committees, company secretary, CEO and CFO were all rated as highly effective and competent, and scores achieved were rated as excellent.

INCLUSION AND DIVERSITY POLICY

In order to add additional valuable skills and further diversify the board, Yoza Jekwa was appointed as an independent non-executive director on 12 August 2022 and has completed her induction process. The process is run by the company secretary and includes her meeting with the Thungela Group executive committee and other management team members. Since her appointment, Yoza Jekwa has been actively involved in a number of projects and also attended the November board meeting held at one of the sites in person.

The Group recognises and embraces the benefits of having a diverse and inclusive board and workforce as an essential element in maintaining a competitive advantage. In this regard, the board has adopted the Thungela inclusion and diversity policy, applicable to the board and the workforce, 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.

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 remuneration and nomination committee annually reviews and considers whether the board size, diversity and demographics make it effective. The assessment done in November provided positive feedback to the board and expressed a high level of comfort in the independence of individual board members.

KEY FOCUS AREAS FOR 2022

During the year the Thungela board addressed the following areas, each of which may have a material bearing on the Group's ability to create long-term value for its shareholders and other stakeholders:

- Reviewed and approved on recommendation by the audit committee the Interim Financial Statements, Annual Financial Statements, the Integrated Annual Report, the notice of the AGM, and other required documents for publication.
- Constantly monitored and reviewed the Group's performance in terms of safety, health and the environment, and operating a fatality-free business.
- Reviewed and approved on recommendation by the social and ethics committee the Environmental, Social and Governance Report and Climate Change Report for publication.
- Discussed the Group's strategy at the board strategy workshop, and continuously reviewed the Group strategy for relevance.
- Reviewed and approved the 2023 budget on recommendation by the audit committee.
- Reviewed important matters dealt with at the audit, risk and sustainability, social and ethics, and remuneration and nomination committees.
- Approved new and updated Thungela policies based on the recommendations from the various board committees.
- Reviewed the CEO business performance update on a quarterly basis against targets set.
- Reviewed and approved the B-BBEE Form and Compliance Report for submission to the B-BBEE commission on recommendation by the social and ethics committee.
- Reviewed and considered feedback on the board and committee evaluation process from the remuneration and nomination committee.
- Appointed an additional black female independent non-executive director to the board on recommendation by the remuneration and nomination committee, to align with the inclusion and diversity policy and add additional valuable skills to the board.
- Approved the going concern analysis, and solvency and liquidity assessments on recommendation from the audit committee.
- Approved the final and interim dividend declaration in line with the proposed capital allocation structure.
- Nominated the independent external auditor for recommendation for appointment by the shareholders at the AGM on recommendation by the audit committee.
- Approved updated terms of references for all board committees.
- Prepared for and successfully executed the inaugural AGM as a listed business.
- Approved the acquisition of the remaining interest in AAIC through the issue of Thungela shares.
- Approved the initial contribution of R1.2 billion into a self-insurance structure which will serve as an additional insurance funding mechanism.
- Approved the Elders production replacement project.
- Recommended the 2023 non-executive directors fees on recommendation by the remuneration and nomination committee for shareholder approval at the forthcoming AGM.
- Approved the remuneration report on recommendation by the remuneration and nomination committee for inclusion in this Integrated Annual Report.
- Approved the social and ethics committee report on recommendation by the social and ethics committee for inclusion in this Integrated Annual Report.
- Approved the risk and sustainability committee report on recommendation by the risk and sustainability committee for inclusion in this Integrated Annual Report.
- Approved the audit committee report on recommendation by the audit committee for inclusion in the Annual Financial Statements.

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KEY FOCUS AREAS FOR 2023

Key focus areas for the board in the year ending 31 December 2023 will be, among others:

- Operating a fatality-free business.
- Safety, health and the environment.
- Continued development and training of board members to become a world class board.
- Developing internal employees' board skills through mentoring.
- Appointing a lead independent non-executive director.
- Consider for approval the revised governance structure and proposed memberships of the committees in the structure on recommendation by remuneration and nomination committee to align to market best practice and business requirements.
- Intensifying its focus on infrastructure challenges such as TFR and power availability.
- Further refining the strategy of Thungela to ensure a sustainable business plan and to be clear on diversification.
- Continued management of cost in line with business requirements.
- B-BBEE aspirations.
- Social risk and impacts of mine closures.
- Pathway to zero emissions and decarbonisation.
- Rehabilitation, water management and high-risk underground water structures.
- Reviewing financial and business performance against set targets.
- Continued assessment of possible diversification options for the Group in line with the strategic priorities of Thungela.
- Reviewing the overall integration approach to the Ensham Business once the transaction completes, and the overall management thereof as required.

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 responsibilities for various aspects of the business.

The board also appoints special subcommittees to deal with urgent and business critical matters to assist the board in making strategic, business critical decisions.

The composition of the board and board committees is subject to ongoing review, and changes proposed to this structure will be announced in due course as approved by the board.

The current composition of each of the committees is set out below:

The responsibilities delegated to each committee are formally documented in their respective terms of reference, which have been approved by the board and are reviewed annually.

Copies of the latest approved terms of reference are available on the Thungela website.

Audit committee	Remuneration and nomination committee	Social and ethics committee	Risk and sustainability committee
Kholeka Mzondeki (chairman) **Ben Kodisang** **Thero Setiloane**	**Ben Kodisang (chairman)** **Seamus French** **Kholeka Mzondeki** **Sango Ntsaluba**	**Thero Setiloane (chairman)** **Seamus French** **Lesego Mataboge[1]** **July Ndlovu** **Sango Ntsaluba** **Yoza Jekwa**	**Sango Ntsaluba (chairman)** **Seamus French** **Ben Kodisang** **Kholeka Mzondeki** **July Ndlovu** **Thero Setiloane**
See pages 22 to 25 of the Annual Financial Statements for full report.	See page 98 to 122 for full report.	See page 124 and 125 for full report.	See page 126 and 127 for full report.
Focus areas			
Required to report annually to shareholders and oversees the Group's accounting and financial reporting, external audit, integrated reporting and combined assurance.	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.	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.	Overall oversight of Group risk, IT, sustainability, with focus on safety, health and the environment, and decides on the Group's risk appetite.

1 Lesego Mataboge, the executive head of human resources, is a member of the social and ethics committee.

BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE

Member	Board	Audit committee	Remuneration and nomination committee	Social and ethics committee	Risk and sustainability committee
SS Ntsaluba	8/8	Invitee	2/3	2/2	4/4
KW Mzondeki	8/8	6/6	3/3	–	4/4
TML Setiloane	8/8	5/6	–	2/2	4/4
BM Kodisang	7/8	6/6	3/3	–	3/4
SG French	7/8	–	2/3	2/2	4/4
YN Jekwa[1]	2/2	–	–	–	–
J Ndlovu	8/8	Invitee	Invitee	2/2	4/4
GF Smith	8/8	Invitee	Invitee	–	Invitee
L Mataboge[2]	–	–	–	2/2	–
Regularly scheduled | ad hoc[3]	*4 | 4*	*4 | 2*	*2 | 1*	*2 | –*	*4 | –*

1 Appointed as an independent non-executive director with effect from 12 August 2022.
2 Lesego Mataboge, the executive head of human resources, attended the meetings as member.
3 The board and subcommittees held *ad hoc* meetings throughout the year in addition to regularly scheduled meetings to discuss various time critical matters.

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 legal and risk and assurance teams. Supervision of 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 outlined in King IV after conducting a self-assessment and is monitoring the application of the recommended practices on a consistent basis.

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 which is available at https://www.thungela.com/investors/corporate-governance.

INTERNAL ASSURANCE

The internal risk and assurance function provides independent and objective assurance over Thungela's risk management, internal controls, governance, and the processes in place for ensuring the effectiveness and efficiency of the internal control environment.

REGULATORY COMPLIANCE

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 in April 2023 and submitted to the JSE as required.

TRADING IN SECURITIES

Thungela has developed and published on its internal website a dealing code for the dealing in securities, which is aligned with the JSE Listings Requirements. The dealing code sets out provisions on how trade in Thungela shares should be conducted by Thungela directors, prescribed officers, the company secretary and restricted employees. The dealing 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 chairman 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 Thungela shares by themselves or their associates.

The JSE Listings Requirements defines a period during which trading is prohibited in Thungela shares (i.e. 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, company secretary or restricted employee 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 restricted 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.

All instances of non-compliance with the dealing code and the JSE Listings Requirements have been reported to the JSE as identified, and the appropriate actions were taken.

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. The Group is satisfied that the sponsor has executed its mandate with due care and diligence for the year under review.

COMPANY SECRETARY

The Group's company secretary is Francois Klem. He has been appointed in line with 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 Thungela MOI or Companies Act of South Africa.
- Certifying in the relevant annual financial statements that all of the companies in the Group have filed the required notices and returns timeously in accordance with the Companies Act of South Africa.
- Ensuring that the Group's interim and annual financial statements and reports are properly distributed.
- Carrying out the other functions required of a company secretary by the Companies Act of South Africa, the JSE Listings Requirements and the UK Listing Rules.
- 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.
- Drafting and distributing the notice of the AGM to all shareholders.
- Drafting and release of announcements on both SENS and RNS.
- Assisting with director induction and training programmes.
- Assisting with the board evaluation process done by an external service provider, and the internal board evaluation process.
- Acting as a business integrity implementation manager for the Group and supporting human resources with the code of conduct implementation, training and awareness process.
- Taking responsibility for the antitrust policy roll-out and awareness including dawn raids.
- Assisting in the drafting of the governance sections of the Integrated Annual Report and the Environmental, Social and Governance Report, as well as the audit, social and ethics, risk and sustainability, and remuneration and nomination committee reports.

The board has considered and satisfied itself as to the competence, qualifications and experience of the company secretary. The board is further satisfied that in executing his duties of governance and administration, Francois Klem maintains an arms-length relationship with the board and its directors.

INFORMATION TECHNOLOGY AND GOVERNANCE

The risk and sustainability committee is responsible for reviewing and approving an IT governance framework, which delegates to management the responsibility for the implementation thereof. The IM function is responsible for the implementation of a holistic approach to managing corporate information by implementing processes, roles, controls and metrics that treat information as a valuable business asset. Currently, the IM function is completing the separation process from Anglo American, with the aim to conclude the process largely by the end of 2023. Quarterly progress updates are presented to the risk and sustainability committee, which reports into the quarterly board meeting.

REMUNERATION REPORT

REMUNERATION AND NOMINATION COMMITTEE

Chairman
Ben Kodisang
Members
Sango Ntsaluba
Seamus French
Kholeka Mzondeki

The purpose of the Thungela remuneration and nomination committee (RemCo) is to support the board in executing its duties. Through the RemCo, the board ensures that an appropriate remuneration policy is implemented to support the delivery of the Group's strategy on fair, responsible and transparent remuneration and to approve the elements of remuneration for executive directors and prescribed officers.

The RemCo confirms that it has complied with its obligations as reflected in the terms of reference, a copy of which is available at www.thungela.com. The committee has also complied with the provisions of the guidance contained in King IV related to remuneration governance and the applicable JSE Listings Requirements.

The RemCo is pleased to provide the remuneration report for Thungela for the year ended 31 December 2022. The report is presented in three parts, in line with the relevant best practice as outlined in King IV and the JSE Listings Requirements.

Section 1: Background statement	Section 2: Remuneration philosophy and policy	Section 3: Implementation report
Providing the overall context of the report and highlighting specific matters of particular significance for remuneration decisions.	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

CONTINUING OUR REMUNERATION JOURNEY

In 2022, Thungela charted its own path in relation to remuneration reflecting the RemCo taking full responsibility to ensure that our decisions on remuneration continue to create value responsibly for all of our stakeholders.

Thungela has faced multiple challenges that have not made this a straightforward process. These challenges exist at local, regional and global levels and we have considered this context as part of our decision making as the RemCo.

This report outlines how Thungela drives fair and responsible remuneration and drives the delivery of value for all of its stakeholders.

DELIVERING IN A YEAR OF COMPLEXITY AND VOLATILITY

Thungela has once again delivered exceptional results while executing its strategic priorities across several fronts. These results are reflected in the review of financial performance set out on pages 60 to 69. The key financial and operational outcomes that were considered by the RemCo in relation to the remuneration decisions set out in this report are the following:

- Adjusted EBITDA$^{\Delta}$ of R29.5 billion (2021: R10.0 billion)
- Adjusted operating free cash flow$^{\Delta}$ of R18.1 billion (2021: R3.9 billion)
- FOB cost per export tonne$^{\Delta}$ of R1,079 (2021: R830)
- Export saleable production of 13.1Mt (2021: 14.5Mt)

Following the environmental incident at Khwezela's Kromdraai site in February 2022, Thungela has driven a comprehensive programme with multiple stakeholders to remedy the affected area and put additional controls in place. TRCFR has increased to 1.41 (2021: 1.35), and the Group continues to drive multiple programmes to support continuous improvement in its safety culture and practices. Furthermore, it has delivered an annual reduction in our carbon intensity of 8.3% (2021: 0.9%).

Thungela continued to operate within a very uncertain environment during the year with several factors influencing results, namely:
- The continued poor rail performance resulting from the operational issues experienced by TFR.
- Unusual levels of inflation largely driven by the Russian invasion of Ukraine in February 2022 and its continuation throughout the year.
- Elevated coal prices driven by various external market factors, as set out on pages 38 and 39.

These factors are external and non-controllable, but Thungela has managed the impacts through the continued focus on the delivery of our strategic priorities. The Group's level of delivery, despite these challenges, has been considered by the RemCo in relation to the outcomes of the short-term incentives (STI) for 2022.

THE EVOLUTION OF OUR REMUNERATION POLICY

The RemCo and the board are acutely aware of the requirement for fairness and transparency in corporate remuneration policies, especially given the volatility of the markets and the ongoing increases in inflation and interest rates in South Africa and beyond. We aim to diligently evolve our remuneration policy to provide the correct balance between various stakeholder interests and Thungela's ability to attract, retain and engage people with the skills and talent to power the delivery of our purpose. Balancing these various interests was key for us in the process of evolving our remuneration policy in 2022.

Key remuneration decisions by the RemCo in 2022:
- Approved the updated remuneration policy for the Group.
- Approved specific policies governing retention awards, sign-on awards, and minimum shareholding requirements (MSR).
- Approved the updated performance management process and subsequent adjustments to our STI structure for middle management employees.
- Approved retention payments for highly critical employees and ensured that proposals remain in line with approved policy.
- Awarded annual increases to the executive directors, prescribed officers, the company secretary, and management personnel as of 1 January 2023.
- Granted our second conditional share award under the approved remuneration policy which will vest in 2025 based on performance for the period 1 January 2022 to 31 December 2024.
- Approved the 2021 performance outcomes, STIs and deferred bonus share (DBS) awards for executive directors, prescribed officers, and other applicable employees.
- Recommended for board support and shareholder approval the proposed non-executive director fees.

Our commitment to fair and responsible remuneration practice was a key focus area in 2022. During the year we initiated a detailed review of the vertical pay gap between our highest and lowest paid employees. We are monitoring our vertical pay gap by tracking three different measures, namely:
- The Gini coefficient: a measure of the distribution of income across a population, which uses coefficient ranges from 0 to 1 as an index, with 0 representing perfect equality and 1 representing perfect inequality. It compares the cumulative proportions of the population against the cumulative proportions of income they receive.
- The Palma ratio: a ratio of all income received by the 10% of people with highest income divided by the share of income received by the 40% of people with the lowest income.
- The 5:5 ratio: the total or average earnings of the top 5% of the workforce, divided by the total or average earnings of the 5% of the workforce that earns the least.

All of these are measured using the total on-target remuneration of the employees. Currently Thungela's vertical pay gap is lower than the South African general market and the South African mining average, but we will continue to focus on these metrics.

We are also continuing to analyse various other measures of fair and responsible remuneration by tracking them through ongoing analyses of income differentials, horizontal pay gaps and pay equity outliers, while investigating how to drive and track fair and responsible remuneration as part of our sustainability strategy.

Focus areas for the RemCo in 2023:
- Further enhancing our current STI structure through detailed review of the impact of the new performance management process and STI calculation.
- Monitoring the potential governance implications of the draft Companies Act bill.
- Driving closer alignment between the strategic pillars of the business and remuneration.
- Continued assessment and expansion of pay gap measures to review and understand the level of pay fairness and equality.

VOTING ON REMUNERATION AND SHAREHOLDER ENGAGEMENT

At Thungela's most recent AGM, the Group's shareholders took part in a non-binding advisory vote on the remuneration policy, its implementation and non-executive directors' fees.

The results of the non-binding advisory votes received for Thungela's inaugural remuneration report last year are as follows:

AGM voting outcomes	(%)
Remuneration policy	94.00
Implementation report	91.11
Non-executive directors' fees	98.25

Although the voting outcomes were favourable, we have taken the opportunity to constructively engage with our shareholders to understand some of the reasons for the dissenting votes.

The two key issues that were raised by some investors in these engagements were:

Issue raised	Response
General lack of detail in some aspects of the remuneration report	In this remuneration report we have included more detail specifically on the long-term incentive (LTI) and STI metrics to ensure higher levels of transparency.
Inclusion of dividend yield as a metric in our long-term incentive plan	On 15 November 2022, the RemCo decided to remove dividend yield as a metric for the long-term incentive plan (LTIP) in the updated remuneration policy. This will be effective for awards granted in 2023.

We will present our remuneration policy and implementation report, contained respectively in section 2 and section 3 of this remuneration report, for two separate, non-binding votes at the AGM on 31 May 2023.

If 25% or more of shareholders vote against either or both of these sections, Thungela will include a note as such in the announcement reflecting the results of the AGM. Any dissenting shareholders will also be invited to engage with Thungela. The method of shareholder engagement will be decided by the RemCo, and could include:

- E-mails and video conferencing
- Investor roadshows
- One-on-one meetings with shareholders

A summary of concerns and the RemCo response will be included in the remuneration report for the year ending 31 December 2023.

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 RemCo has received advice from Bowmans, a leading African law firm, related to the development of the remuneration policy and governance framework, and Bowmans has also independently advised the RemCo in relation to the benchmarking of executive and non-executive remuneration. Additional benchmarking data was received from RemChannel. The Group's independent external auditor, PwC, has not provided advice to the committee. Bowmans will continue as the RemCo advisor until 31 December 2023.

We are satisfied that this advice was independent and objective.

CONCLUSION

The past year has been one in which Thungela continued to deliver value in a complex and highly volatile environment. It has also seen Thungela really establishing itself as a value creating company for all of its stakeholders.

We are of the opinion that the remuneration policy achieved its objectives in 2022 and we look forward to engaging with our stakeholders to ensure we continue evolving and that our approach to remuneration enables the effective delivery of our purpose and strategy.

Ben Kodisang
Remuneration and nomination committee chairman

26 April 2023

SECTION 2: REMUNERATION PHILOSOPHY AND POLICY

REMUNERATION PHILOSOPHY

Thungela's reward philosophy underpins the Group's strategy by focusing on delivering a high-performance culture. This culture allows our employees to continually reinforce our purpose and values through their ongoing performance.

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.

APPLICATION OF THE REMUNERATION POLICY

Our remuneration policy applies to the whole of Thungela and all subsidiaries on an organisation-wide basis, unless otherwise agreed. In instances where Thungela does not have effective management control, this policy will apply as far as it has been agreed with the other shareholders.

REMUNERATION PRINCIPLES

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.

1	**Alignment with Group strategy and culture**	Remuneration practices are constantly re-assessed to ensure that they are aligned with the Group's strategy and support the entrenchment of its values and leadership behaviours.
2	**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.
3	**Internal equity**	Reward is managed to adhere to the principle of responsible, equal, fair, and competitive pay.
4	**Link with stakeholder interests**	Incentive-based rewards are linked to achieving excellence and aligned with stakeholder interests over the short, medium and long term.
5	**Risk-based approach**	LTI schemes are designed and applied to minimise stakeholder exposure to unreasonable risk.
6	**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.
7	**Communication**	Transparent communication of the reward policy and implementation to all our stakeholders through ongoing engagement using various channels.

REMUNERATION ELEMENTS

The RemCo, in collaboration with management and 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 (being fixed remuneration, STIs and LTIs) 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
- STIs comprised of cash payments and DBS awards
- LTIs

Fixed remuneration

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

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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 the fund.

Short-term incentives

The original structure and process of our STI was inherited from Anglo American.

At the end of 2021, we embarked on a process to redesign our performance management process as well as reconsidering the structure of our STI.

Based on support from external parties, engagement with internal stakeholders and considering market views related to performance management, we reintroduced the concept of individual results into our performance management process and our STI calculation. We have kept the additive approach, but the STI calculation now comprises business results and individual results as the two legs of performance measurement.

The calculation of the STI for senior management and above employees is outlined below:

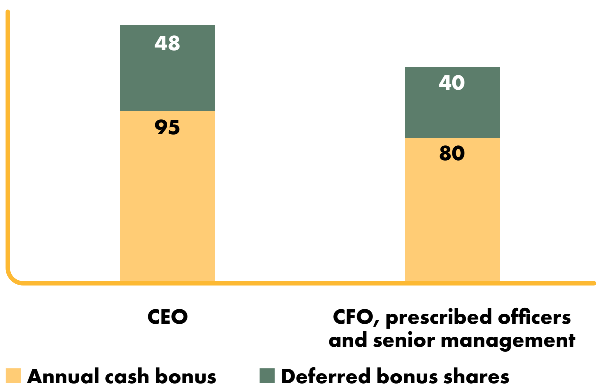
Business results are measured by an overall scorecard approved by the RemCo on an annual basis. The scorecard is split into four performance categories with 10 overarching metrics, namely:

Performance Category	Metric | Measure	Weighting (%)
Safety and Health 10%	**TRCFR** | % improvement on average for the previous 3 years	5
	HIV % treatment | % of employees who know their status	5
ESG 10%	**Level 4 – 5 environmental incidents** | number of incidents	2.5
	Energy intensity | % of annual improvement (year-on-year)	2.5
	Inclusive procurement | % of addressable spend	2.5
	Inclusion and diversity | % HDPs in management	2.5
Production 30%	**Export saleable production** | number of export saleable production tonnes	20
	FOB cost per export tonne[Δ] | FOB cost per export tonne excluding royalties[Δ] (Rand/tonne)	10
Finance 20%	**Adjusted EBITDA**[Δ] | Rand million	10
	Adjusted operating free cash flow[Δ] | Rand million	10

Our annual STI is designed to encourage and reward taking responsibility for the success of Thungela by continually delivering with an owner's mindset. Based on the design principles of the new performance management process we also worked with our external reward advisor to redesign the STI structure for our middle management employees to:

- Ensure that our STIs are distributed more fairly across our different bands
- Create an ownership culture
- Attract and retain talent
- Align with market best practice

The maximum STI award as a percentage of basic salary is outlined below:



More details of the composition of the STI performance conditions are provided in the implementation report, together with the outcomes for the 2022 financial year as it relates to executive remuneration.

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 Thungela 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. Dividends paid on underlying shares are rolled up into the award and are settled as dividend equivalent shares on the vesting date, if and to the extent the awards vest.

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

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

Forfeitable share awards

Annual or *ad hoc* awards of shares in Thungela, 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. *Governance: remuneration policy*
Sign-on shares	Used to compensate new employees for share values forfeited as a result of joining Thungela. *Governance: remuneration policy and sign-on award policy*
Retention shares	Used in limited instances to retain key talent below the executive committee level. *Governance: remuneration policy and retention award policy*
Milestone shares	Used to award senior employees achieving agreed milestones i.e. delivery of key projects or corporate finance events. *Governance: remuneration policy*

BENCHMARKING

We make use of reputable surveys i.e., RemChannel to provide points of comparison for determining external equity within our remuneration environment. Macroeconomic factors for example, consumer price index (CPI), are taken into consideration when comparing remuneration to the external market, and survey information is always adjusted to take both the assumed movement in salaries and the time elapsed between the date of the survey and the date when the analysis is performed.

MARKET REFERENCE FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

For our executive directors and prescribed officers, our external reward advisor assists us by proposing a requisite comparator group that is used for the purposes of performing remuneration benchmarks. In future, the comparator group will be assessed for appropriateness every two to three years, but given our current operating environment, this is currently assessed on an annual basis.

We have made two changes in our comparator group in 2022 to reflect our substantially increased market capitalisation and revenue compared to those originally considered on listing. The comparator group comprises of eight JSE-listed mining companies with primarily South African resident executives.

External remuneration comparator group

Tharisa plc
Pan African Resources plc
DRD Gold Limited
Harmony Gold Mining Co Limited
Royal Bafokeng Platinum Limited
African Rainbow Minerals Limited
Northam Platinum Limited
Exxaro Resources Limited

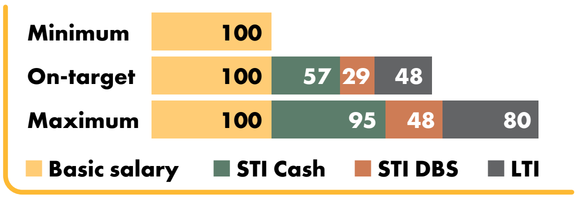
REMUNERATION MIX SCENARIOS

The graphs below illustrate the remuneration outcomes at different levels of performance with each element disclosed as a percentage of annual basic salary.

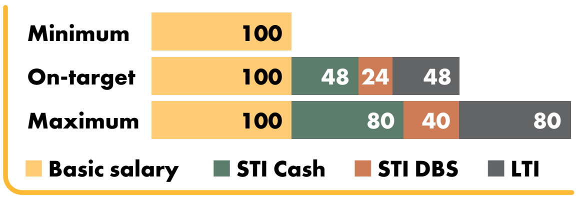
The maximum award values for the cash and the DBS portions of the STI, and the annual conditional share award are aligned with the policy percentages provided above.

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 (%)



CONDITIONAL SHARE AWARDS

The second award of conditional shares was made in March 2022 and will be measured over the period 1 January 2022 to 31 December 2025. We have previously noted that our executive directors and prescribed officers will have an additional two-year holding period following the initial three-year performance and employment period. While this additional holding period is common practice in UK listed companies for their executive directors, none of our JSE-listed comparators impose such a further holding period.

Our MSRs will also ensure an adequate level of holdings by prescribed officers following the vesting of the awards. For consistency with the commitment for an additional holding period in respect of our executive directors, but to align with local practice for our prescribed officers, the RemCo decided that the two-year holding period will remain for the executive directors but will no longer be imposed for the prescribed officers.

The performance conditions for this award were kept the same as those applicable to the inaugural award in 2021 as it continues to create the right balance between the interests of various stakeholders. We have adjusted some of the targets by considering our current levels of performance and the changes in the environment in which we are remunerating.

The performance conditions for the 2022 conditional award are as follows:

Performance category	Performance area	Weighting (%)	Performance measure	Threshold	On-target	Stretch
Shareholders 25%	Relative TSR (local)	7.5	Performance against index return of local competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
	Relative TSR (global)	7.5	Performance against index return of global competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
	Dividend yield	10	Performance against index yield	Index yield –1%	Index yield	Index yield +1%
Financial 20%	Cash margin per export saleable tonne	20	% change in cash margin from 2020 base (price and foreign exchange neutral)	(3)%	–%	3%
Production Sustainability 25%	Life of business	15	% life extended as a result of resource to reserve conversion (additional LOM saleable tonnes/ base LOM saleable tonnes) (adjusted for reserve depletion)	–%	10%	20%
	Lifex capital intensity	10	Capex per incremental saleable tonne from lifex projects relative to most recent projects (Mafube and Navigation weighted) (relative %)	(3)%	–%	5%
ESG 30%	Carbon emissions	10	% reduction in GHG emissions (2016 baseline)	11%	12%	13%
	Fresh water import	2.5	ML reduction	137	152	167
	Potable water usage	2.5	ML reduction	269	299	329
	Water treatment	2.5	% change against a 40% target	(5)%	–%	5%
	Water reuse/ recycle	2.5	% change against a 75% target	(8)%	–%	5%
	Inclusion and diversity	10	% HDP representation in middle management and up against a 65% target	(3)%	–%	5%

The TSR peer groups for the local and global metrics are outlined below:

Local TSR peer group
Salungano Group Limited
MC Mining Limited
Exxaro Resources Limited (excluding earnings and dividend per share from iron ore)

Global TSR peer group
Arch Resources Inc
New Hope Corp Limited
Peabody Energy Corp
Whitehaven Coal Limited
Yankuang Energy Group Company Limited
Banpu Power Public Company Limited
PT Adaro Energy Tbk

From 2023, the dividend yield metric will no longer be used for the conditional share awards. Based on market benchmarking we have identified that dividend yield is not a common performance condition within comparator LTI measures. It was originally included based on our understanding, prior to listing, that dividend yield would be an important investor requirement, however the post listing growth in the share price has changed this perception. We will be maintaining the 25% for the shareholder performance category. This means that the TSR metrics will in future be weighted at 12.5% each.

MINIMUM SHAREHOLDING REQUIREMENTS

Executive directors and prescribed officers are required to accumulate and hold a predetermined and market-aligned minimum shareholding. The 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 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 set for executives:

- **200%** for the CEO
- **100%** for the CFO and prescribed officers

Current members of the Group executive committee will be required to build up the target shareholding over the five years from 7 June 2021. 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 Group executive committee appointment.

We have completed a market benchmarking exercise in 2022 on the MSR percentages for our executive directors and prescribed officers and have found them to be line with peer groups in the mining industry. No changes have therefore been made to the overarching MSR percentages that need to be achieved. We have introduced a formalised policy which governs and sets out the requirements related to the MSR and the impact of not achieving these requirements by the fulfilment date.

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

Termination benefits		STI	LTI
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 the RemCo's discretion.	**Ineligible termination** Resignation, dismissal.	Not eligible for any STI cash and unvested DBS awards will be fortified.	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 the termination date.	All awards will be accelerated, but will be pro-rated to reflect the time served of the applicable vesting periods and the RemCo's estimate of the level of achievement of performance conditions.

<table>
<tr><th colspan="2">Malus and clawback</th><th>STI cash</th><th>STI DBS</th><th>LTI</th></tr>
<tr><td rowspan="2">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.</td><td>Malus is the ability of the Group to reduce unvested or unpaid awards before the end of the vesting period or prior to payment.</td><td>From the end of the performance period to the STI payment date.</td><td>During the period prior to the vesting of the DBS awards.</td><td>During the performance period covered by the award (pre-vesting).</td></tr>
<tr><td>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.</td><td>Three years from the STI payment date.</td><td>Three years from the vesting of each tranche of the DBS awards.</td><td>Three years from the vesting date.</td></tr>
</table>

NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees are based on an annual retainer for board and board committee roles. The board chairman and the lead independent director'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 chairman or members of board committees.

The current fee policy, details of actual fees paid per non-executive director and the fees proposed for the 2023 financial year are included in the implementation report. The proposed fees will be included in the notice of the AGM for approval through a 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's response thereto will be included in the following year's remuneration report.

SECTION 3: IMPLEMENTATION REPORT

SCOPE

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 2022 in the following two categories:

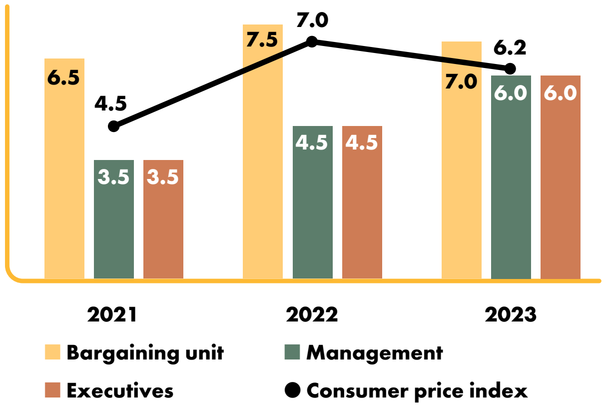
1	Awards approved by Anglo American to support and reward the successful listing of Thungela and retain talent to ensure stability during the transition.	• Retention and milestone awards (forfeitable shares) • Retention awards (cash)
2	Awards that were made in line with Thungela's remuneration policy.	• 2022 STI (cash) • 2022 DBS (forfeitable shares) • 2022 LTIP (conditional shares)

The implementation report highlights the level of delivery within our first full year of performance as an independent, listed 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 the RemCo for executive directors, prescribed officers and management employees as of 1 January 2023. Increases for bargaining unit employees are affected in the middle of the calendar year and these have been successfully negotiated with our recognised union for the next three years from 2022 to 2024. The figure below provides a comparative view of increases between executive, management, and bargaining unit employees against CPI.

Base salary adjustments (%)[1]



[1] For 2023, increases are as approved by the RemCo, and CPI as per IMF forecast.

No other adjustments were made to the base salaries for executive directors or prescribed officers during 2022.

2022 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 updated during 2022 to better reflect the requirements of Thungela.

As part of the determination of the performance outcomes for 2022, the RemCo considered the impact of both the continued underperformance of TFR, and the unusual inflation experienced on Thungela's ability to deliver on production and financial performance targets. The processes followed to normalise the outcomes resulting from these challenges were independently reviewed to ensure that they are reflective of Thungela's performance agnostic of non-controllable external factors.

The calculation of the STI was outlined in section 2, but the actual outcomes are presented in this section.

The figure below outlines the four performance categories which comprise the business results (70%) component of the STI with the proportional weighting thereof. It further includes the outcome of the business results when compared to the 'on-target' percentage.

BUSINESS RESULTS PERFORMANCE CATEGORIES AND OVERALL RESULT (%)

Performance category	Metric | Measure	Weighting (%)	Result	%
Safety and Health 10/70	TRCFR	5		0
	HIV % treatment	5		100
ESG 10/70	Level 4 – 5 environmental incidents	2.5		25
	Energy intensity	2.5		100
	Inclusive procurement	2.5		100
	Inclusion and diversity	2.5		100
Production 30/70	Export saleable production	20		100
	FOB cost per export tonne[Δ]	10		84
Finance 20/70	Adjusted EBITDA[Δ]	10		33
	Adjusted operating free cash flow[Δ]	10		55
		70		**72**

The remaining portion of the STI (30%) is determined by individual results for each executive director and prescribed officer. For the executive directors, the RemCo approves a balanced scorecard on an annual basis. The balanced scorecard is comprised of three sections, namely:

- Key priorities
- Top risks
- Our pillars of sustainable value

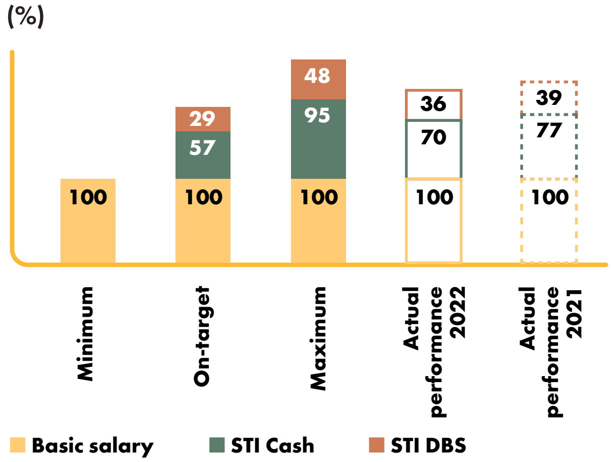
The pillars of sustainable value are shared, but the key priorities are specific outcomes required by the individual executive director and therefore comprise the individual deliverables. The tables below outline the individual results for each executive director against their balanced scorecard.

Chief executive officer
July Ndlovu

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Eliminate all fatalities	5	Although we have seen a slight decline in TRCFR, the Group has continued to build on the foundational safety programmes we have put in place.	Target met
Drive our ESG aspirations	5	Published our first Climate Change Report as per the requirements of the TCFD. Developing new programmes like our renewable energy strategy to assist in reducing our energy and carbon intensity.	Target exceeded
Maximise the full potential of existing assets	10	Approval was granted for the implementation of Elders in 2022 and further studies have been successfully progressed. Supported the business by driving ongoing engagement and management of TFR.	Target exceeded
Create future diversification options	5	Reviewed multiple merger and acquisition opportunities and have executed our geographic diversification strategy through the acquisition of the Ensham Business.	Target exceeded
Optimise capital allocation	5	Delivered a consistent approach to capital allocation with capital expenditure remaining in line with guidance, while also delivering the value-accretive acquisition of the remaining 27% shareholding in AAIC.	Target exceeded
Overall performance	30		Target exceeded

Below minimum threshold | Target not met | Target met | Target exceeded | Above stretch target

The performance outcomes for the CEO for 2022 compared to minimum, on-target and stretch remuneration levels and 2021 performance is illustrated alongside:

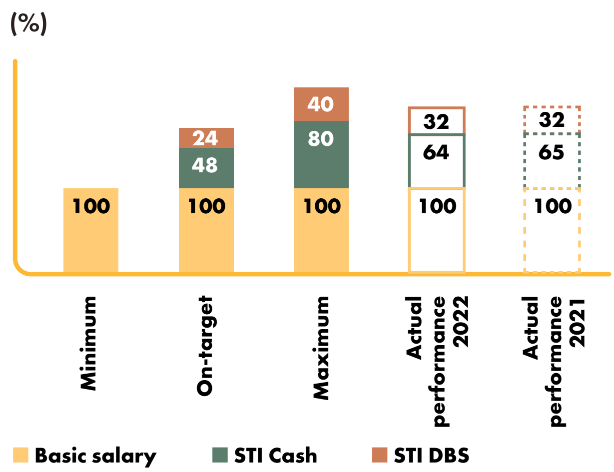


Chief financial officer
Deon Smith

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Eliminate all fatalities	2	Although we have seen a slight decline in TRCFR, the risk of fatalities is under continued focus and mitigation strategies are given a lot of focus by the CFO.	
Drive our ESG aspirations	3	Took a leading role in investigating the commercial components of delivering on our ESG commitments and has also ensured the delivery of a structured governance framework for Thungela.	
Maximise the full potential of existing assets	10	Led the delivery of the commercial construct which led to the approval of Elders and further enhanced the commercial elements of the Zibulo North Shaft project.	
Create future diversification options	10	Assumed the responsibility for leading this strategic pillar and has delivered a pipeline of merger and acquisition opportunities, the close out of the acquisition of the Ensham Business, and the progression of the commercial construct for accessing our gas resource.	
Optimise capital allocation	5	Developed a comprehensive capital allocation policy, which includes a strong consideration of social elements. This strategy has delivered value-accretive outcomes with the implementation of a self-insurance programme and closing out of the purchase of the remaining AAIC shareholding.	
Overall performance	30		

Below minimum threshold | Target not met | Target met | Target exceeded | Above stretch target

The performance outcomes for the CFO for 2022 compared to minimum, on-target and stretch remuneration levels and 2021 performance is illustrated alongside:



REMUNERATION OUTCOMES FOR OUR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The disclosures that follow set out the details of the 2022 remuneration outcomes for the executive directors and prescribed officers of Thungela. The disclosures cover the following three components:

1 **Total single figure of remuneration**	The schedules are aligned with the total single figure of remuneration disclosure requirements of King IV and set out the total remuneration for the years ended 31 December 2022 and 31 December 2021.
2 **Statement of unvested awards and cash flows**	The schedules of unvested awards and cash flows are aligned with King IV 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 2022.
2 **Minimum shareholding requirements**	The MSR achievement tables outline the percentage fulfilment of the MSR policy level at 31 December 2022.

REMUNERATION OUTCOMES FOR JULY NDLOVU – CEO

1 Schedule of total single figure of remuneration

Rand thousand	2022	2021
Basic salary	7,671	7,340
Retirement and benefits[1]	1,203	1,152
Other[2]	30	30
Guaranteed pay	**8,904**	8,522
STI cash[3,4]	5,414	5,059
STI DBS[5,6]	2,736	2,556
Thungela LTIPs[7]	–	–
Total current policy	**8,150**	7,615
Anglo American LTIPs[8]	–	24,846
Thungela retention and milestone awards[9,10]	112,403	33,737
Other LTIs[11]	–	100
Total Anglo American policy and demerger	**112,403**	58,683
Total remuneration	**129,457**	74,820

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 cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Thungela milestone awards granted on 11 November 2021. Tranche 1 of these awards vested in full on 4 June 2022 based on the achievement of the employment condition.
10 Anglo American retention awards granted in June 2021, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
11 The value of the Thungela shares provided to individuals that owned Anglo American shares under the rules of the demerger.

2 Statement of unvested awards and cash flows for the 2022 financial year

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Milestone shares[2]										
Milestone awards 2021 (1)	11-Nov-21	04-Jun-22	25.00	449,829	–	–	(449,829)	–	112,403,271	–
Milestone awards 2021 (2)	11-Nov-21	04-Jun-23	25.00	449,829	–	–	–	449,829	–	120,441,715
				899,658	–	–	(449,829)	449,829	112,403,271	120,441,715
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	201,962	59,168	–	–	261,130	–	41,950,535
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	73,172	–	–	73,172	–	11,755,082
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	5,306	–	–	5,306	–	1,420,682
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	5,306	–	–	5,306	–	1,420,682
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	5,307	–	–	5,307	–	1,420,949
				201,962	148,259	–	–	350,221	–	57,967,930

1 The 30-day volume-weighted average price (VWAP), for determining the fair value of unvested awards on 31 December 2026 is R267.75 per share.
2 Milestone shares are special awards of forfeitable shares related to the listing and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

3 Minimum shareholding requirements at 31 December 2022

MSR fulfilment date[1]	2026
Number of MSR shares	963,587
Value of MSR shares[2]	R258,000,419
Fulfilment of MSR (%)[3]	**2,898**

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 VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 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

Rand thousand	2022	2021
Basic salary	4,953	4,368
Retirement and benefits[1]	799	709
Other[2]	26	27
Guaranteed pay	**5,778**	5,104
STI cash[3,4]	3,182	2,537
STI DBS[5,6]	1,591	1,268
Thungela LTIPs[7]	–	–
Total current policy	**4,773**	3,805
Anglo American LTIPs[8]	–	10,695
Thungela retention and milestone awards[9,10]	56,202	17,039
Other LTIs[11]	–	53
Total Anglo American policy and demerger	**56,202**	27,787
Total remuneration	**66,753**	36,696

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 cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Thungela milestone awards granted on 11 November 2021. Tranche 1 of these awards vested in full on 4 June 2022 based on the achievement of the employment condition.
10 Anglo American retention awards granted in June 2021, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
11 The value of the Thungela shares provided to individuals that owned Anglo American shares under the rules of the demerger.

2 Statement of unvested awards and cash flows for the 2022 financial year

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Milestone shares[2]										
Milestone awards 2021 (1)	11-Nov-21	04-Jun-22	25.00	224,914	–	–	(224,915)	–	56,201,510	–
Milestone awards 2022 (2)	11-Nov-21	04-Jun-23	25.00	224,915	–	–	–	224,915	–	60,220,991
				449,829	–	–	(224,915)	224,915	56,201,510	60,220,991
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	84,668	24,805	–	–	109,473	–	17,586,837
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	37,802	–	–	37,802	–	6,072,891
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	2,647	–	–	2,647	–	708,734
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	2,647	–	–	2,647	–	708,734
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	2,647	–	–	2,647	–	708,734
				84,668	70,548	–	–	155,216	–	25,785,932

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2026 is R267.75 per share.
2 Milestone shares are special awards of forfeitable shares related to the listing and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

3 Minimum shareholding requirements at 31 December 2022

MSR fulfilment date[1]	2026
Number of MSR shares	425,136
Value of MSR shares[2]	R113,830,164
Fulfilment of MSR (%)[3]	**1,970**

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 VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 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.

REMUNERATION OUTCOMES FOR PRESCRIBED OFFICERS

1 Schedule of total single figure of remuneration

	JPD van Schalkwyk		L Martin		LE Mataboge		N Sithole		C Venter		BM Dalton[11]	
Rand thousand	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Basic salary	**3,862**	3,406	**3,354**	3,070	**2,383**	2,228	**2,383**	2,217	**2,383**	2,184	**2,856**	2,045
Retirement and benefits[1]	**628**	612	**559**	519	**410**	384	**389**	360	**369**	346	**488**	330
Other[2]	**46**	24	**25**	43	**24**	22	**150**	122	**72**	130	**35**	16
Guaranteed pay	**4,536**	4,042	**3,938**	3,632	**2,817**	2,634	**2,922**	2,699	**2,824**	2,660	**3,379**	2,391
STI cash[3,4]	**2,110**	1,995	**1,833**	1,782	**1,416**	1,294	**1,416**	1,287	**1,302**	1,268	**1,698**	1,195
STI DBS[5,6]	**1,055**	998	**916**	891	**708**	647	**708**	644	**651**	634	**849**	598
Thungela LTIPs[7]	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total current policy	**3,165**	2,993	**2,749**	2,673	**2,124**	1,941	**2,124**	1,931	**1,953**	1,902	**2,547**	1,793
Anglo American LTIPs[8]	**–**	6,736	**–**	10,695	**–**	4,370	**–**	4,370	**–**	–	**–**	–
Thungela retention and milestone awards[9]	**1,484**	–	**1,381**	–	**1,042**	–	**1,018**	–	**990**	–	**–**	–
Other LTIs[10]	**–**	2,926	**–**	31	**–**	28	**–**	25	**–**	5	**–**	3,999
Total Anglo American policy and demerger	**1,484**	9,662	**1,381**	10,726	**1,042**	4,398	**1,018**	4,395	**990**	5	**–**	3,999
Total remuneration	**9,185**	16,697	**8,068**	17,031	**5,983**	8,973	**6,064**	9,025	**5,767**	4,567	**5,926**	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 cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Anglo American cash-based retention awards granted in June 2020, as set out in the PLS.
10 The value of the Thungela shares provided for Anglo American shares held under the BSP under the rules of the demerger. It also includes the vesting of a retention award for Johan van Schalkwyk and a sign-on award to Bernard Dalton.
11 Appointed as of 1 April 2021.

2 Table of unvested awards and cash flows for the 2022 financial year

JOHAN VAN SCHALKWYK

Award type	Award date	Vesting date	Award price (Rand/ share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Retention award[2]										
Retention award	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	1,483,896	–
				–	–	–	–	–	1,483,896	–
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	67,613	19,809	–	–	87,422	–	14,044,344
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	29,476	–	–	29,476	–	4,735,319
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	2,082	–	–	2,082	–	557,456
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	2,082	–	–	2,082	–	557,456
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	2,083	–	–	2,083	–	557,723
				67,613	55,532	–	–	123,145	–	20,452,298

LESLIE MARTIN

Award type	Award date	Vesting date	Award price (Rand/ share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Retention award[2]										
Retention award	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	1,381,344	–
				–	–	–	–	–	1,381,344	–
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	63,247	18,530	–	–	81,777	–	13,137,475
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	25,600	–	–	25,600	–	4,112,640
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	1,860	–	–	1,860	–	498,015
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	1,860	–	–	1,860	–	498,015
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	1,860	–	–	1,860	–	498,015
				63,247	49,710	–	–	112,957	–	18,744,160

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 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 special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

LESEGO MATABOGE

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Retention award[2]										
Retention award	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	1,041,582	–
				–	–	–	–	–	1,041,582	–
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	47,458	13,904	–	–	61,362	–	9,857,805
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	18,183	–	–	18,183	–	2,921,099
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	1,350	–	–	1,350	–	361,463
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	1,350	–	–	1,350	–	361,463
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	1,350	–	–	1,350	–	361,463
				47,458	36,137	–	–	83,595	–	13,863,293

MPUMI SITHOLE

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Retention award[2]										
Retention award	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	1,017,768	–
				–	–	–	–	–	1,017,768	–
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	46,872	13,732	–	–	60,604	–	9,736,033
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	18,183	–	–	18,183	–	2,921,099
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	1,343	–	–	1,343	–	359,588
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	1,343	–	–	1,343	–	359,588
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	1,344	–	–	1,344	–	359,856
				46,872	35,945	–	–	82,817	–	13,736,164

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 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 special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

CARINA VENTER

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Retention award[2]										
Retention award	01-Jun-20	07-Jun-22	n/a	–	–	–	–	–	990,000	–
				–	–	–	–	–	990,000	–
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	45,109	13,216	–	–	58,325	–	9,369,911
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	18,183	–	–	18,183	–	2,921,099
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	1,323	–	–	1,323	–	354,233
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	1,323	–	–	1,323	–	354,233
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	1,324	–	–	1,324	–	354,501
				45,109	35,369	–	–	80,478	–	13,353,977

BERNARD DALTON

Award type	Award date	Vesting date	Award price (Rand/share)	Share movement: Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[1] (Rand)
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	60,162	17,626	–	–	77,788	–	12,496,642
LTIP 2022	07-Mar-22	07-Mar-25	135.54	–	21,797	–	–	21,797	–	3,501,688
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	–	1,247	–	–	1,247	–	333,884
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	–	1,247	–	–	1,247	–	333,884
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	–	1,248	–	–	1,248	–	334,152
				60,162	43,165	–	–	103,327	–	17,000,250

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 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 special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

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3 Minimum shareholding requirements at 31 December 2022

Prescribed officer	MSR fulfilment date[1]	Number of MSR shares	Value of MSR shares[2]	Fulfilment of MSR (%)[3]
JPD van Schalkwyk	2026	7,347	R1,967,159	**43**
L Martin	2026	40,654	R10,885,109	**276**
LE Mataboge	2026	4,644	R1,243,431	**37**
N Sithole	2026	4,680	R1,253,070	**44**
C Venter	2026	4,530	R1,212,908	**42**
BM Dalton	2026	3,742	R1,001,921	**35**

1 The MSR fulfilment date is the financial year by which the prescribed officer is required to meet 100% of the MSR requirements.
2 The 30-day VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 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 2022, there have been no such termination payments made.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration of non-executive directors is inclusive of board attendance fees, board committee attendance fees and *ad hoc* board fees for any additional work and meetings conducted.

The fees paid to non-executive directors during the year under review are set out as follows:

Director	Chairing	Appointment date	2022 fees (Rand thousand)	2021 fees (Rand thousand)
SS Ntsaluba[1]	Board	1 January 2021	**1,568**	1,602
KW Mzondeki[2]	Audit committee	12 February 2021	**1,181**	1,138
TML Setiloane[3]	Social and ethics committee	7 March 2021	**1,097**	943
BM Kodisang[4]	Remuneration and nomination committee	16 March 2021	**1,097**	909
SG French[5]		4 June 2021	**1,040**	571
YN Jekwa[6]		12 August 2022	**268**	–

1 The board chairman's fee is inclusive of all committee appointments. The board chairman also chairs the risk and sustainability committee.
2 Kholeka Mzondeki also serves on the remuneration and nomination committee, as well as the risk and sustainability committee.
3 Thero Setiloane also serves on the audit committee and the risk and sustainability committee.
4 Ben Kodisang also serves on the audit committee and risk and sustainability committee.
5 Seamus French serves on the social and ethics committee, remuneration and nomination committee, and the risk and sustainability committee.
6 Yoza Jekwe serves on the social and ethics committee, and the risk and sustainability committee.

PROPOSED NON-EXECUTIVE DIRECTORS' FEES

The following table outlines the non-executive directors' fees for each committee chairman and member along with the proposed non-executive directors' fees for 2023:

Position	Proposed fees for the year ending 31 December 2023	**Fees for the year ended 31 December 2022**
Board		
Chairman[1,2]	1 661 550	**1,567,500**
Lead independent director[1]	1 187 200	**1,120,000**
Member	553,850	**522,500**
Audit committee		
Chairman	332,310	**313,500**
Member	182,797	**172,450**
Remuneration and nomination committee[3]		
Chairman	–	**229,900**
Member	–	**172,450**
Social and ethics committee[3]		
Chairman	–	**229,900**
Member	–	**172,450**
Risk and sustainability committee[3]		
Chairman[2]	–	**–**
Member	–	**172,450**
Investment committee[3]		
Chairman	243,694	**–**
Member	172,450	**–**
Social, ethics and transformation committee[3]		
Chairman	243,694	**–**
Member	172,450	**–**
Remuneration and human resources committee[3]		
Chairman	243,694	**–**
Member	172,450	**–**
Nominations and governance committee[3]		
Chairman	243,694	**–**
Member	172,450	**–**
Safety, health, environment and risk committee[3]		
Chairman[2]	243,694	**–**
Member	172,450	**–**
Ad hoc meeting fees[4]	24,000	**–**

1 The board chairman and the lead independent director's fees are inclusive of all committee appointments.
2 The board chairman is also the chairman of the risk and sustainability committee.
3 An updated governance structure has been proposed for the board in 2023, which will be approved in due course. The proposed fees have been presented for the updated structure.
4 Proposed introduction of *ad hoc* meeting fees to deal with time critical matters limited to four additional meetings *per annum*. The amount is a per meeting fee.

The 2022 fees were benchmarked against a comparator group of companies, and all were found to be in the relevant tolerance range, except for the member fees for all committees other than the audit committee. As a result, we have proposed that the non-executive director fees are increased in line with the 6% increase approved by the RemCo for executive directors on 15 November 2022, apart from those member fees which were outside the tolerance range. The proposed governance structure was aligned to the principles of the benchmarking outlined above.

The proposed non-executive directors' fees for 2023 were recommended by the RemCo and were approved by the board on 24 March 2023. These fees will be voted on by the shareholders at the AGM on 31 May 2023 by special resolution.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' interests, maintained by Thungela in accordance with the provisions of section 30(4)(d) of the Companies Act of South Africa, the directors of Thungela have disclosed their interests in the ordinary shares of Thungela as of 31 December 2022.

REMUNERATION POLICY COMPLIANCE

The disclosure outlined in the implementation report is based on rewards made in compliance with the Thungela remuneration policy. There have been no deviations from the Thungela policy in 2022.

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's response thereto will be included in the following year's remuneration report.


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SOCIAL AND ETHICS COMMITTEE REPORT

Thungela's social and ethics committee is pleased to present its report for the year ended 31 December 2022, in terms of section 72 and regulation 43 of the Companies Act of South Africa and King IV. The committee has conducted its work in accordance with its terms of reference which, as required, is reviewed annually, and the revised terms of reference were approved at a board meeting held on 18 March 2022.

In addition to its statutory responsibilities, the committee's objective is to help the board fulfil its responsibility to oversee and report on ESG matters not covered by the risk and sustainability committee. Ethics, stakeholder relations, responsible corporate citizenship, diversity and inclusion, and B-BBEE compliance also fall within the committee's remit.

COMPOSITION

The social and ethics committee is chaired by Thero Setiloane, an independent non-executive director and further comprises independent non-executive directors Sango Ntsaluba, Seamus French, and the recently appointed Yoza Jekwa, the CEO July Ndlovu, and the executive head of human resources, Lesego Mataboge. The composition of the social and ethics committee complies with the requirements of the Companies Act of South Africa (as applicable) and 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. Attendance at meetings is set out on page 95.

ROLES AND RESPONSIBILITIES

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 Group compliance with all applicable laws and the requirements set out in the Companies Act of South Africa, as well as relevant codes and standards relating to B-BBEE, employment equity, transformation, governance, monitoring of the code of conduct, business integrity, corporate social responsibility, consumer relationships and human resources.

The committee is also responsible for the following areas, with a key focus on socio-economic transformation and people and transformation:

- Providing the board with assurance as to the integrity of the sustainability information reported in the Integrated Annual Report, the Environmental, Social and Governance Report and the Climate Change Report.
- Monitoring policies and activities that promote equality, and prevent unfair discrimination and corruption.
- Reviewing ethical policies and processes.
- Providing guidance on and oversight of the development of responsible business practices and holding executives to account for their effective planning, resourcing, implementation and delivery.
- Ensuring internal policy alignment with Thungela's purpose, objectives and shared value outcomes.
- Reviewing governance systems, performance metrics, internal and external assurance, and reporting for effective delivery and accountability.
- Input into the risk management framework, ensuring that the appropriate ESG risks are considered and reviewed as part of the annual materiality assessment for integrated reporting.
- Reviewing significant employee conflicts of interest, cases of misconduct or fraud, or any other unethical activity.
- Reviewing and approving Thungela's annual socio-economic development approach, key performance indicators, objectives and community investment budget.
- Assessing performance against key indicators and considering and making board recommendations on Thungela's impact on local communities.
- Reviewing on a periodic basis sponsorships, donations and charitable contributions.
- Consideration of decisions that may impact the Group's values and ethics.
- Providing oversight of strategic people issues, including transformation and employee relations.
- Reviewing performance in human resource development, diversity and retention against internal transformation targets.
- Making recommendations to the remuneration and nomination committee.
- Reviewing performance against the United Nations Global Compact's 10 principles, and making recommendations on corruption from an Organisation for Economic Cooperation and Development and Employment Equity Act perspective.
- Monitoring B-BBEE status and compliance with the Broad-based Socio-Economic Empowerment Charter for the South African mining industry and publishing the annual B-BBEE verification certificate.
- Making recommendations to the board on possible participation, cooperation and consultation on transformation, community and social development issues with government, non-governmental and employee organisations.

KEY FOCUS AREAS FOR 2022

For the year ended 31 December 2022, the committee had key focus areas, including, but not limited to:

- Reviewed the corporate affairs report covering the corporate affairs strategy, socio-economic development, B-BBEE verification, inclusive procurement performance tracking, enterprise development, mining charter compliance, and stakeholder engagement.
- Reviewed the Group's transformation strategy in relation to B-BBEE requirements.
- Reviewed and recommended for board approval the issuing of the B-BBEE report to the B-BBEE commission.
- Reviewed the social policy governing achieving Environmental, Social and Governance ambitions and 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 company's continuous commitment to respecting and upholding human rights throughout its operations according to national and international proclaimed human rights principles.
- Reviewed and recommended for board approval the Environmental, Social and Governance Report and Climate Change Report for publication and release to all stakeholders.
- Reviewed and considered the corporate governance report.
- Received reports relating to compliance to the code of ethics, whistle-blowing reports and implementation of the business integrity policies.
- Reviewed the King IV checklist for publication and release on the Thungela website.
- Recommended the ESG and corporate governance policies for board approval.
- Recommended for board approval the social and ethics committee report for inclusion in the Integrated Annual Report.
- Reviewed and recommended for board approval the committee terms of reference.

KEY FOCUS AREAS FOR 2023

Key focus areas for the year ending 31 December 2023 will be, among others:

- Clearly quantifying and optimising the B-BBEE aspirations of the Group, including plans to achieve set aspirations.
- Continued focus on licence to operate matters in terms of stakeholder engagement.
- Talent retention and attraction.
- Increasing focus on inclusion and diversity.
- Increasing focus on governance.
- Thungela Education Initiative.
- Human Rights (due diligence).
- Membership of the United Nations Global Compact.
- Impact management – theory of change.
- Social risks and impacts of mine closure, and responsible mine closure.
- Strategic event: Elders Project launch.
- Thungela "Impact with Purpose" brand campaign.
- Sustainable development goals prioritisation and reporting integrated into the Environmental, Social and Governance Report.
- Decarbonisation: develop a carbon reduction journey and energy management plan.
- Comply with the requirements of the TCFD.

Thero Setiloane
Social and ethics committee chairman

26 April 2023

RISK AND SUSTAINABILITY COMMITTEE REPORT

The Thungela risk and sustainability committee is pleased to present its report for the year ended 31 December 2022. The committee has conducted its work in accordance with its written terms of reference, reviewed and approved by the board on 18 March 2022. The terms of reference are subject to annual review, and were reviewed in the third quarter of 2022, but no changes were made.

The Thungela board of directors has mandated the committee to fulfil its duties as the risk and sustainability committee of all the companies within the Thungela Group, except in the event where the interest in a subsidiary is equal to or less than 50%.

The committee's main objective is the overall oversight of Group risk, IT and sustainability, with a focus on safety, health and the environment (SHE), and deciding on the Group's risk appetite.

COMPOSITION

The risk and sustainability committee is chaired by Sango Ntsaluba, the chairman of the board and an independent non-executive director. The committee further comprises Thero Setiloane, Ben Kodisang, Kholeka Mzondeki, and Seamus French, all of whom are independent non-executive directors, and July Ndlovu, the 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. Attendance at meetings is set out on page 95.

ROLES AND RESPONSIBILITIES

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 committee's functions include:

- Guiding and advising the board in setting risk tolerance and risk appetite levels, on the guidance received from operational management.
- Ensuring that the risk management plan is disseminated throughout Thungela and integrated into the day-to-day activities.
- Reviewing and approving an IT governance framework which delegates to management the responsibility for the implementation thereof, and reviewing reports on the effectiveness of IT risks as part of the overall risk management of the Group.
- 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, 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 the implementation of policies for the management of sustainable development of SHE.
- Reviewing reporting concerning risk management that is to be included in the Integrated Annual Report in terms of being timely, comprehensive and relevant.
- Reviewing and providing the board with assurance on the integrity of the sustainability information reported on in the Integrated Annual Report, Environmental, Social and Governance Report and Climate Change Report.
- Overseeing the development and annual review of a policy and plan for risk management to recommend to the board for approval.
- Overseeing that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensuring that continual, thorough risk assessments are conducted by operational management under a pre-determined risk management plan.
- Monitoring the demonstration of management commitment to the behaviours required by the policies and the resources applied to achieving compliance with the policies within the committee's scope.
- Considering and making recommendations to the board on climate change, decarbonisation and environmental issues pertinent to Thungela's business.
- Commissioning and considering sustainable development audits carried out both in terms of legal and company requirements and reviewing the results of such audits.
- Satisfying itself that the management system is appropriate and effective in managing SHE-related risks. The SHE management system comprises appropriate hazard identification and risk assessment processes, medical surveillance systems, accident/incident investigation systems and other appropriate systems.
- Reviewing SHE elements of Thungela's strategic and business plan, SHE policies, guidelines and operating practices, external SHE reporting and regulatory disclosures, and findings of the relevant auditors.
- Considering the performance of Thungela's individual operating units in the field of SHE performance and compliance.
- Considering material local and international regulatory and technical developments in the field of SHE management and practice, and where appropriate, have the impact of these assessed and provide appropriate strategic guidance.

- Annually reviewing the salient features highlighted in the annual report for each mine on health and safety, as required by section 2(1)(c) of the Mine Health and Safety Act, 1996.
- Satisfying itself on the effectiveness and appropriateness of Thungela's wellness programme.
- Considering the environment, health and public safety, including the impact of Thungela's activities and of its products or services.
- Monitoring regulatory compliance.

To the extent that the committee is of the view that there is a deficiency, shortcoming or anything else of concern on the part of Thungela with respect to any of the above matters, management will propose corrective action plans which the committee will review and approve as required.

KEY FOCUS AREAS FOR 2022

For the year ended 31 December 2022, the committee had key focus areas, including but not limited to:

- Reviewed and considered the quarterly IM governance and related control environments updates.
- Reviewed and considered the quarterly integrated risk management report, the executive risk register, and emerging business risks.
- Reviewed and considered the annual event risk reviews.
- Reviewed Thungela's response plans to significant safety events.
- Reviewed and considered the quarterly safety and sustainability report, with a focus on safety, medical surveillance, environment and rehabilitation, carbon and energy, carbon emissions water management, licence and permitting, and land stewardship.
- Considered Thungela's efforts across various environmental and social factors.
- Reviewed the antitrust policy for onward recommendation for board approval.
- Reviewed and recommended for board approval the risk and sustainability committee report for inclusion in the Integrated Annual Report and Environmental, Social and Governance Report.
- Considered and reviewed the quarterly regulatory compliance and legal update report with focus on litigation, and discussed legal matters which pose a potential risk to the business.
- Considered and reviewed the report on underground water retaining structures.
- Reviewed and recommended for board approval the committee terms of reference.

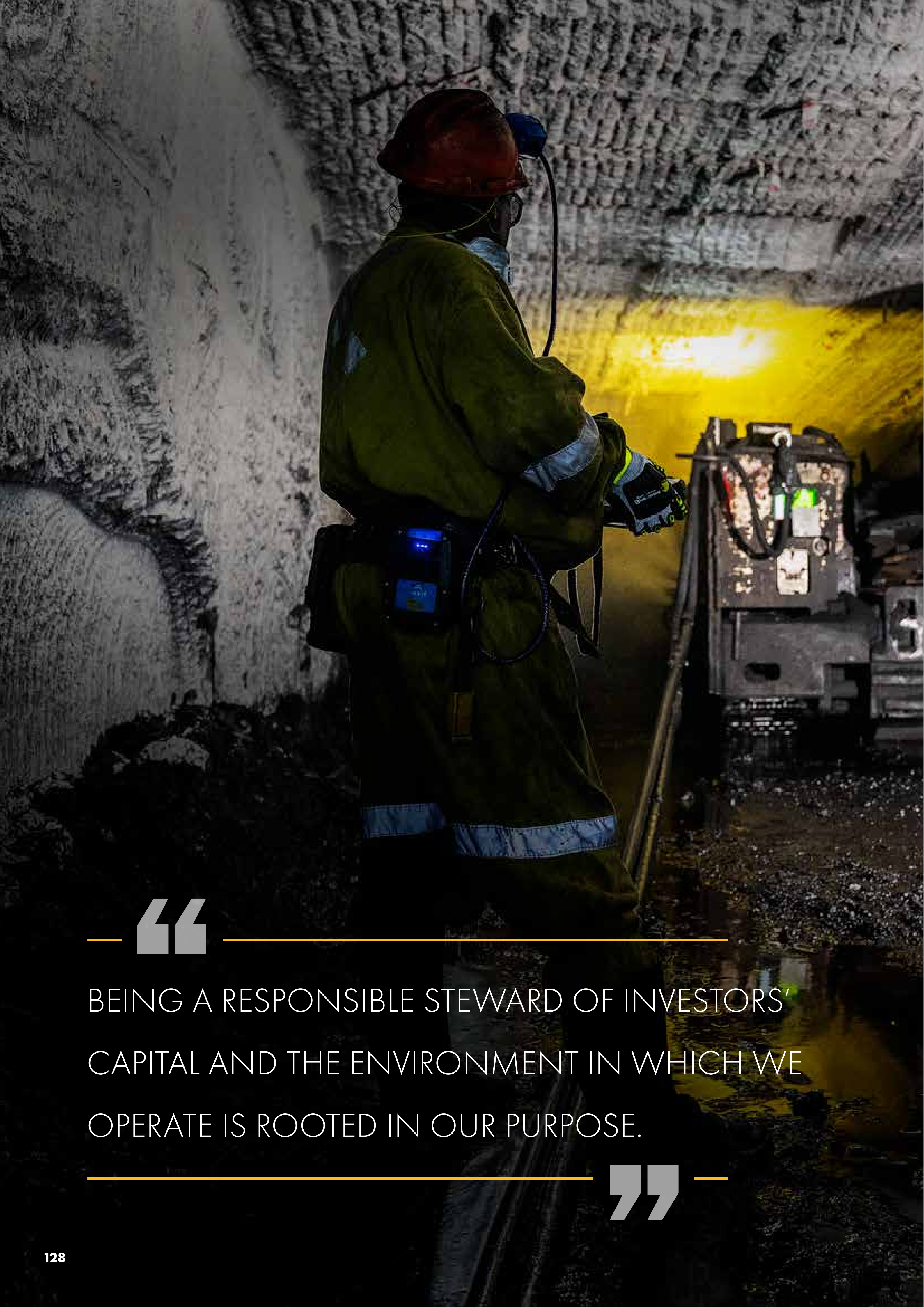
KEY FOCUS AREAS FOR 2023

Key focus areas for the committee for the year ending 31 December 2023 will be, among others:

- Operating a fatality-free business.
- Implementing learnings from the fatality which occurred in February 2023.
- Safety and health.
- Response plans to address the risks identified.
- Rehabilitation and water management.
- The pathway to zero emissions and decarbonisation.
- Assurance on high-risk underground water structures.
- Planning for responsible mine closure.

Sango Ntsaluba
Risk and sustainability committee chairman

26 April 2023



BEING A RESPONSIBLE STEWARD OF INVESTORS' CAPITAL AND THE ENVIRONMENT IN WHICH WE OPERATE IS ROOTED IN OUR PURPOSE.

07

RESOURCES AND RESERVES

COAL RESOURCES AND COAL RESERVES

As at 31 December 2022

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 35 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

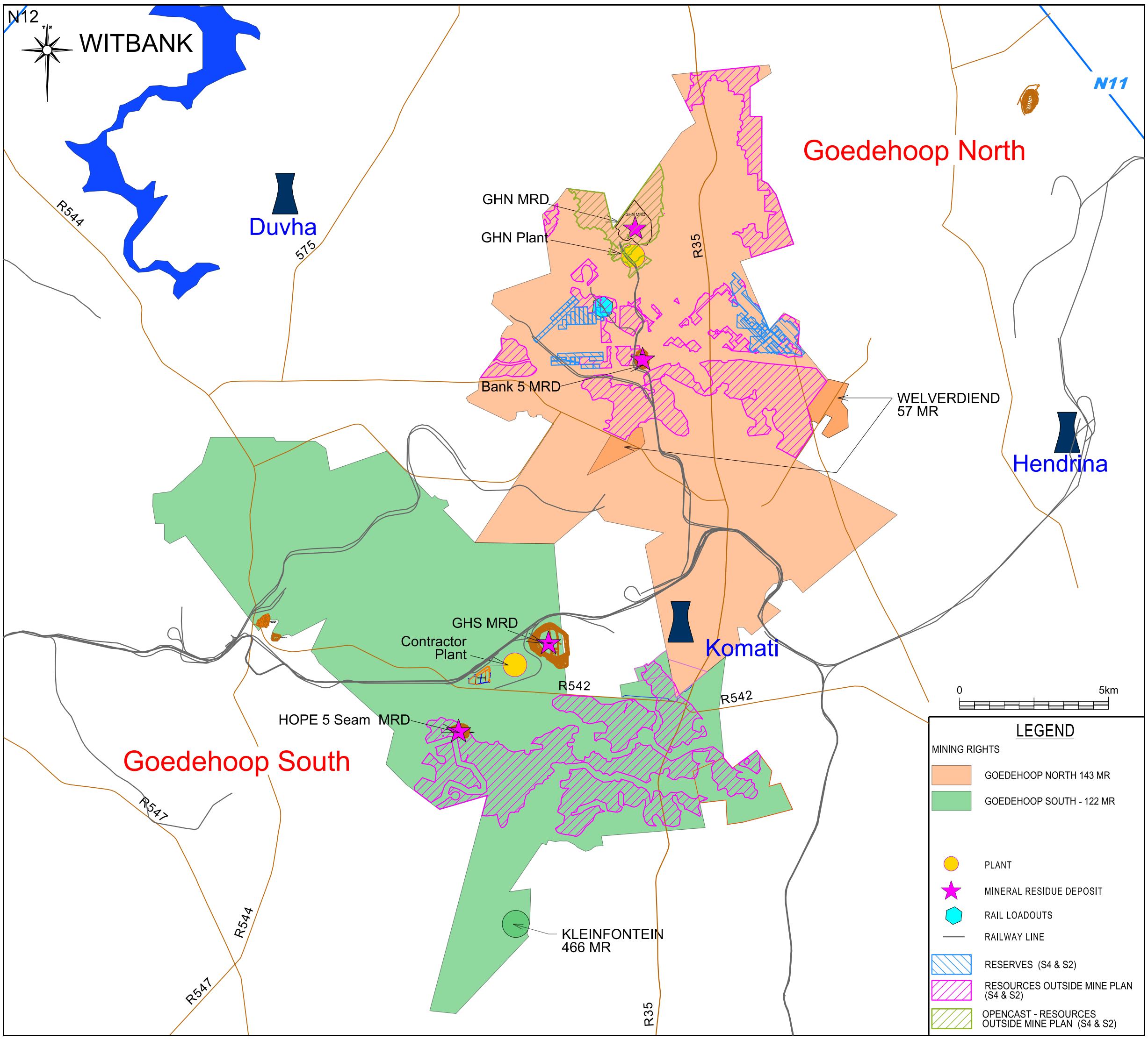
COMPETENCY

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 Integrated Annual 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 Colliery (GHN) (formerly known as Bank Colliery) and the closed Goedehoop South Colliery (GHS). Since 2006 the two collieries have been managed as one operation. Although the GHS Colliery closed in 2019, some of the environmental and water management infrastructure remains intact. Both of the collieries have their own processing plants (GHS plant is now dismantled) and train loading facilities. There are also GHN and GHS mineral residue deposits (MRDs).

The GHN Colliery is an underground bord and pillar coal mine located approximately 165km 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 (MRs) and one MR that is awaiting grant and execution (Komati Power Station MR).

Thungela Operations Proprietary Limited (TOPL) owns 100% of the MRs and has the exclusive right to mine coal on or under these areas.

GHN and GHS operate under several environmental management programme reports (EMPr), environmental authorisations (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 await the outcome of 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 TOPL Some of TOPL owned surface rights are leased to third-party tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities for 2022 include 19 vertically cored, collar surveyed targeting either the mineable No 4 Seam and/or No 2 Seam. Additional cover is provided by underground in-seam, non-core directional drilling, ahead of the mining faces.

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 uploaded to Minescape Geological Database (Minescape GDB), which includes validation processes during importing of data.

Coal samples collected during 2022 were sent to the South African National Accreditation System (SANAS) accredited laboratory, Bureau Veritas (BV), based in Middelburg, Mpumalanga.

For 2023 the planned exploration expenditure is estimated at R1.5 million, with the main focus on the resource block south of the Ogies Dyke which is under investigation.

GEOLOGICAL SETTING AND MODELLING

The 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. 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 20m thick and over 100km in length, sub-divides GHN into two domains. Resources declared south of the Ogies Dyke host more complex structures. Some of the 2022 exploration activities were focused on the resources south of the Ogies Dyke to improve the knowledge of the structures and qualities.

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.

An external independent geological model audit was conducted on the above-mentioned resource area, to confirm the structural interpretations and the modelling processes.

MINING ACTIVITIES

The GHN Colliery has three sections mining the No 2 Seam and two sections mining the No 4 Seam, using mechanised bord and pillar mining. The minimum practical mining height in the No 4 Seam is 2.7m while in the No 2 Seam maximum mining height is 4.5m. The roof conditions are generally good and the pillar design appropriate.

Due to varying seam height restrictions of the No 4 Seam and No 2 Seam, the continuous miner (CM) equipment is adapted to ensure maximum productivity. The cutting heights in the No 2 Seam are dictated by an in-seam parting and safety factors rather than actual seam heights.

Mining equipment, other than CMs, used underground, includes 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 three years with a total ROM reserve of 12.1Mt. 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 2022 is 4.4Mt.

The 5,850kcal/kg Net As Received (NAR) (26.90MJ/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 RBCT.

GOEDEHOOP NORTH MRD

The GHN 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) of the 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 1.6g/cm^3 for the coarse fraction was used to estimate the tonnage. No fines material is included in the Coal Resources or Coal Reserves.

The material is loaded and transported directly to the contractor's plant for beneficiation.

GOEDEHOOP SOUTH MRD

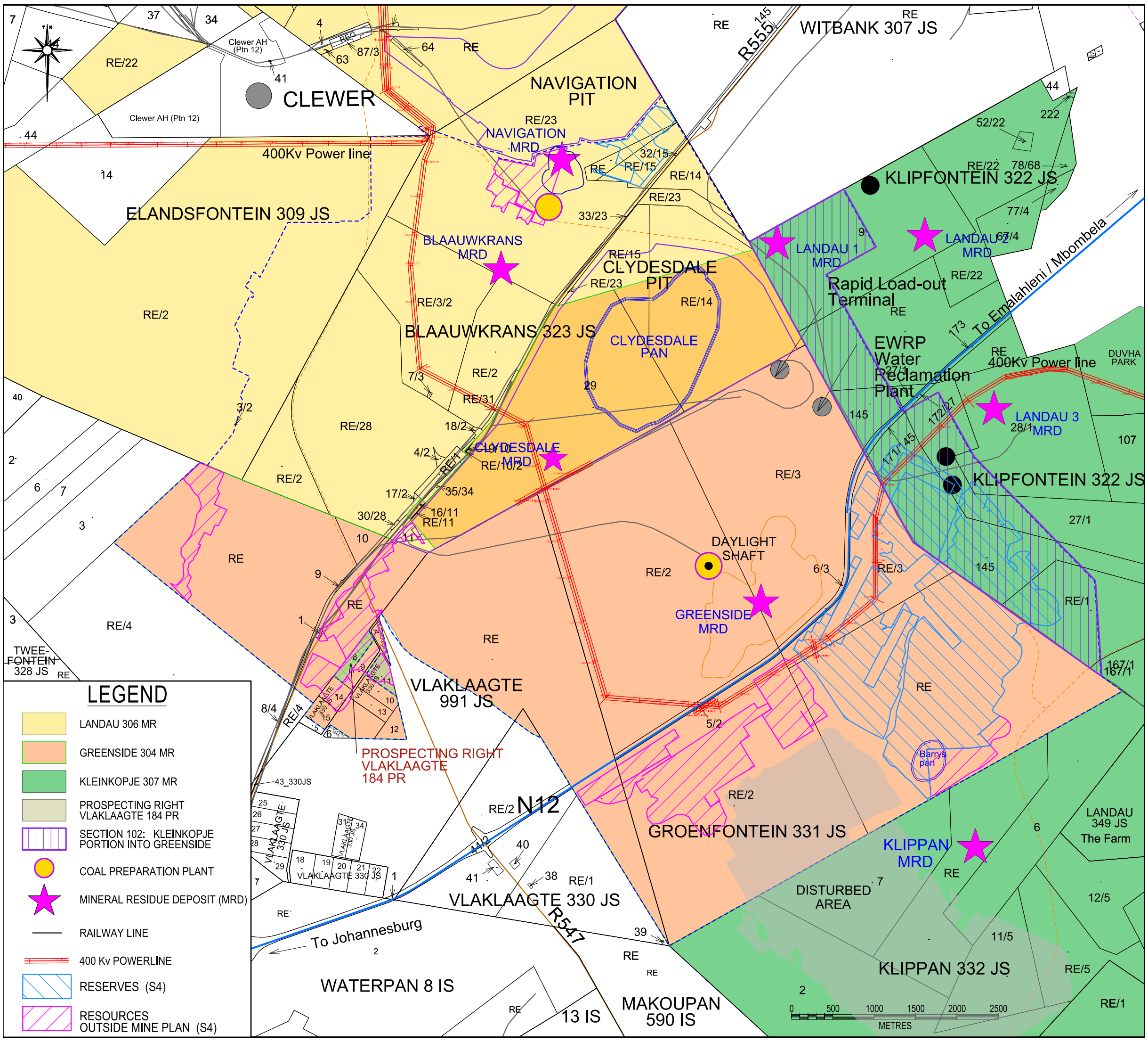
The GHS MRD Coal Resources and Coal Reserves were declared for the first time in 2021. The contractor has mined and beneficiated 1.1Mt for 2022, to produce a saleable 4,800kcal/kg product. Of the 1.1Mt, 0.7Mt was mined from the declared reserves and 0.4Mt mined from the coarse material barrier wall, not previously declared.

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 estimated Coal Resource is derived from a geological model constructed in the Datamine Minescape 3D modelling software, using drillhole data, a flown DTM of the 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 1.6g/cm^3 was used to estimate the tonnage. No fines material is included in the Coal Resources or Coal Reserves.

GREENSIDE



The Greenside Colliery is an underground coal mine located approximately 120km 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 EWRP lie approximately 2.5km northeast of the colliery. The colliery hosts a MRD, a coal preparation plant complex and two inclined shafts to the underground workings.

LEGAL TENURE

The Greenside Colliery holds one granted and executed converted MR and one granted, executed new order prospecting right (NOPR) for which an MR 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 Thungela'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.

Approval for a section 102 application, submitted to the DMRE in February 2021 for certain portions under the Kleinkopje MR (Khwezela South) to be included into the Greenside MR, is awaited.

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 TOPL. The TOPL owned properties are commonly leased to third-party tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities for 2022 included 28 vertically cored, collar surveyed, standard downhole geophysical surveyed surface boreholes, targeting the mineable No 4 Seam. Additional cover is by annual underground in-seam panel and directional non-core drilling, ahead of the mining faces.

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 uploaded to Minescape GDB, which includes validation processes during importing.

Coal samples collected during 2022 were sent to the SANAS accredited laboratory, BV, based in Middelburg, Mpumalanga.

For 2023 the planned exploration expenditure is estimated at R4.4 million.

GEOLOGICAL SETTING AND MODELLING

The Greenside Colliery is located in the Witbank Coalfield where 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 shale or siltstone and sandstone, with thicknesses ranging between 1.5m and 23m. 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 30m in the southeast. The throw gradually decreases to an approximately 1m throw towards the northwest. 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 (one prime section and four conventional sections) mining the No 4 Seam at relatively shallow depths, using the mechanised bord and pillar mining technique. The practical mining height ranges between 2.8m and 4.5m. The roof conditions are generally good and subsidence protection and undermining of surface structures are well managed.

Mining equipment used underground includes CMs, 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 17.5Mt total ROM reserve, the LOM is estimated at five years. Inferred Coal Resources of 4.6% (equivalent to 0.8Mt reserves) are included in the LOM plan.

The overall mine plan is to fully extract the remaining reserves in the north with the prime section, while the remaining four sections will continue mining the exposed reserves in the south-eastern portion (East Block) of the mine.

PRODUCTION AND COAL PROCESSING

The annual production ROM for the Greenside Colliery for 2022 is 3.2Mt.

The washing plant complex produces a primary product 5,850kcal/kg NAR, with an intended primary product change in 2026 and 2027. The middlings product produced is a 5,000kcal/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 ultra-fines 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 RBCT for export. The middlings product is sold to the export and domestic markets.

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GREENSIDE MRD

The Greenside MRD consists of discard material derived from the No 5 Seam, No 4 Seam, No 2 Seam and No 1 Seam and an old ash mound. The Bullnose, West Flanks and portions of the East Flank, reported as mineable reserves in 2021, were depleted. The East Flank resources were sterilised with waste piled on top. The South Flank East and the South West portions are reported to be mined.

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.

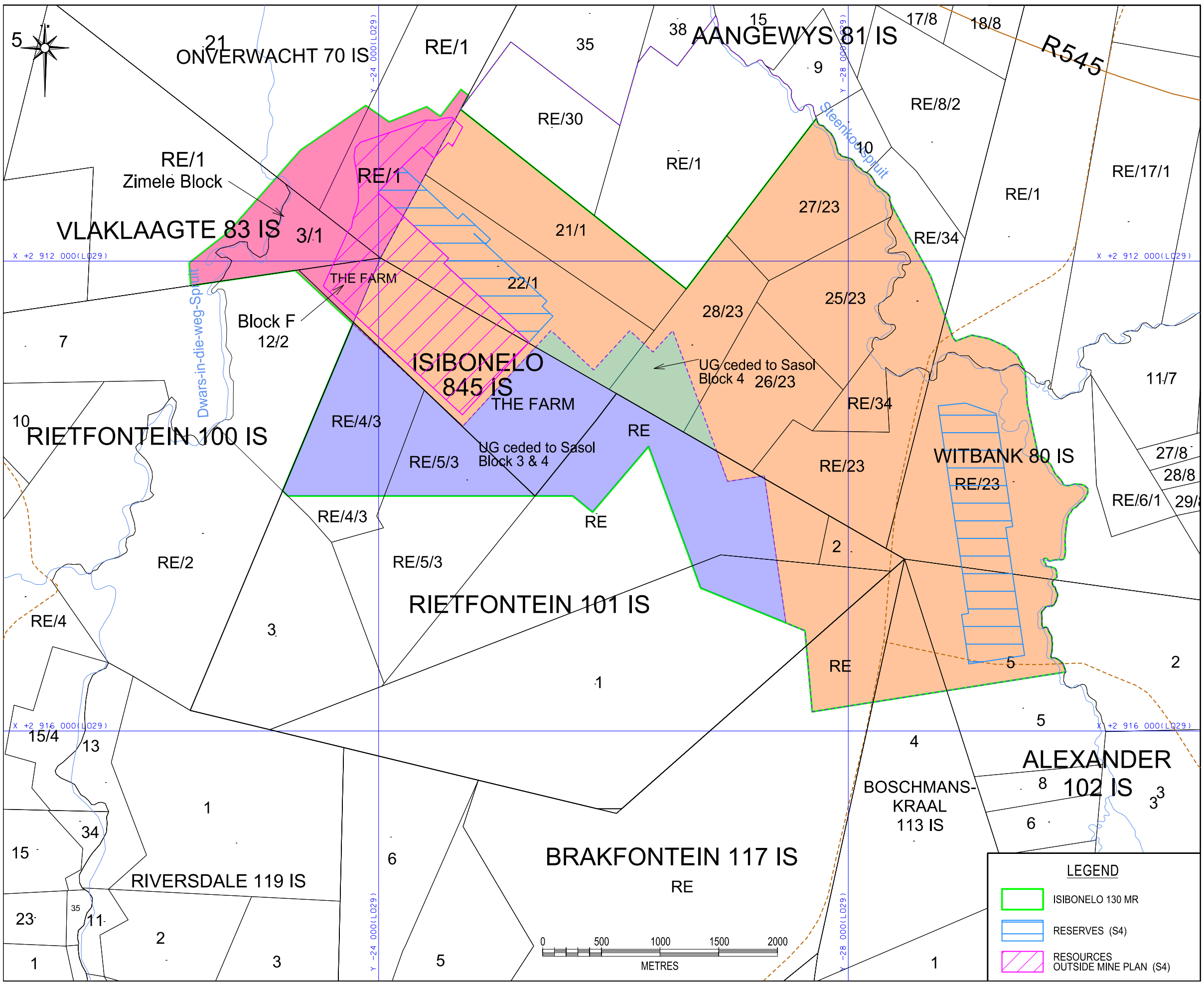
The total remaining volume of material in the MRD is significantly larger than indicated in the Coal Resource statement. Further evaluation is required before it can be fully classified.

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 1.6g/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



The 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 150km east of Johannesburg, 13km northeast of the town of Secunda in the Mpumalanga province of South Africa.

The opencast operation is constrained by the MR boundary, a 70m 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 16km south of the opencast operations.

LEGAL TENURE

The Isibonelo Colliery holds one granted and executed converted MR 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. In addition, a section 102 pertaining to a portion of portion RE/4 of the farm Rietfontein 101 IS, is yet to be submitted.

The 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.

Three land claims require validation by the Restitution Management Support Office (RMSO). TOPL 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 TOPL, and leased to a number of tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities for 2022 included 39 vertically cored, collar surveyed, downhole geophysical surveyed surface boreholes. Additional geotechnical holes and overburden identification holes were also drilled.

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 uploaded to Minescape GDB, which includes validation processes during importing of data.

Coal samples collected during 2022, were sent to the SANAS accredited laboratory, BV, based in Middelburg, Mpumalanga.

For 2023 the planned exploration expenditure is estimated at R3.8 million.

GEOLOGICAL SETTING AND MODELLING

The 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 revised mining schedule accelerates the mining of the south pit due to lower costs, with reserves converted to resources outside mine plan (RoMP) in the north pit, due to constraints in the financial and economic modifying factors related to the CSA with Sasol coming to an end in 2025. A potential new CSA is currently being discussed.

The remaining LOM is estimated at three years with total ROM reserves of 12.6Mt. There are no Inferred Coal Resources included in the LOM plan. The terms of the supply agreement with Sasol determines the LOM.

PRODUCTION AND COAL PROCESSING

The actual production ROM for 2022 is 3.2Mt with a 100% saleable raw product.

The colliery solely supplies to Sasol Synfuels Operations under the CSA. The CSA contract was revised on 1 June 2019 and expires on 30 June 2025.The targeted supply is 4.5Mtpa evenly distributed over a 12-month period, for 2023 and 2024, with a downscale in 2025.

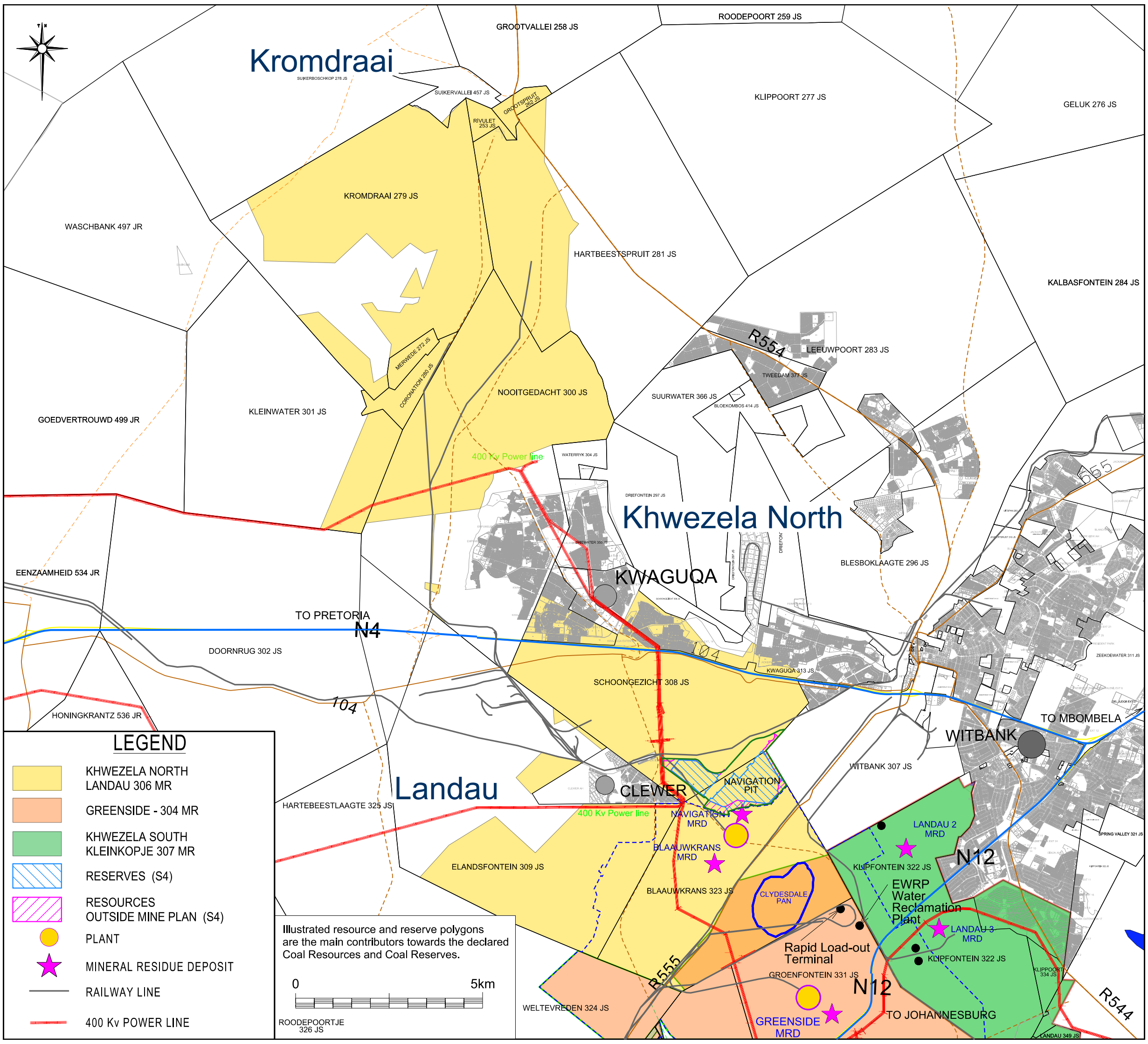
The coal from the pit is transported to the ROM tip by truck. The coal is crushed, screened and sized at the crushing and screening plant. There is an automatic satellite sampling plant at the point of sale. The coal analysis is critical to ensure quality compliance.

When available, additional raw coal, trucked from the Khwezela South MRD (refer to the Khwezela overview), is blended with the in-pit coal at a ratio of 1:6, to comply with the contractually agreed annual supply.

The final product is transported by a 14km conveyor from the crusher plant to point of sale at the Isibonelo bunker. From there it is transported by a 22km long conveyor directly to the coal stockyard situated at the Sasol Synfuels Operations plant, just south of the town of Secunda.

KHWEZELA

KHWEZELA NORTH



Khwezela North (previously known as Landau) consists of the current operating Navigation pit as well as the Kromdraai and Umlalazi pits, which are currently being rehabilitated. The Clydesdale SACE life extension 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), receives as-arising material from the Navigation plant. Inactive/dormant MRDs are also located in the area.

The Navigation pit is located approximately 120km east of Johannesburg, 22km 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 the Greenside Colliery (refer to the Greenside overview).

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 EWRP lie south of the pit.

LEGAL TENURE

Khwezela North holds one granted and executed converted MR – the 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 submitted and pending a record of decision from the DWS and the DMRE. Amendments to the EMPr and WUL have also been submitted.

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One land claim, at Khwezela North, is to be settled by financial compensation by the State, through the administration 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 TOPL and leased to various tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

There were no exploration activities for 2022, due to contractual complexities and wet weather conditions.

For 2023 the planned exploration expenditure is estimated at R8.2 million. The postponed 2022 exploration drilling is included with the 2023 drilling.

GEOLOGICAL SETTING AND MODELLING

Khwezela North is located in the Witbank Coalfield where five coal seams are present. These consist 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 the 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 Seam, No 2 Seam and No 1 Seam currently contribute to the colliery's export product.

Northwest-southeast striking faults encountered at the 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 for spontaneous combustion in the old workings.

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 total ROM reserves at 32.5Mt. Inferred Coal Resources of 4% (equivalent to 1.2Mt reserves) are included in the LOM plan.

PRODUCTION AND COAL PROCESSING

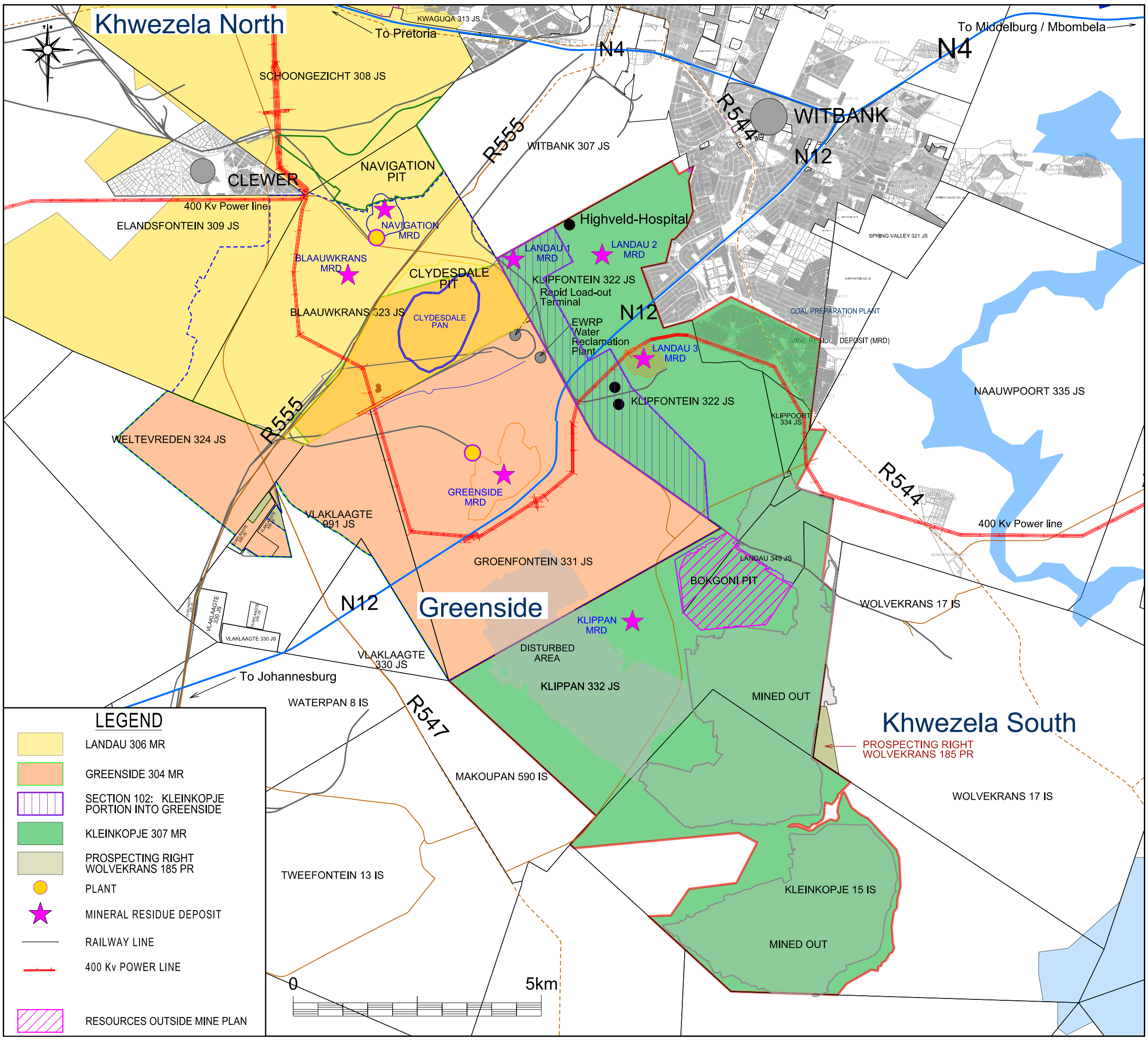
The annual production ROM for 2022 is 3.0Mt. Due to the constraints influencing pit extensions, little room is left for expansion of the resources and reserves footprint.

The CHPP produces a primary export product nominal calorific value of 5,700kcal/kg NAR. A production change to 5,850kcal/kg was implemented in the fourth quarter of 2022.

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 RBCT for export. During 2022 an additional stockpile was established at the Khwezela South Bokgoni pit, due to the Navigation product stockpile reaching its maximum capacity.

KHWEZELA SOUTH



Khwezela South (formerly known as Kleinkopje) consists of the Bokgoni 2A pit and the MRD (also known as Landau 3), both of which were placed on care and maintenance with effect 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 MR comprise the old Kleinkopje Colliery in the south, NorthWest and Landau 1 and 2 Blocks as well as the MRD at Klippan.

LEGAL TENURE

Khwezela South holds one granted and executed converted MR (Kleinkopje MR), and one PR for which a renewal application has been submitted and is awaiting adjudication.

Approval for a section 102 application, submitted to the DMRE for certain portions under the Kleinkopje MR to be excluded and included into the Greenside MR is awaited.

The Kleinkopje MR has an authorised EMPr and EA.

Four land claims which require further action by the RMSO are noted at Khwezela South. The RMSO needs to either validate or gazette the claims.

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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 were done as soon as possible after drilling to avoid deterioration of the coal core. The core was photographed and logging, sampling and analytical results uploaded in Minescape GDB, which included validation processes during importing.

Coal samples were sent to SANAS accredited laboratories.

There is no 2023 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 consist 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 10m throw lies to the northeast of the Bokgoni 2A pit. 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

The Bokgoni 2A Pit was put on care and maintenance in 2021 and no mining took place in 2022.

PRODUCTION AND COAL PROCESSING

No coal processing took place in 2022.

KHWEZELA SOUTH MRD

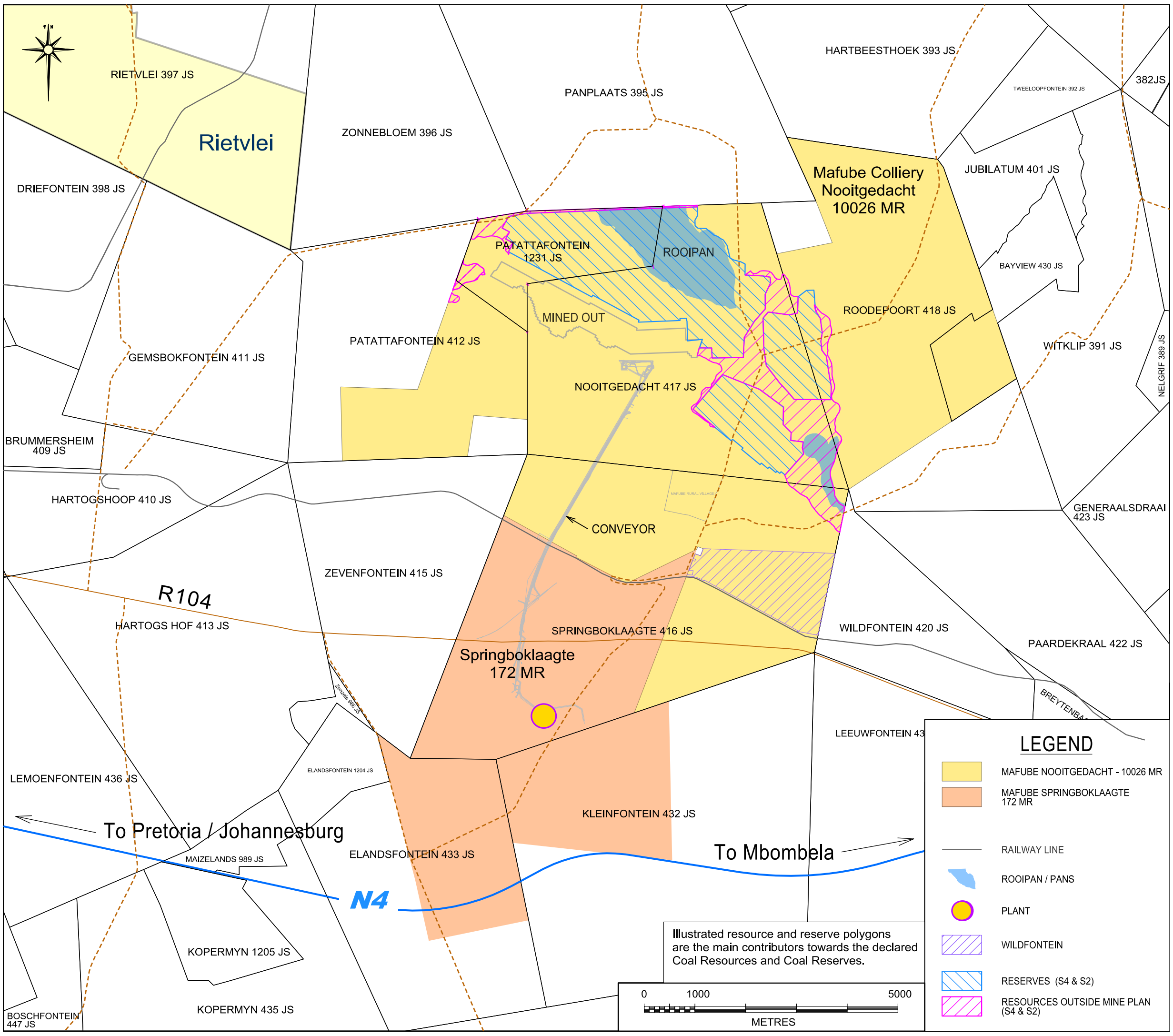
The Khwezela South MRD (also known as Landau 3) consists of discard material from the No 2 Seam, laid down during the early stages of the facility's construction, and an old ash dump. A poor-quality top zone was formed when the discard of re-washed MRD material was deposited during the last years of 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 of the 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 $1.5g/cm^3$ was used to estimate the tonnage.

During 2022, 1.4Mt coal was mined from the declared RoMP. The coal was trucked to the Isibonelo Colliery where it was blended with in-pit coal at a ratio of 1:6 and then sold to Sasol Synfuels Operations.

MAFUBE



The Mafube Colliery is an opencast operation in which SACO holds a 50% direct interest and Exxaro holds the remaining 50%. The JV is termed Mafube Coal Mining Proprietary Limited.

The colliery is located approximately 160km east of Johannesburg and 30km 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 coal sub-crop defines 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.

The declared resources and reserves are as evaluated and estimated through Exxaro.

LEGAL TENURE

The Mafube Colliery holds one granted and executed NOMR and one granted and executed converted MR. The coal in the Springboklaagte Reserve MR has been depleted. Mining operations currently occur in the Nooitgedacht Reserve MR.

The Mafube Colliery operates under numerous approved EMPrs, EAs and WULs. Amendments to the EMPr for the Mafube Life Extension Nooitgedacht and Wildfontein Operations (de-bottleneck project) and the Nooitgedacht WUL has been issued. The EIA, EMPr and EA for the mining of Rooipan was submitted to the DMRE, and the colliery is now awaiting final scoping report approval. An application for a WUL for the mining of Rooipan is currently in progress.

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. Mafube has lodged objections and appeals against the applications and the outcomes are pending.

Mafube Coal Mining has recently been notified of a legal challenge in respect of the historic subdivision of portion 1 of the farm Patattafontein 412 JS. If not resolved, this may have an insignificant impact (<3%) on the reserve base and mine planning.

The surface rights are owned by a number of different entities with some portions of the surface rights owned by Mafube Coal Mining leased to a number of tenants for agricultural purposes

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities for 2022 included 191 vertically cored and collar surveyed boreholes. This included a total of 66 boreholes drilled within the Rooipan catchment area as per the general authorisation issued by the DWS.

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 collected during 2022, were sent to the SANAS accredited laboratory, BV, based in Middelburg, Mpumalanga.

For 2023 the planned exploration expenditure is estimated at R14.4 million.

GEOLOGICAL SETTING AND MODELLING

The 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 Seam and No 1 Seam 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

Currently, the No 2 Seam 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 21 years with total ROM reserves of 123.1Mt. This is in line with the Mafube plant capacity of 5.8Mtpa ROM. Only 1% of the LOM plan is derived from Inferred Coal Resources (equivalent to 1.7Mt reserves).

PRODUCTION AND COAL PROCESSING

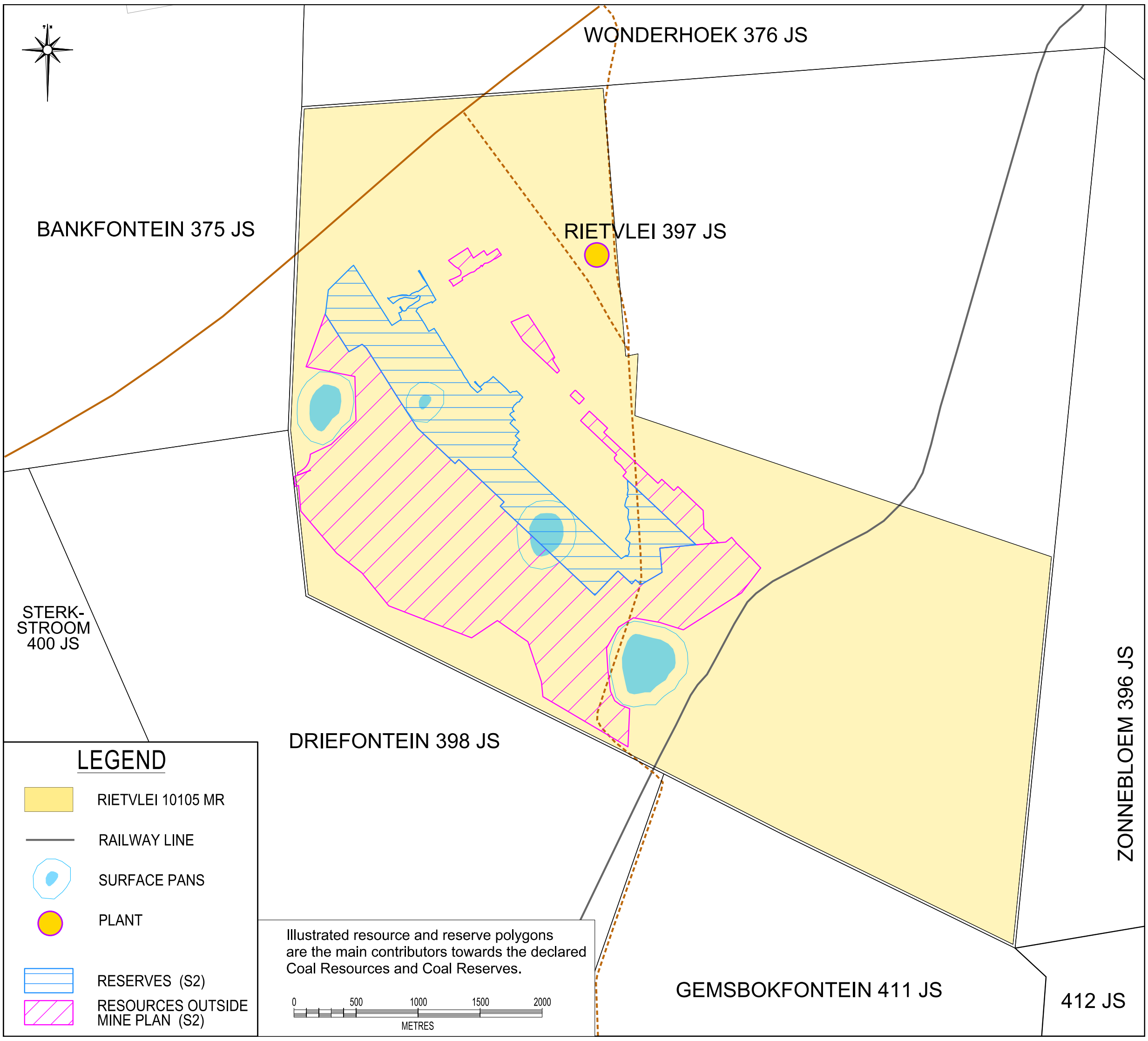
The actual ROM production for 2022 is 5.4Mt. After processing, this produced a 5,800kcal/kg NAR export product together with a 4,800kcal/kg NAR middlings export product. An additional raw domestic product has been identified and included in the declared saleable products, to be included for the remainder of the LOM starting in 2024.

The CHPP is operated by Mafube on behalf of the JV.

ROM coal is transported from the pit to the CHPP by a 7km overland conveyor. The CHPP is a single module, treating coarse and finer coal in separate dense medium cyclones. Both saleable export products are transported by a 14km overland conveyor to the RLT.

The CHPP also uses filter presses to process ultrafines. This product is sold on demand to the inland market.

RIETVLEI



The Rietvlei Colliery 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 27km northeast of the town of Middelburg in the Mpumalanga province of South Africa.

Butsanani Energy holds a 51% share of 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 through both 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

The 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 to date. The excess water is currently managed within the MR area.

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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 South Africa. 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 Microsoft Excel spreadsheets/database from where it is interrogated for errors.

For the most recent exploration drilling, all the samples were analysed at the accredited Siza Coal and Mineral Laboratory, in Middelburg.

For 2023 the planned exploration expenditure is estimated at R9 million.

GEOLOGICAL SETTING AND MODELLING

The Rietvlei Colliery is located in the Witbank Coalfield where two of the five coal seams are present. These consist of the No 1 Seam 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 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 four years with a total ROM reserves of 10.0Mt. There are no Inferred Coal Resources included in the LOM plan.

PRODUCTION AND COAL PROCESSING

The annual production ROM for 2022 is 2.6Mt.

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.

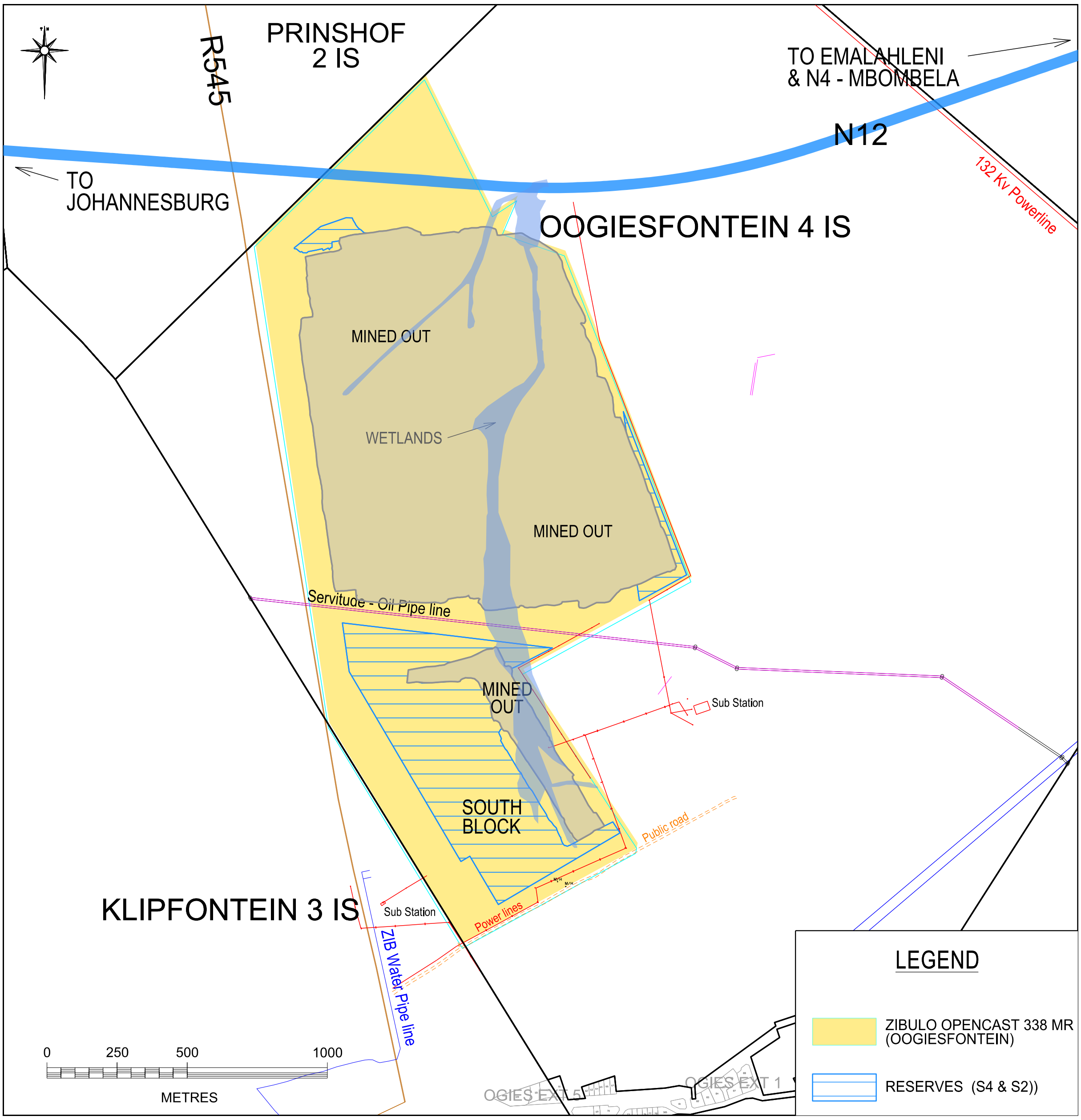
The initial LOM plan was based on both high grade and low grade product sales to Eskom. The contract for the high grade product came to an end in April 2021, with only a supply of low grade coal to Eskom until the end of 2023, when the contract lapses.

During 2022 a washing plant was introduced to reduce the high sulphur content and to upgrade the ROM to a domestic or export quality product. A drum module was also commissioned for the dense medium processing. This module has the capacity to process coarse coal. This necessitated a revised mine schedule and an increase in the ROM for 2022.

The CHPP is located adjacent to the boxcut. The saleable product will be transported from the plant directly to the customer by road.

ZIBULO

ZIBULO OPENCAST



Zibulo Opencast (OC) is located approximately 100km 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 (UG) bord and pillar operation situated 16km southwest of Ogies as well as the Zondagsfontein West project area to the west of the underground operation.

The Zibulo MR is held by AAIC, which is 73% owned by SACO and the remaining 27% interest was previously held by Inyosi, but is now held by Thungela Resources Holdings Proprietary Limited (TRH) with effect from 30 November 2022.

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 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 licence additional activities.

The surface rights are owned by AAIC 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 for 2022 included eight vertically cored, collar surveyed, downhole geophysical surveyed surface boreholes. 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 uploaded in Minescape GDB, which includes validation processes during importing of data.

Coal samples collected during 2022, were sent to the SANAS accredited laboratory, BV, based in Middelburg, Mpumalanga.

For 2023 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, i.e. 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 Seam and No 2 Seam 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 boxcut 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 four years with total ROM reserves of 5.0Mt, if the current mining rates are maintained. There are no Inferred Coal Resources included in the LOM plan.

PRODUCTION AND COAL PROCESSING

The actual production ROM for 2022 is 0.7Mt. The coal is combined with the Zibulo UG coal, producing a saleable 6,000kcal/kg NAR export product and a 4,800kcal/kg NAR middlings export product.

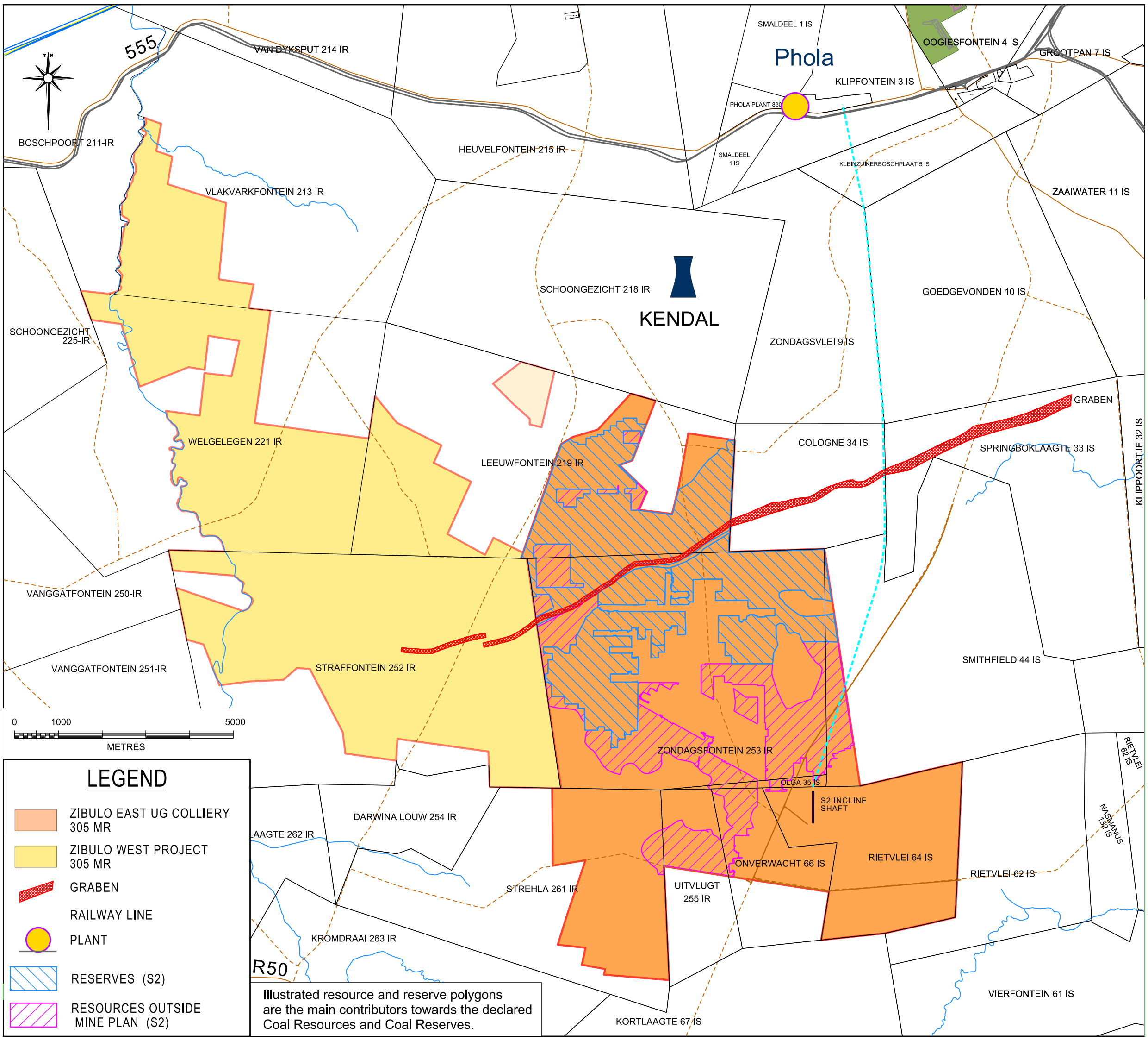
The Zibulo OC operation supplements the underground production ROM to the Phola Coal Processing Plant (PCPP) so that the maximum allocated throughput capacity of 8Mtpa can be achieved. The Zibulo OC coal is trucked to the PCPP which is situated on the western border of Ogies.

The PCPP is a 50:50 JV between AAIC and Seriti Power Proprietary Limited. The plant has a nominal capacity of 16Mtpa, of which the Zibulo Colliery is entitled to 8Mtpa according to the JV agreement. The ROM from both the Zibulo OC and the Zibulo UG is processed at the PCPP.

The PCPP 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. 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 the Zibulo Colliery. The product is mixed either with the 6,000kcal/kg export product or the 4,800kcal/kg export product, depending on the final quality.

ZIBULO UNDERGROUND



Zibulo Underground (UG) is a bord and pillar operation located approximately 100km east of Johannesburg, 16km 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 73% owned by SACO and the remaining 27% interest was previously held by Inyosi, but is now held by TRH with effect from 30 November 2022.

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. All the required environmental permits are in place for the operation. An amendment to the WUL has been submitted, to license additional activities. Due to the inclusion of the Zondagsfontein West Project area, in the LOM, an amendment to the current EMPr of Zibulo UG, to cover the underground workings and surface infrastructure, has been submitted to the DMRE and is awaiting approval.

The surface rights for Zibulo UG are currently owned by numerous different entities including AAIC.

A purchase agreement has been concluded to secure surface rights for portion RE/11 of the farm Leeuwfontein 219 IR and is currently in the registration process. Subsequently a purchase agreement has been concluded to secure portion RE/2 of the farm Zondagsfontein 253 IR among others. The aforementioned portions are critical for the Zibulo life extension project.

Five land claims are registered over the 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 for 2022 included 56 vertical cored, collar surveyed, standard downhole geophysical surveyed surface boreholes. Additional cover is by underground in-seam panel and directional non-core drilling ahead of mining faces.

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.

Coal samples collected during 2022, were sent to the SANAS accredited laboratory, BV, based in Middelburg, Mpumalanga.

For 2023 the planned exploration expenditure is estimated at R10.7 million.

GEOLOGICAL SETTING AND MODELLING

Zibulo UG is located in the Witbank Coalfield where 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 1m and 20m. The No 2 Seam is currently the only 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 Seam and No 5 Seam 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 3.3m and 4.5m thick in the No 2 Seam. The mine was designed to operate with eight sections. During 2021 a prime section was established to improve the production rates.

The operation is equipped with CMs, shuttle cars, feeder-breaker systems and conveyor belt systems. 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, the coal quality on either side is similar and both domains are scheduled to be mined.

The LOM is estimated at 10 years and is supported by a total ROM reserve base of 57.2Mt. The increase in LOM years and the ROM reserve base from 2021, is due to the re-evaluation of the north-of-graben reserve footprint, which forms part of the Zondagsfontein West feasibility study (FS), to optimise the value of the life extension of Zibulo.

There are no Inferred Coal Resources included in the current underground colliery. A 25% Inferred Coal Resources in mine plan is included in the overall LOM with the inclusion of the Zondagsfontein West project in the total LOM. The Inferred Coal Resources in mine plan are envisaged to be mined from 2035 and an action plan is in place to reduce the percentage, before mining commences in the area.

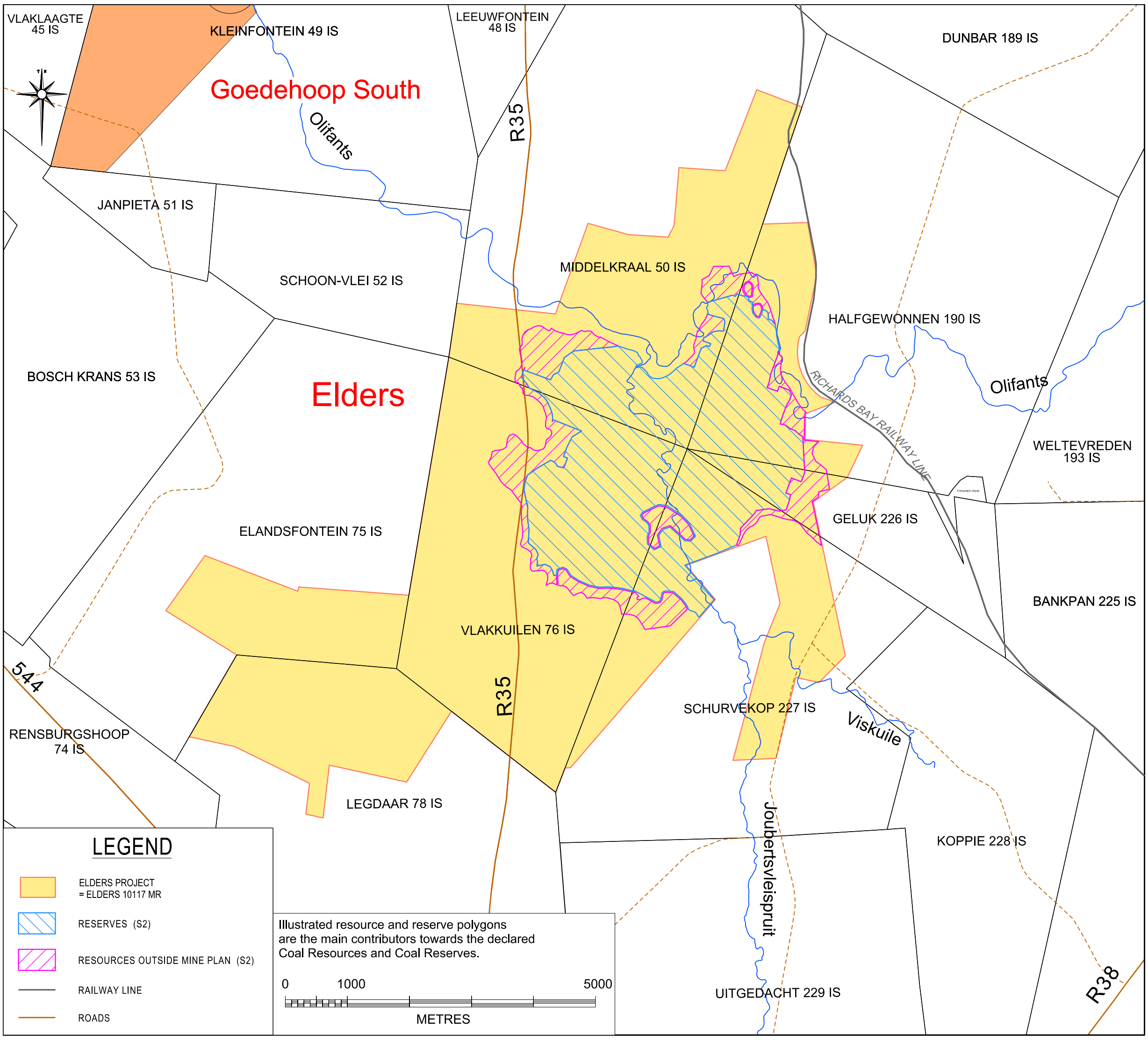
PRODUCTION AND COAL PROCESSING

The actual production ROM for Zibulo UG for 2022 is 5.3Mt, producing a combined saleable 6,000kcal/kg NAR export product and a 4,800kcal/kg NAR middlings export product.

The underground ROM coal is transported to the PCPP via a 16km 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 RBCT. The majority of the middlings coal is railed to the RBCT 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 revised FS, covering the extraction of both the No 4 Seam and No 2 Seam, was completed in June 2022. Following this the project was approved by the Thungela board in August 2022.

The Elders project area is located approximately 60km 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 (not reported since not in line with the strategy for underground mining), the central underground domain (resources and reserves reported) and the southwest underground domain (not reported due to the impact of transgressive sills compartmentalising and devolatilising the coal seams).

The focused project area, is the underground central area with the economic target being the No 4 Seam and No 2 Seam, of which the No 2 Seam has the better quality.

The declared resources and reserves, in this report, are made up of these two economic seams.

The project 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

TOPL holds a MR that was granted in terms of section 23(1) of the MPRDA in April 2018, under DMRE reference number MP 30/5/1/2/2/10117 MR ("the mining right").

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The mining right and section 11 to cede the mining right to AAIC was executed in July 2020. The executed mining right and section 11 were simultaneously lodged at the Mining Titles Office for registration purposes.

A sale of a portion of the mining right and a property agreement was concluded with Sudor for Portion 5 of the farm Middelkraal 50 IS and Portion of Portion RE of the farm Middelkraal 50 IS (also known as Pit 4). A section 102 application will be lodged with the DMRE to abandon the portions in favour of Sudor. A tripartite transaction is being finalised.

AAIC currently owns approximately 3,500ha of the total surface rights relating to the approved mining right area. The surface rights owned by AAIC sufficiently cover the planned surface infrastructure to facilitate the planned mining operations. Therefore, no additional surface rights will be acquired for the project.

The Elders project has an integrated WUL, an approved EMPr and an approved EA. A WUL amendment was applied for in 2019 and authorised in July 2022. The WUL, including all amendments, was approved in December 2022 and this licence superseded all previous WULs issued to Elders.

Several project changes took place during the revised FS, including activities pertaining to block plans, the ventilation shaft, hauling of coal, widening of the R35 and the coal loading area. Subsequently, the EIA application was submitted in November 2021 and approval was due in March 2022. The DMRE case officer has recently received the record of decision from the DWS waste activities division.

The DMRE case officer will start finalising the EIA decision in January 2023.

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 AAIC and leased to various tenants.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities including vertical cored, collar surveyed, surface boreholes with standard downhole geophysical logs, will commence in 2023, with seven holes planned in the initial development areas.

Logging and sampling of the vertical cored boreholes will be done as soon as possible after drilling, to avoid deterioration of the coal core. The core will be photographed and logging, sampling and analytical results will be uploaded to Minescape GDB, which includes validation processes during importing.

No exploration activities occurred during 2022.

Five geotechnical holes (no coal quality samples taken) were drilled in the boxcut area.

Since these holes have downhole geophysics, their stratigraphic information is incorporated into the geological model.

For 2023 the planned exploration expenditure is estimated at R1 million.

GEOLOGICAL SETTING AND MODELLING

Elders is located close to the northern margin of the Highveld Coalfield where five coal seams are present. These consist of, from bottom, the No 1 Seam, sequentially to the No 5 Seam at the top, with the No 4 Seam and No 2 Seam declared as Coal Resources and Coal Reserves.

No faulting was detected during exploration drilling. However, dolerite intrusives were identified on two aeromagnetic surveys and a high resolution SkyTEM survey and results from the geophysics survey tool, the MagSQUID. 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.

MINING ACTIVITIES

The mine will be an underground bord and pillar operation using primarily CMs. Access to the underground workings is via a boxcut with portals onto the No 2 Seam and No 4 Seam horizons. The mining operation will mine the No 2 Seam first, followed by the No 4 Seam.

The mine is designed with production from three (during ramp-up) to five (at full production) CM sections during the different phases.

Construction on site commenced in quarter four of 2022, with the establishment of a site office and the initial phase of the boxcut development.

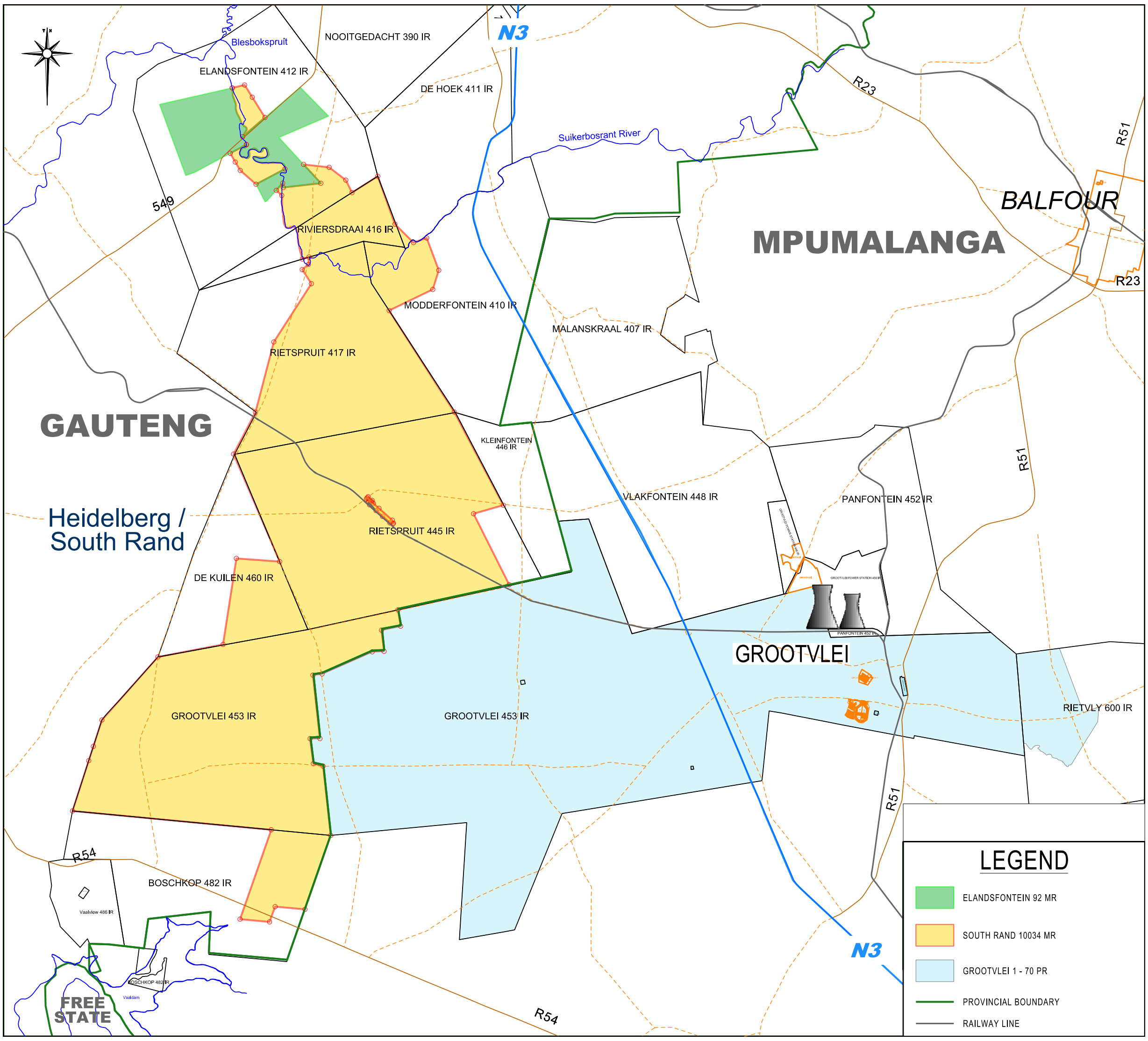
The LOM is estimated at 24 years and is supported by a ROM reserve base of 80.9Mt, with first coal planned during quarter four of 2023. Only 1% of the LOM plan is derived from Inferred Coal Resources (equivalent to 0.7Mt reserves).

PRODUCTION AND COAL PROCESSING

The mine will produce around 3.5Mtpa, peaking at 4.2Mtpa ROM over the LOM. A 5,700kcal/kg NAR single product, from the No 2 Seam is earmarked for the export market, with a changeover to a domestic product of 4,500kcal/kg NAR, from the No 4 Seam, for the local market.

Coal from the colliery will be transported by road and processed at the existing third-party-owned and operated CHPP at Goedehoop South, approximately 23km from Elders.

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. RoMP 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. The project area 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 73% owned by SACO and the remaining 27% interest was previously held by Inyosi, but is now held by TRH with effect from 30 November 2022.

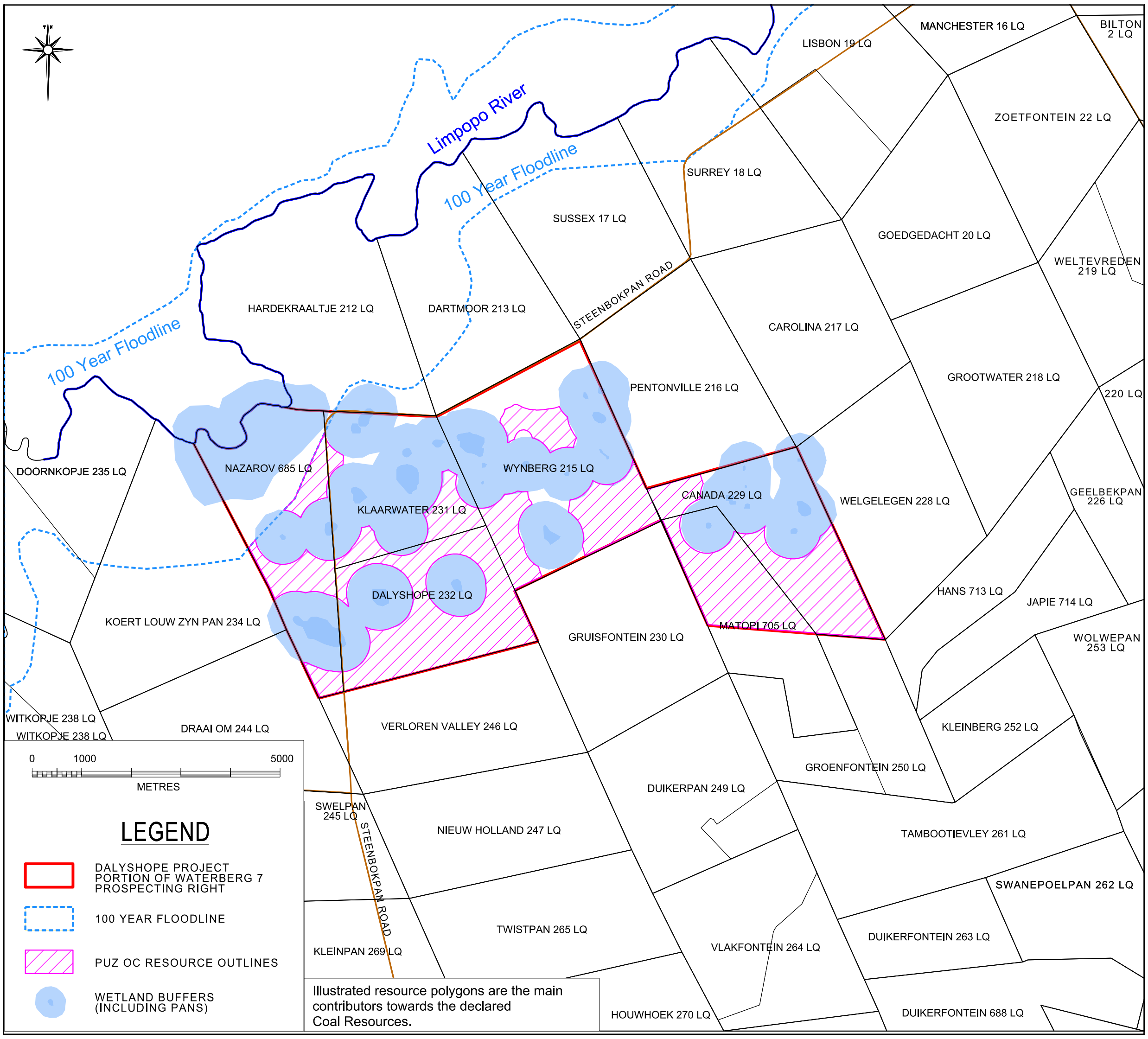
South Rand holds one granted MR (92 MR), one pending MR (10034 MR) and one pending renewal PR (70PR) (NOPR).

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 select portion of the No 2 Seam, called the SM3, declared as Coal Resources.

WATERBERG



The Waterberg project comprises six farms, collectively known as Dalyshope. It is a coal development project located close to the Botswana border, 55km 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, i.e. 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 500m 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. Thungela 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 on the Dalyshope study area.

The surface rights are owned by different entities. TOPL owns the surface rights of the farms covering the declared resources. Operations on any of the other farms would need surface rights to be acquired.

EXPLORATION ACTIVITIES AND EXPENDITURE

Exploration activities performed by Anglo American Coal South Africa (ceased in 2015) included vertical cored, collar surveyed, surface boreholes and an 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 2019, 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 SANAS accredited laboratories.

For 2023 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. Coal Resources are derived from the Prime Zone.

The Goedgedacht Formation contains coal seams similar to the Witbank Coalfields. Three seams, ES1 Seam, ES2 Seam and ES3 Seam, are identified in the Dalyshope area, with the ES2 Seam being the target seam.

Several small displacement faults have been inferred 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 is utilised to determine the percentage of a 1.8 cutpoint density product.

STUDIES RELATED TO MINING AND COAL PROCESSING

TOPL 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.

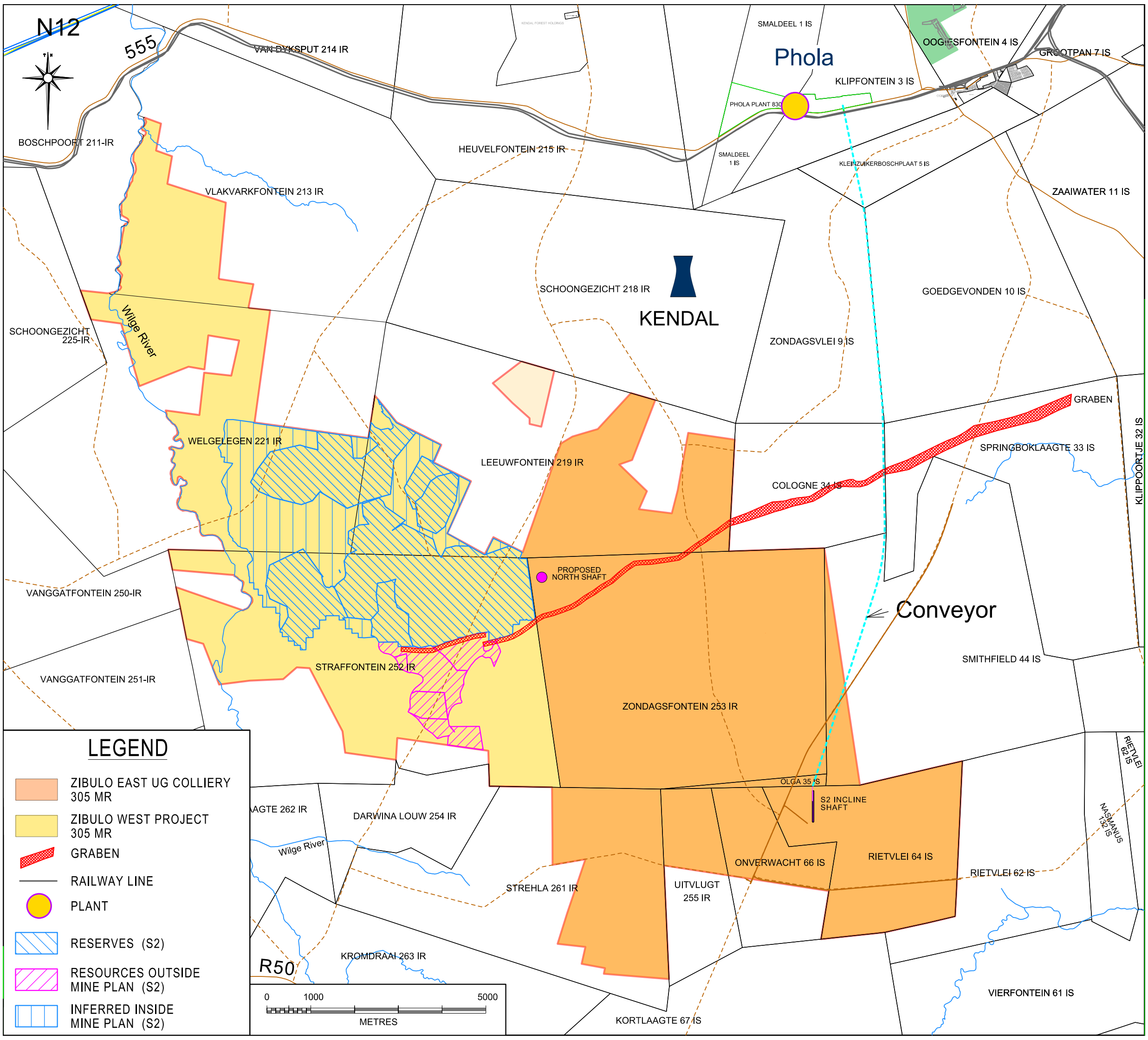
Various studies have been undertaken or are in progress to develop an appropriate exploitation plan. This work is managed by UCD, as part of the agreement.

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 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.

ZONDAGSFONTEIN WEST



Zondagsfontein West (ZFNW) project is an underground life extension project to the current Zibulo UG operation with the North Shaft FS concluded in September 2022 and was audited/reviewed in October 2022. The project will be submitted for board consideration in 2023.

ZFNW forms part of the Zibulo Colliery, which includes the Zibulo OC operation situated 3km north of Ogies and the underground bord and pillar operation situated 16km southwest of Ogies. The project area is located approximately 90km east of Johannesburg, in the Mpumalanga province of South Africa.

The Zibulo MRs are owned by AAIC, which is 73% owned by SACO and the remaining 27% interest was previously held by Inyosi, but is now held by TRH with effect from 30 November 2022.

The Zibulo UG operation started in the southeast portion of the MR and is developing northwards, with plans to cross the graben structure (refer to the Zibulo overview) and then mine north of the graben, whereafter it is expected to expand into the ZFNW project area.

ZFNW is constrained by the MR boundary, the current Zibulo UG LOM in the east, and 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, an amendment to the current EMPr of Zibulo UG, to cover the underground workings and surface infrastructure for the project, was submitted to the DMRE and is awaiting approval.

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 the Zibulo Colliery are currently owned by numerous different entities including AAIC.

A purchase agreement has been concluded to secure surface rights for portion RE/11 of the farm Leeuwfontein 219 IR and is currently in the registration process. Subsequently a purchase agreement has been concluded to secure portion RE/2 of the farm Zondagsfontein 253 IR amongst others.

EXPLORATION ACTIVITIES AND EXPENDITURE

No exploration activities occurred during 2022.

The planned exploration expenditure for 2023, is incorporated in the Zibulo UG estimated expenditure of R10.7 million.

GEOLOGICAL SETTING AND MODELLING

ZFNW is located towards the western edge of the Witbank Coalfield where 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. 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.

MINING ACTIVITIES

An underground bord and pillar operation using CMs, 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 were finalised during the FS.

The LOM for the extension is estimated at 16 years with the planned start of shaft bottom development in the north towards the west, envisaged for 2025, and first coal production mining in the west to start in 2029. There will be a simultaneous ramp-down in the Zibulo UG reserves from 2028.

The LOM is supported by a total ROM reserve base of 85.1Mt, with a 33% Inferred Coal Resources in mine plan (equivalent to 28.1Mt reserves), included in the overall LOM. The Inferred Coal Resources in mine plan is envisaged to be mined from 2035 and an action plan is in place to reduce the percentage, before mining commences in the area.

PRODUCTION AND COAL PROCESSING

ROM production is expected to peak at 8.4Mtpa, which is equivalent to the plant capacity. A 6,000kcal/kg NAR from the No 2 Seam is in line with the Zibulo UG export product, with the remainder of the coal producing a product for the domestic market.

Coal processing is scheduled to occur through the PCPP, which will have spare capacity, due to the expected closure of the Zibulo OC in the next four years.

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 (SANS10320:2020) 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 (e.g. calorific value, volatiles, sulphur), overburden ratio limits (opencast), depth below surface (underground) limits, exclusion zones due to areas of structural complexity and/or igneous intrusions and geological loss percentages which reflect the confidence in the resource estimate.

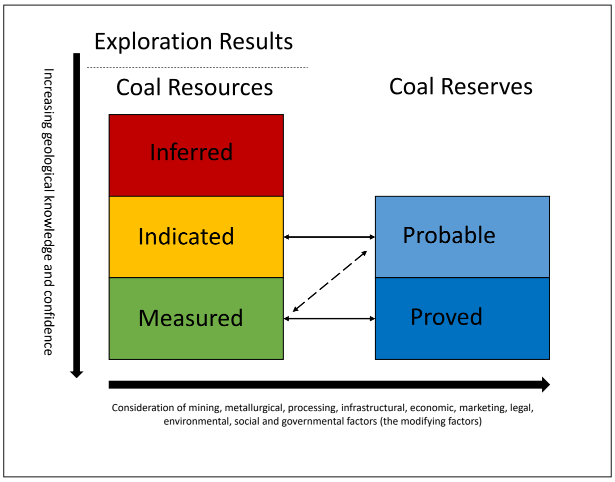
Coal Resource estimates are derived from resource models, built in the 3D geological modelling software Minescape, a Datamine product. The resource models are reviewed internally every year. For the 2022 reporting cycle all operations report resources on a first principle basis, which includes a re-evaluation of the Coal Resources.

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.

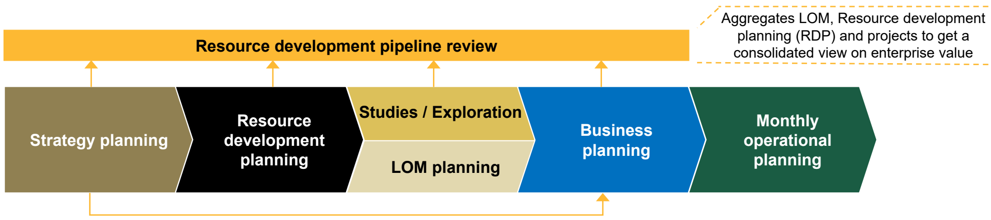
Modifying factors used to convert Coal Resource estimates to Coal Reserve (ROM and Saleable) estimates include, but are not limited to, mining method, mining loss, mining extraction, practical mining heights, contamination/dilution, overall mining recovery, wash plant factors, surface moisture (correction 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. For the 2022 reporting cycle all operations report reserves on a first principle basis, which includes a re-evaluation of the Coal Reserves.

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.



The following flow chart illustrates the complete planning cycle for reporting of reserves on a first principle basis:



	Purpose	Planning Level	Horizon	Frequency	Lead
Strategy planning	• ***Formulates*** the overall company strategy • **Sets the framework** for all other plans	Thungela	Unlimited	Yearly	EXCO
Resource development planning	• ***Identifies full potential*** of resource value • ***Outlines path*** to reach full resource value	Asset	Asset Life	3 Years Cycle	Operation
Studies / Exploration	• ***Investigates value-add-options*** in detail • ***Establishes roadmap*** for implementation	Asset	Depending on Asset	Ongoing	Projects
Life of mine planning	• Describes plan on ***how to exploit*** resource • Contains all ***approved projects and options*** • Basis of ***reserves Reporting***	Asset	Asset Life	Yearly	Operation
Business planning	• Translates LOM into ***detailed 2-year plan*** • Becomes the ***main benchmark for execution***	Asset	2 years	Yearly	Operation
Monthly operational planning	• Translates BP into **short-term plan** (monthly) • Allows **re-forecasting** using actuals	Asset	18 months	Monthly	Operation
Resource development pipeline review	• Aggregates LOM, RDP and projects to get a **consolidated view** on enterprise value	Thungela	Asset Life	Yearly (Trade Configuration)	Mine Planning

Risks that could result in a material change of the Coal Resources or Coal Reserves are also assessed and quantified. The main Coal Reserve risks are the Rand coal price for the product together with the rail capacity constraints. There are limited Coal Resource risks due to the conservative approach Thungela takes in environmentally sensitive areas.

COAL RESERVES[1]

At 31 December 2022

	Ownership %	Life (years)	Mining method	Classification	2022 ROM tonnes[2] Mt	2022 Yield[3] ROM %	2022 Saleable tonnes[2] Mt	2022 Saleable qualities[4] kcal/kg	2021 ROM tonnes[2] Mt	2021 Yield[3] ROM %	2021 Saleable tonnes[2] Mt	2021 Saleable qualities[4] kcal/kg
Goedehoop	100	3	UG									
Thermal (Export)				Proved	11.7	47.7	5.4	6,080	16.8	53.7	9.1	5,960
				Probable	0.4	43.6	0.2	6,100	0.9	51.3	0.5	5,970
				Total	12.1	47.5	5.6	6,080	17.7	53.6	9.5	5,960
Greenside	100	5	UG									
Thermal (Export)				Proved	15.9	58.6	9.3	6,320	25.0	64.5	15.8	5,870
				Probable	0.9	42.2	0.4	6,390	0.1	70.7	0.1	5,980
				Total	16.8	57.7	9.7	6,320	25.1	64.5	15.9	5,870
Isibonelo	100	3	OC									
Synfuel				Proved	12.6	100.0	12.6	4,820	18.4	100.0	18.4	4,660
				Probable	–	–	–	–	5.2	100.0	5.2	4,650
				Total	12.6	100.0	12.6	4,820	23.6	100.0	23.6	4,660
Khwezela North	100	7	OC									
Thermal (Export)				Proved	29.2	51.0	12.6	6,040	27.8	44.8	13.3	6,020
				Probable	2.1	42.5	0.7	6,050	5.9	39.7	2.5	6,040
				Total	31.3	50.4	13.3	6,040	33.7	43.9	15.8	6,020
Mafube	50	21	OC									
Thermal (Export)				Proved	80.6	65.0	44.2	5,260	26.7	65.3	18.0	5,430
				Probable	40.8	64.7	25.6	5,300	23.0	62.5	14.8	5,380
				Total	121.4	64.9	69.8	5,270	49.7	64.0	32.8	5,410
Thermal (Domestic)				Proved		100.0	12.7	4,470		–	–	–
				Probable		100.0	1.2	4,520		–	–	–
				Total		100.0	13.9	4,470		–	–	–
Rietvlei	34	4	OC									
Thermal (Domestic)				Proved	10.0	60.0	5.3	5,850	4.4	100.0	4.4	5,080
				Probable	–	–	–	–	–	–	–	–
				Total	10.0	60.0	5.3	5,850	4.4	100.0	4.4	5,080
Zibulo	100	10										
Thermal (Export)			UG	Proved	36.0	65.5	23.4	5,710	32.9	42.1	13.9	6,500
				Probable	21.2	65.3	13.7	5,790	20.1	42.4	8.5	6,500
				Total	57.2	65.4	37.1	5,740	53.0	42.2	22.4	6,500
Thermal (Domestic)			UG	Proved		–	–	–		29.6	9.8	5,260
				Probable		–	–	–		30.6	6.2	5,260
				Total		–	–	–		30.0	15.9	5,260
Thermal (Export)			OC	Proved	5.0	78.8	3.7	5,690	5.7	47.3	2.6	6,450
				Probable	–	–	–	–	–	–	–	–
				Total	5.0	78.8	3.7	5,690	5.7	47.3	2.6	6,450
Thermal (Domestic)			OC	Proved		–	–	–		31.5	1.6	5,260
				Probable		–	–	–		–	–	–
				Total		–	–	–		31.5	1.6	5,260
Total	75											
Thermal (Export)				Proved	201.0	62.3	98.6	5,630	157.6	54.8	72.8	5,850
				Probable	65.4	64.2	40.6	5,490	55.2	53.7	26.4	5,820
				Total	266.4	62.9	139.2	5,590	212.8	54.5	99.1	5,840
Total	46											
Thermal (Domestic)				Proved		88.2	18.0	4,880		49.4	15.8	5,210
				Probable		38.7	1.2	4,520		30.6	6.2	5,260
				Total		85.1	19.2	4,860		44.1	22.0	5,220
Total	100											
Synfuel				Proved		100.0	12.6	4,820		100.0	18.4	4,660
				Probable		–	–	–		100.0	5.2	4,650
				Total		100.0	12.6	4,820		100.0	23.6	4,660

Mining method: OC = Opencast/Cut, UG = Underground.
Reserve Life = The scheduled extraction period in years for the total Coal Reserve in the approved LOM 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 2022

	Ownership %	Life (years)	Classification	2022 ROM tonnes[2] Mt	2022 Yield[3] ROM %	2022 Saleable tonnes[2] Mt	2022 Saleable qualities[4] kcal/kg	2021 ROM tonnes[2] Mt	2021 Yield[3] ROM %	2021 Saleable tonnes[2] Mt	2021 Saleable qualities[4] kcal/kg
Goedehoop North MRD	100	1									
Thermal (Domestic)			Proved	–	–	–	–	–	–	–	–
			Probable	1.3	100.0	1.3	3,020	2.9	100.0	2.9	3,020
			Total	1.3	100.0	1.3	3,020	2.9	100.0	2.9	3,020
Goedehoop South MRD	100	2									
Thermal (Export)			Proved	–	–	–	–	–	–	–	–
			Probable	5.8	100.0	5.8	3,340	6.5	30.0	1.9	4,800
			Total	5.8	100.0	5.8	3,340	6.5	30.0	1.9	4,800
Greenside MRD	100	1									
Thermal (Export)			Proved	–	–	–	–	–	–	–	–
			Probable	2.4	34.9	0.8	5,500	3.3	74.6	2.4	4,560
			Total	2.4	34.9	0.8	5,500	3.3	74.6	2.4	4,560
Total Reserves MRDs	100										
Total (Export)			Proved	–	–	–	–	–	–	–	–
			Probable	8.2	92.1	6.6	3,600	9.8	54.8	4.4	4,670
			Total	8.2	92.1	6.6	3,600	9.8	54.8	4.4	4,670
Total Reserves MRDs	**100**										
Total (Domestic)			Proved	–	–	–	–	–	–	–	–
			Probable	1.3	100.0	1.3	3,020	2.9	100.0	2.9	3,020
			Total	1.3	100.0	1.3	3,020	2.9	100.0	2.9	3,020

MRD = Mineral residue deposit.
Table footnotes appear at the end of the section.

>

COAL RESOURCES[5]

At 31 December 2022 (exclusive from Reserves)

	Ownership %	Mining method	Classification	2022 MTIS[5] Mt	2022 Coal quality[6] kcal/kg[6]	2021 MTIS[5] Mt	2021 Coal quality[6] kcal/kg[6]
Goedehoop	100	OC/UG	Measured	225.5	5,240	209.5	5,220
			Indicated	6.0	5,550	8.5	5,660
			Total Measured and Indicated	231.5	5,250	218.0	5,230
			Inferred (in LOM plan)[7]	–	–	–	–
			Inferred (excl LOM plan)[8]	6.9	5,530	2.9	5,820
			Total Inferred	6.9	5,530	2.9	5,820
Greenside	100	UG	Measured	8.8	5,600	8.1	5,730
			Indicated	4.5	5,570	1.5	5,510
			Total Measured and Indicated	13.3	5,590	9.6	5,700
			Inferred (in LOM plan)[7]	1.3	5,450	1.8	5,520
			Inferred (excl LOM plan)[8]	4.0	5,620	2.0	5,570
			Total Inferred	5.3	5,580	3.8	5,550
Isibonelo	100	OC	Measured	16.0	5,180	3.7	4,840
			Indicated	–	–	3.4	4,900
			Total Measured and Indicated	16.0	5,180	7.1	4,870
			Inferred (in LOM plan)[7]	–	–	–	–
			Inferred (excl LOM plan)[8]	–	–	–	–
			Total Inferred	–	–	–	–
Khwezela North	100	OC	Measured	11.0	5,170	7.5	5,210
			Indicated	4.5	5,200	3.1	5,180
			Total Measured and Indicated	15.5	5,180	10.5	5,200
			Inferred (in LOM plan)[7]	1.0	5,310	2.7	5,050
			Inferred (excl LOM plan)[8]	2.2	5,440	2.8	5,190
			Total Inferred	3.2	5,400	5.5	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	15.9	5,090	57.0	5,030
			Indicated	–	–	5.5	4,960
			Total Measured and Indicated	15.9	5,090	62.4	5,020
			Inferred (in LOM plan)[7]	1.7	4,210	1.7	5,210
			Inferred (excl LOM plan)[8]	0.9	4,700	0.9	5,110
			Total Inferred	2.6	4,380	2.6	5,180
Rietvlei	34	OC	Measured	19.7	5,020	23.7	5,080
			Indicated	3.0	5,020	5.0	5,070
			Total Measured and Indicated	22.7	5,020	28.7	5,080
			Inferred (in LOM plan)[7]	–	–	–	–
			Inferred (excl LOM plan)[8]	–	–	–	–
			Total Inferred	–	–	–	–
Zibulo	100	UG	Measured	221.6	4,900	230.7	4,980
			Indicated	107.4	4,750	111.3	4,800
			Total Measured and Indicated	329.0	4,850	341.9	4,920
			Inferred (in LOM plan)[7]	–	–	–	–
			Inferred (excl LOM plan)[8]	78.7	4,720	80.5	4,720
			Total Inferred	78.7	4,720	80.5	4,720
Total Resources	97		Measured	547.3	5,150	568.8	5,140
			Indicated	130.4	4,880	143.2	4,930
			Total Measured and Indicated	677.7	5,100	712.0	5,100
			Inferred (in LOM plan)[7]	4.0	4,890	6.2	5,230
			Inferred (excl LOM plan)[8]	93.2	4,840	89.6	4,800
			Total Inferred	97.2	4,840	95.8	4,830

Mining method: OC = Opencast/Cut, UG = Underground.
Ownership percentages for total is weighted by Total MTIS.
2022/2021 Zibulo MTIS and Coal Qualities excludes Project Zondagsfontein West (reported separately under Projects).
2022/2021 Total Resource excludes Project Zondagsfontein West.
Table footnotes appear at the end of the section.

COAL RESOURCES[5] MRDS

At 31 December 2022 (exclusive from Reserves)

			2022		2021	
			MTIS[5]	Coal quality[6]	MTIS[5]	Coal quality[6]
	Ownership %	Classification	Mt	kcal/kg[6]	Mt	kcal/kg[6]
Goedehoop North MRD	100	Measured	15.6	3,290	–	–
		Indicated	–	–	–	–
		Total Measured and Indicated	15.6	3,290	–	–
		Inferred (in LoM Plan)[7]	–	–	–	–
		Inferred (excl LoM Plan)[8]	–	–	–	–
		Total Inferred	–	–	–	–
Goedehoop South MRD	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Total Measured and Indicated	–	–	–	–
		Inferred (in LOM plan)[7]	1.0	3,130	–	–
		Inferred (excl LOM plan)[8]	–	–	0.7	3,140
		Total Inferred	1.0	3,130	0.7	3,140
Greenside MRD	100	Measured	–	–	3.1	3,750
		Indicated	–	–	–	–
		Total Measured and Indicated	–	–	3.1	3,750
		Inferred (in LOM plan)[7]	–	–	–	–
		Inferred (excl LOM plan)[8]	–	–	–	–
		Total Inferred	–	–	–	–
Khwezela South MRD	100	Measured	2.9	3,790	4.3	3,790
		Indicated	–	–	–	–
		Total Measured and Indicated	2.9	3,790	4.3	3,790
		Inferred (in LOM plan)[7]	–	–	–	–
		Inferred (excl LOM plan)[8]	–	–	–	–
		Total Inferred	–	–	–	–
Total Resources MRDs	100	Measured	18.5	3,370	7.4	3,770
		Indicated	–	–	–	–
		Total Measured and Indicated	18.5	3,370	7.4	3,770
		Inferred (in LOM plan)[7]	1.0	3,130	–	–
		Inferred (excl LOM plan)[8]	–	–	0.7	3,140
		Total Inferred	1.0	3,130	0.7	3,140

MRD = Mineral residue deposit.
Table footnotes appear at the end of the section.

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COAL RESERVES(1) PROJECTS

At 31 December 2022

	Ownership %	Life (years)*	Mining Method	Classification	2022 ROM tonnes(2) Mt	2022 Yield(3) ROM %	2022 Saleable tonnes(2) Mt	2022 Saleable qualities(4) kcal/kg	2021 ROM tonnes(2) Mt	2021 Yield(3) ROM %	2021 Saleable tonnes(2) Mt	2021 Saleable qualities(4) kcal/kg
Elders	**100**	**24**										
Thermal			UG	Proved	43.0	57.6	26.3	5,880	–	–	–	–
(Export)				Probable	37.2	34.6	0.1	5,900	–	–	–	–
				Total	80.2	46.9	26.4	5,880	–	–	–	–
Thermal			UG	Proved		—	—	—		–	–	–
(Domestic)				Probable		100.0	34.0	4,490		–	–	–
				Total		100.0	34.0	4,490		–	–	–
Zondagsfontein West	**100**	**16**										
Thermal			UG	Proved	—	—	—	—	–	–	–	–
(Export)				Probable	57.0	58.0	33.2	5,420	–	–	–	–
				Total	57.0	58.0	33.2	5,420	–	–	–	–
Thermal			UG	Proved		—	—	—		–	–	–
(Domestic)				Probable		—	—	—		–	–	–
				Total		—	—	—		–	–	–
Total Projects	**100**											
Thermal				Proved	43.0	57.6	26.3	5,880	–	–	–	–
(Export)				Probable	94.2	57.9	33.3	5,420	–	–	–	–
				Total	137.2	57.8	59.6	5,620	–	–	–	–
Total Projects	**100**											
Thermal				Proved		—	—	—		–	–	–
(Domestic)				Probable		100.0	34.0	4,490		–	–	–
				Total		100.0	34.0	4,490		–	–	–

*Reserve Life = The scheduled extraction period in years for the total Coal Reserve in the approved LOM Plan.
For the multi-product reserves, 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 RESOURCES(5) PROJECTS

At 31 December 2022 (exclusive from Reserves)

	Ownership %	Classification	2022 MTIS(5) Mt	2022 Coal quality(6) kcal/kg(6)	2021 MTIS(5) Mt	2021 Coal quality(6) kcal/kg(6)
Elders	100	Measured	29.4	5,040	136.2	5,190
		Indicated	8.3	4,860	20.7	4,940
		Total Measured and Indicated	37.6	5,000	156.9	5,160
		Inferred	8.4	4,940	7.7	4,970
South Rand	100	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	892.1	2,930	620.6	2,850
		Indicated	532.3	2,850	768.5	2,800
		Total Measured and Indicated	1,424.4	2,900	1,389.1	2,820
		Inferred	672.1	2,980	722.3	3,040
Zondagsfontein West	100	Measured	6.5	4,910	47.1	4,910
		Indicated	7.4	4,780	63.3	4,780
		Total Measured and Indicated	14.0	4,840	110.4	4,840
		Inferred	44.8	4,670	44.0	4,720
Total Projects	100	Measured	1,007.5	3,160	883.4	3,500
		Indicated	719.8	3,370	1,024.3	3,310
		Total Measured and Indicated	1,727.3	3,250	1,907.6	3,400
		Inferred	958.8	3,470	1,007.5	3,490

Ownership percentages for total is weighted by Total MTIS.
Project Zondagsfontein West reported separately (excluded from Zibulo)
Projects Elders and Zondagsfontein West Inferred resources includes Inferred included LOM Plan and excluded LOM Plan
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 this 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 10kcal/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 10kcal/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

Estimations for all operations are on a first principle report basis, resulting in a re-evaluation of the Coal Resources and Coal Reserves.

Goedehoop: Coal Reserves decreased primarily due to production and end of panel losses. Increase in Coal Resources due to reviewing the RPEEE criteria.

Greenside: Coal Reserves decreased due to production and the reallocation of Coal Reserves to Coal Resources at Waterpan (delayed regulatory permission) and at 3A North (following technical review). The decrease is partially offset by the revision of the LOM plan.

Isibonelo: Coal Reserves decreased due to production and the reallocation of Coal Reserves to Coal Resources from the North Pit as per the existing CSA.

Khwezela North: Coal Reserves decreased due to production and the removal of the No 5 Seam reserves because of mining limitations. Offset by the transfer of inferred resources included in the LOM plan, to proved reserves resulting from additional exploration drilling. Increase in the Coal Resources is due to the reporting of the No 4 Seam upper resources.

Mafube: Coal Reserves decreased due to production, offset by the conversion of the Coal Resources to Coal Reserves at Rooipan and revision of the LOM plan.

Rietvlei: Coal Reserves decreased due to production, compensated by the conversion of Coal Resources to Coal Reserves due to an increase in coal processing capability of the plant enabling an extended product range.

Zibulo OC: Coal Reserves decreased due to production.

Zibulo UG: Coal Reserves decreased due to production which is more than offset by the conversion of Coal Resources to Coal Reserves by optimising the current LOM plan north of the graben.

Goedehoop North MRD: Transfer of inventory coal to Coal Resources based on a review of the RPEEE criteria.

Goedehoop South MRD: Change in saleable Coal Reserves as a result of contractual agreement for the sale of raw tonnes to a third-party for beneficiation.

Khwezela South MRD: Depletion directly from Coal Resources due to favourable market conditions.

PROJECTS

Estimations for Elders and Zondagsfontein West are on a first principle report basis, resulting in a re-evaluation of the Coal Resources and first time Coal Reserves reporting.

Elders: First time Coal Reserves reporting following board approval in August 2022.

Zondagsfontein West : First time Coal Reserves reporting as a result of the completion of an FS for the life extension of the Zibulo Colliery.

South Rand: Coal Resources are part of a pending sale process.

RESOURCE AND RESERVE RECONCILIATION

2021 VS 2022

The 2021 Coal Resources and Coal Reserves estimations were based on depletion and therefore mainly impacted by production. The 2022 estimations are derived from first principle competent persons reports, and significant to material changes to the resource and reserve base are recorded. These changes are tracked by the various reconciliation categories in the below graphs.

The comparison between the total Coal Reserves (including MRDs) of 31 December 2021 and 31 December 2022 is illustrated in Figure 1.

Production: The tonnes mined and adjustments for the over/underestimations of mining from the previous reporting period.

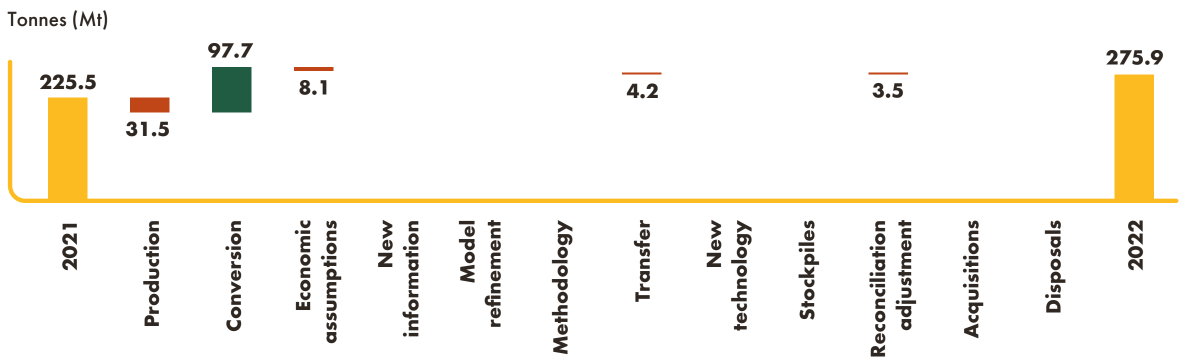
Conversion: Resources to reserves mainly due to revised LOM plans at the Mafube and Zibulo Collieries, increase in plant capacity at the Rietvlei Colliery and the inclusion of the Rooipan area at the Mafube Colliery.

Economic Assumptions: Reallocation of reserves to RoMP at the Isibonelo Colliery from North Pit as per existing CSA.

Transfer: Reallocation of reserves to RoMP due to exclusions of the Waterpan and 3A North area from the LOM plan at the Greenside Colliery, offset by the inclusion of inferred in LOM plan to reserves resulting from additional exploration drilling.

Reconciliation Adjustment: Losses/gains from layout changes and sterilised coal.

FIGURE 1: OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESERVES 2021 VS 2022



The comparison between the total Coal Resources (excluding projects) of 31 December 2021 and 31 December 2022 is illustrated in Figure 2.

Depletion: RoMP depleted.

Conversion: Resources to reserves mainly due to revised LOM plans at the Mafube and Zibulo Collieries, increase in plant capacity at the Rietvlei Colliery, inclusion of Rooipan area in reserves.

Economic Assumptions: Reallocation of reserves to RoMP at the Isibonelo Colliery from North Pit as per existing CSA.

Model Refinement: Re-evaluation of resources and results of additional exploration drilling.

Methodology: Change in modelling interpolation methodology.

Transfer: Inventory coal to resources for conversion to reserves and inclusion of inferred in LOM plan to reserves resulting from additional exploration drilling.

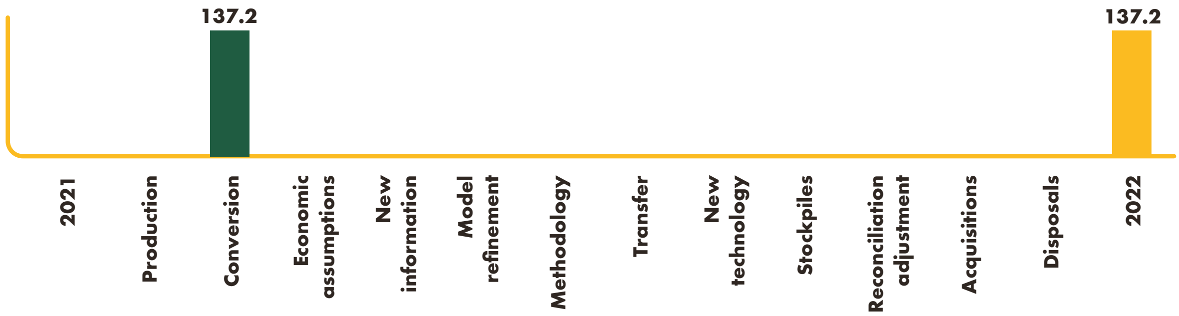
Reconciliation Adjustment: Inclusion of the No 4 Seam upper to resources outside of mine plan at Khwezela North.

FIGURE 2: OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES OUTSIDE MINE PLAN 2021 VS 2022

The comparison between the total Coal Reserves (Projects) of 31 December 2021 and 31 December 2022 is illustrated in Figure 3.

Conversion: First time reserves reporting of reserves at the Elders and Zondagsfontein West projects.

FIGURE 3: PROJECTS – YEAR-ON-YEAR CHANGES IN COAL RESERVES 2021 VS 2022



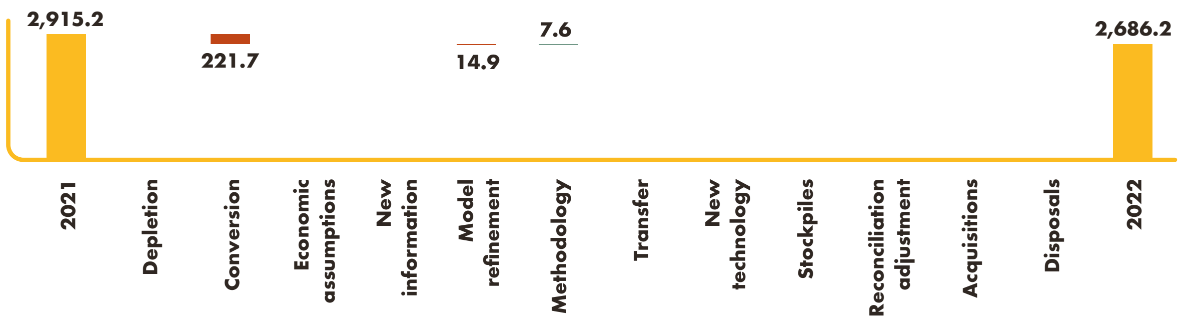
The comparison between the total Coal Resources (Projects) of 31 December 2021 and 31 December 2022 is illustrated in Figure 4.

Conversion: Resources for first time reserve reporting at the Elders and Zondagsfontein West projects.

Model Refinement: Re-evaluation of the underground multi-seam resources at the Waterberg project.

Methodology: Change in software application at the Elders project and change in cut-off parameter (minimum overburden) at the Zondagsfontein West project.

FIGURE 4: PROJECTS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES 2021 VS 2022



COMPETENT PERSONS REGISTER 2022

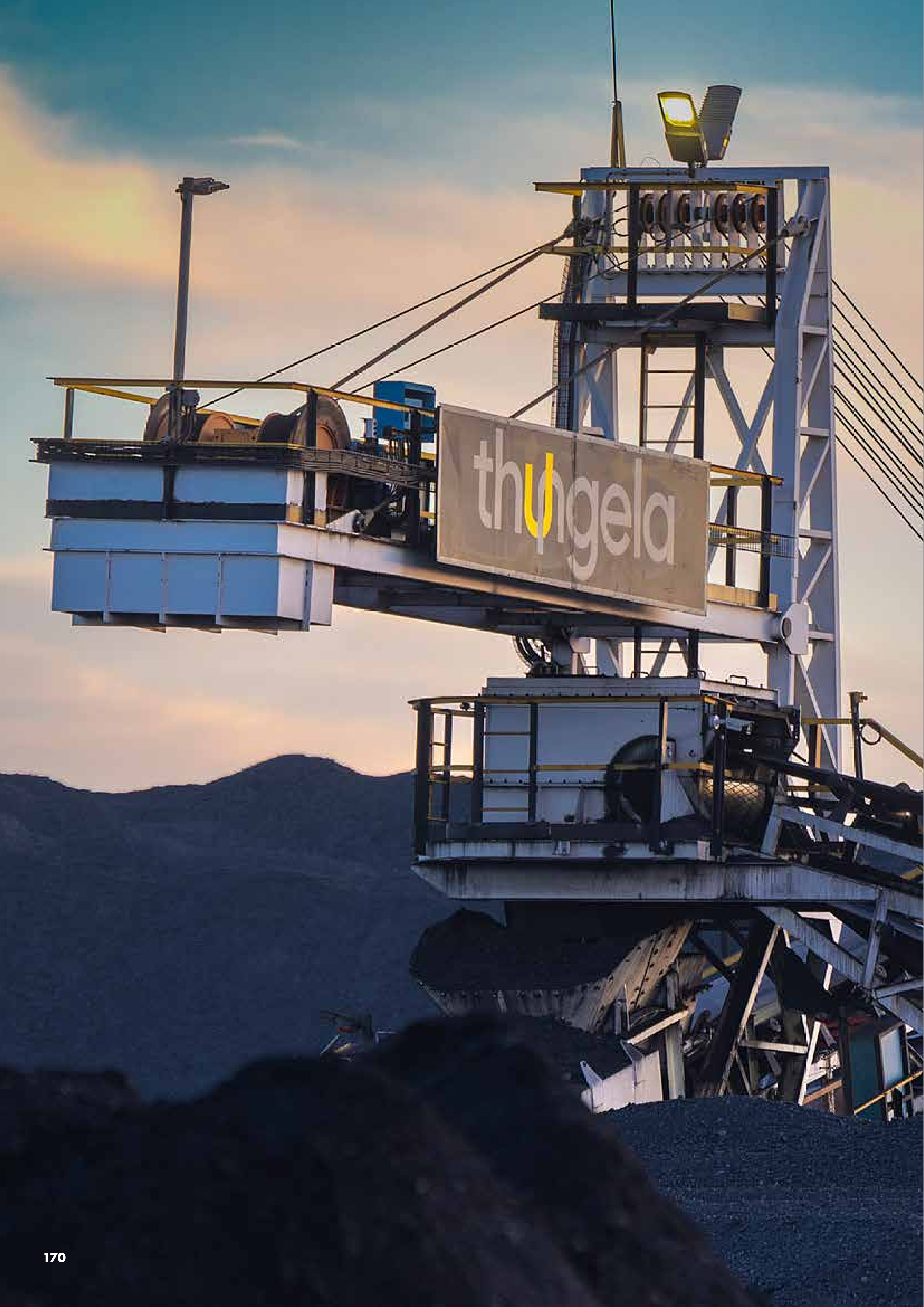
RESOURCES

Asset	Competent Person[1]	Relationship with Group[2]	Professional Registration/Affiliation	Years of Relevant Experience
Goedehoop	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Goedehoop MRDs	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Greenside	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Greenside MRD	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Isibonelo	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	14
Khwezela North	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Khwezela South	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Khwezela MRD	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Mafube	D. Xaba	Full-time Employee	SACNASP (400019/05)	22
Rietvlei	K. Black	Independent Consultant to Rietvlei Mining Company Proprietary Limited[3]	SACNASP (400295/12)	15
Zibulo	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	14
Elders	U. Herrmann	Full-time Employee	SACNASP (400081/97)	21
South Rand	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	14
Waterberg	N. Haniff	Full-time Employee	SACNASP (400316/04)	16
Zondagsfontein West	M.L. Lemekoana	Full-time Employee	SACNASP (122617)	14

RESERVES

Asset	Competent Person[1]	Relationship with Group[2]	Professional Registration/Affiliation	Years of Relevant Experience
Goedehoop	M. Katuruza	Full-time Employee	SACNASP (400214/14)	15
Goedehoop MRDs	M. Katuruza	Full-time Employee	SACNASP (400214/14)	15
Greenside	M. Simakuhle	Full-time Employee	SACNASP (400248/08)	18
Greenside MRD	M. Simakuhle	Full-time Employee	SACNASP (400248/08)	18
Isibonelo	G.L. Govender	Full-time Employee	SAGC (GPrMS0210)	11
Khwezela North	E. Phelane	Full-time Employee	SACNASP (202221/13)	15
Khwezela South	E. Phelane	Full-time Employee	SACNASP (202221/13)	15
Khwezela MRD	E. Phelane	Full-time Employee	SACNASP (202221/13)	15
Mafube	D. Xaba	Full-time Employee	SACNASP (400019/05)	22
Rietvlei	L. Raaths	Independent Consultant to Rietvlei Mining Company Proprietary Limited[3]	SAIMM (702015)	31
Zibulo	M.F. Breed	Full-time Employee	ECSA (20130531)	17
Zondagsfontein West	M.F. Breed	Full-time Employee	ECSA (20130531)	17
Elders	K.R. Donaldson	Full-time Employee at Mindset Mining Consultants Proprietary Limited[4]	ECSA (200590031)	35

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.
4 Mindset Mining Consultants Proprietary Limited, 298 Stokkiesdraai Street, Erasmusrand, Pretoria, 0181, Gauteng, South Africa.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08

GROUP INFORMATION

SHAREHOLDER INFORMATION

THUNGELA'S PUBLIC AND NON-PUBLIC SHAREHOLDING 2022

Ordinary shares

The Thungela share register at 31 December 2022 can be analysed as follows:

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	2022 % of issued share capital
1 to 1,000 shares	**50,696**	**93.81**	**3,898,788**	**2.78**
1,001 to 10,000 shares	**2,391**	**4.42**	**7,359,333**	**5.24**
10,001 to 100,000 shares	**741**	**1.37**	**23,242,509**	**16.54**
100,001 to 1,000,000 shares	**193**	**0.36**	**49,931,076**	**35.54**
1,000,001 shares and above	**24**	**0.04**	**56,060,879**	**39.90**
Total	**54,045**	**100.00**	**140,492,585**	**100.00**

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	2021 % 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	2022 % of issued share capital
Banks and nominee accounts	**273**	**0.51**	**7,450,265**	**5.30**
Brokerage accounts	**168**	**0.31**	**24,657,056**	**17.55**
Individuals and private trusts	**49,983**	**92.49**	**18,459,988**	**13.14**
Insurance and assurance companies	**153**	**0.28**	**2,659,089**	**1.89**
Investment companies	**93**	**0.17**	**2,972,460**	**2.12**
Mutual funds	**721**	**1.33**	**43,306,976**	**30.82**
Other corporations	**368**	**0.68**	**517,470**	**0.37**
Pension and provident funds	**1,177**	**2.18**	**29,325,142**	**20.87**
Private corporations	**1,097**	**2.03**	**10,827,532**	**7.71**
Sovereign wealth funds	**12**	**0.02**	**316,607**	**0.23**
Total	**54,045**	**100.00**	**140,492,585**	**100.00**

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	2021 % 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

2022

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Non-public shareholders				
Directors and prescribed officers	11	0.02	1,483,237	1.06
Treasury shares held by Group companies	1	0.00	1,955,113	1.39
Public shareholders	54,033	99.98	137,054,235	97.55
Total	54,045	100.00	140,492,585	100.00

2021

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Non-public shareholders				
Directors and prescribed officers[1]	9	0.02	1,808,261	1.33
Treasury shares held by Group companies	1	0.00	1,363,119	1.00
Public shareholders	51,322	99.98	133,140,428	97.67
Total	51,332	100.00	136,311,808	100.00

[1] Seamus French was awarded Thungela shares as part of the scheme of arrangement during 2021 which is indirectly held in a nominee account. The comparative information has been amended to reflect the indirect interest not previously disclosed.

Major shareholders

According to Thungela's share register at 31 December, the following shareholders held shares equal to or in excess of 5.0% of the issued ordinary share capital of the Company:

2022

Beneficial shareholding of more than 5.0%	Number of shares	% of issued share capital
Government Employees Pension Fund	17,380,912	12.37
Total	17,380,912	12.37

2021

Beneficial shareholdings of more than 5.0%	Number of shares	% of issued share capital
Anglo American[1]	10,855,155	7.96
Government Employees Pension Fund	10,520,984	7.72
Total	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.

GLOSSARY

Term used	Definition
AAIC	Anglo American Inyosi Coal Proprietary Limited
AAML	Anglo American Marketing Limited
AEL	Air emission licence
AGM	Annual general meeting
Anglo American	The Anglo American plc Group, and its subsidiaries
AOPL	Anglo Operations Proprietary Limited, also referred to as TOPL
APM	Alternative performance measure(s)
ART	Antiretroviral treatment
ASA	Anglo South Africa Proprietary Limited
B-BBEE	Broad-based black economic empowerment
Benchmark coal price	Benchmark price reference for 6,000kcal/kg thermal coal exported from the RBCT
BSP	Bonus share plan
Butsanani Energy	Butsanani Energy Investment Holdings Proprietary Limited
BV	Bureau Veritas
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
CA(SA)	Chartered Accountant South Africa
CEO	Chief executive officer
CFO	Chief financial officer
CHPP	Coal handling preparation plant
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
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
CV	Calorific Value of thermal coal
DFFE	Department of Forestry, Fisheries and the Environment
Demerger	The process to separate Thungela from Anglo American, as fully described in the PLS
DMRE	Department of Mineral Resources and Energy
DTM	Digital Terrain Map

Term used	Definition
EA	Environmental assessments
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 Sisonke Employee Empowerment Scheme also referred to as the Employee Partnership Plan
ESG	Environmental, social and governance
EWRP	eMalahleni water reclamation plant
Exxaro	Exxaro Coal Mpumalanga Proprietary Limited
FCA	Financial Conduct Authority of the UK or its successor from time to time
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)
Gas in Place (GIP)	The quantity of gas that is estimated to exist originally in naturally occurring accumulations before any extraction or production
GDB	Geological database
GHG	Greenhouse gas
GHN	Goedehoop North Colliery
GHS	Goedehoop South Colliery
GJ	Gigajoule
Goedehoop	Goedehoop Colliery
Greenside	Greenside Colliery
Group	Thungela and its subsidiaries, joint arrangements and associates
HDP	Historically disadvantaged person(s)
IASB	International Accounting Standards Board
ICMM	The International Council on Mining and Metals
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
IMF	International Monetary Fund
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

Term used	Definition
Internal restructure	The internal restructuring of the Group undertaken in preparation for the Demerger, as fully described in note 2A of the Annual Financial Statements
Inyosi	Inyosi Coal (RF) Proprietary Limited
Isibonelo	Isibonelo Colliery
ISIN	International Securities Identification Number
JSE	Johannesburg Stock Exchange Limited
JV	Joint venture
Khwezela	Khwezela Colliery
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
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
Mafube Coal Mining	Mafube Coal Mining Proprietary Limited
Mainstreet	Mainstreet 1756 (RF) Proprietary Limited, the entity which holds the investment in RBCT
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 detailedmine 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
Minerals Council	The Minerals Council South Africa is a mining industry employers' organisation that supports and promotes the South African mining industry.
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
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

Term used	Definition
MSR	Minimum shareholding requirement
Mt	Million tonnes
MTIS	Mineable tonnes in situ
Mtpa	Million metric tonnes per annum
NAR	Net as received
Nasonti Technical	Nasonti Technical Services Proprietary Limited
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
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
PCPP	Phola Coal Processing Plant
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 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 statements 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, or the Richards Bay Coal Terminal
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
RemCo	Remuneration and nomination committee
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
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

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Term used	Definition
SAGC	South African Geomatics Council
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
Sasol	Sasol Mining Proprietary Limited
SA Thermal coal operations	Anglo American's South African Thermal coal operations which were the subject of the demerger, as defined in the PLS
SFF	Strategic Fuel Fund
SIB	Stay in business
SLP	Social and labour plan
Sponsor	JSE sponsor of Thungela, namely, RMB
Synfuel	A coal specifically for the domestic production of synthetic fuel and chemicals
t	A measure representing one tonne
Tcf	A measure representing trillion cubic feet
TCFD	Task Force on Climate-related Financial Disclosures
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
Thungela share plan	The long-term share incentive plan adopted by Thungela to attract, retain, incentivise and reward high-calibre employees
Thuthukani	Thungela's enterprise and supplier development programme
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 per million man hours
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

Term used	Definition
WANOS	Weighted average number of ordinary shares outstanding
WML	Waste Management Licence
WUL	Water Use licence
ZAR	South African Rand
Zibulo	Zibulo Colliery

APPENDIX 1

MEASURING PERFORMANCE

for the year ended 31 December 2022

Key performance indicators (KPIs)	**2022**	2021
Safety and health		
Fatalities	**0**	1
Total recordable case frequency rate	**1.41**	1.35
Environment		
Total energy consumed (million GJ)	**3.01**	3.42
GHG emissions (kt CO_2e)	**748**	819
Freshwater abstraction (ML)	**767**	865
Water efficiency (reuse/recycle) (%)[1]	**96**	95
Water treatment (%)	**57**	57
Number of level 3 – 5 environmental incidents	**2**	1
Wellness		
Total % of employees who know their HIV status	**95**	94
Total % of HIV positive employees on ART	**93**	93
People		
Employees – full time	**4,592**	4,446
Employees – contractors	**1,983**	2,000
HDPs in management (%)	**76**	74
Women in management (%)	**29**	28
Women in core mining (%)	**23**	27
Voluntary labour turnover (%)	**5.0**	3.2
Production (Mt)		
Export saleable tonnes[2]	**13.1**	15.0
Domestic saleable tonnes	**6.9**	10.1

[1] The water efficiency value for 2021 was updated based on the revised calculation methodology which uses a disaggregated approach to include water reuse in washing plants with thickeners and filter presses. Further detail on the revised calculation methodology will be included in the Environmental, Social and Governance Report.
[2] 2021 Pro forma export saleable tonnes.

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 98 to 122.
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	All allotments of shares were approved by the shareholders. Detailed disclosure can be found in note 35 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
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	One shareholder on the LSE has waived any dividends to be declared, the value of which is below 1% of the dividend declared.
9.8.4 (13)	Shareholder has agreed to waive any future dividends	One shareholder on the LSE has waived any dividends to be declared, the value of which is below 1% of the dividend declared.
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 2022
Annual general meeting	31 May 2023
Reports	
Integrated Annual Report for the year ended 31 December 2022	26 April 2023
Announcement of interim results for the six months ending 30 June 2023	August 2023

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')

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2132

DIRECTORS
Executive
July Ndlovu (CEO)
Gideon Frederick (Deon) Smith (CFO)

Independent non-executive
Sango Siviwe Ntsaluba (chairman)
Kholeka Winifred Mzondeki
Thero Micarios Lesego Setiloane
Benjamin Monaheng (Ben) Kodisang
Seamus Gerard French (Irish)[1]
Yoza Noluyolo Jekwa (appointed 12 August 2022)

[1] Seamus G French resigned from Anglo American on 31 December 2021 and is independent from 1 January 2022.

PREPARED UNDER THE SUPERVISION OF
Gideon Frederick (Deon) Smith CA(SA)

GROUP COMPANY SECRETARY
Francois Klem

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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

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