thungela

Notice of Annual General Meeting 2024

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE NOTICE OF ANNUAL GENERAL MEETING

For the year ended 31 December 2023

The directors are responsible for the preparation, fair presentation and integrity of the notice of the annual general meeting (AGM) (the notice) and related financial information of Thungela Resources Limited (Thungela or the Company, and together with its affiliates, the Group).

The summarised consolidated financial statements are based on appropriate accounting policies that have been consistently applied and which are supported by reasonable judgements and estimates made by management.

The information included in this notice has been extracted from other reports as issued by the Group, including:

- The Annual Financial Statements for the year ended 31 December 2023
- The Integrated Annual Report for the year ended 31 December 2023

Shareholders are encouraged to access these documents for full details related to the contents of this notice, and the related approvals thereof. Copies of these documents are available on the Thungela website at www.thungela.com.

APPROVAL OF THE NOTICE OF ANNUAL GENERAL MEETING

The notice on pages 1 to 108 was approved by the board of directors and is signed on the directors' behalf by:

Sango Ntsaluba
Chairman

July Ndlovu
Chief executive officer

24 April 2024

thungela

Responsibly creating value together for a shared future

CONTENTS

ABOUT THUNGELA

Thungela, which means 'to ignite' in isiZulu, is a large, pure-play producer and exporter of thermal coal, operating in South Africa and Australia.

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

In 2023, Thungela, through its newly registered subsidiary Sungela Holdings, acquired 85% of the Ensham Mine in Queensland, Australia, marking a significant move towards executing one of the Group's strategic pillars of geographic diversification. Ensham is an underground operation and it is the latest addition to Thungela's portfolio.

The establishment of Thungela Marketing International in the United Arab Emirates underscores Thungela's commitment to capturing the full margin on our products and engaging with the global commodities market as a global coal producer.

In other parts of the value chain, Thungela holds a 50% interest in the Phola Coal Processing Plant, and a 23.56% indirect interest in the Richards Bay Coal Terminal. The terminal is one of the world's leading coal export terminals, with an advanced 24-hour operation and a design capacity of 91Mtpa.

Thungela is committed to operating in a responsible way to ignite value for a shared future. We want to ensure that our mining activities positively impact our employees, shareholders and the communities where we operate.

DIRECTORS' DECLARATION

The Thungela board of directors is ultimately responsible for the preparation, fair presentation and integrity of the summarised consolidated financial statements and related financial information of the Group for the year ended 31 December 2023. The board of directors confirm that they have collectively reviewed the contents of the notice of annual general meeting and related annexures.

ALTERNATIVE PERFORMANCE MEASURES

The directors consider additional financial and operational measures to assess the results of the Group's operations, referred to as alternative performance measures (APMs). These APMs can be identified throughout this document using the △ symbol, and are fully described in annexure 1 of the Annual Financial Statements for the year ended 31 December 2023.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the third AGM of shareholders of Thungela, to be convened as a hybrid meeting, which can be attended virtually, or in person at the **Johannesburg Stock Exchange, Main Auditorium, Gwen Lane, Sandown, Johannesburg, South Africa, on Tuesday 4 June 2024 at 12:00 CAT/11:00 UKT**, or any adjournment or postponement, to:

- consider, and if deemed fit to pass the following ordinary and special resolutions with or without modification/s
- deal with such other business as may be dealt with at the AGM

The AGM will be held partly by way of electronic communication and participation in accordance with section 63(2)(a) of the Companies Act 71 of 2008, as amended (the Companies Act of South Africa) and clause 30 of the Company's memorandum of incorporation (MOI), and as permitted by both the JSE and LSE.

This notice sets out the procedures that shareholders should follow in order to participate in the AGM in person or by electronic communication.

Included in this document are the following:

- The notice of AGM, sets out the ordinary and special resolutions to be proposed at the AGM, with explanatory notes. There are also guidance notes if shareholders wish to attend the meeting or to vote by proxy.
- For South African shareholders, a form of proxy (FOP) for completion, signature and submission to Computershare Investor Services Proprietary Limited (the South African transfer secretaries) by shareholders holding Thungela ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".
- For United Kingdom shareholders, an FOP, and a Form of Instruction (FOI) for completion, signature and submission to Computershare Investor Services plc (the United Kingdom transfer secretaries) will be distributed as an addition to the notice of AGM.
- Annexure 1 – summarised consolidated financial statements for the year ended 31 December 2023.
- Annexure 2 – brief curricula vitae of the directors proposed for re-election and audit committee members proposed for election.
- Annexure 3 – remuneration report.
- Annexure 4 – shareholder information.

The salient dates in relation to participation at the AGM are as follows:

Record date to determine shareholders entitled to receive the notice	Friday, 19 April 2024
Date for posting of the notice	Tuesday, 30 April 2024
Last day to trade to be eligible to attend and vote at the AGM	Tuesday, 21 May 2024
Record date to be eligible to participate in and vote at the AGM	Friday, 24 May 2024
Last date to lodge proxy forms with United Kingdom and South African transfer secretaries	Friday, 31 May 2024 by no later than 12:00 CAT/11:00 UKT

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

ELECTRONIC PARTICIPATION PROCESS

South African shareholders

The Company has appointed Computershare Investor Services Proprietary Limited to host the AGM on an interactive platform and facilitate electronic participation and voting by shareholders. The process to be followed by South African shareholders is set out below:

	Certificated shareholders and "own name" dematerialised shareholders	**Dematerialised shareholders (excluding "own name" dematerialised shareholders)**
Shareholders who wish to vote at, but not attend the AGM by electronic participation	Complete the FOP attached to this notice and email same, together with proof of identification (ie certified copy of South African identity document, South African driver's licence or passport) and authority to do so (where acting in a representative capacity), to the South African transfer secretaries, at proxy@computershare.co.za to be received by the South African transfer secretaries by no later than Friday, 31 May 2024 at 12:00 CAT, for administrative purposes, provided that any FOP not delivered to the South African transfer secretaries by this time and date may be emailed to them (who will provide same to the chairman of the AGM) at any time prior to the AGM, provided that such FOP and identification must be verified and registered before the commencement of the AGM.	Shareholders should provide the Central Securities Depository Participant (CSDP) or broker with voting instructions in terms of the custody agreement entered into between them and their CSDP or broker. Shareholders should contact their CSDP or broker regarding the cut-off time for submitting voting instructions to them. If the CSDP or broker does not receive voting instructions from shareholders, they will be obliged to vote in accordance with the instructions as per the custody agreement.

	Certificated shareholders and "own name" dematerialised shareholders	Dematerialised shareholders (excluding "own name" dematerialised shareholders)
Shareholders who wish to vote at and attend the AGM by electronic participation or in person	Register online at https://meetnow.global/za by no later than 12:00 CAT on Friday, 31 May 2024. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. As part of the registration process shareholders will be requested to upload proof of identification (ie certified copy of South African identity document, South African driver's licence or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as name, surname, email address and contact number. Following successful registration, the South African transfer secretaries will provide shareholders with a link and invitation code in order to connect electronically to the AGM.	Shareholders should request their CSDP or broker to provide them or their proxy with the necessary authority (ie letter of representation) in terms of the custody agreement entered into with the CSDP or broker. Register online at https://meetnow.global/za by no later than 12:00 CAT on Friday 31 May 2024. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. As part of the registration process shareholders will be requested to upload their letter of representation and proof of identification (ie certified copy of South African identity document, South African driver's licence or passport), as well as to provide details, such as name, surname, email address and contact number. Following successful registration, the South African transfer secretaries will provide shareholders with a link and invitation code to connect electronically to the AGM.

Explanatory notes for South African shareholders

- Each shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to participate, speak and vote in their stead at the AGM.
- Voting will take place by way of a poll and accordingly every holder of ordinary shares will have one vote in respect of each ordinary share held.
- The cost (eg for mobile data consumption or internet connectivity) of electronic participation in the AGM meeting will be carried by the participant.
- The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company and its directors/employees/company secretary/the South African transfer secretaries/service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company or its directors/employees/company secretary/South African transfer secretaries/service providers, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.
- Due to the format of the AGM, shareholders are requested to submit the questions that they wish to raise at the AGM in advance of the AGM by sending them by email to the company secretary at coseccoalsa@thungela.com by no later than 12:00 CAT on Friday, 24 May 2024. These questions will be addressed at the AGM, as well as responded to through email.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

United Kingdom shareholders

United Kingdom shareholders and depositary interest holders are required to vote by proxy using the FOP or FOI, respectively, provided by the United Kingdom transfer secretaries and included as additional documents to this notice. Shareholders can cast their instruction on line at www.investorcentre.co.uk/eproxy. To be effective, all forms of instruction must be lodged with the United Kingdom transfer secretaries at: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 31 May 2024 at 12.00 UKT.

Explanatory notes for United Kingdom shareholders – form of instruction

- Shareholders should indicate, by placing 'X' in the appropriate space on the FOI, how they wish their votes to be cast in respect of each of the resolutions. If the FOI is duly signed and returned, but without specific direction as to votes should be cast, the FOI will be rejected.
- The 'Vote Withheld' option on the FOI is provided to enable shareholders to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 72 hours before the time appointed for holding the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent can retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Explanatory notes for United Kingdom shareholders – FOP

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the AGM.
  If shareholders wish to appoint a person other than the chairman, please insert the name of the chosen proxy holder in the space provided on the FOP. If the proxy is being appointed in relation to less than a shareholders full voting entitlement, please enter in the box next to the proxy holders name the number of shares in relation to which they are authorised to act as proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise their discretion as to whether, and if so how, they vote (or if the FOP has been issued in respect of a designated account for a shareholder, the proxy will exercise their discretion as to whether, and if so how, they vote).
- To appoint more than one proxy, additional FOPs may be obtained by contacting the United Kingdom transfer secretaries helpline on 0370 702 4040 or shareholders may photocopy the form. Please indicate in the box next to the proxy holder's name on the FOP the number of shares in relation to which they are authorised to act as proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- Entitlement to participate at the AGM will be determined by reference to the register of members of the Company at 18:00 UKT on Friday, 24 May 2024. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to participate at the AGM.

Explanatory notes to United Kingdom shareholders

- Any alterations made in the FOP and FOI forms should be initialled.
- The completion and return of these forms will not preclude a member from attending the AGM in person. Depositary interest holders or shareholders wishing to attend the AGM should send a request to attend the AGM to proxy@computershare.co.za by no later than 12:00 CAT/ 11:00 UKT on Friday 24 May 2024. As part of the request shareholders should provide the name and designation of their holding, a contact name, email address, and contact number. Following successful registration, the United Kingdom transfer secretaries will provide shareholders with a link and invitation code in order to connect electronically to the AGM as a guest. Please ensure votes have been submitted using either the FOP or FOI prior to the deadline.

Voting procedures for shareholders who intends to attend the AGM in person:

Shareholders attending and wishing to vote at the AGM in person must ensure that they bring along an internet-enabled smartphone, tablet or computer in order to be able to vote at the venue. Please ensure that the compatible device's browser has the latest version of Chrome, Safari, Edge, or Firefox. Shareholders are also referred to the "Electronic Participation Meeting Guide" attached to this notice for instructions on electronic voting.

Shareholders that attend the meeting in person will follow the same steps to vote at the meeting as shareholders that attend the meeting via electronic communication.

DOCUMENTS PRESENTED TO SHAREHOLDERS

Presentation of the Annual Financial Statements

The Annual Financial Statements of the Company and the Group for the year ended 31 December 2023 (as approved by the board of directors of the Company), incorporating the independent external auditor's, audit committee's and directors' reports, are presented to shareholders in terms of section 30(3) of the Companies Act of South Africa.

A summary of the Annual Financial Statements is attached to this document as annexure 1. The complete Annual Financial Statements can be accessed at www.thungela.com/investors/results.

Presentation of the report of the social, ethics and transformation committee

The Company's social, ethics and transformation committee report, read with the detailed Integrated Annual Report which can be accessed at www.thungela.com/investors/integrated report, will serve as the social and ethics committee's report to the Company's shareholders on the matters within its mandate at the AGM. Any specific questions to the committee may be sent to the company secretary prior to the AGM.

ORDINARY RESOLUTIONS

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbers 1 to 6 contained in this notice, require the approval of a minimum of 50% (fifty percent) plus one vote of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

Ordinary resolution number 1
Re-appointment of independent external auditor

RESOLVED that PricewaterhouseCoopers Incorporated (PwC) be and is hereby re-appointed as independent external auditor and Ms Vuyiswa Khutlang be hereby appointed as the individual designated auditor of the Company, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act of South Africa.

Ordinary resolution number 2
Re-election of retiring directors

(Comprising separate ordinary resolutions numbered 2.1 to 2.2)

To re-elect, by way of separate resolutions, the following non-executive directors, each of whom retire in terms of the provisions of the MOI, and, each being eligible, offer themselves for re-election.

Both Messrs Ntsaluba and Kodisang are retiring due to the requirement in the MOI for one-third of the non-executive directors to retire and be eligible for re-election by rotation at every AGM.

A brief curriculum vitae of each director is attached in annexure 2 on page 75 of this document.

Ordinary resolution number 2.1

RESOLVED that Mr SS Ntsaluba be and is hereby re-elected as a director of the Company with effect from 4 June 2024.

Ordinary resolution number 2.2

RESOLVED that Mr BM Kodisang be and is hereby re-elected as a director of the Company with effect from 4 June 2024.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Ordinary resolution number 3

Election of audit committee members

(Comprising separate ordinary resolutions numbered 3.1 to 3.3)

To elect, by way of separate ordinary resolutions, the audit committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act of South Africa and appointed in terms of section 94(2) to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act of South Africa. The independent non-executive directors, each being eligible, offer themselves for re-election. A brief curriculum vitae for each member is attached as annexure 2 on page 75 of this document.

Ordinary resolution number 3.1

RESOLVED that Ms KW Mzondeki, who is an independent non-executive director, be and is hereby re-elected, with effect from 4 June 2024, as a member of the audit committee.

Ordinary resolution number 3.2

RESOLVED that Mr TML Setiloane, who is an independent non-executive director, be and is hereby re-elected, with effect from 4 June 2024, as a member of the audit committee.

Ordinary resolution number 3.3

RESOLVED that Mr BM Kodisang, who is an independent non-executive director, be and is hereby re-elected, with effect from 4 June 2024, as a member of the audit committee, subject to the passing of ordinary resolution number 2.2.

Non-binding ordinary resolution number 4
Approval of the remuneration policy

Shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The detailed remuneration policy, for which approval is being sought, is included as annexure 3 on pages 76 to 101 of this document.

Non-binding advisory resolution number 1

RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended by the King Code of Governance Principles for South Africa 2016 (King IV*).

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Non-binding advisory resolution number 2

RESOLVED that the implementation of the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended by King IV.

Ordinary resolution number 5
General authority for directors to allot and issue ordinary shares

RESOLVED that the unissued shares in the Company, limited to 10% of the shares in issue at the date of this notice, being 140,492,585 shares, be and are hereby placed under the control of the directors until the next AGM. The directors be and are hereby authorised to issue any such shares, including options in respect thereof or convertible securities that are convertible into an existing class of equity securities, where applicable as they may deem fit, subject to the requirements of the Companies Act of South Africa, the MOI, the provisions of the JSE Listings Requirements, and the United Kingdom Listing Rules.

Ordinary resolution number 6
Authorisation to sign documents to give effect to resolutions

RESOLVED that any one director or the company secretary be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to give effect to the resolutions set out in this notice of AGM.

SPECIAL RESOLUTIONS

Percentage of voting rights – special resolutions

Special resolutions numbers 1 to 3, contained in this notice, require approval of a minimum of 75% (seventy-five percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

Special resolution number 1
General authority to acquire the Company's own ordinary shares

RESOLVED that the Company and its subsidiaries be granted an authority under the Companies Act of South Africa and a general authority in terms of the JSE Listings Requirements to repurchase or purchase, as the case may be (collectively, "repurchase") the ordinary shares issued by the Company (but not exceeding 10% of the Company's total issued ordinary shares in any one financial year), from any person, upon such terms and conditions and in such amounts as the directors of the Company or directors of the subsidiary (as the case may be) may from time to time determine, subject to compliance with the applicable provisions of the Companies Act of South Africa, the MOI and the JSE Listings Requirements (as regards repurchases effected on the JSE) or the listing rules applicable on any other exchange on which the Company's ordinary shares are listed (as regards repurchases effected on such exchanges, and only to the extent applicable) (each as presently constituted and as amended from time to time).

As regards any repurchase of the Company's ordinary shares to be effected on the JSE, it is noted that the JSE Listings Requirements presently provide that:

- Such repurchases may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades being prohibited).
- Such general authority for the repurchases has been given by the MOI.
- Such general authority for the repurchases shall be valid only until the next AGM of the Company or the expiry of a period of 15 months from the date of passing of this resolution, whichever occurs first.
- An announcement must be published as soon as the Company and/or its subsidiaries have repurchased shares constituting, on a cumulative basis, 3% of the initial number of ordinary shares of the Company (being the number of ordinary shares in issue as at the time that this general authority is granted), containing the details required in terms of the JSE Listings Requirements in respect of such repurchases, as well as for each 3% in aggregate of the initial number of ordinary shares repurchased thereafter.
- A resolution has been passed by the board of directors that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity test as defined in the Companies Act of South Africa, and that since the solvency and liquidity test was performed, there have been no material changes to the financial position of the Group.
- Such repurchases may not be made at a price greater than 10% above the weighted average of the market value of the listed ordinary shares of the Company on the JSE for the five business days immediately preceding the date on which the acquisition is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such five business-day period.
- The Company may, at any point in time, only appoint one agent to effect any repurchases on its behalf.
- Such repurchases are subject to exchange control regulations and any required approvals at the relevant time.
- No general repurchase of ordinary shares of the Company shall be effected during any prohibited period as contemplated in the JSE Listings Requirements unless the Company or its subsidiaries have in place a repurchase programme, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details of the programme have been submitted to the JSE in writing as required, prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Reason and effect

The reason for and effect of special resolution number 1 is to grant an authority under the Companies Act of South Africa and a general authority in terms of the JSE Listings Requirements, up to and including the date of the following AGM of the Company or the expiry of a period of 15 months from the date of passing of special resolution number 1 (whichever occurs first) to authorise the Company and any of its subsidiary companies to repurchase or purchase, as the case may be (collectively, "repurchase") the Company's issued ordinary shares (but not exceeding 10% of the Company's total issued ordinary shares in any one financial year) on such terms and conditions and in such amounts as determined from time to time by the directors of the Company or the directors of the subsidiary (as the case may be) subject to the limitations set out above. In terms of article 25 of the MOI, the repurchase of securities must be undertaken in accordance with the Companies Act of South Africa and the JSE Listings Requirements.

For the purpose of considering special resolution number 1 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the following information has been included in this notice, at the places indicated:

- major shareholders - refer to page 102
- share capital of the Company - refer to page 66
- material changes - refer below
- directors' responsibility statement - refer below

Disclosures/information required in terms of the JSE Listings Requirements

For the purposes of considering special resolution number 1 and in compliance with the JSE Listings Requirements, the following information is provided:

Directors' statement after considering the effect of a repurchase pursuant to a general authority

The directors of the Company confirm that the method by which the Company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

As per the JSE Listings Requirements, the Company's directors undertake that they will not implement a repurchase in terms of the proposed repurchase authority unless the directors, after considering the effect of the maximum repurchase, are of the opinion that:

- The Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the repurchase.
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest Annual Financial Statements.
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.

Material changes

There have been no material changes in the financial or the trading position of the Company and its subsidiaries since the end of the financial period for which the Annual Financial Statements have been published to the date of this notice.

Directors' responsibility statement

The directors of the Company, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by the JSE Listings Requirements.

Special resolution number 2

Remuneration payable to non-executive directors

RESOLVED that, in terms of section 66(9) of the Companies Act of South Africa and on the recommendation of the remuneration and human resources committee, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto until the next AGM.

Reason and effect

In terms of sections 66(8) and 66(9) of the Companies Act of South Africa, remuneration may only be paid to members of the board for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the MOI. Therefore, the reason for and effect of special resolution number 2 is to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors for services rendered as directors of the Company.

The proposed fees for the non-executive directors, as approved by the board, are as follows:

Position[1]	Proposed fees for the year ending 31 December 2024	Fees for the year ended 31 December 2023
Board		
Chairperson[2]	1,752,935	1 661 550
Lead independent director[3]	1,252,496	1 187 200
Member	584,312	553,850
Audit committee		
Chairperson	350,587	332,310
Member	200,163	182,797
Remuneration and human resources committee		
Chairperson	257,097	243,694
Member	181,935	172,450
Social, ethics and transformation committee		
Chairperson	257,097	243,694
Member	181,935	172,450
Health, safety, environment and risk committee		
Chairperson[2]	257,097	243,694
Member	181,935	172,450
Nomination and governance committee		
Chairperson	257,097	243,694
Member	181,935	172,450
Investment committee		
Chairperson	268,063	243,694
Member	181,935	172,450
Ad hoc meeting fees[4]		
Per meeting	25,320	24,000

Amounts shown are in rand

1 Executive directors do not receive directors' fees.
2 The chairperson of the board also chairs the nomination and governance committee, and is also a member of the health, safety, environmental and risk committee, and investment committee, and attends the remuneration and human resources committee, the social, ethics and transformation committee, and the audit committee by invitation. He does not receive any additional remuneration in this regard.
3 Provision is made for the appointment of a lead independent non-executive director.
4 Provision is made for ad hoc board meetings or other additional services rendered to the Company in the capacity of non-executive directors to deal with time critical matters limited to four additional meetings per annum. The amount shown is the per meeting fee, which shall be reduced for meetings or services which requires substantially less time to prepare for, attend or undertake than a regular meeting.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Special resolution number 3
Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act of South Africa

RESOLVED that, to the extent required, the board of directors of the Company may, subject to compliance with the requirements of the MOI and the Companies Act of South Africa, as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act of South Africa, by way of loan, guarantee, the provision of security or otherwise, to:

- Any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated under section 44 of the Companies Act of South Africa.
- Any person who is a participant in any of the share or other employee incentive schemes of the Group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act of South Africa.

Reason and effect

The reason for special resolution number 3 is that Thungela from time to time, as an essential part of conducting its business, may be required to provide direct or indirect financial assistance in the form of loans, guarantees, the provision of security or in connection with the subscription for securities to be issued by the Company or related and interrelated companies or for the purchase of securities of the Company or related and interrelated companies, as contemplated in sections 44 and 45 of the Companies Act of South Africa.

In terms of the Companies Act of South Africa, companies are required to obtain the approval of their shareholders by way of special resolution to provide financial assistance. The financial assistance will be provided as part of the day-to-day operations of the Company and in accordance with its MOI and provisions of the Companies Act of South Africa.

Approval is not sought for loans to directors and no such financial assistance will be provided under this authority.

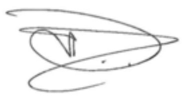
Special resolution number 3 will grant the directors of Thungela the authority until the next AGM to authorise the provision by the Company of financial assistance as contemplated in sections 44 and 45 of the Companies Act of South Africa.

NO MATERIAL CHANGES

There have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the independent auditor's report and the date of this notice.

Equity securities held by a share trust or scheme will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

By order of the board



Francois Klem

Company secretary

24 April 2024

EXPLANATORY NOTES

Ordinary resolution number 1

Re-appointment of independent external auditor

To re-appoint PwC as independent external auditor of the Company and that Ms Vuyiswa Khutlang be appointed as the individual designated auditor, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act of South Africa. The audit committee has evaluated the independence, experience and effectiveness of both PwC and Ms Khutlang and has concluded that both the firm and the individual designated auditor are independent of the Company in accordance with section 94(8) of the Companies Act of South Africa.

In compliance with paragraph 3.84(g)(ii) of the JSE Listings Requirements the audit committee obtained and considered all information listed in its assessment of the suitability of PwC as well as Ms Khutlang for appointment.

The audit committee concluded that, based on the outcome of the inspection by the Independent Regulatory Board of Auditors of PwC, no matters were raised that negatively impacted the suitability of PwC for re-appointment as external auditor and Ms Khutlang for appointment and the individual designated auditor, respectively, of the Company.

There are no current pending or finalised legal or disciplinary processes which affect the suitability of PwC or Ms Khutlang for appointment as the Company's independent external auditor and individual designated auditor. Further information on the execution of the duties of the audit committee is set out in the report of the audit committee, contained in the Annual Financial Statements which are available at www.thungela.com/investors/results.

The audit committee considered and satisfied itself that both PwC, the independent external auditor, and Ms Vuyiswa Khutlang the designated auditor complies with the requirements of paragraph 3.86 of the JSE Listings Requirements.

Ordinary resolution number 2

Re-election of retiring directors

These directors are retiring due to the requirement in the MOI for one-third of the non-executive directors to retire and be eligible for re-election by rotation at every AGM.

Shareholders are requested to consider and, if deemed fit, to re-elect these retiring directors as members of the board of the Company by way of passing the separate ordinary resolutions as set out in ordinary resolutions number 2.1 to 2.2. Brief résumés in respect of each director offering themselves for re-election as directors of the Company are attached as annexure 2 on page 75 of this document and are also available at www.thungela.com/who-we-are.

Ordinary resolution number 3

Election of audit committee members

In terms of Regulation 42 of the Companies Regulations, 2011 read with section 94(5) of the Companies Act of South Africa, at least one-third of the members of the Company's audit committee must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The board has determined that each of the members standing for election is independent, and that they possess the required qualifications, skills and experience as contemplated in Regulation 42 of the Companies Regulations, 2011 read with section 94(5) of the Companies Act of South Africa, and collectively, they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act of South Africa.

Ordinary non-binding resolution number 4

Approval of the remuneration policy

In accordance with King IV, shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes.

The non-binding votes enable shareholders to express their views on the Company's remuneration policy and on the implementation thereof.

In the event that the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders in respect of these non-binding advisory votes, the board will actively engage with shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the board.

EXPLANATORY NOTES CONTINUED

Ordinary resolution number 5

General authority for directors to allot and issue authorised unissued ordinary shares

In terms of clause 13 of the MOI, subject to the JSE Listings Requirements, the approval, by way of an ordinary resolution of shareholders is required for the allotment and issue of ordinary shares (including options in respect thereof or convertible securities that are convertible into an existing class of equity securities), where applicable which are fully paid up and freely transferable and only within the classes and to the extent that those securities have been authorised by or in terms of the MOI.

This general authority, once granted, allows the board when it is appropriate to do so, to issue ordinary shares as may be required.

This resolution does not contemplate an issue for cash in terms of the JSE Listings Requirements, as an issue for cash in terms of the JSE Listings Requirements will require compliance with JSE Listings Requirements 5.50 to 5.57. It is further noted that a share issue for cash as contemplated in sections 41(1) and (3) of the Companies Act of South Africa must first be approved by way of a special resolution in terms of section 41 of the Companies Act of South Africa and is not authorised in terms of this resolution.

Special resolution number 1

General authority to acquire the Company's own ordinary shares

The directors of the Company intend, should the proposed authority be granted to them under special resolution number 1, to use such authority to evaluate on an ongoing basis and consider, at appropriate times, repurchases of the ordinary shares of the Company on the open market to thereby more efficiently utilise cash on hand.

To the extent that the board determines to effect a repurchase of ordinary shares pursuant to this authority, it shall procure that the Company complies with the provisions of section 48 read with section 46 of the Companies Act of South Africa in respect of such transaction (including as regards the application of the solvency and liquidity test as contemplated in section 4 of the Companies Act of South Africa).

This authority includes an authority to repurchase, through the JSE's order book (for repurchases undertaken on the JSE), as contemplated in section 48(8) of the Companies Act of South Africa, ordinary shares disposed of by a director or prescribed officer of the Company or a person related to a director or prescribed officer of the Company.

Special resolution number 2

Remuneration payable to non-executive directors

The fees payable to non-executive directors by the Company were benchmarked by the Company's independent remuneration advisors who concluded that the aggregate total fees payable to non-executive directors were broadly in line with the market, except for the audit committee members, and the chairperson of the investment committee. A general 5.5% increase was proposed and supported by the board for board and committee fees, along with an additional increase of 4% to the fees of the audit committee members, and an additional increase of 4.5% to the fees payable to the investment committee chairperson to catch up to the median over a two year period. The total increase for the audit committee members would be 9.5% and for the investment committee chairperson, the increase would be 10%.

Special resolution number 3

Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act of South Africa

The Company, in the ordinary course of business, may need to provide financial assistance to certain of its subsidiaries, associates and joint ventures in accordance with section 45 of the Companies Act of South Africa. In addition, it may be necessary for the Company to provide financial assistance in the circumstances contemplated in section 44 of the Companies Act of South Africa. Despite the title of section 45 being 'Loans or other financial assistance to directors', on a proper interpretation, the body of the section also applies to financial assistance provided by a company to any related or interrelated company or corporation, a member of a related or interrelated corporation, and a person related to any such company, corporation or member. Section 44 may also apply to the financial assistance so provided by a company to any related or interrelated company or corporation, a member of a related or interrelated corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act of South Africa provide, inter alia, that the particular financial assistance may only be provided:

- Following a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, with the specific recipient falling within that category.
- If the board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Companies Act of South Africa), and the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

ANNEXURE 1
SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

Rand million	Notes	2023	2022
Revenue	3	30,634	50,753
Operating costs		(23,737)	(22,420)
Transactions arising from the acquisition of the Ensham Business		(171)	—
Gain on bargain purchase	8	565	—
Acquisition and integration costs	8	(454)	—
Expenses for conditional shares granted to non-controlling interests	8	(123)	—
Fair value adjustments to acquisition related derivatives	8	(159)	—
Impairment losses	4	(266)	(656)
Fair value gains/(losses) on derivative financial instruments		97	(3,207)
Fair value loss on derivative asset – capital support		—	(347)
Restructuring costs and termination benefits		(51)	(29)
Profit before net finance income and tax		6,506	24,094
Net finance income		696	49
Investment income		1,394	963
Interest expense		(1,024)	(738)
Other net financing gains/(losses)		326	(176)
Profit before tax		7,202	24,143
Income tax expense	5	(2,232)	(5,938)
Profit for the reporting period		4,970	18,205
Attributable to:			
Non-controlling interests		(192)	1,217
Equity shareholders of the Group		5,162	16,988
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange translation gains		155	—
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations		25	71
Fair value losses on financial asset investments		(3)	—
Related tax	5	(6)	(15)
Other comprehensive income for the reporting period		171	56
Total comprehensive income for the reporting period		5,141	18,261
Attributable to:			
Non-controlling interests		(186)	1,217
Equity shareholders of the Group		5,327	17,044
Earnings per share[1]			
Basic (cents/share)	6	3,766	12,708
Diluted (cents/share)	6	3,692	12,487

[1] The earnings per share has been calculated using a weighted average number of ordinary shares outstanding (WANOS) of 137,056,628 (2022: 133,684,828).

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Rand million	Notes	2023	2022
Assets			
Non-current assets			
Intangible assets		313	82
Property, plant and equipment	7	19,477	10,656
Environmental rehabilitation trusts	10	3,740	3,446
Investment in associate		78	43
Deferred tax assets		471	503
Financial asset investments		1,054	755
Investment in insurance structure		1,445	1,226
Trade and other receivables		194	1
Other non-current assets		72	65
Total non-current assets		26,844	16,777
Current assets			
Inventories		4,011	3,181
Trade and other receivables		4,284	4,907
Current tax assets	5	298	231
Financial asset investments		24	31
Derivative financial instruments		66	149
Cash and cash equivalents		10,959	15,299
Total current assets		19,642	23,798
Total assets		46,486	40,575
Equity			
Stated capital		11,323	11,323
Contributed capital		965	965
Merger reserve		2,606	2,606
Treasury shares		(493)	(302)
Share-based payments reserve		214	83
Other reserves		308	145
Retained earnings		9,686	11,453
Equity attributable to the shareholders of the Group		24,609	26,273
Non-controlling interests		(13)	(114)
Total equity		24,596	26,159
Liabilities			
Non-current liabilities			
Lease liabilities		32	62
Retirement benefit obligations		399	405
Deferred tax liabilities		1,637	1,421
Environmental and other provisions	10	11,135	7,179
Total non-current liabilities		13,203	9,067
Current liabilities			
Trade and other payables		6,537	3,997
Loans and borrowings		66	60
Lease liabilities		34	31
Environmental and other provisions	10	1,948	1,236
Current tax liabilities	5	102	25
Total current liabilities		8,687	5,349
Total liabilities		21,890	14,416
Total equity and liabilities		46,486	40,575

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Rand million	Notes	Stated capital	Contributed capital	Merger reserve
Balance at 1 January 2022		10,041	965	2,606
Purchase of shares by Group companies	11	—	—	—
Acquisition of additional interest in subsidiary		1,282	—	—
Total comprehensive income for the reporting period		—	—	—
Dividends paid	12	—	—	—
Movements in share-based payments reserve[2]		—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 31 December 2022		**11,323**	**965**	**2,606**
Purchase of shares by Group companies	11	—	—	—
Total comprehensive income for the reporting period		—	—	—
Dividends paid	12	—	—	—
Movements in share-based payments reserve[2]		—	—	—
Conditional shares granted to the non-controlling interests in the Ensham Business	8	—	—	—
Non-controlling interests arising from the acquisition of the Ensham Business	8	—	—	—
Change in ownership of the Ensham Business	8	—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 31 December 2023		**11,323**	**965**	**2,606**

[1] Includes the financial asset revaluation reserve of Rnil (2022: R3 million), the retirement benefit obligation reserve of R160 million (2022: R142 million) and the foreign currency translation reserve of R148 million (2022: Rnil).

[2] Includes movements as a result of share-based payment expenses of R127 million (2022: R113 million) reduced by the impact of the vesting of shares of R71 million (2022: R46 million) under the Thungela share plan.

Treasury shares	Share-based payments reserve	Other reserves[1]	Retained earnings	Total equity attributable to share-holders of the Group	Non-controlling interests	Total equity
(183)	16	89	3,039	16,573	1,901	18,474
(165)	—	—	—	(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	—	—	(46)	—	—	—
(302)	83	145	11,453	26,273	(114)	26,159
(259)	—	—	—	(259)	—	(259)
—	—	165	5,162	5,327	(186)	5,141
—	—	—	(6,920)	(6,920)	(1)	(6,921)
—	56	—	71	127	—	127
—	123	—	—	123	—	123
—	—	—	—	—	226	226
—	(48)	(2)	(12)	(62)	62	—
68	—	—	(68)	—	—	—
(493)	214	308	9,686	24,609	(13)	24,596

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

Rand million	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		7,202	24,143
Net finance income		(696)	(49)
Profit before net finance income and tax		6,506	24,094
Non-cash movements relating to the acquisition of the Ensham Business[1]	8	(283)	—
Impairment losses	4	266	656
Fair value loss on derivative asset – capital support		—	347
Fair value (gains)/losses on derivative financial instruments		(97)	3,207
Depreciation and amortisation		1,557	1,197
Share-based payment charges		127	113
Increase in provisions[2]		270	1,730
Loss on sale of property, plant and equipment		8	17
Other adjustments		47	15
Movements in working capital		2,737	(618)
Decrease/(increase) in inventories		212	(632)
Decrease/(increase) in trade and other receivables		1,581	(381)
Increase in trade and other payables		944	395
Cash flows from operations		11,138	30,758
Amounts applied to reduce environmental and other provisions[3]	10	(860)	(846)
Settlement of derivative financial instruments		344	(3,561)
Income tax paid	5	(2,119)	(6,567)
Net cash generated from operating activities		8,503	19,784
Cash flows from investing activities			
Expenditure on property, plant and equipment	3	(3,116)	(1,923)
Purchase of right-of-use assets		(48)	—
Expenditure on intangible assets		(172)	—
Cash outflow on the acquisition of the Ensham Business	8	(2,770)	—
Purchase of financial asset investments		(210)	(443)
Investment in insurance structure		(200)	(1,224)
Repayment of loans granted to investees		25	31
Loans granted to investees		(280)	(8)
(Advance)/repayment of quasi-equity loans by associate		(35)	20
Investment income received		1,026	707
Net cash utilised in investing activities		(5,780)	(2,840)
Cash flows from financing activities			
Interest expense paid		(43)	(33)
Capital repayment of lease liabilities		(31)	(26)
Repayment of loans and borrowings		(1)	(9)
Settlement of derivative related to the acquisition of the Ensham Business	8	(55)	—
Purchase of shares by Group companies	11	(259)	(165)
Dividends paid to the equity shareholders of the Group	12	(6,920)	(10,483)
Dividends paid to non-controlling interests	12	(1)	(42)
Issue of shares by subsidiary to non-controlling interests	8	61	—
Net cash utilised in financing activities		(7,249)	(10,758)
Net (decrease)/increase in cash and cash equivalents		(4,526)	6,186
Cash and cash equivalents at the start of the reporting period		15,299	8,736
Net (decrease)/increase in cash and cash equivalents		(4,526)	6,186
Effects of changes in foreign exchange rates[4]		186	377
Cash and cash equivalents at the end of the reporting period		10,959	15,299

1 Non-cash movements relating to the acquisition of the Ensham Business consist of the gain on bargain purchase of R565 million, offset by the expenses for the conditional shares granted to non-controlling interests of R123 million and the fair value adjustments to acquisition related derivatives of R159 million. Refer to note 8 for further detail.

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 R32 million (2022: R1,302 million) and contributions to the Nkulo Community Partnership Trust of R276 million (2022: R386 million). Refer to note 10 for further detail.

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.

4 Effects of changes in foreign exchange rates consists of foreign exchange gains on cash and cash equivalents of R163 million (2022: R377 million) recognised in net finance income, and the revaluation of the cash balances held in the Ensham Business of R23 million (2022: Rnil) recognised in other comprehensive income.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. BASIS OF PREPARATION

A. Basis of preparation

The summarised consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with the requirements of the following frameworks

- IAS 34: Interim Financial Reporting
- the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (collectively, IFRS Accounting Standards)
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (collectively, the South African Financial Reporting Requirements)
- the Companies Act of South Africa
- the JSE Listings Requirements
- the United Kingdom Listing Rules and the United Kingdom Disclosure Guidance and Transparency Rules

The summarised consolidated financial statements have been derived from the Annual Financial Statements for the year ended 31 December 2023, and should be read in conjunction therewith. A copy of this document, and the independent external auditor's report on the consolidated and separate financial statements, including key audit matters, is available on the Group's website at www.thungela.com/investors/results, together with the Annual Financial Statements.

The accounting policies applied in the preparation of the summarised consolidated financial statements are in accordance with IFRS Accounting Standards, as disclosed in the Annual Financial Statements for the year ended 31 December 2022. These accounting policies are consistent with the accounting policies applied in the preparation of the consolidated and separate financial statements for the year ended 31 December 2022.

The summarised consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value. The summarised consolidated financial statements are presented in South African rand, which is the functional currency of Thungela.

B. Going concern

The financial position of Thungela, its cash flows, net current asset position and net cash$^{\triangle}$ position are set out in the summarised consolidated financial statements. The Group's net cash$^{\triangle}$ at 31 December 2023 was R10,176 million (2022: R14,720 million). The Group's net current asset position of R10,955 million (2022: R18,449 million) continues to be robust, despite the continued poor rail performance impacting our ability to rail product to the Richards Bay Coal Terminal (RBCT) for export. The Group has no significant external debt at 31 December 2023.

The directors have considered Thungela's cash flow forecasts for the period to the end of March 2025, under reasonably expected and stressed scenarios, with consideration given to the uncertainty of the current economic environment, as well as the Group's operations. In all of the scenarios assessed, the Group maintains sufficient liquidity throughout the period of assessment.

The directors are satisfied that the Group's forecasts, taking into account reasonably possible changes in performance, show that Thungela will continue to operate for the foreseeable future. For this reason, Thungela has adopted the going concern basis in preparing the summarised consolidated financial statements.

C. Judgements and estimates

Thungela has made judgements, estimates and assumptions that may affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical accounting judgements and key sources of estimation uncertainty are fully described in the Annual Financial Statements for the year ended 31 December 2022.

The critical accounting judgements and key sources of estimation uncertainty used in the preparation of the consolidated and separate financial statements are as follows:
- acquisition of the Ensham Business
- impairment of assets
- estimation of environmental provisions
- recognition of deferred tax assets

Refer to note 2 of the Annual Financial Statements for the year ended 31 December 2023 for further detail of the judgements and estimates used by the Group.

D. New, revised and amended accounting pronouncements

There were no new, revised and amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2023 that had a material impact on the summarised consolidated financial statements.

E. Independent external auditor's opinion

The summarised consolidated financial statements have been derived from the consolidated and separate financial statements for the year ended 31 December 2023, which have been audited by our independent external auditor PwC, who has expressed an unqualified opinion thereon. A copy of the independent external auditor's report on the consolidated and separate financial statements, including key audit matters, is available on the Group's website at www.thungela.com/investors/results, together with the Annual Financial Statements.

These summarised consolidated financial statements have not been audited, and the independent external auditor's report on the consolidated and separate financial statements does not necessarily report on all of the information contained in this document. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the independent external auditor's engagement, they should obtain a copy of that report together with the Annual Financial Statements on the Group's website at www.thungela.com/investors/results. Any forward-looking statements have not been audited or reported on by the Group's independent external auditor.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

2. ACQUISITION OF THE ENSHAM BUSINESS

Understanding of the transaction

Thungela, through its wholly owned subsidiary Thungela Resources Australia Pty Limited (Thungela Resources Australia), acquired a 75% interest in Sungela Holdings Pty Ltd (Sungela Holdings). The remaining 25% interest in Sungela Holdings was acquired by Audley Energy Limited (Audley Capital) and Mayfair Corporations Group Pty Ltd (Mayfair) (collectively, the 'co-investors') in equal parts. Sungela Holdings, through its wholly owned subsidiary Sungela Pty Ltd (Sungela), then purchased an 85% interest in the Ensham Mine from Idemitsu Australia Pty Ltd and its subsidiary, Bligh Coal Limited (collectively, 'Idemitsu'), with the remaining 15% stake in the mine held by LX International, through its subsidiary Bowen Investment Australia Pty Ltd (Bowen). The acquisition delivers on Thungela's strategy to pursue geographic diversification.

The Ensham Mine, which is operated by Ensham Resources Pty Limited (Ensham Resources), is the primary asset of the Ensham joint venture, and comprises several tenements located in the southern Bowen Basin in Queensland, Australia. The mining tenements and related assets have not yet been legally transferred to Sungela and are still held in the name of Idemitsu, although the process to complete the transfer is in progress. Sungela however took beneficial ownership thereof from the effective date of the transaction.

The share and asset sale agreement (SASA) was signed with Idemitsu in February 2023, but included several conditions precedent that impacted the effective date of the transaction. The conditions precedent were either met or waived by all parties by 31 August 2023, which is the effective date of the transaction, and the results of the Ensham Business have been consolidated into the Thungela Group results from this date. Thungela assumed operational control of the Ensham Business from 1 September 2023.

The entities acquired are collectively referred to as the 'Ensham Business', which includes several separate statutory entities, as described below:

Entity	Legal shareholding[1] (%)	Effective economic interest[2] (%)	Description
Sungela Holdings[3]	73.5	93.5	Sungela Holdings is an investment holding company, which was registered in Australia in 2023. Thungela Resources Australia holds 73.5% of the shares issued by Sungela Holdings, with the remaining 26.5% being held by the co-investors.
Sungela	100	93.5	Sungela was registered in Australia in 2023, and purchased the 85% interest in the Ensham Mine from Idemitsu. Sungela is required to fund the operations of the Ensham Mine on an ongoing basis, in proportion to its ownership interest. Thungela has an effective economic interest of 93.5% in Sungela, held through Sungela Holdings.
Ensham Resources	100	79.5	Ensham Resources is the operator of the Ensham Mine, an unincorporated joint venture between Sungela and Bowen, who hold 85% and 15% thereof, respectively. Thungela has an effective economic interest of 79.5% in Ensham Resources, being 93.5% of the 85% interest in the Ensham Mine held through Sungela.
Ensham Coal Sales	85	79.5	Ensham Coal Sales Pty. Ltd (Ensham Coal Sales) manages the sale of all coal extracted from the Ensham Mine, and the net receipts from customers are paid back to Sungela and Bowen in line with their ownership of the joint venture. Thungela has an effective economic interest of 79.5% in Ensham Coal Sales, being 93.5% of the 85% interest held through Sungela.
Nogoa Pastoral	85	79.5	Nogoa Pastoral Pty. Ltd. (Nogoa Pastoral) undertakes small-scale agricultural activity on the surface land owned by the Ensham Business, and is the operator of the Nogoa joint venture, the participants of which are also Sungela and Bowen. Thungela has an effective economic interest of 79.5% in Nogoa Pastoral, being 93.5% of the 85% interest held through Sungela.

1 The legal shareholding represents Thungela's legal shareholding in the relevant statutory entity, either directly or through a subsidiary. This shareholding is as at 31 December 2023, after considering the impact of the vesting of the conditional shares granted to the co-investors through the long-term incentive plan, in relation to the acquisition of the Ensham Business (LTIP shares), and may change based on the repayment of the loan as described below.

2 The effective economic interest represents Thungela's effective economic interest in the earnings of the relevant statutory entity, either directly or through a subsidiary. The economic interest has been determined based on the accounting treatment described in this note. This effective economic interest is as at 31 December 2023, after considering the impact of the vesting of the LTIP shares, and may change based on the repayment of the loan as described below.

3 Thungela Resources Australia subscribed for 75% of the ordinary shares of Sungela Holdings on 31 August 2023. At 31 December 2023, one of the milestones specified in relation to the LTIP shares has vested, meaning the co-investors have been allocated an additional 1.5% of the ordinary shares in Sungela Holdings. Thungela Resources Australia now owns 73.5% of Sungela Holdings. The co-investors only have voting and dividend rights related to the LTIP shares that have vested from 1 January 2024.

The initial purchase price payable as included in the SASA amounted to R4,115 million (AUD340 million), which was paid in advance of the effective date of 31 August 2023. The SASA also included other elements which impacted the total consideration, as defined by IFRS 3: Business Combinations (IFRS 3), for the Ensham Business, being:

- The economic benefit deed, which provides for a contractually determined portion of the economic benefit earned in the Ensham Business from 1 January 2023 to the acquisition date, to be for the benefit of Sungela. The economic benefit received amounted to R815 million (AUD67 million), which was received by Sungela in December 2023.
- Various adjustments to working capital based on balances at 31 August 2023, as is customary in transactions of this nature. The total amount related to these adjustments, which reduced the initial purchase price, was R128 million (AUD11 million).
- The royalty deed, which provides for a royalty to be paid to Idemitsu on sales of Ensham coal up to 31 December 2024, subject to certain coal price thresholds. At 31 August 2023, the expected value to be paid to Idemitsu related to the royalty deed was R123 million (AUD10 million), based on the forecasted coal prices at that date. An amount of R55 million related to the royalty deed was paid to Idemitsu in December 2023 based on realised coal sales since the acquisition date.

The portion of the purchase price attributable to the shareholding purchased by the co-investors was R1,035 million (25%), of which R809 million (20%) was funded through a loan provided by Thungela International Proprietary Limited (Thungela International) (the loan). The loan is interest bearing and is repayable 18 months after the effective date of the transaction, mainly through distributions received by the co-investors from Sungela Holdings. The co-investors are required to apply 90% of all distributions they receive from Sungela Holdings to the repayment of the loan. The loan is secured by shares owned by the co-investors, representing 20% of the shares of Sungela Holdings in issue at the acquisition date. Once 50% of the loan has been repaid, 50% of the secured shares may be released to the co-investors. To the extent that the loan is not repaid by its final repayment date, some of the secured shares may be called as security by Thungela International. Should the loan not be repaid in full, and a portion of the secured shares called, the capital amount of the loan will be considered fully repaid, even if the value of the secured shares called is lower than the value of the outstanding debt at the repayment date, in which case Thungela International may become the legal owner of the shares called as security.

The co-investors were also granted LTIP shares, which currently carry no voting or dividend rights, but could vest and become ordinary shares on the achievement of specific milestones, each of which will enhance the value of the Ensham Business. Should all of the LTIP shares vest, the legal ownership held by the co-investors in Sungela Holdings would increase to 30% on a fully diluted basis. The co-investors will only have rights to earnings and distributions relating to the LTIP shares from 31 December in the year that the milestones are met, and as approved by the Sungela Holdings board. At 31 December 2023, one of the milestones had been met, meaning that LTIP shares amounting to 1.5% of Sungela Holdings have vested. The remaining LTIP shares available to vest reflect 3.5% of the shares of Sungela Holdings.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

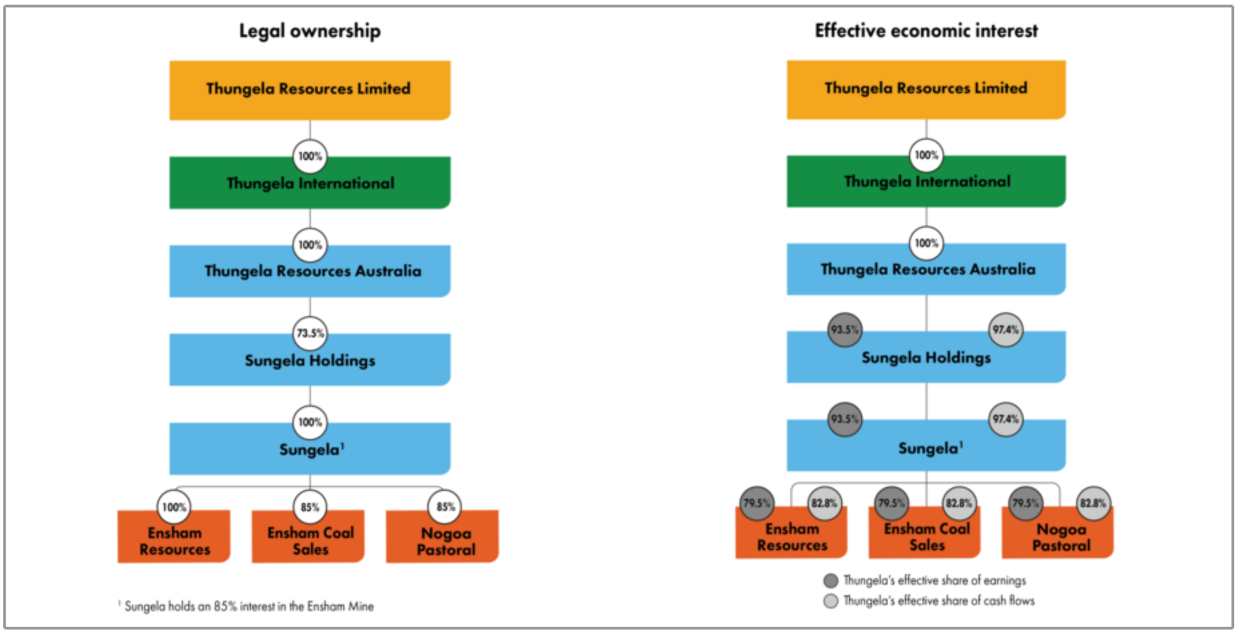
CONTINUED

For the year ended 31 December 2023

2. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Ownership structure

The structure of Thungela's ownership in the Ensham Business is shown in the diagram below. Thungela is considered to control all of the entities within this structure.



The remaining 15% interests in Ensham Coal Sales and Nogoa Pastoral, as well as 15% of the Ensham Mine, are held by Bowen.

Ensham Resources is the operator of the Ensham Mine, which is an unincorporated joint venture between Sungela and Bowen, the JV participants, which hold the unincorporated joint venture in proportions of 85% and 15%, respectively. The mining tenements and underlying mining assets are owned by the JV participants directly, and are not owned by Ensham Resources. The operations of Ensham Resources are funded by Sungela and Bowen directly in relation to their participation in the Ensham Mine, being 85% and 15%, respectively.

Ensham Coal Sales manages the sale of all coal extracted from the Ensham Mine, and the net receipts from customers are paid back to Sungela and Bowen in accordance with their contributions to the Ensham Mine.

Nogoa Pastoral undertakes small-scale agricultural activity on the surface land owned by the Ensham Business, and is the operator of the Nogoa joint venture, the participants of which are also Sungela and Bowen.

F. Accounting treatment

Thungela is considered to control all of the entities within the Ensham Business, and so these entities are consolidated into the operating and financial results of the Group, with the appropriate recognition of non-controlling interests, with specific considerations as noted below.

Ensham Resources is the operator of the Ensham Mine, and recognises all assets, liabilities, income and expenses related to the operation of the mine. However, the underlying assets are owned by the JV participants in proportion to their ownership of the mining tenements. Notably, Ensham Resources does not own any assets in its own right. On this basis, Sungela only has rights to, and obligations for, 85% of the assets and liabilities of the Ensham Mine, and the results of Ensham Resources are thus reflected at 85% on a line-by-line basis in the consolidated financial statements.

Ensham Coal Sales is fully consolidated, with non-controlling interest recognised, representing 15% of the net assets of this entity. As Ensham Coal Sales manages all coal sales from the Ensham Mine, 100% of the revenue from the mine is recognised within the Thungela Group's revenue. The cost for the proportion of coal sales reflecting Bowen's 15% participation in the Ensham Mine is accounted for as a commodity purchase within Ensham Coal Sales, at the realised sales price less specific selling costs incurred.

Nogoa Pastoral is the operator of the Nogoa Pastoral agricultural operation, which is managed on a contractual basis in the same way as Ensham Resources, and so the accounting treatment has been considered in the same way. The results of Nogoa Pastoral are consolidated at 85% on a line-by-line basis.

The loan has been used by the co-investors to fund the acquisition of the majority of their initial 25% share in Sungela Holdings. As described above, the loan is secured by shares representing 20% of Sungela Holdings, and the capital amount of the loan will be considered fully repaid should the secured shares be called and the value of the shares called is less than the principal outstanding. As such, for accounting purposes while the loan has not been repaid, the shares are not considered to have been issued. Thungela is instead considered, for accounting purposes only, to have granted the co-investors an option to acquire 20% of the shares in Sungela Holdings, which is exercisable to the extent that the loan is repaid by the repayment date. The option granted is treated as an equity settled share-based payment, as it will be settled in Sungela Holdings shares.

As a result of the accounting treatment and recognition of the option issued to the co-investors, they have enjoyed rights to only 5.0% of the earnings generated by the Ensham Business from the acquisition date up to 31 December 2023. Consequently, the non-controlling interests reflected in relation to the Ensham Business for the year are 5.0%. Following the vesting of the first milestone related to the LTIP shares, the non-controlling interests have increased to 6.5% from 1 January 2024. The proportion of earnings allocated to the non-controlling interests will be adjusted at the loan repayment date to reflect the shares considered to be issued in substance, having regard to the extent to which the loan has been repaid.

The LTIP shares are treated as an equity settled share-based payment, as they will be settled with shares in Sungela Holdings. Should the LTIP shares vest, Thungela will recognise a decrease in its share of Sungela Holdings at the vesting date, and a corresponding increase in the non-controlling interests attributable to the co-investors. There is no requirement for earnings related to the LTIP shares to be attributed to the non-controlling interests before the vesting date, and the change in ownership will be accounted for prospectively from the date of vesting.

Flow of economic benefits

Thungela is entitled to 79.5% of the earnings of the Ensham Mine, through the legal ownership of 73.5% of Sungela Holdings (75%, reduced to 73.5% at 31 December 2023 following the vesting of LTIP shares), and based on the treatment of the non-controlling interests described above.

The co-investors are required to apply 90% of any distributions received from Sungela Holdings to the repayment of the loan, and accordingly, until the loan is repaid Thungela has an effective economic interest of 82.8% in the cash flows generated by the Ensham Mine. If the loan is repaid in full, the economic and cash flow participation for Thungela will reflect the legal ownership structure as described above. Should the loan not be repaid by February 2025, the co-investors' shares held as security for the loan may be called, increasing the legal ownership of Thungela in the Ensham Business.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

Fair value of the identifiable net assets acquired

The acquisition of the Ensham Business is considered to be a business combination in line with IFRS 3, and the acquisition method of accounting has been applied at the effective date. The fair value of the identifiable net assets acquired was determined using a discounted cash flow model, based on the life-of-mine valuation of the Ensham Mine.

The key assumptions used in the determination of the fair value of the Ensham Business, as well as other elements required to be considered in terms of the acquisition method per IFRS 3, are detailed in note

3. SEGMENTAL INFORMATION

Thungela's segments are aligned to those operations that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The Group executive committee is identified as the chief operating decision maker of Thungela.

Accounting policy

Reportable segments

Operating segments with similar economic characteristics are aggregated into reportable segments. The economic characteristics considered include the geographic location, the performance of key equipment specific to each type of operation and the productivity of the operations measured in volumes and headcount. Thungela has one principal operating activity, which is the operation of opencast and underground thermal coal mines and the processing of coal in South Africa and Australia. The reportable segments are aggregated by the nature of the technology applied by the operations either as an opencast or underground mine, and similar economic characteristics as it relates to the capital and operating structure thereof.

On 31 August 2023, the Group acquired a controlling interest in the Ensham Business, as fully described in note 2 and note 8. After applying the qualitative and quantitative thresholds as described in IFRS 8: Operating Segments, we have identified the Australian business, representing the Ensham Business, as a reportable segment.

The following summary describes each reportable segment:

Reportable segments	Operations
South Africa	
Opencast	Mining operations undertaken in an opencast mine where coal is extracted include the following mining operations: • Isibonelo • Khwezela • Mafube • Rietvlei
Underground	Mining operations undertaken in an underground mine where coal is extracted include the following mining operations: • Zibulo • Greenside • Goedehoop
Services	Operations providing various services to support the ongoing operations of the Group
Australia	
Underground	Mining operations undertaken in an underground mine where coal is extracted at Ensham, as well as the operations providing various services to support the mining operations in that country

Revenue

Revenue is recognised in a manner that depicts the pattern of the transfer of thermal coal to customers. The amount recognised reflects the amount to which the Group is entitled in exchange for the sale of thermal coal. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transaction price is the amount of consideration due in exchange for transferring thermal coal to the customer and is recognised at a specific point in time.

Revenue in South Africa is comprised of export sales to Anglo American Marketing Limited (AAML) through the offtake agreement, and domestic sales based on contracts signed with various customers in the areas where the Group mines. Revenue in Australia includes export sales, predominately into Asian markets, as well as specific domestic sales contracts. The domestic sales in Australia are of export quality coal, and at export parity prices. On this basis all revenue in Australia is disclosed as export.

Revenue is measured at the fair value of consideration received or receivable, after deducting discounts and relevant sales taxes. The Group has applied the practical expedient available in IFRS 15: Revenue from Contracts with Customers, and determined that no significant financing component is included in the consideration received. A sale is recognised when control has been transferred, which is usually when title and significant risks have passed to the customer, and the thermal coal has been delivered.

South Africa

Export sales

Revenue derived from South African export sales is recognised when the thermal coal is loaded onto the ship at the RBCT, and the Group is not directly involved in the delivery of thermal coal to its final destination. The transaction price is determined with reference to the average benchmark price reference for 6,000kcal/kg thermal coal exported from the RBCT (Richards Bay Benchmark coal price) in the month of loading, with various adjustments for quality, grade and calorific value, as well as a fee payable to AAML in terms of the offtake agreement. Revenue is not impacted by changes in the Richards Bay Benchmark coal price subsequent to the month of loading during which control transfers.

Domestic sales

Domestic sales are made to various customers in the areas in which the Group operates in South Africa and revenue from these sales is recognised when the thermal coal is delivered to a contractually agreed location, either at the customers' premises, or at the collection point at the operation. The transaction price is contractually agreed based on various inputs and is not always directly impacted by changes in the Richards Bay Benchmark coal price.

Australia

Revenue in Australia is derived from export sales into Asian markets or sales to customers in Australia. Revenue for exported sales is recognised when coal is loaded onto the vessel at the Port of Gladstone, while revenue for sales railed locally is recognised as the coal is delivered to the customers' premises.

The transaction price is determined with reference to the average Newcastle Benchmark price reference for 6,000kcal/kg coal exported from Newcastle, Australia (Newcastle Benchmark coal price) for the month of loading, with various adjustments for quality, grade and calorific value. Revenue is not impacted by changes in the Newcastle Benchmark coal price subsequent to the month of loading. Sales contracts with specific customers include fixed prices for sales, which are negotiated based on the Newcastle Benchmark coal price at the start of the year. Revenue for these sales is recognised at the agreed fixed price, and is not impacted by changes in the Newcastle Benchmark coal price throughout the year.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

3. SEGMENTAL INFORMATION CONTINUED

Profit for the reporting period

The profit for the reporting period by reportable segment can be analysed as follows:

					2023
	South Africa			Australia	
Rand million	Opencast	Underground	Services	Underground[1]	Total
Revenue	10,269	17,776	—	2,589	30,634
Operating costs excluding depreciation and amortisation	(7,447)	(10,200)	(2,682)	(1,851)	(22,180)
Employee costs	(1,238)	(2,797)	(963)	(385)	(5,383)
Commodity purchases	(954)	(97)	—	(389)	(1,440)
Consumables used in production	(1,165)	(804)	(15)	(234)	(2,218)
Maintenance expenditure	(1,205)	(1,731)	(324)	(49)	(3,309)
Production input costs	(1,659)	(1,110)	(569)	(222)	(3,560)
Inventory production movement	(63)	(89)	—	(150)	(302)
Logistics costs	(723)	(2,529)	—	(335)	(3,587)
Royalties	(84)	(519)	—	(294)	(897)
Other	(356)	(524)	(811)	207	(1,484)
Adjusted EBITDA[△]	2,822	7,576	(2,682)	738	8,454
Depreciation and amortisation	(179)	(1,022)	(46)	(310)	(1,557)
Transactions relating to the acquisition of the Ensham Business	—	—	(80)	(91)	(171)
Gain on bargain purchase	—	—	—	565	565
Acquisition and integration costs	—	—	(5)	(449)	(454)
Expenses for conditional shares granted to non-controlling interests	—	—	(75)	(48)	(123)
Fair value adjustments to acquisition related derivatives	—	—	—	(159)	(159)
Impairment losses	(81)	(185)	—	—	(266)
Fair value gains on derivative financial instruments	—	—	97	—	97
Restructuring costs and termination benefits	—	—	(51)	—	(51)
Net finance (costs)/income	(354)	(74)	1,186	(62)	696
Investment income	330	142	904	18	1,394
Interest expense	(684)	(216)	(75)	(49)	(1,024)
Other financing gains/(losses)	—	—	357	(31)	326
Income tax expense	(775)	(1,363)	(58)	(36)	(2,232)
Profit/(loss) for the reporting period	1,433	4,932	(1,634)	239	4,970

[1] Represents the results of the Ensham Business for the four months from the acquisition date to the reporting date.

Rand million	South Africa Opencast	Underground	Services	2022 Total
Revenue	18,366	32,387	—	50,753
Operating costs excluding depreciation and amortisation	(10,003)	(9,526)	(1,694)	(21,223)
Employee costs	(1,144)	(2,622)	(984)	(4,750)
Commodity purchases	(2,095)	(19)	—	(2,114)
Consumables used in production	(1,150)	(812)	(33)	(1,995)
Maintenance expenditure	(1,244)	(1,534)	(262)	(3,040)
Production input costs	(3,018)	(1,140)	218	(3,940)
Inventory production movement	(206)	793	—	587
Logistics costs	(820)	(1,962)	—	(2,782)
Royalties	(347)	(1,527)	(81)	(1,955)
Other	21	(703)	(552)	(1,234)
Adjusted EBITDA△	8,363	22,861	(1,694)	29,530
Depreciation and amortisation	(284)	(910)	(3)	(1,197)
Impairment losses	(613)	—	(43)	(656)
Fair value losses on derivative financial instruments	—	—	(3,207)	(3,207)
Fair value loss on derivative asset – capital support	—	—	(347)	(347)
Restructuring costs and termination benefits	—	—	(29)	(29)
Net finance (costs)/income	(319)	(125)	493	49
Investment income	166	73	724	963
Interest expense	(485)	(198)	(55)	(738)
Other financing losses	—	—	(176)	(176)
Income tax (expense)/credit	(778)	(5,439)	279	(5,938)
Profit/(loss) for the reporting period	6,369	16,387	(4,551)	18,205

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

3. SEGMENTAL INFORMATION CONTINUED

Capital expenditure

Capital expenditure encompasses expenditure (including cash capital expenditure and capital expenditure accruals) to sustain the business and to invest in production replacement and life extension projects.

The capital expenditure per reportable segment can be analysed as follows:

				2023
Rand million	Expansionary	Stay-in-business	Stripping and development	Total
Property, plant and equipment	1,603	1,230	250	3,083
South Africa	1,603	941	250	2,794
Opencast	—	608	7	615
Underground	1,596	309	243	2,148
Services	7	24	—	31
Australia[1]	—	289	—	289
Underground	—	289	—	289
Intangible assets	—	172	—	172
South Africa	—	172	—	172
Services	—	172	—	172
Capital expenditure	1,603	1,402	250	3,255
Reconciliation to the statement of cash flows				
Movement in capital creditors	(12)	45	—	33
South Africa	(12)	35	—	23
Australia[1]	—	10	—	10
Expenditure on property, plant and equipment[2]	1,591	1,447	250	3,288

1 Represents the results of the Ensham Business for the four months from the acquisition date to the reporting date.
2 Capital expenditure consists of expenditure on property, plant and equipment of R3,116 million and expenditure on intangible assets of R172 million.

				2022
Rand million	Expansionary	Stay-in-business	Stripping and development	Total
Property, plant and equipment	235	1,272	455	1,962
South Africa	235	1,272	455	1,962
Opencast	—	483	77	560
Underground	205	595	378	1,178
Services	30	194	—	224
Capital expenditure	235	1,272	455	1,962
Reconciliation to the statement of cash flows				
Movement in capital creditors	—	(39)	—	(39)
Expenditure on property, plant and equipment	235	1,233	455	1,923

Revenue

The revenue generated by the Group can be analysed as follows:

Revenue by product and segment

	2023			
	South Africa		Australia	
Rand million	Opencast	Underground	Underground[1]	Total
Thermal export	5,463	17,353	2,589	25,405
Industrial and domestic	4,806	423	—	5,229
Other industrial and domestic	4,271	68	—	4,339
Domestic sales from thermal export stockpiles	535	355	—	890
Total revenue	10,269	17,776	2,589	30,634

[1] Represents the results of the Ensham Business for the four months from the acquisition date to the reporting date.

	2022		
	South Africa		
Rand million	Opencast	Underground	Total
Thermal export	13,415	32,341	45,756
Industrial and domestic	4,951	46	4,997
Total revenue	18,366	32,387	50,753

Revenue by destination

Rand million	2023	2022
United Kingdom	22,816	45,756
South Africa	5,229	4,997
Taiwan[1]	1,256	—
Australia[1]	611	—
India[1]	326	—
Japan[1]	233	—
Other export destinations[1]	163	—
Total revenue	30,634	50,753

[1] Represents the results of the Ensham Business for the four months from the acquisition date to the reporting date.

All of the revenue and profit of Thungela is derived from operations based in South Africa and Australia.

Revenue by customer

Rand million	2023	2022
Sales to AAML	22,816	45,756
Other – Australian sales[1,2]	2,589	—
Other – South African domestic customers[1]	5,229	4,997
Total revenue	30,634	50,753

[1] No individual customer contributes more than 10% to the total revenue generated by the Group in the years presented.
[2] Represents the results of the Ensham Business for the four months from the acquisition date to the reporting date.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. IMPAIRMENT LOSSES

The Group is required to assess whether assets may be impaired, or an impairment previously recognised may need to be reversed, at each reporting date. The impairment losses recognised are determined based on the Group's judgements around the recoverable amount of each identified cash-generating unit (CGU).

Accounting policy

Any impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Goodwill arising on business combinations is allocated to the CGUs that are expected to benefit from synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's leadership team for internal management purposes. The CGUs to which goodwill has been allocated are tested for impairment annually, or when events or changes in circumstances indicate that they may be impaired. An impairment of goodwill is not subsequently reversed.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of those assets is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The CGUs are determined as the individual operating mines and impairment is assessed at that level. In addition, when assessing assets for impairment, management allocates centrally held assets, which do not generate independent cash flows, to the CGUs on an appropriate basis.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use, assessed using discounted cash flow models. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

Subsequent changes to the CGU allocation, to the timing of the forecasted cash flows or to the assumptions used to determine the forecasted cash flows could impact the recoverable amounts of the respective CGUs. For the year ended 31 December 2023, a new CGU was identified, being Elders. Elders is currently in the project phase and has not yet commenced production, however due to the progression of the project and the expected timing of the commencement of production, the CGU has been separately identified and assessed for impairment.

The impairment information included in the note below applies to Thungela's South African operations only. Refer to note 8 for impairment considerations related to the Ensham Business.

Impairment losses recognised

The impairment losses recognised relate to the Greenside, Khwezela and Rietvlei operations. In the year ended 31 December 2022, the impairment losses comprised an impairment in relation to the Isibonelo operation, as well as an appropriate allocation of centrally held assets.

Impairment losses recognised in the year can be analysed as follows:

Rand million	Note	2023	2022
Property, plant and equipment	7	257	648
Intangible assets		9	8
Impairment losses		**266**	656
Tax impact		(62)	(167)
Net impairment losses		**204**	489

Goodwill impairment testing

Goodwill is tested at least annually for impairment by assessing the recoverable amounts of the related CGUs. The recoverable amounts of the CGUs have been determined based on their fair value less costs of disposal using discounted cash flow models. The recoverable amount of Greenside, which is the only operation with a remaining goodwill balance, is determined on the same basis as the remaining export operations.

Assessing impairment indicators

Export operations

The mining operations carried out at Goedehoop, Khwezela, Greenside, Mafube, Zibulo and Elders represent the export operations of the Group. All export sales are made to AAML as per the offtake agreement. The price realised on export sales is determined using the Richards Bay Benchmark coal price as a base, with specific adjustments made for quality, grade, volume and content. These CGUs do supply limited quantities into the domestic market, but domestic sales are not a key value contributor to the CGUs.

Domestic operations

The mining operations carried out at Isibonelo and Rietvlei represent the domestic operations of the Group. These operations sell to domestic customers under fixed-term offtake agreements. Contractual prices are escalated annually with reference to various input cost indices. Changes in the Richards Bay Benchmark coal price therefore do not directly impact the life-of-mine revenue assumptions at these operations.

Centrally held assets

Assets that are held centrally are allocated to the CGUs on an appropriate basis. The centrally held assets allocated to CGUs which have been impaired are allocated a proportionate share of that impairment loss, where appropriate.

Determining recoverable amounts

The recoverable amounts are determined on a fair value less costs of disposal basis with reference to the life-of-mine forecasted cash flows per the approved financial budgets and, where relevant, a valuation of in-situ coal resources beyond the current life-of-mine plan.

Expected future cash flows used in the discounted cash flow models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including coal resources and coal reserves and production volumes, together with economic factors such as the forecasted Richards Bay Benchmark coal price, forecasted exchange rates, discount rates, estimates of production costs and future capital expenditure. Where discounted cash flow models based on management assumptions are used, the resulting fair value measurements are at level 3 in the fair value hierarchy as defined in IFRS 13: **Fair Value Measurement** (IFRS 13), as they depend to a significant extent on unobservable valuation inputs.

Where in situ coal resources beyond the current life-of-mine plan are included in the recoverable amount, an appropriate risk adjustment is made, or alternatively, the fair value is determined on a comparable transaction basis and added to the recoverable amount.

The discounted cash flow models incorporate a number of key assumptions which can be analysed as follows:

Coal prices

The estimated coal prices used are based on the latest internal forecasts, benchmarked with external sources of information, to ensure that they are within the range of available external forecasts. The estimated realised price for export operations is calculated using the forecasted Richards Bay Benchmark coal price, with adjustments to reflect the quality and calorific value of the product, to reflect the estimated realised price at each CGU. The forecast Richards Bay Benchmark coal prices in real terms used in the estimation of cash flows over the forecast period range from USD94 per tonne to USD109 per tonne (2022: USD91 per tonne to USD210 per tonne).

In estimating the forecast cash flows, the Group also considers the expected realised prices from existing contractual arrangements for the domestic operations, where relevant, ranging from R580 per tonne to R680 per tonne (2022: R450 per tonne to R540 per tonne) over the forecast period.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

For the year ended 31 December 2023

4. IMPAIRMENT LOSSES CONTINUED

Determining recoverable amounts continued

The discounted cash flow models incorporate a number of key assumptions which can be analysed as follows continued:

Foreign exchange rates

Foreign exchange rates are based on the latest internal forecasts, benchmarked with external sources of information. For the year ended 31 December 2023, the estimated foreign exchange rates were based on external forecasts in real terms, in line with the approved budget assumptions. The foreign exchange rates used in the estimation of cash flows over the forecast period range from R17.45:1USD to R18.24:1USD. For the year ended 31 December 2022, the estimated foreign exchange rates utilised ranged from R14.44:1USD to R15.81:1USD over the forecast period. Operations supplying solely into the domestic market are not directly exposed to fluctuations in the foreign exchange rate.

Discount rate

The discounted cash flow models used to determine the recoverable amounts are discounted based on a real post-tax discount rate, assessed annually, of 9.5% (2022: 9.5%). Adjustments to the discount rate are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the CGU.

Operating costs, capital expenditure and other operating factors

Operating costs and capital expenditure are based on the approved financial budgets. Forecasted cash flows beyond the budget period are based on approved life-of-mine plans and internal forecasts. Cost assumptions incorporate the Group's experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, due to varying geological conditions over time and unforeseen operational issues).

Climate change

The Group has carefully considered the potential impact of climate related risks in the estimation of the recoverable amounts. The risks considered include the global trends of decreasing demand for coal, the impact on the cost of capital, the impact on forecasted Richards Bay Benchmark coal prices and the increased cost of adhering to applicable regulatory requirements, in addition to physical risks caused by climate change.

The life-of-mine models assume that there will be a market for thermal coal over the expected life-of-mine after assessing local and global demand forecasts. The prices and other key assumptions represent the Group's best estimate of key market factors, including climate change related scenarios.

The cost of carbon related emissions has been considered and incorporated into the discounted cash flow models, based on enacted legislation and expectations for carbon prices based on the latest internal forecasts, benchmarked with external sources.

The promulgation of the Carbon Tax Act 15 of 2019 on 1 June 2019 introduced a carbon tax on identified affected sectors based on their greenhouse gas emissions. On 5 January 2023 National Treasury promulgated the 2022 Taxation Laws Amendment Act, seeking to align South Africa's carbon tax rate with global carbon tax prices. The annual carbon tax rate for 2023 is R159 per tonne of carbon dioxide equivalent, escalating to R462 per tonne of carbon dioxide equivalent in 2030. The Group has expensed a total of R4 million in 2023 (2022: R4 million) in relation to carbon tax.

A carbon tax levy on fuel was introduced under the Customs and Excise Act 91 of 1964, from 5 June 2019. From 5 April 2023, the carbon tax levy on diesel increased to 11c per litre, and on petrol to 10c per litre. The carbon tax levy is excluded from the diesel refund regime.

Impairment loss assessments

Export operations

The export operations are largely dependent on the ability to rail coal to the RBCT in order to realise the sales forecast for each of the CGUs, and this has a concomitant impact on the forecast production of the CGUs. Thungela continues to be hampered by the inconsistent and poor performance of TFR, which has effected the forecasted saleable production in the export operations.

Over the past number of years, the export operations have encountered problems in railing coal to the RBCT due to the continued underperformance of TFR. The rail operator's performance challenges are attributable to theft of infrastructure and equipment failures mainly related to locomotives. This has continued to impact our forecasted production across the operations. We have undertaken sales of lower quality export product into the domestic market, which has helped to manage our stockpile volumes. However, this does not fully mitigate the impact of the poor TFR performance on our forecast production.

There has been a significant decrease experienced in the Richards Bay Benchmark coal price in the year ended 31 December 2023 based on the high gas and coal inventories in Europe, which has resulted in a decline in the coal consumption demand in the short to medium term. This decrease has effected the forecasted coal prices utilised in the discounted cash flow models. This, combined with the effect of the constrained rail capacity, has resulted in impairment indicators being identified at all of our export operations, and impairment losses of R60 million and R185 million being recognised at Khwezela and Greenside, respectively, at 31 December 2023.

At 31 December 2022, we did not identify any impairment indicators for our export operations based on the improved market conditions, particularly in relation to the increased Richards Bay Benchmark coal price, in that year.

The carrying amounts of the CGUs that are not impaired can be analysed as follows:

		2023
Rand million	**Reporting segment**	**Carrying amount[1]**
Zibulo	Underground	**5,617**
Goedehoop	Underground	**307**
Elders	Underground	**1,245**
Mafube	Opencast	**1,628**
Total		**8,797**

[1] The carrying amount comprises other intangible assets and property, plant and equipment.

			2022
Rand million	Reporting segment	Goodwill	Carrying amounts other than goodwill[1]
Zibulo	Underground	—	5,290
Greenside	Underground	9	2,029
Goedehoop	Underground	—	352
Mafube	Opencast	—	1,853
Khwezela	Opencast	—	268
Total		9	9,792

[1] Carrying amounts other than goodwill comprise other intangible assets and property, plant and equipment.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

4. IMPAIRMENT LOSSES CONTINUED

Impairment loss assessments continued

Export operations continued

Sensitivities

The recoverable amounts, based on the discounted cash flow models, are sensitive to changes in input assumptions, particularly in relation to the forecasted Richards Bay Benchmark coal price and foreign exchange rates. Given the continued impact of the rail constrained environment, the recoverable amounts have become more sensitive to forecasted saleable production in the short to medium term. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The most significant inputs to the discounted cash flow models are the short to medium-term forecasted Richards Bay Benchmark coal price used to calculate the estimated realised prices across the CGUs, discount rates applied and forecasted saleable production across the CGUs. Due to the decline experienced in the Richards Bay Benchmark coal price throughout 2023, the sensitivity related to price has been adjusted to reflect a more narrow range of reasonably possible movements.

The impact on the estimated recoverable amounts, for reasonably possible changes to the key assumptions used, keeping other assumptions constant, can be analysed as follows:

		2023			2022	
Rand million	5.0% decrease in saleable production	5.0% decrease in estimated prices	0.5% increase in discount rate	10% decrease in saleable production	10% decrease in estimated prices	0.5% increase in discount rate
Zibulo	(1,734)	(2,713)	(145)	(1,861)	(3,159)	(80)
Greenside	(359)	(660)	(22)	(1,139)	(1,886)	(18)
Goedehoop	(186)	(251)	—	(634)	(1,138)	(18)
Khwezela	(470)	(734)	(11)	(1,113)	(1,748)	28
Mafube	(545)	(1,122)	(119)	(1,251)	(1,931)	(35)
Elders	(628)	(631)	(145)	—	—	—
Total	**(3,922)**	**(6,111)**	**(442)**	(5,998)	(9,862)	(123)

For the year ended 31 December 2023, the impact of the sensitivities shown above is as follows:

- Decrease in saleable production of 5.0%: This sensitivity would result in an impairment possibly being recognised at Zibulo and Goedehoop, and an increase in the impairment recognised for Greenside and Khwezela (limited to its carrying amount).
- Decrease in estimated prices of 5.0%: This sensitivity would result in an impairment possibly being recognised at Zibulo and Goedehoop, and an increase in the impairment recognised for Greenside and Khwezela (limited to its carrying amount).
- Increase in discount rate of 0.5%: This sensitivity would result in an increase in the impairment recognised for Greenside and Khwezela.

For the year ended 31 December 2022, the impact of the sensitivities shown above is as follows:

- Decrease in saleable production of 10%: This sensitivity would result in an impairment possibly being recognised at Khwezela (limited to its carrying amount), and a reduction of headroom at the remaining CGUs.
- Decrease in estimated prices of 10%: This sensitivity would result in an impairment possibly being recognised at Khwezela (limited to its carrying amount), and a reduction of headroom at the remaining CGUs.
- Increase in discount rate of 0.5%: This sensitivity would not result in an impairment at any of the CGUs.

The recoverable amounts are the most sensitive to changes in the estimated prices and production used over the forecast period. The Group has continued to prioritise higher margin production across our operations throughout 2023 to ensure that higher margin products are railed to the RBCT. We have also reduced the number of sections at our underground operations, without being able to fully remove the associated cost. The cost we incur to maintain larger stockpiles across a broader distribution network, having utilised third-party sidings, also continues to add costs to our business. This increases the cost base used as part of the determination of the recoverable amounts. There has been a significant decline in the Richards Bay Benchmark coal price in the year, as well as the forward-looking views on pricing based on various macroeconomic factors, which also impacted the determination of the recoverable amounts.

Domestic operations

Rietvlei has a fixed-term coal supply agreement in place with its customer, and throughout 2023 it delivered on its contractual commitment. Rietvlei is currently in the process of evaluating alternative markets for coal supply to supplement its fixed-term agreement and increase the optionality at the operation. As the coal supply agreements are still being evaluated, a conservative view has been applied and the CGU has been valued at its resource value at the reporting date, assuming no further mining takes place until a contract is signed. This has resulted in an impairment of R21 million being recognised at Rietvlei for the year ended 31 December 2023.

Isibonelo's sales are made under a fixed-term offtake agreement with committed production per year. Prices are contractually agreed and impacted by mining inflation and other inputs. The forecasted production is sufficient to meet the committed production per year. We have not identified any impairment indicators for the Isibonelo CGU at 31 December 2023. At 31 December 2022, there was an increase in the cost profile of the mine based on geological factors continuing to influence production, as well as a decrease in the forecasted production based on achieved rates. Based on the impairment assessment performed, an impairment loss of R613 million was recognised at Isibonelo in 2022.

Sensitivities

As domestic sales prices are largely fixed with annual input cost inflation adjustments, recoverable amounts are the most sensitive to production volumes and cost increases not catered for in the annual sales price adjustment.

The impact on the estimated recoverable amounts, for reasonably possible changes to the key assumptions used, keeping other assumptions constant, can be analysed as follows:

	2023		2022	
Rand million	5.0% increase in operating expenditure	5.0% decrease in saleable production	10% increase in operating expenditure	10% decrease in saleable production
Isibonelo	(100)	(125)	(363)	(411)
Rietvlei[1]	—	—	(261)	(327)
Total	(100)	(125)	(624)	(738)

[1] No sensitivity has been shown for Rietvlei as the recoverable amount has been determined as the resource value at 31 December 2023, and so is not impacted by changes to these inputs.

For the year ended 31 December 2023, the impact of the sensitivities shown above is as follows:
- Increase in operating expenditure of 5.0%: This would result in a potential impairment at Isibonelo.
- Decrease in saleable production of 5%: This would result in a potential impairment at Isibonelo.

For the year ended 31 December 2022, the impact of the sensitivities shown above is as follows:
- Increase in operating expenditure of 10%: This would have resulted in an additional impairment at Isibonelo, limited to the carrying amount of the CGU, and a potential impairment at Rietvlei.
- Decrease in saleable production of 10%: This would result in an additional impairment at Isibonelo, limited to the carrying amount of the CGU, and a potential impairment at Rietvlei.

Centrally held assets

The assets held centrally by the Group are allocated to all CGUs on an appropriate proportionate basis. For 2022, due to the impairment recognised at Isibonelo, impairment losses of R43 million were recognised on these centrally held assets. No impairment losses were recognised on the centrally held assets in 2023 based on the allocation performed to the appropriate CGUs.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INCOME TAX EXPENSE

The income tax expense comprises current tax charged in line with relevant legislation, and deferred tax determined in line with IAS 12: Income Taxes.

Accounting policy

The income tax expense comprises the sum of current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or in equity.

Current tax and deferred tax is recognised in other comprehensive income or in equity if the taxation relates to items that are recognised, in the same or a different period, in other comprehensive income or in equity.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Analysis of income tax expense

Rand million	2023	2022
Current tax expense	(2,128)	(6,057)
Charged in respect of the current reporting period	(2,093)	(6,000)
Charged in respect of prior reporting periods	(35)	(57)
Deferred tax (expense)/credit	(104)	119
(Charged)/credited in respect of deferred tax assets	(26)	156
Charged in respect of deferred tax liabilities	(78)	(37)
Total income tax expense	**(2,232)**	(5,938)

The South African corporate tax rate was reduced from 28% to 27% with effect from 1 January 2023. The Australian corporate tax rate is 30%.

Australia has a tax consolidation regime that, when elected, allows wholly owned groups of companies operating within Australia to be taxed as one entity. We have elected to apply the tax consolidation regime, with the head company being Sungela Holdings and the wholly owned group of companies being Sungela and Ensham Resources.

The Group is following developments relating to the impact of the Organisation for Economic Co-operation and Development's Global Anti-Base Erosion rules as part of the Two-Pillar solution to assess the potential impact thereof.

Factors affecting income tax expense

The income tax expense has been impacted by various transactions and can be analysed as follows:

Rand million	2023	2022
Profit before tax	7,202	24,143
Tax at the applicable rate (South African corporation tax rate) of 27% (2022: 28%)	(1,945)	(6,760)
Adjusted for the tax effects of:		
Items non-deductible for tax purposes	(403)	(383)
Depreciation of mineral rights	(9)	(8)
Impairment of mineral rights and land	(5)	(10)
Royalty and carbon tax prior year adjustment	(2)	(10)
Fair value losses on biological assets	(3)	(5)
Fair value loss on derivative asset – capital support	—	(97)
Non-deductible items considered capital in nature	(61)	(26)
Expenses related to contributions to the trusts[1]	(152)	(214)
Expenses not incurred in the production of income	(11)	(7)
Transactions related to the acquisition of the Ensham Business[2]	(154)	—
Accounting adjustments not deductible	(6)	(6)
Items non-taxable for tax purposes	226	15
Contribution to other environmental investments	1	1
Accounting adjustments not taxable	57	14
Exempt income	15	—
Gain on bargain purchase arising on the acquisition of the Ensham Business	153	—
Other items	(127)	1,206
Effect of higher tax rates for trusts	—	(1)
Effect of tax rates on foreign jurisdictions	(4)	—
Tax rate change	—	31
Deferred tax assets previously not recognised	—	1,177
Deferred tax assets not recognised	(131)	—
Other	8	(1)
Prior year adjustments	17	(16)
Current tax	(35)	(57)
Deferred tax	52	41
Total income tax expense	(2,232)	(5,938)

[1] Expenses related to contributions to the trusts relates to contributions made to the Nkulo Community Partnership Trust and the Sisonke Employee Empowerment Scheme. Refer to note 10 for further detail.

[2] Transactions related to the acquisition of the Ensham Business relate to the tax impact of various elements of the acquisition, which are considered non-deductible based on the application of the tax laws in Australia.

The effective tax rate for the year of 31% (2022: 25%) is higher than the applicable statutory rate of corporation tax in South Africa of 27% (2022: 28%). This is primarily due to non-deductible expenses incurred throughout the Group.

The prior year tax adjustments relate to adjustments required to align with the final tax returns as submitted to the SARS.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

5. INCOME TAX EXPENSE CONTINUED

Tax amounts included in other comprehensive income

The tax impact of the individual items presented in other comprehensive income can be analysed as follows:

Rand million	2023	2022
Tax expense on items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	(7)	(15)
Fair value losses on financial asset investments	1	—
Total income tax expense recognised in other comprehensive income	(6)	(15)

Current tax assets and liabilities

The current tax assets and liabilities are only offset to the extent that the Group has the ability and intention to settle these amounts simultaneously.

The current tax assets and liabilities can be analysed as follows:

Rand million	2023	2022
Current tax assets	298	231
Current tax liabilities	(102)	(25)
Net current tax assets	196	206

Income tax paid

The income tax paid for the year can be analysed as follows:

Rand million	2023	2022
Balance at the start of the reporting period	206	(232)
Income tax – current tax charge	(2,128)	(6,057)
Interest capitalised	(1)	3
Reclassification	—	(75)
Balance at the end of the reporting period	(196)	(206)
Income tax paid	(2,119)	(6,567)

6. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share has been calculated in line with the requirements of IAS 33: Earnings per Share. Headline earnings has been determined in line with Circular 1/2023: Headline Earnings issued by SAICA (Circular 1/2023) and the JSE Listings Requirements.

Accounting policy

The Group calculates and presents basic and diluted earnings per share and basic and diluted headline earnings per share for its ordinary shares.

Headline earnings is calculated by adjusting the profit attributable to the equity shareholders of the Group for all separately identifiable remeasurements which are excluded from headline earnings as defined in Circular 1/2023, net of related tax (both current and deferred) and related non-controlling interests. The headline earnings is then divided by the WANOS to calculate headline earnings per share. Disclosure of headline earnings is not a requirement of IFRS Accounting Standards, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of an entity.

Diluted earnings per share and headline earnings per share are determined by adjusting the basic and headline earnings attributable to the equity shareholders of the Group and the WANOS for the effects of all dilutive potential ordinary shares at the reporting date, which comprise share awards granted to employees.

Number of shares

The WANOS used in the calculation of earnings per share and headline earnings per share can be analysed as follows:

Number of shares	2023	2022
Net shares in issue at the start of the reporting period	137,549,449	133,599,202
Adjusted for the weighted average impact of shares:		
Issued in the reporting period	—	366,534
Acquired in the reporting period[1]	(982,824)	(673,262)
Disposed of in the reporting period[2]	2,751	—
Vested in the reporting period	487,252	392,354
WANOS at the end of the reporting period	137,056,628	133,684,828
Adjusted for dilutive potential ordinary shares relating to:		
Conditional share awards	2,467,564	1,547,889
Forfeitable share awards	280,078	812,771
Diluted WANOS at the end of the reporting period	139,804,270	136,045,488
Number of shares in issue	140,492,585	140,492,585
Treasury shares held by Group companies	(3,592,017)	(2,943,136)
WANOS	137,056,628	133,684,828
Diluted WANOS	139,804,270	136,045,488

1 Shares acquired in the reporting period relate to shares purchased in line with the requirements of the Thungela share plan.
2 Shares disposed of in the reporting period relate to share awards forfeited in line with the requirements of the Thungela share plan, which were subsequently sold.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

6. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE CONTINUED

Earnings per share

Earnings per share can be analysed as follows:

Rand million (unless otherwise stated)	2023	2022
Profit attributable to the equity shareholders of the Group	5,162	16,988
Profit used in the calculation of diluted earnings per share[1]	5,162	16,988
Earnings per share		
Basic (cents/share)	3,766	12,708
Diluted (cents/share)	3,692	12,487

[1] There were no adjustments to the profit attributable to the equity shareholders of the Group used in the calculation of diluted earnings per share relating to the potential ordinary shares.

Headline earnings per share

Profit attributable to the equity shareholders of the Group has been reconciled to headline earnings as follows:

Rand million (unless otherwise stated)	Notes	2023	2022
Profit attributable to equity shareholders of the Group		5,162	16,988
Adjusted for:			
Excluded remeasurements		(291)	673
Impairment of property, plant and equipment	4	257	648
Impairment of intangible assets	4	9	8
Gain on bargain purchase arising from the acquisition of the Ensham Business	8	(565)	—
Loss on disposal of property, plant and equipment		8	17
Tax effects of excluded remeasurements		(64)	(172)
Impairment of property, plant and equipment	4	(62)	(165)
Impairment of intangible assets	4	—	(2)
Loss on disposal of property, plant and equipment		(2)	(5)
Non-controlling interests related to excluded remeasurements		(14)	—
Impairment of property, plant and equipment		(14)	—
Headline earnings		4,793	17,489
Headline earnings used in the calculation of diluted headline earnings per share[1]		4,793	17,489
Headline earnings per share			
Basic (cents/share)		3,497	13,082
Diluted (cents/share)		3,428	12,855

[1] There were no adjustments to headline earnings used in the calculation of diluted headline earnings per share relating to the potential ordinary shares.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises tangible assets which are critical to Thungela's operations. These include acquired mineral rights, capitalised waste stripping and mine development costs, processing plant and infrastructure, vehicles and other equipment.

Accounting policy

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost is the fair value of the consideration required to acquire and develop the asset and includes the purchase price, acquisition of mineral rights, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of any decommissioning provisions.

Gains or losses on the disposal of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the assets disposed. The gains or losses are recognised in the statement of profit or loss and other comprehensive income when the disposal becomes effective.

Deferred stripping

The removal of rock or soil overlying a mineral deposit, overburden, and other waste materials is often necessary during the initial development of a mine site, in order to access the orebody. The process of removing overburden and other mine waste materials is referred to as stripping. The directly attributable cost of this activity is capitalised in full within mining properties if the stripped area will only commence production in more than one year after the stripping costs are incurred. All amounts capitalised in respect of waste removal are depreciated using the unit of production method for the component of the orebody to which they relate, consistent with depreciation of property, plant and equipment.

The removal of waste material after the point at which mining properties are available for use is referred to as production stripping. When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the statement of profit or loss and other comprehensive income as operating costs in accordance with the principles of IAS 2: Inventories.

Right-of-use assets

Right-of-use assets are included within property, plant and equipment, and on commencement of the lease are recognised at the amount of the corresponding lease liability, adjusted for any lease payments made on or before the lease commencement date, plus any direct costs incurred, an estimate of costs for dismantling, removing, or restoring the underlying asset and less any lease incentives received.

Depreciation

Mining properties and items of plant and equipment for which the consumption of economic benefits is linked to production are depreciated to their residual values using the unit of production method based on proved and probable coal reserves. Mining properties include the value of the mining tenement acquired with the Ensham Business, which is depreciated on a straight-line basis over the estimated remaining reserve life.

Land is not depreciated. Buildings and items of plant and equipment for which the consumption of economic benefits is linked primarily to utilisation or to throughput rather than production, are depreciated to their residual values at varying rates on a straight-line basis over their estimated useful lives, or the reserve life, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset.

Capital work-in-progress is measured at cost less any impairment losses. Depreciation commences when the assets can operate in the manner intended by management, at which point they are transferred to the appropriate asset class.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

7. PROPERTY, PLANT AND EQUIPMENT CONTINUED

The property, plant and equipment can be analysed as follows:

2023

Rand million	Mining properties	Land and buildings: Owned	Land and buildings: Right-of-use	Plant and equipment: Owned	Plant and equipment: Right-of-use	Capital work-in-progress	Total
Cost							
Balance at the start of the reporting period	7,089	1,356	55	26,891	107	5,369	40,867
Acquisition of the Ensham Business[1]	2,716	1,281	—	2,636	—	586	7,219
Additions	—	—	—	—	—	3,083	3,083
Additions to right-of-use assets	—	—	3	—	48	—	51
Disposals	—	(5)	—	(854)	—	—	(859)
Transfers of capital work-in-progress	106	33	—	1,708	—	(1,847)	—
Reclassifications	—	—	—	(35)	—	2	(33)
Adjustments to decommissioning assets	—	—	—	76	—	—	76
Currency movements	81	38	—	80	—	21	220
Balance at the end of the reporting period	9,992	2,703	58	30,502	155	7,214	50,624
Accumulated depreciation and impairment losses							
Balance at the start of the reporting period	(5,140)	(873)	(36)	(20,634)	(35)	(3,493)	(30,211)
Depreciation charge	(299)	(57)	(4)	(1,161)	(11)	—	(1,532)
Impairment losses	(38)	(3)	(1)	(209)	(5)	(1)	(257)
Disposals	—	4	—	848	—	—	852
Reclassifications	—	—	2	6	—	—	8
Currency movements	(2)	(1)	—	(4)	—	—	(7)
Balance at the end of the reporting period	(5,479)	(930)	(39)	(21,154)	(51)	(3,494)	(31,147)
Carrying amount							
Balance at the start of the reporting period	1,949	483	19	6,257	72	1,876	10,656
Balance at the end of the reporting period	4,513	1,773	19	9,348	104	3,720	19,477

[1] Refer to note 8 for further detail related to the acquisition of the Ensham Business.

2022

Rand million	Mining properties	Land and buildings: Owned	Land and buildings: Right-of-use	Plant and equipment: Owned	Plant and equipment: Right-of-use	Capital work-in-progress	Total
Cost							
Balance at the start of the reporting period	6,863	1,305	58	25,577	107	5,606	39,516
Additions	—	—	—	—	—	1,962	1,962
Disposals	(9)	—	—	(524)	—	—	(533)
Transfers of capital work-in-progress	281	23	—	1,896	—	(2,200)	—
Reclassifications	(46)	28	—	25	—	1	8
Adjustments to decommissioning assets	—	—	—	(83)	—	—	(83)
Other movements	—	—	(3)	—	—	—	(3)
Balance at the end of the reporting period	7,089	1,356	55	26,891	107	5,369	40,867
Accumulated depreciation and impairment losses							
Balance at the start of the reporting period	(4,856)	(820)	(31)	(19,725)	(24)	(3,492)	(28,948)
Depreciation charge	(240)	(16)	(4)	(898)	(11)	—	(1,169)
Impairment losses	(71)	(37)	(1)	(539)	—	—	(648)
Disposals	9	—	—	506	—	—	515
Reclassifications	18	—	—	22	—	(1)	39
Balance at the end of the reporting period	(5,140)	(873)	(36)	(20,634)	(35)	(3,493)	(30,211)
Carrying amount							
Balance at the start of the reporting period	2,007	485	27	5,852	83	2,114	10,568
Balance at the end of the reporting period	1,949	483	19	6,257	72	1,876	10,656

8. ACQUISITION OF THE ENSHAM BUSINESS

Thungela acquired a controlling interest in the Ensham Business from Idemitsu, with an effective date of 31 August 2023, as fully described in note 2.

The acquisition is considered to be a business combination in line with IFRS 3, and the acquisition method of accounting has been applied.

Accounting policy

Goodwill, or a gain on bargain purchase, is determined by comparing the fair value of the consideration transferred (including contingent consideration) to the fair value of the Group's share of identifiable net assets at the acquisition date. Where this difference is positive, it reflects goodwill, and where it is negative, it results in a gain on bargain purchase.

Goodwill is recognised as an intangible asset, while a gain on bargain purchase is recognised directly in the statement of profit or loss and other comprehensive income on the acquisition date.

Transactions which are not considered to be part of the business combination are recognised separately in line with the relevant IFRS Accounting Standards considerations, and do not impact the goodwill or gain on bargain purchase recognised.

Acquisition and integration costs relate to costs incurred in relation to the business combination, or subsequent integration of the business into the Group, and are expensed as incurred.

Critical judgements applied in determining the fair value of the Ensham Business

The fair value of the Ensham Business at the acquisition date has been determined with reference to the life-of-mine forecasted cash flows, in line with the specific requirements of IFRS 3. The Ensham Business was identified as a single CGU based on the operations thereof, and the generation of cash flows in the business.

Expected future cash flows used in the discounted cash flow models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including coal resources and coal reserves, expected production volumes and costs, forecast capital expenditure, as well as economic factors such as the Newcastle Benchmark coal price, foreign exchange rates, and discount rates. Where discounted cash flow models based on management assumptions are used, the resulting fair value measurements are at level 3 in the fair value hierarchy as defined in IFRS 13.

The discounted cash flow model used to determine the fair value of the Ensham Business at the acquisition date was based on the model underlying the sale process, and was adjusted based on our best estimate of various inputs.

The key assumptions used in the discounted cash flow model can be analysed as follows:

Life-of-mine and production volumes

The life-of-mine used in the determination of the fair value of the Ensham Business is reflective of our current estimate of the operations of the Ensham Mine. This includes an assumption that mining leases over certain areas of the mine will be extended past their current expiry date, and that mining will continue until 2032. While the extension to these leased areas was not granted at the acquisition date, it is considered to be appropriate to include the extension in determining a market participant view of Ensham. Production volumes included in the cash flow model are based on demonstrated rates and internal forecasts, as approved in the normal operating cycle.

Coal prices

The estimated coal prices used are based on the latest internal forecasts, benchmarked with external sources of information to ensure that they are within the range of available external forecasts. The estimated price is calculated using the forecasted Newcastle Benchmark coal price, with adjustments to reflect the quality and calorific value of the product. Where the Ensham Business has negotiated fixed price contracts with customers, the estimated price for these sales volumes reflects the agreed fixed price. The forecasted Newcastle Benchmark coal price used in the cash flow model ranged from USD85 per tonne to USD143 per tonne. When combined with the fixed prices agreed with customers on specific contracts, the estimated prices used in the cash flow model ranged from USD85 per tonne to USD206 per tonne.

Foreign exchange rates

Foreign exchange rates are based on the latest internal forecasts, benchmarked against external sources of information. Sales for the Ensham Business are made in both US dollar and Australian dollar, however the majority of costs are incurred in Australian dollar. The cash flow model is thus sensitive to fluctuations in the US dollar to Australian dollar exchange rate, which is more stable than the fluctuations of these currencies to the South African rand. The real exchange rates used in the cash flow model ranged from AUD1.43:USD1 to AUD1.52:USD1.

Discount rates

The discounted cash flow model used to determine the fair value of the Ensham Business is based on a real post-tax discount rate of 12%, based on risks specific to the business and the Australian economic environment. The fair value of the environmental provisions was determined using a risk-free discount rate of 4.1%.

Operating costs, capital expenditure and other operating factors

Operating costs and capital expenditure are based on the financial budgets as included in the initial seller model. Forecasted cash flows beyond the budget period are based on approved life-of-mine plans and internal forecasts. Cost assumptions incorporate the Group's experience and expectations of costs to be incurred.

Tax and deferred tax

The tax and deferred tax impact included in the cash flow model is based on the tax laws and regulations in place in Queensland at the acquisition date, and the expected tax to be paid by the Ensham Business on the forecasted cash flows. The deferred tax liability at the acquisition date was determined using the adjusted tax bases of the assets and liabilities acquired based on the purchase price paid to Idemitsu.

Determining the total consideration

The total consideration for the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Initial purchase price	4,115
Completion adjustments	(128)
Economic benefit deed	(815)
Royalty deed	123
Total consideration	**3,295**

Initial purchase price

The initial purchase price as included in the SASA amounted to R4,115 million which was settled by Sungela, through funding received from Sungela Holdings. The initial purchase price was paid in two tranches, the first being a deposit of R169 million paid in March 2023, and the remaining amount paid in advance of the effective date of the transaction, being 31 August 2023.

8. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Determining the total consideration continued

Completion adjustments

The SASA provided for two completion adjustments which impact total consideration, based on the working capital position of the Ensham Business at the acquisition date, as is customary in transactions of this nature. An estimated completion adjustment was determined prior to the acquisition date, and adjusted the amount paid by Sungela at that date. A final completion adjustment was determined after the acquisition date, based on the actual working capital position of the Ensham Business, and is considered a measurement period adjustment. Both of the completion adjustments reduced the total consideration by a total of R128 million. The final completion adjustment was received by Sungela in December 2023.

Economic benefit deed

The SASA provided that Sungela would have a right to, or obligation for, a contractually determined portion of the net economic benefit generated by the Ensham Business from 1 January 2023 until the effective date of the acquisition - referred to as the economic benefit deed. The economic benefit deed reflects Sungela's benefit in the Ensham Business before the effective date, and the calculation of the related economic benefit was subject to specific and detailed contractual provisions.

The economic benefit deed is directly related to the acquisition of the Ensham Business, and is determined based on the performance of the business up to the acquisition date. As such, it is considered a measurement period adjustment, and impacts the total consideration for the acquisition. The value of the economic benefit deed was determined in line with the contractual provisions to be R815 million, which was received by Sungela in December 2023.

Royalty deed

The SASA also provided for a royalty deed, in which Sungela would be liable to pay a royalty amount to Idemitsu, based on sales of Ensham coal up to 31 December 2024. The royalty is payable on a quarterly basis, only to the extent that the average realised price for sales per quarter exceeds USD170 per tonne in 2023, and USD150 per tonne in 2024.

As the royalty deed is directly related to the acquisition of the Ensham Business, and is determined based on factors arising after the acquisition date (being the actual realised price on sales up to 31 December 2024), it is considered to be contingent consideration. The fair value of the royalty deed at the acquisition date, being R123 million, based on the forecasted coal prices used to determine the fair value of the Ensham Business at that date, was added to the total consideration.

Sungela paid R55 million to Idemitsu in December 2023 in relation to the royalty deed, based on sales from the acquisition date to the reporting date, which is reflected as a cash flow from financing activities, being the settlement of contingent consideration after the acquisition date.

The royalty deed is considered to be a derivative liability as defined in IFRS 9: Financial Instruments and is measured at its fair value, which is the value expected to be paid under the deed based on the forecasted realised prices up to 31 December 2024.

Subsequent changes to the valuation of the royalty deed will be recognised in profit or loss and will not affect the total consideration. At 31 December 2023, the Group assessed the fair value of the royalty deed based on the forecasted Newcastle Benchmark coal price up to 31 December 2024. The forecasted Newcastle Benchmark coal price is lower than the threshold specified in the contract, and the Group does not expect any further amounts to be payable to Idemitsu on this basis. The fair value of the royalty deed at the reporting date is thus considered to be Rnil, which has resulted in a fair value gain of R72 million being recognised in the statement of profit or loss and comprehensive income.

Impact on the statement of cash flows

The amounts recognised in the statement of cash flows relating to the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Payment of initial purchase price	4,115
Receipt of completion adjustments	(128)
Receipt of economic benefit deed	(815)
Realised foreign exchange gains	(26)
Net cash outflow related to total consideration	3,146
Less: cash acquired in the Ensham Business[1]	(376)
Net cash outflow on the acquisition of the Ensham Business	2,770

[1] The cash acquired in the Ensham Business relates to cash on hand in the underlying statutory entities at the acquisition date.

Fair value of the net assets of the Ensham Business

Thungela has accounted for the acquisition of the Ensham Business by consolidating the fair value of the net assets acquired on a line-by-line basis. As detailed in note 2, the results of Ensham Resources and Nogoa Pastoral are included in the summarised consolidated financial statements at 85% of the underlying entities performance, based on Sungela's rights in terms of the mining tenements. The fair values of the assets and liabilities acquired are considered to be final, and no further measurement period adjustments are expected.

The acquisition date fair values of the net assets of the Ensham Business can be analysed as follows:

Rand million	2023
Assets	
Non-current assets	
Property, plant and equipment	7,219
Trade and other receivables	8
Other non-current assets	23
Total non-current assets	7,250
Current assets	
Inventories	1,013
Trade and other receivables	807
Derivative financial instruments	227
Cash and cash equivalents	376
Total current assets	2,423
Total assets	9,673
Liabilities	
Non-current liabilities	
Environmental and other provisions	3,727
Deferred tax liabilities	133
Total non-current liabilities	3,860
Current liabilities	
Trade and other payables	1,563
Environmental and other provisions	369
Total current liabilities	1,932
Total liabilities	5,792
Fair value of net assets acquired	3,881

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

8. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Fair value of the net assets of the Ensham Business continued

Property, plant and equipment

The Group primarily used the cost approach to determine the fair value of the property, plant and equipment. By using this approach, we recognised the contributory value associated with the necessary installation, engineering, and set up costs related to the installed complement of equipment. The market approach was applied where we had sufficient information in respect of comparable sales and offering data in the market place.

Property, plant and equipment includes R2,716 million relating to the fair value of the mining tenements, which were not previously recognised. The fair value of the mining tenements was determined based on the residual business fair value, adjusted for the fair value of the net assets acquired.

At the reporting date, management performed an impairment indicator assessment to determine whether the property, plant and equipment of Ensham may be impaired. The discounted cash flow model used for the fair value determination at the acquisition date was used for this purpose, with updates applied only for known factors. The most significant input into the model is the forecasted Newcastle Benchmark coal price, which was updated to the latest available forecasts at the reporting date. Based on the assessment performed, no indicator of impairment for the property, plant and equipment was identified.

Inventories

Inventories acquired include consumables and finished products, being coal inventory. Consumables were measured at cost, considered to reflect their fair value at the acquisition date. Coal inventory was measured at net realisable value, which is reflective of its fair value at the acquisition date. The coal inventory on hand at the acquisition date has been sold, and the remaining inventory on hand at the reporting date has been measured at the lower of cost or net realisable value.

Trade and other receivables

Trade and other receivables were reflected at the book value thereof at the acquisition date. Thungela considers the gross contractual amounts receivable to be equal to the fair value of the receivables.

Derivative financial instruments

The Ensham Business has a number of contracts with agreed fixed prices for coal sales over a specified period of time. The prices in these contracts were agreed in early 2023, when the Newcastle Benchmark coal price was significantly higher than the levels experienced throughout the second half of 2023. The fixed price element of these contracts was considered to be an above-market transaction, which required the recognition of an appropriate asset at the acquisition date. The value of the favourable customer contracts was determined using the same forecasted Newcastle Benchmark coal price as noted above, and resulted in a derivative asset being recognised at the acquisition date. The contracts include a fixed price for a calendar year, after which the pricing is renegotiated. As such, the asset related to the favourable customer contracts has been reversed at the reporting date.

Trade and other payables

Trade and other payables were reflected at the book value thereof at the acquisition date. Thungela considers the gross contractual amounts payable to be equal to the fair value of the payables.

Environmental and other provisions

Environmental provisions

The SASA noted that the sale of the Ensham Business included the assumption of the liability to perform rehabilitation activities related to past mining activities. The environmental provisions have been determined in line with the relevant regulations in Australia, as detailed in note 10. The value of the environmental provisions at the acquisition date reflects our current estimate of the closure costs for the Ensham Mine.

Other provisions

Other provisions reflect the acquisition date fair values of contingent liabilities which are required to be recognised in line with IFRS 3. This includes a provision for a take-or-pay contract with a rail provider, where forecasted railage is below the committed railage, as well as various ongoing litigation matters at the Ensham Mine.

The value of these provisions at the acquisition date reflects our best estimate of the costs to be incurred.

Sensitivity analysis

The discounted cash flow model used to determine the fair value of the Ensham Business at acquisition date is sensitive to changes in input assumptions, particularly in relation to life-of-mine assumptions, discount rates, forecast Newcastle Benchmark coal prices and costs. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions.

The impact on the estimated fair value, for reasonably possible changes to the key assumptions used, keeping other assumptions constant, can be analysed as follows:

Rand million	2023
Decrease of life-of-mine to 2028	194
Increase of 5.0% in forecast costs	(472)
Increase of 0.5% in discount rate	(85)
Decrease of 5.0% in forecast saleable production	(992)
Decrease of 5.0% in forecast Newcastle Benchmark coal price	(956)

The fair value of the Ensham Business is the most sensitive to changes in the forecasted saleable production and forecasted coal prices. Since we have assumed operational control of the Ensham Mine, the average production run rate has increased and there are plans to further increase production going forward. The Newcastle Benchmark coal price used is in line with our price modelling used for key investment decisions, and is considered to be a reasonable basis on which to determine the fair value of the Ensham Business.

Gain on bargain purchase

The gain on bargain purchase is determined by comparing the total consideration to the fair value of the net assets acquired in the business combination, adjusted for the appropriate non-controlling interests.

The gain on bargain purchase recognised on the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Total consideration	3,295
Non-controlling interest acquired[1]	21
Fair value of net assets acquired	(3,881)
Gain on bargain purchase	**(565)**

[1] This represents non-controlling interest in Ensham Coal Sales only.

As required by IFRS 3, various inputs into the determination of the fair value of the Ensham Business were reassessed to determine that the recognition of a gain on bargain purchase is appropriate. The significant contributors to the gain on bargain purchase recognised relate to the life-of-mine assumptions applied, which assume the extension of certain mining leases past their current expiry date, as well as the economic benefit deed received by Sungela. Given the extent of time between the signing of the SASA and the effective date of the transaction, the economic benefit deed resulted in Sungela receiving eight months of operational benefit from the Ensham Business, which reduced the total consideration for the acquisition.

The gain on bargain purchase has been included as a separate line item in the statement of profit or loss and other comprehensive income.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

8. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Contribution of the Ensham Business

The Ensham Business has contributed revenue of R2,589 million and net profit of R448 million, including acquisition related fair value adjustments, to the Group for the period from the acquisition date to 31 December 2023.

If the acquisition had occurred on 1 January 2023, the Ensham Business would have contributed revenue and net profit of R9,764 million and R2,056 million for the year, respectively, to the Group. These amounts have been calculated using the management accounts of the Ensham Business.

Transactions recognised separately from the acquisition of the Ensham Business

Various transactions have been undertaken in support of the acquisition of the Ensham Business, which are not directly related to the acquisition. These transactions have been separately recognised in line with the relevant IFRS Accounting Standards requirements as detailed below.

Financing provided to the co-investors

The co-investors acquired a 25% shareholding in Sungela Holdings as part of the acquisition of the Ensham Business. The portion of the purchase price attributable to the shareholding purchased by the co-investors was R1,035 million, of which R809 million, or 20%, was funded through a loan provided by Thungela International. The loan is interest bearing and is repayable 18 months after the effective date of the transaction, mainly through distributions received by the co-investors from Sungela Holdings. The co-investors are required to apply 90% of all distributions they receive from Sungela Holdings to the repayment of the loan.

The loan is secured by shares owned by the co-investors, representing 20% of the shares of Sungela Holdings in issue at the acquisition date. Once 50% of the loan has been repaid, 50% of the secured shares may be released to the co-investors. To the extent that the loan is not repaid by its final repayment date, some of the secured shares may be called as security by Thungela International. Should the loan not be repaid in full, and a portion of the secured shares called, the capital amount of the loan will be considered fully repaid, even if the value of the secured shares called is lower than the value of the outstanding debt at the repayment date, in which case Thungela International may become the legal owner of the shares called as security.

As the shares are held as security for the loan, and the loan will be considered fully repaid even to the extent that the value of the shares is less than the capital amount outstanding, for accounting purposes only, the shares are not considered to have been issued while the loan has not been repaid. Thungela International is instead considered, for accounting purposes, to have granted the co-investors an option to acquire 20% of the shares in Sungela Holdings, which is exercisable to the extent that the loan is repaid at its repayment date.

The grant of the option to the co-investors is treated as an equity settled share-based payment transaction, as it will be settled using the shares of Sungela Holdings, to the extent that the loan is repaid. The fair value of the option granted was measured at its grant date, being 31 August 2023, and will not be remeasured after grant date. As the option does not have vesting conditions attached to its exercise, the full value of the option has been recognised as an expense at the grant date.

The option payout depends on the interaction between the loan interest and the dividends paid on the underlying Sungela Holdings shares held as security, producing a path dependent payout structure. As a result, the Group used the Monte Carlo model where the payoff of the option emulates that of a call option, with the loan balance resembling the variable strike price, being the outstanding debt balance of the option at the repayment date.

The inputs used in the measurement of the fair value of the option at grant date are as follows:

	2023
Grant date	31 August 2023
Fair value at grant date (Rand million)	75
Maturity date	28 February 2025
Expected volatility (%)	60
Risk free rate (%)	1.0 – 4.2
Margin on loan (%)	14
Dividend yield (%)	1.7 – 10

The Group has recognised an expense for this option granted to the non-controlling interests of R75 million, with a corresponding increase in the share-based payments reserve.

Long-term incentive plan shares

The co-investors were granted LTIP shares, which currently carry no voting or dividend rights, but could vest and become ordinary shares on the achievement of specific milestones, each of which will enhance the value of the Ensham Business. Should all of the LTIP shares vest, the legal ownership held by the co-investors in Sungela Holdings would increase to 30%. The co-investors only have rights to earnings and distributions relating to the LTIP shares from 31 December in the year in which a milestone has been met, and as approved by the Sungela Holdings board.

The LTIP shares are reflected as separate classes of shares and at the point that the LTIP shares are considered to vest, these shares will be given the same voting and economic rights as ordinary shares. Thungela Resources Australia will not sell any of its existing equity shares in Sungela Holdings on the vesting of the LTIP shares, but its shareholding will reduce through the rights afforded to these shares on their vesting dates, should they vest in line with the related milestones.

The grant of the LTIP shares is treated as an equity settled share-based payment transaction, as it will be settled in the shares of Sungela Holdings on vesting.

The LTIP shares have been measured at fair value on the grant date, being 31 August 2023, calculated based on the discounted cash flow model used to determine the fair value of the Ensham Business at that date, and will not be remeasured after the grant date. The expense related to the LTIP shares will be recognised in each reporting period based on the number of shares expected to vest in line with the achievement of the vesting conditions.

At 31 December 2023, one of the milestones has been met, meaning LTIP shares reflective of 1.5% of shares issued by Sungela Holdings have vested. As a result, an expense for the conditional shares granted to the non-controlling interests of R48 million has been recognised in the statement of profit or loss and other comprehensive income.

The vesting of the LTIP shares resulted in an increase in non-controlling interests of R62 million, to correctly reflect the proportion of the non-controlling interests' share of the Ensham Business.

Acquisition and integration costs

Costs directly attributable to the acquisition and subsequent integration of the Ensham Business into Thungela, amounting to R454 million, have been recognised for the year ended 31 December 2023. This includes stamp duty payable in Australia of R182 million, and various advisory and professional fees. Fees from the independent external auditor of the Ensham Business of R8 million related to work performed to support the acquisition are included in the acquisition and integration costs.

Non-controlling interests in the Ensham Business

As a result of the accounting treatment applied to the option issued to the co-investors, they only have rights to 5.0% of the earnings of the Ensham Business from the acquisition date up to 31 December 2023. Consequently, the non-controlling interests reflected in relation to the Ensham Business for the year are 5.0%, which have increased to 6.5% from 31 December 2023, post the vesting of the first milestone related to the LTIP shares. The proportion of earnings allocated to the non-controlling interests will be adjusted at the loan repayment date, to reflect the shares considered to be issued in substance, having regard to the extent to which the loan has been repaid.

The non-controlling interests acquired on the acquisition of the Ensham Business amounts to R226 million, reflecting their proportionate share of the fair value of the net assets acquired. These non-controlling interests arise on the consolidation of Sungela Holdings, rather than that of the Ensham Mine, and so this in not taken into account in determining the gain on bargain purchase recognised.

The non-controlling interests recognised in relation to Ensham Coal Sales represents Bowen's right to 15% of the net assets of that entity. Ensham Coal Sales manages the sale of all coal from the Ensham Mine and distributes the net sales proceeds back to Sungela and Bowen - the entity thus retains only minimal profit. The attribution of earnings to non-controlling interests in Ensham Coal Sales does not materially change Thungela's interest in the Ensham Business.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

9. FINANCIAL INSTRUMENTS

The Group is a party to a number of financial instruments, which have been disclosed in note 10, as well as in the note below.

Accounting policy

For financial assets and liabilities that are traded on an active market, such as listed investments, fair value is determined by reference to the market price. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant and based on observable market data that is readily available (for example, forward exchange rates, interest rates or commodity price curves).

Where discounted cash flow models based on the Group's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13, as they depend to a significant extent on unobservable valuation inputs.

The financial instruments held by the Group can be analysed as follows:

					2023
		Financial assets			
Rand million	Note	At amortised cost[1]	At fair value through profit and loss	Financial liabilities at amortised cost	Total
Financial assets					
Environmental rehabilitation trusts	10	—	3,740	—	3,740
Financial asset investments		145	933	—	1,078
Investment in insurance structure		—	1,445	—	1,445
Derivative financial instruments		—	66	—	66
Trade and other receivables[2]		2,811	—	—	2,811
Cash and cash equivalents		10,959	—	—	10,959
Total financial assets		13,915	6,184	—	20,099
Financial liabilities					
Lease liabilities		—	—	(66)	(66)
Loans and borrowings		—	—	(66)	(66)
Trade and other payables[3]		—	—	(4,864)	(4,864)
Total financial liabilities		—	—	(4,996)	(4,996)
Net financial assets		13,915	6,184	(4,996)	15,103

[1] The carrying amounts of the financial assets held at amortised cost are deemed to approximate their fair values.
[2] Trade and other receivables exclude prepayments and other tax receivables.
[3] Trade and other payables exclude other tax and employee related payables, and deferred income.

Rand million	Note	Financial assets At amortised cost[1]	At fair value through profit and loss	At fair value through other comprehensive income	Financial liabilities at amortised cost	2022 Total
Financial assets						
Environmental rehabilitation trusts	10	—	3,446	—	—	3,446
Financial asset investments		95	658	33	—	786
Investment in insurance structure		—	1,226	—	—	1,226
Derivative financial instruments		—	149	—	—	149
Trade and other receivables[2]		3,489	—	—	—	3,489
Cash and cash equivalents		15,299	—	—	—	15,299
Total financial assets		18,883	5,479	33	—	24,395
Financial liabilities						
Lease liabilities		—	—	—	(93)	(93)
Loans and borrowings		—	—	—	(60)	(60)
Trade and other payables[3]		—	—	—	(3,136)	(3,136)
Total financial liabilities		—	—	—	(3,289)	(3,289)
Net financial assets		18,883	5,479	33	(3,289)	21,106

1 The carrying amounts of the financial assets held at amortised cost are deemed to approximate their fair values.
2 Trade and other receivables exclude prepayments and other tax receivables.
3 Trade and other payables exclude other tax and employee related payables, and deferred income.

Fair value hierarchy

IFRS 13 defines a fair value hierarchy to be applied to financial instruments measured at fair value based on the inputs used to measure their fair value.

The financial assets carried at fair value can be analysed in terms of the fair value hierarchy as follows:

Rand million	**Level 2**	**Level 3**	**2023 Total**
Financial assets			
Environmental rehabilitation trusts	**3,740**	**—**	**3,740**
Financial asset investments at FVPL	**933**	**—**	**933**
Investment in insurance structure	**—**	**1,445**	**1,445**
Derivative financial instruments	**66**	**—**	**66**
Total financial assets carried at fair value	**4,739**	**1,445**	**6,184**

Rand million	Level 2	Level 3	2022 Total
Financial assets			
Environmental rehabilitation trusts	3,446	—	3,446
Financial asset investments at FVOCI	—	33	33
Financial asset investments at FVPL	658	—	658
Investment in insurance structure	—	1,226	1,226
Derivative financial instruments	149	—	149
Total financial assets carried at fair value	4,253	1,259	5,512

There were no transfers of financial instruments between level 2 and level 3 in the years presented.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

9. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

The fair value hierarchy as included in IFRS 13 is as follows:

Fair value hierarchy	Valuation technique
Level 1	The fair value is based on quoted prices in active markets for identical financial instruments
Level 2	The fair value is determined using directly observable inputs other than level 1 inputs
Level 3	The fair value is determined on inputs not based on observable market data

The movements in the fair value of the level 3 financial assets can be analysed as follows:

Rand million	2023	2022
Balance at the start of the reporting period	1,259	33
Additions	200	1,224
Fair value (losses)/gains	(14)	2
Balance at the end of the reporting period	**1,445**	1,259

For the level 3 financial assets at fair value through other comprehensive income, changing certain estimated inputs to reasonably possible alternative assumptions does not change the fair value significantly in the years presented.

10. ENVIRONMENTAL AND OTHER PROVISIONS

The Group has raised several provisions in relation to our obligations at the reporting date. These comprise environmental provisions in relation to our obligation to perform rehabilitation and decommissioning activities, contributions to the Nkulo Community Partnership Trust, and various other provisions in relation to contractual obligations.

Accounting policy

Environmental provisions

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when environmental disturbances are caused by the development or ongoing production of a mining asset. Costs for the restoration of site disturbances, rehabilitation, remediation and environmental monitoring activities, including water treatment costs where required, are estimated using the work of external consultants in conjunction with internal experts.

Such costs arising from the decommissioning of infrastructure and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur these costs arises. These costs are recognised in the statement of profit or loss and other comprehensive income over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for the restoration of subsequent site disturbances, which are created on an ongoing basis during production, are provided for at their net present values and recognised in the statement of profit or loss and other comprehensive income as extraction progresses.

The amount recognised as a provision represents the Group's best estimate of the costs required to complete the restoration and rehabilitation activities, the application of the relevant regulatory framework and the timing of expenditure. These estimates are inherently uncertain and could materially change over time. Changes in the measurement of the provision relating to the decommissioning of infrastructure or other site preparation work are added to or deducted from the cost of the related asset in the current period. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of profit or loss and other comprehensive income. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed on the asset.

Environmental rehabilitation trusts

Contributions have historically been made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation and restoration activities for premature closure and end of life closure of the relevant mine, and as required thereafter. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the statement of financial position as non-current assets.

The trusts' assets are held in unit trusts through a reputable investment manager and are classified as financial assets at fair value through profit or loss (FVPL). Fair value gains and losses are recognised as they are generated within net finance income.

Other environmental investments

The Group has agreements with financial institutions to provide financial guarantees dedicated to funding the costs of rehabilitation and restoration activities. A portion of the premium contributions made under these agreements is invested and held as collateral against the financial guarantees. These contributions are largely invested in money market funds and are classified as FVPL financial assets.

The other environmental investments are recognised as financial asset investments, and fair value gains and losses are recognised as they are generated within net finance income.

Nkulo Community Partnership Trust

The Group founded the Nkulo Community Partnership Trust (also referred to as the trust) in June 2021, which subscribed for 5.0% of the ordinary shares, as well as a C preference share, issued by South Africa Coal Operations Proprietary Limited (SACO). The trust is managed by a board of trustees comprised of both Thungela and community representatives.

The C preference share entitles the trust to a preference dividend of a minimum of R6 million per annum up to 2024, subject to the availability of cash flows in SACO. The trust is also entitled to 5.0% of the dividends declared by SACO on ordinary shares. The Group recognises a provision for the constructive obligation it has to the beneficiaries of the Nkulo Community Partnership Trust at the point that the dividends on ordinary shares or preference dividends are declared by SACO.

Other provisions

Other provisions in relation to contractual obligations are recognised when the Group has an obligation as a result of past events. Other provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date taking into account the time value of money where relevant.

Environmental and other provisions can be analysed as follows:

					2023
	Environmental provisions				
Rand million	Environmental rehabilitation	Decommissioning	Trust contributions[1]	Other	Total
Balance at the start of the reporting period	6,987	579	392	457	8,415
Acquisition of the Ensham Business[2]	3,898	—	—	198	4,096
Amounts charged/(credited)[3]	137	(142)	276	37	308
Adjustments to decommissioning assets	13	63	—	—	76
Unwinding of discount	845	62	—	4	911
Amounts applied[4]	(860)	—	—	—	(860)
Currency movements	114	—	—	6	120
Other movements	—	—	—	17	17
Balance at the end of the reporting period	11,134	562	668	719	13,083
Classified as:					
Current	648	11	668	621	1,948
Non-current	10,486	551	—	98	11,135

1 Contributions to the Nkulo Community Partnership Trust represent amounts contributed to the trust, but not yet distributed to beneficiaries.
2 Refer to note 8 for further detail related to the acquisition of the Ensham Business.
3 Amounts charged/(credited) to provisions relate to amounts recognised through the statement of profit or loss and other comprehensive income in relation to changes in the provisions in the reporting period.
4 Amounts applied to provisions relate to cash paid to settle these obligations, which reduces the provision but is not charged through the statement of profit or loss and other comprehensive income.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

10. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental and other provisions can be analysed as follows continued:

					2022
	Environmental provisions				
Rand million	Environmental rehabilitation	Decommissioning	Trust contributions[1]	Other	Total
Balance at the start of the reporting period	6,049	702	—	250	7,001
Amounts charged/(credited)[2]	1,201	(108)	386	209	1,688
Adjustments to decommissioning assets	—	(83)	—	—	(83)
Unwinding of discount	583	68	—	4	655
Amounts applied[3]	(846)	—	—	—	(846)
Reclassifications	—	—	6	(6)	—
Balance at the end of the reporting period	6,987	579	392	457	8,415
Classified as:					
Current	470	54	392	320	1,236
Non-current	6,517	525	—	137	7,179

1 Contributions to the Nkulo Community Partnership Trust represent amounts contributed to the trust, but not yet distributed to beneficiaries.

2 Amounts charged/(credited) to provisions relate to amounts recognised through the statement of profit or loss and other comprehensive income in relation to changes in the provisions in the reporting period.

3 Amounts applied to provisions relate to cash paid to settle these obligations, which reduces the provision but is not charged through the statement of profit or loss and other comprehensive income.

Environmental provisions

Thungela is obliged to undertake decommissioning, rehabilitation, remediation, closure and ongoing post-closure monitoring activities when environmental impacts are caused by the development or ongoing production of a mining property, as well as the decommissioning of infrastructure established on our operating sites. A provision is recognised for the present value of such costs, based on the Group's best estimate of the obligations that exist at the reporting date. It is anticipated that most of these costs will be incurred over a period of up to 20 years post closure of the mine. In South Africa, water treatment costs may be incurred up to 50 years post closure of the mine. The provisions are collectively referred to as the 'environmental provisions'. The environmental provisions are determined per operating site, with the assistance of specialist independent environmental consultants, and taking account of the current land disturbances and the expected costs of rehabilitation. No independent assessment was performed for the Ensham Mine in the current year, and the environmental provisions at that mine are based on historical models.

The disturbed areas and expected costs are reassessed in each year and any required change in the environmental provisions is recognised on the completion of the assessment. A credit of R5 million (2022: expense of R1,093 million) has been recognised in the statement of profit or loss and other comprehensive income, and a debit to the decommissioning assets of R76 million (2022: credit of R83 million) has been recognised related to the annual assessment performed by the independent consultants, where relevant, and other factors influencing the provisions. At our South African operations, increases in the disturbed areas have been partially offset by the rehabilitation work performed in the year. The environmental provisions are also impacted by the planned timing of rehabilitation activities, which impacts the net present value recognised.

South Africa

In South Africa, the environmental provisions have been determined based on the legal obligations under the existing Mineral and Petroleum Resources Development Regulations, 2004, published under the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA Regulations) as a base. This base is then adjusted for the Group's interpretation of the likely increase in costs required to transition to the Financial Provisioning Regulations, 2015, published under the National Environmental Management Act 107 of 1998 (NEMA Financial Provisioning Regulations), for example, costs related to the ongoing pumping and treatment of polluted or extraneous water. The Group's environmental provisions are in line with currently enforceable laws and regulations. The 2015 NEMA Financial Provisioning Regulations have been subject to numerous amendments, and drafts of the replacement regulations were published in November 2017, May 2019, August 2021, and finally in July 2022, and the transition date was deferred until 19 February 2024. On 1 February 2024, the Minister in the Department of Forests, Fisheries and the Environment published a notice of intention to defer the transition date, however a revised date was not published. We await the publication of the updated transition date.

The current draft of the NEMA Financial Provisioning Regulations intends to alter the way companies calculate the financial provisioning required for environmental obligations, and it is likely that compliance with these regulations will substantially increase the required quantum of financial provisioning to be made by mining right holders with existing operations. This likely increase is mainly attributable to the change that specifies that latent (or residual) environmental impacts that may become known in the future will include the pumping and treatment of polluted or extraneous water.

It is important to note that financial provisioning as specified in the NEMA Financial Provisioning Regulations, as well as the existing MPRDA Regulations, does not translate into the environmental provisions as recognised by the Group, but rather the level of cash or other funding required to be made available to fund the closure of operations should the Group not be able to do so. The financial provisioning as required by the current MPRDA Regulations amounts to R4,536 million (2022: R4,413 million), compared to the total environmental provisions recognised by the Group for our South African operations of R7,841 million (2022: R7,566 million). This difference is due to additional costs which the Group believes we are 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 post mine closure, most significantly in relation to water treatment costs.

The Group has 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 NEMA Financial Provisioning Regulations require the treatment of water to be provided for using the costs of currently available technologies which the Department of Mineral Resources and Energy (DMRE) has approved, based on evidence that the technology to be implemented is able to consistently achieve the discharge requirements.

Thungela is actively working to prove the efficacy of passive water treatment technologies in collaboration with academia and the relevant government departments. The Group commissioned a 50,000 litre per day demonstration plant in 2022 to prove that passive treatment can effectively manage coal's water risks post-mine closure. The plant reached full functionality in 2023. Initial results from the plant have been positive and we will continue to treat different water qualities to optimise process parameters through summer and winter, to inform the design of a full-scale plant that will be constructed at our closed Kromdraai site and later expanded to other operations.

The Group's long-term post-closure water management strategy includes phytoremediation, a biological process that uses trees to stabilise water levels by taking up mine-impacted water and reducing ingress. These trees reduce the volumes flowing into an artificial wetland, constructed to improve the quality of seepage from mineral residue facilities. The initiative has been rolled out at areas of the Goedehoop Colliery and the Kromdraai site at the Khwezela Colliery.

The NEMA Financial Provisioning Regulations, as well as the MPRDA Regulations, require the Group to make financial provisioning available, which is set aside purely to fund the rehabilitation and decommissioning activities required, to undertake the agreed work programmes and rehabilitate the mining areas. This financial provisioning can be put aside through a number of vehicles, and cannot be accessed for the general use of the Group. Thungela currently maintains the required financial provisioning through two mechanisms, being the environmental rehabilitation trusts, as well as holding financial guarantees with financial institutions for the benefit of the DMRE.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

10. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

South Africa continued

Environmental rehabilitation trusts

The investments held in the environmental rehabilitation trusts can be analysed as follows:

Rand million	2023	2022
Investments in unit trusts	3,740	3,446
Total environmental rehabilitation trusts	**3,740**	3,446
Balance at the start of the reporting period	3,446	3,288
Growth on assets	294	158
Balance at the end of the reporting period	**3,740**	3,446

The rehabilitation trusts aim to achieve their objectives by investing in a diversified portfolio of equity and debt securities of predominantly South African listed companies as well as South African sovereign and corporate debt through unit trust investments. Each mine's portfolio is managed separately according to each individual mine's risk and life-of-mine profile. The fair value of the environmental rehabilitation trusts is determined based on an externally provided investment statement, reflecting the market performance of the respective instruments in which the funds are invested.

Investments in the unit trusts are recognised as FVPL financial assets. The movement in the environmental rehabilitation trusts' assets includes fair value movements as well as dividend and interest income, where applicable.

These funds are not available for the general use of Thungela and can only be accessed to the extent of actual rehabilitation costs incurred with approval from the DMRE. All income from these assets is reinvested to further increase the level of financial provisioning held as required by the MPRDA Regulations.

Other environmental investments

The Group also holds a significant value of guarantees to further contribute to the financial provisioning as required by the MPRDA Regulations. These guarantees are primarily held with two financial institutions, and a portion of the annual fee payable on these guarantees is invested in the green fund. The fair value of the other environmental investments is determined based on externally provided investment statements, reflecting the market performance of the underlying money market funds in which the funds are invested.

The other environmental investments can be analysed as follows:

Rand million	2023	2022
Balance at the start of the reporting period	658	199
Contributions[1]	210	443
Growth on assets	65	16
Balance at the end of the reporting period	**933**	658

[1] Includes contributions to the green fund of R205 million (2022: R438 million).

The Group has invested an additional R205 million (2022: R438 million) in long-term investments, referred to as the green fund, through two financial institutions to secure the guarantees required to further fund the financial provisioning as required by the MPRDA Regulations. These investments are held as collateral in favour of the financial institutions for the guarantees provided to the Group. The green fund requires an investment of 5.8% and 6.7% of the guarantee amounts annually into the respective funds to reduce the value of the unfunded guarantees over the life-of-mine. Of the annual investment amount required, 0.8% and 0.7%, respectively, is related to fees which are not considered part of the investment.

The annual requirement for funding is expected to decrease as the investment value increases, however the Group is able to contribute to these funds in excess of the required annual investment amount in order to increase our financial provisioning held, and to maximise our return on these investments.

These funds are not available for the general use of Thungela and can only be accessed to fulfil mine closure obligations, or to the extent that the growth on these funds has exceeded the required annual investment amount. The growth on the funds is reinvested to further increase the level of financial provisioning held as required by the MPRDA Regulations.

Thungela's exposure to our South African environmental obligations can be analysed as follows:

Rand million	2023	2022
Environmental provisions	(7,841)	(7,566)
Environmental rehabilitation trusts	3,740	3,446
Other environmental investments	933	658
Guarantees	3,221	3,102
Total financial provisioning available	**7,894**	7,206
Real pre-tax discount rate (%)	4.7	4.0 - 4.8

The guarantees of R3,221 million (2022: R3,102 million) are primarily in place to meet any immediate closure obligations under the existing MPRDA Regulations, and are issued in favour of the DMRE. Once Thungela has to comply with the NEMA Financial Provisioning Regulations, it is expected that the level of guarantees required to be held as financial provisioning will increase, which if required, may be sourced from the existing providers on the market at similar terms to the Group's current guarantees.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

10. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

Australia

Mining in Queensland is subject to both Commonwealth and State (Queensland) regulation, and mine rehabilitation is primarily the subject of State regulation. Mining companies in Queensland are required to rehabilitate land disturbed by mining to a safe, structurally stable, non-polluting condition, which is able to sustain a post-mining land use. This rehabilitation must occur progressively, throughout the life of the mine.

Regulatory environment

Coal mining is considered an 'environmentally relevant activity' for the purposes of the Environmental Protection Act 1994 (Qld) (EPA). Accordingly, before a mining lease may be issued under the Mineral Resources Act 1989 (Qld) for the purposes of conducting coal mining, the leaseholder must, among other things, obtain an environmental authority issued under the EPA.

One requirement for the issue of an environmental authority, in the case of large coal mines, is to submit a progressive rehabilitation and closure plan and schedule (together 'the rehabilitation and closure plan') for approval. The rehabilitation and closure plan must include milestones for carrying out environmentally relevant activities on the affected land in such a way that it maximises the progressive rehabilitation of the land to a stable condition.

The rehabilitation and closure plan must be prepared in accordance with the requirements set out in the EPA, as well as a detailed statutory guideline issued by the Department of Environment, Science and Innovation (DESI). The rehabilitation and closure plan may be amended if required based on changes in the life-of-mine plan of the operation.

Under the EPA, DESI must determine the environmental rehabilitation costs for the mining activity being undertaken (environmental rehabilitation costs determination). The application must state the period to be covered in the determination (determination period), as well as the estimate of the total cost of rehabilitation for the period, calculated according to the methodology set out in the statutory guidelines.

The environmental rehabilitation costs determination will remain current for the determination period, unless an application for a new determination is made at least three months before the determination period ends, in which case the environmental rehabilitation costs determination will remain current until the new determination has been made.

The most recent environmental rehabilitation costs determination for Ensham, which was issued in December 2022 and is in force until 30 June 2025, amounts to approximately R3,414 million (AUD274 million), on a 100% basis.

Holders of environmental authorities for resource activities must contribute to the 'Financial Provisioning Scheme' established under the Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld) and the Mineral and Energy Resources (Financial Provisioning) Regulation 2018. The nature and amount of the contribution to be made by a holder is determined by the scheme manager, and will be based on the scheme manager's assessment of the risk of the State of Queensland incurring costs and expenses because the holder has not rehabilitated or restored the environment after carrying out the resource activities, among other factors. The scheme manager may determine that this contribution is to be made by way of a payment into a pooled fund or the provision of a financial surety, or both.

To the extent that the scheme manager determines the contribution is to be made by payment into the pooled fund, an annual contribution into the pool of approximately 1.0% of the environmental rehabilitation costs determination is required. However, to the extent that the scheme manager determines that financial surety is required, the holder will be required to obtain this financial surety outside of the pooled fund as a condition of holding the relevant mining lease. The scheme manager may be approached to reassess the required contribution at any time.

Environmental provisions for Ensham

An assessment of the environmental liability for the rehabilitation of the opencast area of the Ensham Mine was prepared by an independent third-party consultant in previous years. This assessment was based on an understanding of various inputs, including the volume of material to be moved, the distance to be moved and the method by which the rehabilitation would be completed, and the related costs. The costs to be incurred over the life-of-mine and post closure of the operation have been discounted to their present value to determine the liability recognised on the statement of financial position. The most recent assessment of the liability was completed in 2022, and it forms the basis of the liability recognised on the statement of financial position of R3,855 million (on an 85% basis).

Sungela, as the new owner of a portion of the mining leases related to the Ensham Mine, has not yet been accepted into the Queensland pooled fund, however this acceptance is being actively pursued. On this basis, we will be required to obtain financial surety for the environmental rehabilitation costs determination of R3,414 million ((AUD274 million) on a 100% basis). The Group is in the process of securing this surety, which will likely be through a structure similar to the green fund in South Africa, requiring a minimum annual contribution amount. Given that the surety has not yet been obtained at the reporting date, the Group's environmental liability coverage[△] has decreased, given the significance of the environmental provisions that exist for the Ensham Mine.

Thungela will continue to assess the required rehabilitation activities at the Ensham Mine, and ensure rehabilitation costs and methods are optimised in line with our existing methods where possible. This assessment is ongoing at 31 December 2023.

Sensitivity analysis

The Group has determined that the expected cash flows and the discount rates used to value the environmental provisions have a significant impact on the amounts recognised in the statement of financial position and the statement of profit or loss and other comprehensive income.

The impact that reasonably possible changes in these inputs would have on the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	**2023**	2022
5.0% increase in expected cash flows	**601**	411
0.5% increase in discount rate	**(424)**	(238)

Contingent liabilities

Thungela is subject to various claims which arise in the ordinary course of business. Additionally, Thungela has provided indemnities against certain liabilities as part of agreements relating to sales or other disposals of business operations in the past. Having taken appropriate legal advice, the Group believes that any material liability arising from the indemnities provided is remote.

Total financial guarantees amounting to R3,246 million (2022: R3,128 million) have been issued in favour of the DMRE and other counterparties where relevant, including the amount identified for rehabilitation purposes noted above.

In October 2023, Thungela was formally served with an application for certification (certification application) for a class action in relation to coal workers pneumoconiosis. The attorneys have cited nine respondents, with Anglo American South Africa Limited as first respondent, and the remainder of the respondents being Thungela companies. The class action has not yet been certified, and no provision has been raised in the summarised consolidated financial statements related to this matter.

No contingent liabilities were secured against the assets of Thungela for any of the reporting periods presented.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

11. STATED CAPITAL

Thungela has one class of authorised and issued shares, being ordinary shares. Thungela's ordinary shares began trading on the JSE and LSE from 7 June 2021. In the year ended 31 December 2023, Thungela issued no additional ordinary shares (2022: 4,180,777 shares).

Accounting policy

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases Thungela's issued shares, reflected as treasury shares for the Group, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the shareholders of the Group, until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the shareholders of the Group.

The shares issued by Thungela and the resultant stated capital can be analysed as follows:

Number of shares	2023	2022
Authorised		
Ordinary no par value shares	10,000,000,000	10,000,000,000
Issued		
Ordinary no par value shares	140,492,585	140,492,585
Reconciliation of shares in issue		
Shares in issue at the start of the reporting period	140,492,585	136,311,808
Issue of ordinary no par value shares	—	4,180,777
Shares in issue at the end of the reporting period	140,492,585	140,492,585
Adjusted for:		
Treasury shares held by Group companies[1]	(3,592,017)	(2,943,136)
Net shares in issue at the end of the reporting period	136,900,568	137,549,449
Rand million		
Balance at the start of the reporting period	11,323	10,041
Issue of ordinary no par value shares	—	1,282
Balance at the end of the reporting period	11,323	11,323
Adjusted for:		
Treasury shares held by Group companies[1]	(493)	(302)
Net balance at the end of the reporting period	10,830	11,021

[1] Treasury shares held by Group companies include 2,900,285 shares (2022: 1,955,113 shares) held directly by subsidiaries, and 691,732 shares (2022: 988,023 shares) held in separate broker accounts for employees. The shares held in employee broker accounts relate to share awards in terms of the Thungela share plan which have not yet vested. These shares are considered treasury shares for Thungela until the awards have vested, in line with the rules of the Thungela share plan.

In the year ended 31 December 2023, 1,458,205 (2022: 909,155) treasury shares were purchased by subsidiaries of the Group at an average price of R177.96 per share (2022: R181.49 per share) in relation to share awards granted under the Thungela share plan. The purchase was made in terms of Thungela's MOI and the shares are held in separate broker accounts for employees, or in the broker accounts of the subsidiary holding the shares, in terms of the rules of the Thungela share plan, until vesting date. A total of 806,565 (2022: 678,625) share awards vested in the year ended 31 December 2023, which reduced the number of treasury shares held by Group companies.

Of the treasury shares held by Group companies, 2,900,285 (2022: 1,955,113) are held directly by subsidiaries and so do not carry voting rights.

The total number of ordinary shares in issue which carry voting rights amounts to 137,592,300 (2022: 138,537,472).

The directors do not have the authority to issue shares at their discretion until the date of the next AGM.

12. DIVIDENDS

Thungela has declared and paid ordinary dividends to shareholders from retained earnings.

Accounting policy

Dividends are recognised in the period in which the dividends are declared directly in the statement of changes in equity. Dividends proposed or declared subsequent to the reporting date are not recognised as dividends paid in the reporting period.

Treasury shares are held by subsidiaries in respect of awards granted in terms of the Thungela share plan. Dividends declared on shares held in relation to the forfeitable share awards are paid to the employees on the dividend payment date. Dividends declared on shares held in relation to the conditional share awards will be paid to the subsidiary holding the share in line with the rules of the Thungela share plan.

Dividend policy

Any dividend proposed by the board in respect of a financial period will be dependent on and influenced by, among other considerations, the Group's operating results, financial condition, investment strategy, capital requirements and strategic initiatives. The Group will seek to ensure that there is sufficient cash available in order to fund sustaining capital expenditure△ and life extension opportunities without resorting to excessive leverage, recognising the nature of the Group's assets and single commodity price exposure.

The Group's dividend policy is to target a dividend payout of a minimum of 30% of adjusted operating free cash flow△. The board is committed to delivering attractive shareholder returns, while maintaining disciplined capital allocation. Therefore, in any given financial year, the Group might declare dividends above the targeted minimum 30% payout ratio, subject to the board being satisfied that subsequent to the dividend declaration, the Group has adequate balance sheet flexibility and sufficient funding available to withstand market and coal price volatility, as well as infrastructure constraints.

Dividends paid

Dividends paid can be analysed as follows:

Rand million	2023	2022
Dividends paid to the shareholders of the Group	6,920	10,483
Dividend declared on 18 August 2023 of R10 per ordinary share	1,379	—
Dividend declared on 27 March 2023 of R40 per ordinary share	5,541	—
Dividend declared on 15 August 2022 of R60 per ordinary share	—	8,035
Dividend declared on 22 March 2022 of R18 per ordinary share	—	2,448
Dividends paid to non-controlling interests	1	42
Total dividends paid	**6,921**	10,525

Dividend declaration

A final ordinary cash dividend relating to the year ended 31 December 2023 of R10 per share (2022: R40 per share), was declared by the board on 18 March 2024. The dividend, amounting to a return of R1,405 million to shareholders, has not been recognised as a liability in these consolidated financial statements. The final dividend was declared from retained earnings and will be paid in April 2024 to shareholders on the South African register and May 2024 to shareholders on the UK register. Together with the interim dividend of R10 per share, this equates to a total dividend of R20 per share for the year ended 31 December 2023.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

13. RELATED PARTY TRANSACTIONS

The Group has a number of related party relationships with other companies and individuals. The related parties comprise the entities in which the Group has an investment, as well as the directors and prescribed officers noted below. Transactions with these related parties are assessed on a consistent basis as those with other parties.

Direct subsidiaries

South Africa Coal Operations Proprietary Limited
Thungela Treasury Proprietary Limited
Thungela Resources Holdings Proprietary Limited
Thungela International Proprietary Limited

Indirect subsidiaries

Thungela Operations Proprietary Limited
Anglo American Inyosi Coal Proprietary Limited
Butsanani Energy Investment Holdings Proprietary Limited
Rietvlei Mining Company Proprietary Limited
Ingagane Colliery Proprietary Limited
Springfield Collieries Limited
Thungela Inyosi Coal SecurityCo Proprietary Limited
Newshelf 1316 Proprietary Limited
Main Street 1756 (RF) Proprietary Limited
Blue Steam Investments Proprietary Limited
Thungela Resources Australia Pty Limited
Sungela Holdings Pty Ltd
Sungela Pty Ltd
Ensham Coal Sales Pty. Ltd.
Ensham Resources Pty Limited
Nogoa Pastoral Pty. Ltd.
Thungela Marketing International Holdings Limited
Thungela Marketing International DMCC

Indirect associates

Richards Bay Coal Terminal Proprietary Limited
Colliery Training College Proprietary Limited

Indirect joint operations

Mafube Coal Mining Proprietary Limited
Phola Coal Processing Plant Proprietary Limited
Pamish Investments No. 66 Proprietary Limited

Indirect trusts

Nkulo Community Partnership Trust
Sisonke Employee Empowerment Scheme Trust
Anglo American Thermal Coal Environmental Rehabilitation Trust
Mafube Rehabilitation Trust

Directors

Sango Ntsaluba (chairman)#
July Ndlovu (chief executive officer)
Deon Smith (chief financial officer)
Ben Kodisang#
Kholeka Mzondeki#
Thero Setiloane#
Seamus French#
Yoza Jekwa#

Independent non-executive

Prescribed officers

Johan van Schalkwyk
Carina Venter
Lesego Mataboge
Leslie Martin
Mpumi Sithole
Bernard Dalton

The Group enters into various sale and purchase transactions with related parties in the ordinary course of business. These transactions are subject to terms that are no less, nor more favourable than those arranged with independent third parties.

Transactions and balances with related parties

The transactions with related parties in the reporting period, and outstanding balances at the reporting date, can be analysed as follows:

Rand million	2023	2022
Loans to related parties		
Pamish[1]	—	30
RBCT[2]	59	23
Transactions recognised in the statement of profit or loss and other comprehensive income		
RBCT		
Expenses for services provided	(393)	(414)
Pamish		
Expenses for services provided	(81)	(33)
Investment income	4	6

[1] The interest in Pamish Investments No. 66 Proprietary Limited (Pamish) is held through Thungela Operations Proprietary Limited (TOPL). Although TOPL legally owns 49% of Pamish, the contractual agreements result in TOPL obtaining 85% of the benefits related to the operations of Pamish. The contract with Pamish was amended in 2023, which now results in TOPL obtaining 100% of the benefits related to the operations of Pamish. From July 2023, TOPL's share of the assets, liabilities, revenue and expenses of Pamish has been consolidated at 100%.

[2] The loan to RBCT is deemed part of the equity investment in RBCT.

No transactions have been entered into with key management in the reporting period other than their fixed and variable remuneration.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

14. INVESTMENTS IN OTHER ENTITIES

The Group has a number of investments in other entities which result in us obtaining control, joint control or significant influence of the entities.

Accounting policy

Investments in subsidiaries

The results of subsidiaries are consolidated for the duration of the period in which the Group exercises control over the subsidiary. All intercompany transactions and resultant profits or losses between group companies are eliminated on consolidation.

Investments in joint operations

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the specific facts and circumstances of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangements have rights to the assets and obligations for the liabilities.

The joint arrangements of the Group, being Mafube Coal Mining Proprietary Limited (Mafube Coal Mining), Phola Coal Processing Plant Proprietary Limited and Pamish, are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all of the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

The Group accounts for joint operations by recognising our share of the assets, liabilities, revenue and expenses of the joint operation, including our share of such items held or incurred jointly.

The investments in other entities held by the Group can be analysed as follows:

Legal entity name	Nature of business	Operation	Shareholding %
Direct subsidiaries			
South Africa Coal Operations Proprietary Limited[1]	Investment holding company		100
Thungela Resources Holdings Proprietary Limited	Investment holding company		100
Thungela Treasury Proprietary Limited	Investment holding company		100
Thungela International Proprietary Limited	Investment holding company		100
Indirect subsidiaries			
Thungela Operations Proprietary Limited	Mining company		100
	Mining operation	Isibonelo	
	Mining operation	Goedehoop	
	Mining operation	Greenside	
	Mining operation	Khwezela	
Anglo American Inyosi Coal Proprietary Limited[2]	Mining company		100
	Mining operation	Zibulo	
	Production replacement project	Elders	
Butsanani Energy Investment Holdings Proprietary Limited	Investment holding company		67
Rietvlei Mining Company Proprietary Limited[3]	Mining company		51
	Mining operation	Rietvlei	
Thungela Inyosi Coal Sercurityco Proprietary Limited	Dormant		100
Newshelf 1316 Proprietary Limited	Dormant		100
Blue Steam Investments Proprietary Limited	Dormant		100
Main Street 1756 (RF) Proprietary Limited	Investment holding company		100
Thungela Resources Australia Pty Limited[4,5]	Investment holding company		100
Sungela Holdings Pty Ltd[5,6]	Investment holding company		73.5
Sungela Pty Ltd[5, 7]	Investment holding company		100
Ensham Resources Pty Limited[5, 7]	Mining company		100
	Mining operation	Ensham Mine	
Ensham Coal Sales Pty Ltd[5, 7]	Marketing company		85
Nogoa Pastoral Pty Ltd[5, 7]	Agricultural company		85
	Agricultural operation	Nogoa	
Thungela Marketing International Holdings Limited[8]	Dormant		100
Thungela Marketing International DMCC[8]	Dormant		100

1 Thungela holds 90% of the shares in SACO. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, which are controlled by the Group, hold 10% collectively of the shares in SACO. Effectively, Thungela owns 100% of SACO.
2 Thungela Resources Holdings holds a 27% interest in AAIC. Effectively, Thungela owns 100% of AAIC.
3 Butsanani Energy Investment Holdings Proprietary Limited (Butsanani Energy) legally owns 51% of Rietvlei Mining Company Proprietary Limited (RMC). However, Butsanani Energy economically owns only 45% of RMC based on various contractual arrangements. Effectively, Thungela owns 34% (being 67% of 51%) of RMC. The results of RMC are however reflected at an effective ownership of 30% (being 67% of 45%) to reflect the underlying contractual agreements.
4 Thungela, through Thungela International, subscribed for 100% of the shares in Thungela Resources Australia on 26 January 2023.
5 The place of business and incorporation of this entity is Australia.
6 Thungela Resources Australia subscribed for 75% of the shares in Sungela Holdings on 31 August 2023, on completion of the acquisition of the Ensham Business. On 31 December 2023, the shareholding reduced to 73.5% on the vesting of the LTIP shares. Refer to note 8 for detail related to the acquisition of the Ensham Business.
7 Sungela Holdings, through its wholly owned subsidiary Sungela, subscribed for 100% of the shares in Ensham Resources, and 85% of the shares in Ensham Coal Sales and Nogoa Pastoral.
8 Thungela, through Thungela International, subscribed for 100% of the shares in Thungela Marketing International Proprietary Limited, which in turn subscribed for 100% shares in Thungela Marketing International DMCC on their incorporation dates of 1 November 2023 and 15 December 2023, respectively. These companies are dormant as at 31 December 2023.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

For the year ended 31 December 2023

14. INVESTMENTS IN OTHER ENTITIES CONTINUED

The investments in other entities held by the Group can be analysed as follows continued:

Legal entity name	Nature of business	Operation	Shareholding %
Indirect joint operations			
Mafube Coal Mining Proprietary Limited	Mining company		50
	Mining operation	Mafube	
Phola Coal Processing Plant Proprietary Limited[1]	Mining company		50
	Processing operation	Phola	
Pamish Investments No. 66 Proprietary Limited[2]	Mining company		49
	Processing operation	Pamish plant	
Indirect associates			
Richards Bay Coal Terminal Proprietary Limited	Port logistics	Richards Bay Coal Terminal	23
Colliery Training College Proprietary Limited[3]	Training provider for companies in the mining industry		23
Indirect trusts			
Nkulo Community Partnership Trust	Community Trust		100
Sisonke Employee Empowerment Scheme Trust	Employee Trust		100
Anglo American Thermal Coal Environmental Rehabilitation Trust	Rehabilitation Trust		100
Mafube Rehabilitation Trust	Rehabilitation Trust		50

1 The interest in Phola is held through AAIC.

2 The interest in Pamish is held through TOPL. Although TOPL legally owns 49% of Pamish, the contractual agreements result in TOPL obtaining 85% of the benefits related to the operations of Pamish. The contract with Pamish was amended in 2023, which now results in TOPL obtaining 100% of the benefits related to the operations of Pamish. From July 2023, TOPL's share of the assets, liabilities, revenue and expenses of Pamish has been consolidated at 100%.

3 The investment in Colliery Training College is considered immaterial to the Group and has not been equity accounted.

With the exception of the companies noted above, the place of business and incorporation of all subsidiaries, joint operations, associates and trusts is South Africa.

15. EVENTS AFTER THE REPORTING PERIOD

The Group monitors activity between the end of the reporting period and the date of the approval of the Annual Financial Statements to ensure that any events that may impact the Group are considered.

Accounting policy

The Group assesses relevant events that occur between the end of the reporting period until the Annual Financial Statements are authorised for issue. An assessment will be performed to determine if the event is an adjusting or non-adjusting event, and adjustments or disclosure may be made if required.

Share repurchases and declaration of dividend

The Group will implement share repurchases (share buyback), subject to market conditions, in the period commencing 19 March 2024 and, unless revised or terminated earlier, ending 3 June 2024, being the last trading day prior to the Group's next AGM which will take place on 4 June 2024. The aggregate purchase price of all shares repurchased will be no greater than R500 million.

The board has declared a final ordinary cash dividend of R10 per share, or R1,405 million, from retained earnings on 18 March 2024. Combined with the interim dividend for 2023, this represents a total dividend payment of R2,810 million to shareholders, amounting to 41% of the adjusted operating free cash flow$^{\triangle}$ generated in the year ended 31 December 2023.

The dividend will be paid in April 2024 to shareholders on the South African register, and in May 2024 to shareholders on the UK register.

ANNEXURES 2 – 4

ANNEXURE 2

BOARD AND AUDIT COMMITTEE MEMBERS UP FOR RE-ELECTION

Sango Siviwe Ntsaluba

Independent non-executive chairman

BCom, BCompt (Hons), CTA, HDip Tax Law, MCom in Development Finance, CA(SA)

C

Age: 63
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 three 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.

Benjamin Monaheng (Ben) Kodisang

Independent non-executive director

BCom, BCompt (Hons), CA(SA)

C

Age: 53
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, Vukile Property Fund Limited and Sphere Private Equity Proprietary Limited. Prior to this, he was chairman of the South African Property Owners Association and Wesgro. In addition, Ben was chief executive officer of Sanlam Alternatives, and 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.

Kholeka Winifred Mzondeki

Independent non-executive director

BCom, FCCA (UK)

C

Age: 56
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, information technology, digital technology, governance, finance, accounting, strategy, board experience, leadership.

Thero Micarios Lesego Setiloane

Independent non-executive director

BSc, BEng

C

Age: 64
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, information technology, digital technology, board experience.

Chairperson	Committee					
C	Audit	Health, safety, environment and risk	Social, ethics and transformation	Remuneration and human resources	Nomination and governance	Investment

ANNEXURE 3

REMUNERATION REPORT

REMUNERATION AND HUMAN RESOURCES COMMITTEE

Chairperson
Ben Kodisang

Members
Seamus French
Yoza Jekwa

The purpose of Thungela's remuneration and human resources committee is to support the board in executing its duties. The committee regularly assesses and refines the Group's remuneration practices to ensure that these continue to support the delivery of our strategy on fair and responsible remuneration. By providing oversight, it ensures transparency in our remuneration disclosures, enabling stakeholders to assess the efficacy of our remuneration and governance practices.

The committee confirms that it has complied with its mandate as outlined in the terms of reference on our website, www.thungela.com. Additionally, it has followed the provisions and guidance outlined in King IV concerning remuneration governance, in alignment with the applicable JSE Listings Requirements.

The report is presented in three sections, in line with the relevant best practice specified in King IV and the JSE Listings Requirements.

Section 1: Background statement	Section 2: Remuneration philosophy and policy	Section 3: Implementation report
Provides the overall context of the report and highlights specific matters of significance for remuneration decisions.	Describes the Group's overall remuneration policy with a particular focus on executive directors and prescribed officers.	Outlines the details of the executive directors' and prescribed officers' remuneration.

SECTION 1: BACKGROUND STATEMENT

KEEPING OUR PURPOSE AT THE CENTRE OF REMUNERATION DECISIONS

In 2023, we continued to evolve our remuneration policy and practices in line with the organisational changes in our business. Our focus was on ensuring that our decisions, as the committee, aligned with the Group's purpose – to responsibly create value together for a shared future.

Keeping our purpose at the centre of remuneration decisions summarises how we dealt with challenges we faced during 2023, and which performance factors the committee considered in making its decisions for the year under review. The wider report outlines how Thungela continues to drive fair and responsible remuneration and ultimately the delivery of value for its stakeholders.

DELIVERING ON OUR STRATEGIC PRIORITIES

Thungela delivered solid financial and operational results for the year ended 31 December 2023, and continued to deliver on our strategic priorities. Our resilient performance is against a backdrop of challenges in our operating environment. Two prominent issues stand out among others:

- continued rail underperformance, stemming from operational issues experienced by TFR
- global coal price headwinds outlined in the market in context as disclosed in the Integrated Annual Report

These challenges, along with others, have shaped our performance. Detailed analysis of our financial performance is set out in the review of financial performance as disclosed in the Integrated Annual Report. The committee considered these key financial and operational outcomes when making the remuneration decisions set out in this report:

- adjusted EBITDA$^{\triangle}$ of R8.5 billion (2022: R29.5 billion)
- adjusted operating free cash flow$^{\triangle}$ of R6.8 billion (2022: R18.1 billion)
- FOB cost per export tonne$^{\triangle}$ in South Africa of R1,134 (2022: R1,079)
- export saleable production in South Africa of 12.2Mt (2022: 13.1Mt)

We are advancing steadily in fulfilling our ESG aspirations. We furthered our commitment to our Sisonke Employee Empowerment Scheme with the contribution of R156 million for the 2023 reporting period, enabling us to retain talent within the eligible population. Despite our TRCFR decreasing to 1.40 (2022:1.41), we continue to support several programmes to sustainably reduce risk across our operations. Additionally, we delivered another annual reduction of 2.8% in our carbon intensity against our 2022 baseline, reflecting further progress on our ESG journey.

The acquisition of the Ensham Business in Australia marked a significant milestone in delivering our strategic priority of geographical diversification. It also influenced our approach to remuneration as we transition into an international coal company.

The committee took into account our consistent resilient performance and our achievements, despite diverse challenges when evaluating the outcomes of the short-term incentives (STIs) for 2023 and other remuneration decisions.

OUR COMMITTEE ACTIVITIES IN 2023

The board chairman, chief executive officer, chief financial officer, executive head of human resources, and the head of reward for the Group are standing invitees to all committee meetings, but are not included in discussions regarding their own remuneration.

Members of the committee continued to have access to sources of information and advice to inform judgements on remuneration and related matters. This assists us 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.

Bowmans is the appointed independent reward advisor to the committee. We continued to receive advice from them in relation to our remuneration policy and governance framework. They attended committee meetings, provided advice regarding executive remuneration and conducted market research to determine non-executive director fees. We are satisfied that their advice was independent and objective. The Group's independent external auditor, PwC, has not provided advice to the committee. Bowmans will continue as the committee's independent reward advisor until 31 December 2024.

The Group further utilised additional benchmarking data and market research from RemChannel and Mercer and we were satisfied with the integrity of the data provided.

The committee made a few key decisions during 2023, including:

Updating remuneration approaches resulting from geographic diversification

Due to the acquisition of Ensham and the establishment of Thungela Marketing International, our remuneration policy was adapted to provide for employees in markets outside South Africa as follows:

- We approved a cash-settled version of our share plan for granting awards to our employees located outside South Africa. This version largely mirrors that of the underlying share plan, with the exception that awards are settled in cash based on the share price on settlement date.
- In the short term, we continue to apply the legacy remuneration policy at acquired companies. However, we will assess the feasibility of aligning their policies with those of South African employees where this makes sense and aim to harmonise these policies over time.

Introduction of discretionary bonuses for exceptional performance

The committee approved a budget and governance structure whereby the business can provide discretionary cash bonuses for exceptional performance by an employee in the execution of corporate milestones that add significant value to Thungela. This supports Thungela's ability to effectively incentivise the delivery of our key milestones on the execution of our strategy. These awards will not be applicable to executive directors or prescribed officers.

The committee also dealt with various mandated matters during 2023. The committee actioned the following:

- review and approval of the remuneration policy for the Group to ensure practices remain relevant and appropriate
- approval of annual target setting for STIs and long-term incentives (LTIs) for both financial and non-financial targets to ensure that they maintain the right balance between various interests
- approval of the STI and LTI performance scorecard outcomes
- approval of annual salary increases for employees effective 1 January 2024
- approval of remuneration for the executive directors, prescribed officers, and company secretary
- recommended for board support and shareholder approval the proposed non-executive director fees
- approval of the remuneration report

REMUNERATION REPORT CONTINUED

DRIVING FAIR AND RESPONSIBLE REMUNERATION

We are very aware of our responsibility to ensure that we have a fair and transparent remuneration policy. This is increasingly important as we have seen throughout 2023 the impact of market volatility on our employees and the individuals they support. We, along with a lot of stakeholders globally, believe that driving actions to reduce remuneration gaps is extremely important to promote a fairer and more equal society aligning to the expectations of stakeholders.

During 2023, we continued to conduct detailed reviews of our vertical pay gap between our highest and lowest paid employees. We continue to monitor 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 the 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 rather than actual remuneration for year-on-year comparisons to exclude impacts of external factors like the macroeconomic environment on specifically our STI and LTI awards.

Our vertical pay gap continues to be lower than the South African general market and the South African mining average, and we have also seen a year-on-year improvement in the three measures outlined above.

In 2023, we have also started a formal process of using our independent reward advisor to complete a horizontal pay gap analysis. The methodology utilised for this analysis focused on determining the average total guaranteed package (TGP) of comparable groups. Comparable groups were constructed in line with the criteria outlined in the Employment Equity Act. This was then used to calculate comparable employee ratios.

Our horizontal pay gap analysis yielded very favourable results, but we still have some gaps. We continue to take progressive steps to correct pay disparities between our employees. The committee also approved an additional annual budget to reduce these disparities.

We will continue to analyse market trends for measuring 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.

VOTING ON REMUNERATION AND SHAREHOLDER ENGAGEMENT

At Thungela's most recent AGM, our 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 the last two years related to the remuneration report are as follows:

AGM voting outcomes	2023 (%)	2022 (%)
Remuneration policy	92.46	94.00
Implementation report	80.60	91.11
Non-executive directors' fees	93.24	98.25

Although the voting outcomes were favourable, we did see a reduction in the level of approval of the implementation report resulting from concerns related to levels of remuneration. 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 raised by investors in these engagements were:

Issue raised	Response
Excessive remuneration related to the milestone awards	The milestone awards were granted and approved by Anglo American prior to the demerger of Thungela and formed part of the demerger process. As these awards were awarded by Anglo American, the committee did not have discretion over the granting or vesting of these awards, which were accordingly a once-off occurrence and are not integrated into the ongoing Thungela remuneration policy. These have been and continue to be separately disclosed in the schedule of total single figure remuneration and in the table of unvested awards and cash flows.
Lack of detail related to vesting process for conditional shares and the impact of change of control	Specific detail is provided in section 2 focusing on the remuneration policy that covers the required details requested.

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 4 June 2024.

If 25% or more of shareholders vote against either or both of these sections, Thungela will include a note of this 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 committee, and could include:
- e-mails and video conferencing
- investor roadshows
- one-on-one meetings with shareholders

A summary of concerns and the committee's response will be included in the remuneration report for the year ending 31 December 2024.

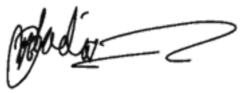
OUR FOCUS AREAS FOR 2024

During 2024, the committee will maintain its focus on our existing focus areas while also directing our attention to new elements arising from structural changes to the business. The overarching focus areas for the coming year are:
- continuing to drive a closer alignment between the strategic pillars of the business and remuneration outcomes
- monitoring the potential governance implications of the draft Companies Act Amendment Bill in South Africa
- further expansion and entrenchment of the pay gap measures that allow the committee to review and understand the level of pay fairness and equality in the Group
- review of the remuneration policy at the Ensham Business and assessment of appropriate changes to better align with our core policy
- implementation of the cash-settled version of our share plan

CONCLUSION

The past year has been one in which Thungela continued to deliver value in line with our strategic priorities. Achieving these strategic priorities has required a re-evaluation of our remuneration environment, leading to some adjustments to ensure the effective integration of new and future acquisitions.

We believe that our remuneration policy has achieved its objectives in 2023. We will continue to engage with our stakeholders to understand how we can further improve our remuneration policy and principles to ensure that we balance all stakeholder interests and enable the delivery of our strategy and purpose.



Ben Kodisang

Remuneration and human resources committee chairperson

24 April 2024

REMUNERATION REPORT CONTINUED

SECTION 2: REMUNERATION PHILOSOPHY AND POLICY

REMUNERATION PHILOSOPHY

Thungela's reward philosophy enables the effective delivery of our strategy by driving a high-performance culture. Our 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 delivery of the Group's strategic objectives, thereby creating sustainable value for all stakeholders.

APPLICATION OF THE REMUNERATION POLICY

Our remuneration policy applies to all of Thungela and its 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

Our 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 level

Remuneration 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 committee, in collaboration with management and our advisors, conducts an annual total remuneration benchmarking analysis to ensure alignment with and facilitation of the Group's strategy. This review includes a comprehensive analysis of all remuneration elements including fixed remuneration, STIs and LTIs for the executive directors, prescribed officers, company secretary 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 deferred bonus shares (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 annually with increases effective from 1 January. This review revealed that 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 typically correlate with inflation, however an additional budget is allocated, where feasible, to address remuneration levels that deviate from internal pay ranges or market rates for a specific role. 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 to align more closely 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

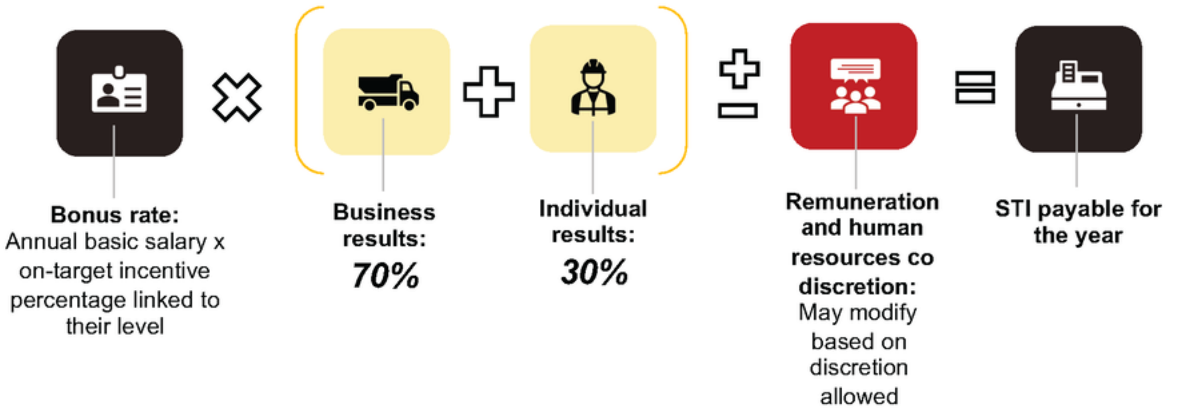
Core benefits are offered as a condition of service, with some elective flexible offerings for employees in our management group. Core benefits primarily comprise retirement, risk and medical scheme participation. We regularly review these benefits for affordability, flexibility and perceived value to employees.

Currently, management employees are restricted to a single recognised closed medical scheme and plan. However, this is continuously monitored to identify opportunities for 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

In 2022, we introduced our new performance management process and associated STI structure. We have been continually reviewing this structure and believe that it is driving the right performance in the business. No changes have therefore been made to the STI structure during 2023.

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

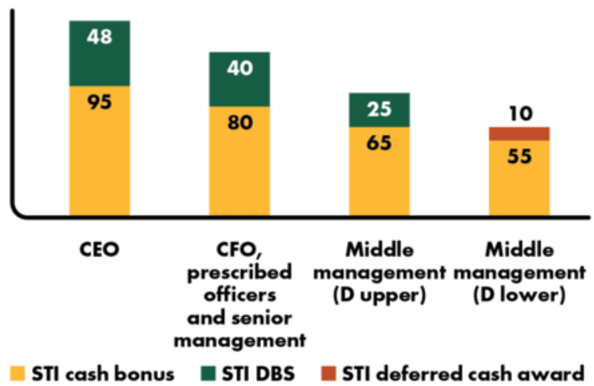


Business results are measured by an overall scorecard approved annually by the committee. The scorecard is split into four performance categories with 10 overarching metrics, namely:

Performance Category	Metric I Measure	Weighting (%)
Safety and health 10%	**TRCFR I** % improvement on average for the previous 3 years	5
	HIV % treatment I % of employees who know their HIV status	5
ESG 10%	**Level 4 – 5 environmental incidents I** number of incidents	2.5
	Energy intensity I % of annual improvement against 2025 target	2.5
	Inclusive procurement I % of addressable spend	2.5
	Inclusion and diversity I % historically disadvantaged people (HDPs) in management	2.5
Production 30%	**Export saleable production I** number of export saleable production tonnes	20
	FOB cost per export tonne I FOB cost per export tonne excluding royalties	10
Finance 20%	**Adjusted EBITDA I** Rand million	10
	Adjusted operating free cash flow I Rand million	10

Our annual STI is designed to encourage and reward individuals who demonstrate accountability for Thungela's success by consistently delivering exceptional results in a manner that aligns with our values. In accordance with the approved design principles outlined in our performance management process, as detailed in last year's remuneration report, we have updated the structure of the award for our management population.

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



REMUNERATION REPORT CONTINUED

More details of the composition of STI performance conditions are provided in the implementation report, together with the outcomes for the 2023 financial year as it relates to executive remuneration.

In the case of exceptional performance by an employee in achieving corporate milestones that add significant value to Thungela, the committee may approve discretionary cash bonuses of up to 25% of their annual basic salary. Such awards are not applicable to executive directors or prescribed officers. These awards are managed within the confines of the approved annual budget and payments are duly reported at the next applicable committee meeting to uphold the required governance standards.

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

Each year, we award shares in Thungela to eligible individuals, with vesting contingent on continuous employment over a three-year period and the achievement of key performance conditions. These conditions are aimed at delivering value for 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 annual 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 three 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 Group executive committee level *Governance: remuneration policy and retention award policy*

All references to the use of milestone shares have been removed from the remuneration policy as the last tranche of these shares, as approved as part of the demerger, vested during 2023 and will not be used under the Thungela remuneration policy.

Cash-settled awards

A new cash-settled share plan has been approved for employees outside South Africa. This plan provides for cash-settled awards closely resembling those of the above awards. However, in this plan awards are settled in cash at the value of a Thungela share on the vesting date.

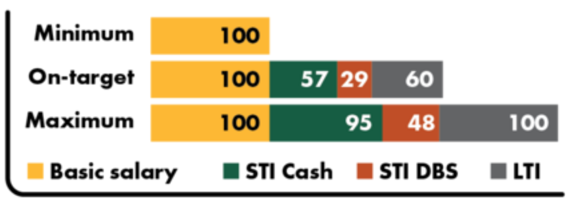
REMUNERATION MIX SCENARIOS

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

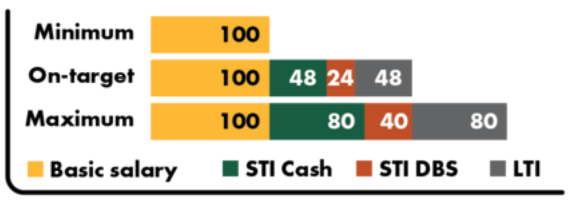
The maximum award values for the annual cash and DBS portions of the STI award and the conditional share award are aligned with the policy percentages provided above.

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 (%)



USE AND APPLICATION OF REMUNERATION BENCHMARKS

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

We also use this data in conjunction with external benchmarks from the mining industry to develop pay bands and incentive plans and for reviewing our employee benefits.

To benchmark the remuneration of our executive directors, prescribed officers and non-executive directors, we compare them against a select a peer group of companies currently comprised 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

CONDITIONAL SHARE AWARDS

The 2023 award of conditional shares was made in April 2023 and will be measured over the period from 1 January 2023 to 31 December 2026. Our executive directors will have an additional two-year holding period following the conclusion of the three-year performance and employment period.

The performance conditions for this award were changed as detailed in our previous remuneration report. This included the removal of the dividend yield metric and a change in focus from carbon emissions to carbon intensity. We have adjusted some of the targets by considering our current levels of performance and the changes in the environment in which we are operating.

The performance conditions for the 2023 conditional award are as follows:

Performance category	Performance area	Weighting (%)	Performance measure	Threshold	On-target	Stretch
Shareholders 25%	Relative local total shareholder return (TSR)	12.5	Performance against index return of local competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
	Relative global TSR	12.5	Performance against index return of global competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
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 intensity	10	% reduction in carbon intensity (2022 baseline)	4%	4.3%	4.6%
	Fresh water import	2.5	ML reduction	123	137	151
	Potable water usage	2.5	ML reduction	249	269	296
	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%

REMUNERATION REPORT CONTINUED

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

Vesting of the conditional share award

Performance conditions are measured over the three-year performance period applicable to the specific conditional share award. On the conclusion of the performance period, the committee will determine the level of achievement related to each individual performance condition.

For each performance condition, the following vesting rules apply:

- 0% will vest for performance below threshold
- 30% will vest for performance at threshold
- 60% will vest for performance at target
- 100% will vest for performance at stretch
- linear vesting will apply for performance between threshold, target, and stretch

The weighted average of the outcomes for each of the above conditions will determine the overall vesting percentage of the award. Any portion of the award that does not vest as a result of partial or non-fulfilment of the performance conditions will immediately lapse and the conditional shares constituting that portion of the award will consequently be forfeited.

The implementation report contains the extent to which the performance conditions for the 2021 conditional share award were met.

CHANGE OF CONTROL PROVISIONS AND THEIR IMPACT ON SHARE PLANS

In the case of a change of control, a portion of all outstanding awards vest early, on a time-prorated basis, and adjusted to reflect the impact of applicable performance conditions. The balance of the awards will continue in force, based on the original conditions, unless this is not feasible. In this case, they will be exchanged for replacement awards with similar conditions and a similar fair value on the transaction date.

In the case of changes in capital structure, including rights offers, distributions of capital, share splits and consolidations, then all outstanding awards must be adjusted so that the participants are no worse off than before the transaction. The determination and verification that participants are no worse off will be performed by an independent expert.

MINIMUM SHAREHOLDING REQUIREMENTS

Executive directors and prescribed officers are required to accumulate and hold a predetermined and market-aligned minimum shareholding. The minimum shareholding requirements (MSR) must be accumulated from personal investment shares and committed shares from the forfeitable and conditional shares.

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 personal investment or committed 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 are required to build up the target shareholding over five years, starting on 7 June 2021. Members of the Group executive committee who are appointed in future will be required to build up the target shareholding over five years following the date of their Group executive committee appointment.

CONTRACTUAL COMMITMENTS

All executive directors and prescribed officers have permanent employment contracts with Thungela or its subsidiaries. These contracts prescribe a notice period of six months for executive directors and three months for 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.

EXTERNAL APPOINTMENTS

Executive directors are not permitted to hold external directorships or offices without the written approval of the remuneration and human resources committee, while for prescribed officers the approval lies with the chief executive officer. Based on the relevant approval being received, the company policy on internal and external directorships stipulates that:

- The executive director or prescribed officer may only retain fees payable from one external directorship. Fees for internal directorships or offices may never be retained and must be ceded to Thungela.
- The external appointments may not interfere with the executive director's or prescribed officer's duties and obligations to Thungela.

OTHER POLICY PROVISIONS

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

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

Post-retirement medical aid benefits	Eligibility	
The post-retirement medical aid subsidy is a benefit that provides qualifying Thungela retirees with the continuation of 50% contributions from Thungela to the Witbank Coalfields Medical Aid Scheme (WCMAS)	Eligibility for the subsidy is limited to employees who were permanently employed by Thungela and have been a member of WCMAS prior to 1 January 2002. In addition, employees need to be permanently employed and active members of the fund at the time of retirement or death.	One Group executive committee member is eligible for this benefit: Leslie Martin executive head of technical.

REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' FEES

Principle

The fees for non-executive directors are intended to reflect the responsibility, experience, time requirement and risk taken by directors in a growing, multinational coal company like Thungela. The fees are reviewed annually to ensure that they remain appropriate.

Basis of pay

Fees paid to non-executive directors are based on an annual retainer for board and board committee roles, excluding *ad hoc* meeting fees dependent on the requirements. 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 chairpersons or members of board committees. If there is a change of committee membership for a non-executive director, the appropriate amended monthly fee will be paid.

Non-executive directors do not participate in any STI or LTI arrangements and do not receive any fees linked to their level of performance. They are reimbursed for incidental travel or business expenses incurred as part of the execution of their duties.

Service contracts

Non-executive directors are not employed by the Group. Non-executive directors are expected to disclose any conflicts of interest prior to and during their tenure. If any conflict identified is considered to impact their independence, they will not participate in any decision that is affected by this conflict.

Benchmarking

For the benchmarking of non-executive director fees, we make use of the same comparator group as for executive directors and prescribed officers.

The current fee policy, details of actual fees paid per non-executive director, and the fees proposed for the 2024 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 of Thungela.

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. If more than 25% (of those shareholders voting) vote against the policy, the committee will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the committee when assessing changes for the subsequent year. A summary of the concerns and the committee'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 2023 in the following two categories:

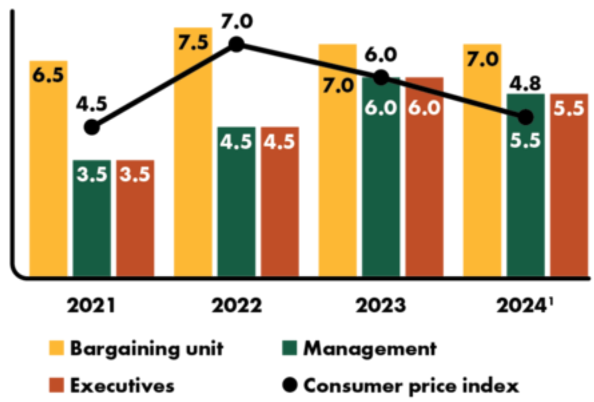
1 Awards approved by Anglo American to support and reward the successful listing of Thungela and retain talent to ensure stability during the transition.	• Retention and milestone awards (forfeitable shares)
2 Awards that were made in line with Thungela's remuneration policy.	• 2023 STI (cash) • 2023 DBS (forfeitable shares) • 2023 LTIP (conditional shares)

The implementation report highlights how we continued to deliver on our promises to stakeholders and how this translated into the remuneration outcomes of the executive directors, prescribed officers and non-executive directors.

BASIC 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 committee for executive directors, prescribed officers and management employees as of 1 January 2024. Increases for bargaining unit employees are effected in the middle of the calendar year and these were negotiated with our recognised union for the three years from 2022 to 2024. The figure alongside provides a comparative view of increases between executive, management, and bargaining unit employees against CPI.

BASIC SALARY ADJUSTMENTS (%)



[1] For 2024, management and executive increases are as approved by the committee, bargaining unit increases based on the wage agreement concluded in 2022, and CPI as per the International Monetary Fund forecast.

During 2023, we re-evaluated the current roles of the prescribed officers because of the changes in the business structure such as the Ensham acquisition and the opening of our export marketing hub, and the associated changes to their responsibilities. With the assistance of our external reward advisor, we utilised redeveloped and approved role profiles to complete a job evaluation exercise for these roles. This resulted in the changing of the band and grade of several of our prescribed officers.

Based on the outcome of the job evaluation, the external reward advisory service provider completed a remuneration benchmarking analysis for the Group executive committee. The evaluation identified that four of the prescribed officers are currently lagging the market in relation to their TGP by between 10% and 15%. Based on the outcome of the analysis, the committee approved additional adjustments to their basic salaries to the following effect:

Bernard Dalton	Executive head of marketing	5% over two years
Lesego Mataboge	Executive head of human resources	7% over two years
Mpumi Sithole	Executive head of corporate affairs	7% over two years
Carina Venter	Executive head of safety, health and environment	7% over two years

No other adjustments were made to the basic salaries for executive directors or prescribed officers during 2023.

2023 SHORT-TERM INCENTIVE OUTCOMES

As indicated in section 2 of the report, we have not made any changes to our STI calculation after it was updated in 2022. We believe that the current structure still reflects Thungela's requirements.

As part of the determination of the performance outcomes for 2023, the committee considered the impact of stock rehandling and the stock bound nature of some of our operations. This evaluation was driven by various factors including the continued underperformance of TFR and its impact on our 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 I Measure	Weighting (%)	Result %
Safety and health 10%	TRCFR	5	0
	HIV % treatment	5	100
ESG 10%	Level 4 – 5 environmental incidents	2.5	100
	Energy intensity	2.5	100
	Inclusive procurement	2.5	100
	Inclusion and diversity	2.5	100
Production 30%	Export saleable production	20	58
	FOB cost per export tonne	10	100
Finance 20%	Adjusted EBITDA	10	60
	Adjusted operating free cash flow	10	100
		70	75

The remaining portion of the STI (30%) is determined by individual results for each executive director and prescribed officer. For the executive directors, the committee 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 following tables outline the individual results for each executive director against their balanced scorecard.

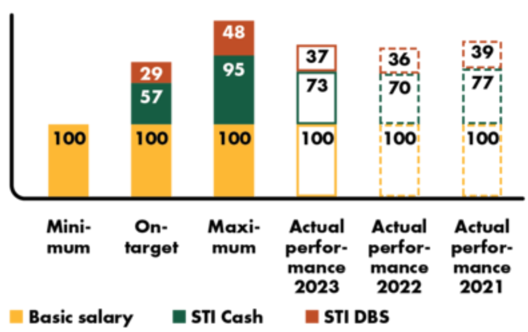
Individual performance results of the chief executive officer, July Ndlovu

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Safety	5	While a slight improvement has been observed in our TRCFR, the passing of Breeze Mahlangu is a stark reminder that more is required. The Group continues to execute on our elimination of fatalities programme as we believe that it remains appropriate.	
Drive our ESG aspirations	5	Carbon emissions targets as well our pathway to achieve net zero by 2050 have been published. Focused attention was directed towards renewable energy initiatives, exemplified by the 4MW solar plant currently being installed at Zibulo and further planned installations. Continued efforts to spike on the social element of ESG saw the Thuthukani ESD programme bear fruit and several SLP projects completed.	
Maximise the full potential of existing assets	10	Approval was granted for the implementation of the Zibulo North Shaft project and Elders is on track to deliver first coal in quarter one of 2024. Productivity improvement programmes have also been launched at several of our operations which have yielded positive results.	
Create future diversification options	5	The Ensham Business transaction was successfully completed on 31 August 2023. The Ensham transition was delivered within the required three-month period and with additional saleable production. Pipelines of future merger and acquisition opportunities have also been defined.	
Optimise capital allocation	5	The promotion of our approved approach to capital allocation drove more balance sheet flexibility. Retained enough liquidity to ensure the delivery of our lifex build programme and derive significant value from interest and premiums on key financial instruments.	
Overall performance	30		

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

The performance outcomes for the chief executive officer for 2023 compared to minimum, on-target and stretch remuneration levels, and the 2022 and 2021 performance are illustrated below:

(%)



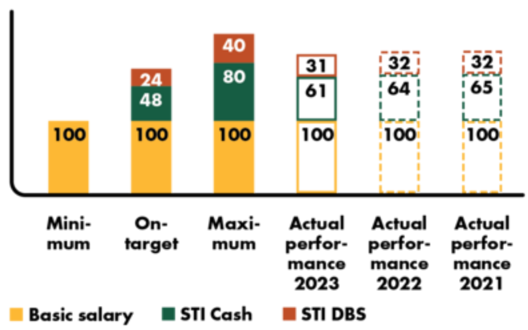
Individual performance results of the chief financial officer, Deon Smith

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Safety	2	While a slight improvement was observed in our TRCFR, the passing of Breeze Mahlangu is a stark reminder that more is required. The Group continues to believe that our elimination of fatalities programme remains appropriate and ongoing. Risk mitigation continues to receive the required focus by the chief financial officer.	
Drive our ESG aspirations	2	A consistent approach for determining the commercial value of the Group's ESG commitments was achieved. The Group's governance framework continues to evolve.	
Maximise the full potential of existing assets	5	The commercial construct that led to the approval of the Zibulo North Shaft lifex project was delivered. Successful separation of key services from Anglo American without major disruption to the business.	
Create future diversification options	8	Owner of this strategic pillar. Drove the close-out of the Ensham Business transaction and the execution of the deliverables as part of the transition deed. Ensured the effective definition of a pipeline of future merger and acquisition opportunities that are tracked as part of the investment committee meetings.	
Optimise capital allocation	13	Delivered on the Group's ability to effectively create balance sheet flexibility. Retained liquidity to ensure the delivery of our lifex build programme and allow for value generation from financial instruments. Secured facilities negotiated at market-related terms from several South African banks, even within the current global environment.	
Overall performance	30		

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

The performance outcomes for the chief financial officer for 2023 compared to minimum, on-target and stretch remuneration levels, and the 2022 and 2021 performance are illustrated below:

(%)



2021 LONG-TERM INCENTIVE PLAN OUTCOMES

The vesting of long-term incentive plan (LTIP) awards is based on achieving stretch performance conditions measured over a three-year period. The performance period for our first LTIP, which was allocated in November 2021 was from 1 January 2021 to 31 December 2023.

The extent to which performance measures for the 2021 award were met is detailed below. These awards will vest in November 2024 after the three-year vesting period has lapsed.

PERFORMANCE OUTCOMES PER PERFORMANCE AREA AND OVERALL RESULT (%)

Performance category	Performance area	Weighting (%)	Description	Weighted achievement (%)
Shareholders 25%	Relative TSR (local)	7.5	The relative TSR performance condition related to local peers was fully achieved	7.5
	Relative TSR (global)	7.5	The relative TSR performance condition related to global peers was fully achieved	7.5
	Dividend yield	10	Dividend yield performance condition was fully achieved	10
Financial 20%	Cash margin per export saleable tonne	20	The cash margin improvement performance measure was not achieved	–
Production sustainability 25%	Life of business	15	The resource to reserve conversion measure was fully achieved	15
	Life capital intensity	10	The capex per attributable saleable tonne measure was fully achieved	10
ESG 30%	Carbon emissions	10	The measure related to the reduction on GHG emissions from a 2016 baseline was fully achieved	10
	Fresh water import	2.5	The reduction in fresh water import measure was fully achieved	2.5
	Potable water usage	2.5	The reduction in potable water usage measure was fully achieved	2.5
	Water treatment	2.5	The water treatment measure was partially achieved	1.6
	Water reuse/recycle	2.5	The water reuse/recycle measure was fully achieved	2.5
	Inclusion and diversity	10	The HDP representation in middle management measure was fully achieved	10
Total		**100**		**79.1**

REMUNERATION OUTCOMES FOR OUR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The disclosures that follow set out the details of the 2023 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 2023 and 31 December 2022.
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 value on settlement represents the cash value of all awards that were settled during 2023.
3 Minimum shareholding requirements	The MSR achievement tables outline the percentage fulfilment of the MSR policy level as at 31 December 2023.

Remuneration outcomes for July Ndlovu – chief executive officer

1 Schedule of total single figure of remuneration

Rand thousand	2023	2022
Basic salary	8,131	7,671
Retirement and benefits[1]	1,276	1,203
Other[2]	81	30
Guaranteed pay	9,488	8,904
STI cash[3,4]	5,924	5,414
STI DBS[5,6]	2,993	2,736
Thungela LTIPs[7]	—	—
Total current policy	8,917	8,150
Thungela retention and milestone awards[8]	58,704	112,403
Total Anglo American policy and demerger	58,704	112,403
Total remuneration	77,109	129,457

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as unemployment insurance fund (UIF), leave encashments and long service awards.
3 Thungela cash component of the STI which is attributable to the 2023 financial year, but to be paid in the 2024 financial year.
4 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2023 financial year but awarded in the 2024 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year but awarded in the 2023 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021,2022 and 2023 will only be reflected in the 2024, 2025 and 2026 financial years.
8 Thungela milestone awards granted on 11 November 2021. The second and final tranche of this award vested in full on 4 June 2023 based on the achievement of the employment condition.

2 Statement of unvested awards and cash flows for the 2023 financial year

Award type	Award date	Vesting date	Award price (Rand/ share)	Share Movements: Opening	Granted[1]	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[2] (Rand)
Milestone shares[3]										
Milestone awards 2021 (2)	11-Nov-21	04-Jun-23	25.00	449,829	—	—	(449,829)	—	58,703,791	—
				449,829	—	—	(449,829)	—	58,703,791	—
Conditional shares[4]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	261,130	86,295	—	—	347,425	—	30,909,707
LTIP 2022	07-Mar-22	07-Mar-25	135.54	73,172	24,180	—	—	97,352	—	8,661,213
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	52,867	—	—	52,867	—	4,703,471
Forfeitable shares - Deferred bonus shares[5]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	5,306	—	—	(5,306)	—	1,016,630	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	5,306	—	—	—	5,306	—	786,774
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	5,307	—	—	—	5,307	—	786,922
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	4,663	—	—	4,663	—	691,430
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	4,663	—	—	4,663	—	691,430
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	4,663	—	—	4,663	—	691,430
				350,221	177,331	—	(5,306)	522,246	1,016,630	47,922,376

1 The LTIP awards granted include a total of 113,782 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day volume-weighted average price (VWAP) for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 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.
4 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
5 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 2023

MSR fulfilment date[1]	2026
Number of MSR shares[2]	748,162
Value of MSR shares[3] (R'000)	115,067
Total annual fixed remuneration (R'000)	9,488
MSR target holdings based on time elapsed (%)	80
Achieved MSR target holdings[4] (%)	1,213

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The number of MSR shares is comprised of all personal investment shares and committed shares under the MSR policy but excludes any unvested shares under the STI DBS and LTIP plans.
3 The closing share price on 31 December 2023, used to determine the value of MSR shares, is R153.80 per share.
4 The fulfilment percentage is the value of the MSR shares divided by the executive's annual fixed remuneration as at 31 December 2023.

REMUNERATION REPORT CONTINUED

Remuneration outcomes for Deon Smith – chief financial officer

1 Schedule of total single figure of remuneration

Rand thousand	2023	2022
Basic salary	5,251	4,953
Retirement and benefits[1]	848	799
Other[2]	37	26
Guaranteed pay	**6,136**	5,778
STI cash[3,4]	3,222	3,182
STI DBS[5,6]	1,611	1,591
Thungela LTIPs[7]	—	—
Total current policy	**4,833**	4,773
Thungela retention and milestone awards[8]	29,352	56,202
Total Anglo American policy and demerger	**29,352**	56,202
Total remuneration	**40,321**	66,753

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 2023 financial year, but to be paid in the 2024 financial year.
4 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2023 financial year but awarded in the 2024 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year but awarded in the 2023 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021,2022 and 2023 will only be reflected in the 2024, 2025 and 2026 financial years.
8 Thungela milestone awards granted on 11 November 2021. The final tranche of this award vested in full on 4 June 2023 based on the achievement of the employment condition.

2 Statement of unvested awards and cash flows for the 2023 financial year

				Share movements						
Award type	**Award date**	**Vesting date**	**Award price (Rand/ share)**	**Opening**	**Granted[1]**	**Forfeited**	**Vested**	**Closing**	**Cash on settlement (Rand)**	**Year-end fair value[2] (Rand)**
Milestone shares[3]										
Milestone awards 2022 (2)	11-Nov-21	04-Jun-23	25.00	224,915	—	—	(224,915)	—	29,351,961	—
				224,915	—	—	(224,915)	—	29,351,961	—
Conditional shares[4]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	109,473	36,177	—	—	145,650	—	12,958,189
LTIP 2022	07-Mar-22	07-Mar-25	135.54	37,802	12,492	—	—	50,294	—	4,474,557
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	27,312	—	—	27,312	—	2,429,894
Forfeitable shares – Deferred bonus shares[5]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	2,647	—	—	(2,647)	—	507,165	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	2,647	—	—	—	2,647	—	392,497
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	2,647	—	—	—	2,647	—	392,497
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	2,712	—	—	2,712	—	402,135
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	2,712	—	—	2,712	—	402,135
DBS 2023 (2)	27-Mar-23	27-Mar-26	195.56	—	2,712	—	—	2,712	—	402,135
				155,216	84,117	—	(2,647)	236,686	507,165	21,854,040

1 The LTIP awards granted include a total of 50,378 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 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.
4 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
5 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 2023

MSR fulfilment date[1]	2026
Number of MSR shares[2]	317,438
Value of MSR shares[3] (R'000)	48,822
Total annual fixed remuneration (R'000)	6,136
MSR target holdings based on time elapsed (%)	40
Achieved MSR target holdings[4] (%)	796

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The number of MSR shares is comprised of all personal investment shares and committed shares under the MSR policy but excludes any unvested shares under the STI DBS and LTIP plans.
3 The closing share price on 31 December 2023, used to determine the value of MSR shares, is R153.80 per share.
4 The fulfilment percentage is the value of the MSR shares divided by the executive's annual fixed remuneration as at 31 December 2023.

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	
Rand thousand	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Basic salary	4,094	3,862	3,556	3,354	2,526	2,383	2,526	2,383	2,526	2,383	3,028	2,856
Retirement and benefits[1]	667	628	593	559	435	410	410	389	390	369	517	488
Other[2]	810	46	26	25	243	24	103	150	215	72	39	35
Guaranteed pay	5,571	4,536	4,175	3,938	3,204	2,817	3,039	2,922	3,131	2,824	3,584	3,379
STI cash[3,4]	2,512	2,110	2,182	1,833	1,428	1,416	1,428	1,416	1,428	1,302	1,858	1,698
STI DBS[5,6]	1,256	1,055	1,091	916	714	708	714	708	714	651	929	849
Thungela LTIPs[7]	—	—	—	—	—	—	—	—	—	—	—	—
Total current policy	3,768	3,165	3,273	2,749	2,142	2,124	2,142	2,124	2,142	1,953	2,787	2,547
Thungela retention and milestone awards[8]	—	1,484	—	1,381	—	1,042	—	1,018	—	990	—	—
Total Anglo American policy and demerger	—	1,484	—	1,381	—	1,042	—	1,018	—	990	—	—
Total remuneration	9,339	9,185	7,448	8,068	5,346	5,983	5,181	6,064	5,273	5,767	6,371	5,926

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 2023 financial year, but to be paid in the 2024 financial year.
4 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2023 financial year but awarded in the 2024 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year but awarded in the 2023 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021,2022 and 2023 will only be reflected in the 2024, 2025 and 2026 financial years.
8 Prescribed officers received a cash-based incentive that is aimed at retaining key employees to ensure the stabilisation of Thungela as a separate entity.

REMUNERATION REPORT CONTINUED

2 Statement of unvested awards and cash flows for the 2023 financial year

JOHAN VAN SCHALKWYK

Award type	Award date	Vesting date	Award price (Rand/share)	Share movements					Cash on settlement (Rand)	Year-end fair value[2] (Rand)
				Opening	Granted[1]	Forfeited	Vested	Closing		
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	87,422	28,890	—	—	116,312	—	10,348,046
LTIP 2022	07-Mar-22	07-Mar-25	135.54	29,476	9,740	—	—	39,216	—	3,488,969
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	21,296	—	—	21,296	—	1,894,663
Forfeitable shares – Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	2,082	—	—	(2,082)	—	398,911	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	2,082	—	—	—	2,082	—	308,719
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	2,083	—	—	—	2,083	—	308,867
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,798	—	—	1,798	—	266,607
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,799	—	—	1,799	—	266,756
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,799	—	—	1,799	—	266,756
				123,145	65,322	—	(2,082)	186,385	398,911	17,149,383

1 The LTIP awards granted include a total of 39,962 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at 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.

LESLIE MARTIN

Award type	Award date	Vesting date	Award price (Rand/share)	Share movements					Cash on settlement (Rand)	Year-end fair value[2] (Rand)
				Opening	Granted[1]	Forfeited	Vested	Closing		
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	81,777	27,024	—	—	108,801	—	9,679,807
LTIP 2022	07-Mar-22	07-Mar-25	135.54	25,600	8,460	—	—	34,060	—	3,030,250
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	18,496	—	—	18,496	—	1,645,552
Forfeitable shares – Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	1,860	—	—	(1,860)	—	356,376	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	1,860	—	—	—	1,860	—	275,801
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	1,860	—	—	—	1,860	—	275,801
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,562	—	—	1,562	—	231,613
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,562	—	—	1,562	—	231,613
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,563	—	—	1,563	—	231,762
				112,957	58,667	—	(1,860)	169,764	356,376	15,602,200

1 The LTIP awards granted include a total of 36,641 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at 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 movements					Cash on settlement (Rand)	Year-end fair value[2] (Rand)
				Opening	Granted[1]	Forfeited	Vested	Closing		
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	61,362	20,277	—	—	81,639	—	7,263,259
LTIP 2022	07-Mar-22	07-Mar-25	135.54	18,183	6,009	—	—	24,192	—	2,152,314
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	13,138	—	—	13,138	—	1,168,862
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	1,350	—	—	(1,350)	—	258,660	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	1,350	—	—	—	1,350	—	200,178
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	1,350	—	—	—	1,350	—	200,178
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,207	—	—	1,207	—	178,974
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,207	—	—	1,207	—	178,974
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,207	—	—	1,207	—	178,974
				83,595	43,045	—	(1,350)	125,290	258,660	11,521,712

1 The LTIP awards granted include a total of 27,108 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at 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.

MPUMI SITHOLE

Award type	Award date	Vesting date	Award price (Rand/ share)	Share movements					Cash on settlement (Rand)	Year-end fair value[2] (Rand)
				Opening	Granted[1]	Forfeited	Vested	Closing		
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	60,604	20,027	—	—	80,631	—	7,173,579
LTIP 2022	07-Mar-22	07-Mar-25	135.54	18,183	6,009	—	—	24,192	—	2,152,314
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	13,138	—	—	13,138	—	1,168,862
Forfeitable shares - Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	1,343	—	—	(1,343)	—	257,319	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	1,343	—	—	—	1,343	—	199,140
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	1,344	—	—	—	1,344	—	199,288
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,207	—	—	1,207	—	178,974
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,207	—	—	1,207	—	178,974
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,207	—	—	1,207	—	178,974
				82,817	42,795	—	(1,343)	124,269	257,319	11,430,104

1 The LTIP awards granted include a total of 26,858 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
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.

REMUNERATION REPORT CONTINUED

CARINA VENTER

Award type	Award date	Vesting date	Award price (Rand/ share)	Share movements: Opening	Granted[1]	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[2] (Rand)
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	58,325	19,275	—	—	77,600	—	6,903,917
LTIP 2022	07-Mar-22	07-Mar-25	135.54	18,183	6,009	—	—	24,192	—	2,152,314
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	13,138	—	—	13,138	—	1,168,862
Forfeitable shares – Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	1,323	—	—	(1,323)	—	253,487	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	1,323	—	—	—	1,323	—	196,174
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	1,324	—	—	—	1,324	—	196,323
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,109	—	—	1,109	—	164,443
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,110	—	—	1,110	—	164,591
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,110	—	—	1,110	—	164,591
				80,478	41,751	—	(1,323)	120,906	253,487	11,111,214

1 The LTIP awards granted include a total of 26,106 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated at 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.

BERNARD DALTON

Award type	Award date	Vesting date	Award price (Rand/ share)	Share movement: Opening	Granted[1]	Forfeited	Vested	Closing	Cash on settlement (Rand)	Year-end fair value[2] (Rand)
Conditional shares[3]										
LTIP 2021	16-Nov-21	16-Nov-24	36.34	77,788	25,707	—	—	103,495	—	9,207,743
LTIP 2022	07-Mar-22	07-Mar-25	135.54	21,797	7,203	—	—	29,000	—	2,580,072
LTIP 2023	26-Apr-23	26-Apr-26	164.06	—	15,749	—	—	15,749	—	1,401,157
Forfeitable shares – Deferred bonus shares[4]										
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72	1,247	—	—	(1,247)	—	238,925	—
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72	1,247	—	—	—	1,247	—	184,905
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72	1,248	—	—	—	1,248	—	185,053
DBS 2023 (1)	27-Mar-23	27-Mar-24	195.56	—	1,447	—	—	1,447	—	214,561
DBS 2023 (2)	27-Mar-23	27-Mar-25	195.56	—	1,447	—	—	1,447	—	214,561
DBS 2023 (3)	27-Mar-23	27-Mar-26	195.56	—	1,447	—	—	1,447	—	214,561
				103,327	53,000	—	(1,247)	155,080	238,925	14,202,613

1 The LTIP awards granted include a total of 33,895 shares added to the LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.
2 The 30-day VWAP for determining the fair value of unvested awards on 31 December 2023 is R148.28 per share.
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 as at 31 December 2023

	JPD van Schalkwyk	L Martin	LE Mataboge	N Sithole	C Venter	BM Dalton
MSR fulfilment date[1]	2026	2026	2026	2026	2026	2026
Number of MSR shares[2]	2,245	26,097	—	688	1,287	685
Value of MSR shares[3] (R'000)	345	4,014	—	106	198	105
Annual fixed remuneration (R'000)	5,571	4,175	3,203	3,039	3,131	3,583
MSR target holdings based on time elapsed (%)	40	40	40	40	40	40
Achieved MSR target holdings[4] (%)	6	96	—	3	6	3

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The number of MSR shares is comprised of all personal investment shares and committed shares under the MSR policy but excludes any unvested shares under the STI DBS and LTIP plans.
3 The closing share price on 31 December 2023, used to determine the value of MSR shares is R153.80 per share.
4 The fulfilment percentage is the value of the MSR shares divided by the executive's annual fixed remuneration as at 31 December 2023.

TERMINATION OF OFFICE PAYMENTS

King IV recommends that the implementation report should contain details of payments made because of the termination of employment of executive directors or prescribed officers. During 2023, 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	2023 fees (Rand thousand)	2022 fees (Rand thousand)
SS Ntsaluba[1]	Board	1 January 2021	1,622	1,568
KW Mzondeki[2]	Audit committee	12 February 2021	1,210	1,181
TML Setiloane[3]	Social, ethics and transformation committee	7 March 2021	1,130	1,097
BM Kodisang[4]	Remuneration and human resources committee	16 March 2021	1,130	1,097
SG French[5]	Health, safety, environment and risk committee	4 June 2021	1,094	1,040
YN Jekwa[6]	Investment committee	12 August 2022	921	268

1 The board chairman's fee is inclusive of all committee appointments. The board chairman also chairs the nomination and governance committee, serves on the health, safety, environment and risk committee, and the investment committee, and attends the audit committee, social, ethics and transformation committee and remuneration and human resources committee by invitation
2 Kholeka Mzondeki also serves on the nomination and governance committee, as well as the investment committee.
3 Thero Setiloane also serves on the audit committee and the health, safety, environment and risk committee.
4 Ben Kodisang also serves on the audit committee and nomination and governance committee.
5 Seamus French also serves on the remuneration and human resources committee and the investment committee.
6 Yoza Jekwa also serves on the social, ethics and transformation committee and the remuneration and human resources committee.

REMUNERATION REPORT CONTINUED

PROPOSED NON-EXECUTIVE DIRECTORS' FEES

The following table outlines the non-executive directors' fees for each committee chairperson and member, along with the proposed non-executive directors' fees for 2024:

Position	Proposed fees for the year ending 31 December 2024	Fees for the year ended 31 December 2023
Board		
Chairman[1,2]	1,752,935	1,661,550
Lead independent director[1]	1,252,496	1,187,200
Member	584,312	553,850
Audit committee		
Chairperson	350,587	332,310
Member	200,163	182,797
Investment committee		
Chairperson	268,063	243,694
Member	181,935	172,450
Social, ethics and transformation committee		
Chairperson	257,097	243,694
Member	181,935	172,450
Remuneration and human resources committee		
Chairperson	257,097	243,694
Member	181,935	172,450
Nomination and governance committee[2]		
Chairperson	257,097	243,694
Member	181,935	172,450
Health, safety, environment and risk committee		
Chairperson	257,097	243,694
Member	181,935	172,450
***Ad hoc* meeting fees[3]**		
Per meeting	25,320	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 chairperson of the nomination and governance committee.
3 *Ad hoc* meeting fees to deal with time critical board matters, limited to four additional meetings per annum.

The 2024 fees were benchmarked against the comparator group outlined in section 2. All fees were found to be in the relevant tolerance range, except for the fee for the chairperson of the investment committee and the fee for members of the audit committee. Based on the outcome of the benchmarking exercise, the committee has recommended the following:

- Application of a general increase of 5.5% in line with the approved increase for executive directors
- To ensure that the lagging fees are brought closer in line with median, the following additional increases be applied:
  - Investment committee chairperson 10% over two years 4.5% in year 1 and 5.5% in year 2
  - Audit committee member 9.5% over two years 4% in year 1 and 5.5% in year 2

The proposed non-executive directors' fees for 2024 were recommended by the committee and were approved by the board on 24 March 2024 for onward recommendation to the AGM. These fees will be voted on by the shareholders at the AGM on 4 June 2024 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 at 31 December 2023.

The table below shows the number of Thungela shares held by each director as at 31 December:

	Direct beneficial	Indirect beneficial	2023	2022
Non-executive directors				
SS Ntsaluba	3,710	—	3,710	1,642
KW Mzondeki	788	—	788	788
TML Setiloane	—	—	—	—
BM Kodisang	—	—	—	—
SG French	—	26,487	26,487	26,487
YN Jekwa	—	—	—	—
Executive directors				
J Ndlovu	772,764	—	772,764	963,587
GF Smith	330,868	—	330,868	425,136

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 remuneration policy in 2023.

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. If more than 25% (of those shareholders voting) vote against the implementation report, the committee will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the committee when considering changes for the subsequent year. A summary of the concerns and the committee's response thereto will be included in the following year's remuneration report.

ANNEXURE 4

SHAREHOLDER INFORMATION

For the year ended 31 December 2023

THUNGELA'S PUBLIC AND NON-PUBLIC SHAREHOLDING

Ordinary shares

The Thungela share register at 31 December can be analysed as follows:

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2023
1 to 1,000 shares	45,034	93.42	3,777,928	2.69
1,001 to 10,000 shares	2,271	4.71	7,018,797	5.00
10,001 to 100,000 shares	680	1.41	22,259,141	15.84
100,001 to 1,000,000 shares	204	0.42	55,774,076	39.70
1,000,001 shares and above	17	0.04	51,662,643	36.77
Total	48,206	100.00	140,492,585	100.00

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2022
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

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2023
Banks and nominee accounts	230	0.48	7,071,245	5.03
Brokerage accounts	150	0.31	16,950,517	12.07
Individuals and private trusts	45,073	93.50	20,591,226	14.66
Insurance and assurance companies	114	0.24	3,353,774	2.39
Investment companies	79	0.16	2,326,694	1.66
Mutual funds	580	1.20	47,183,503	33.58
Other corporations	262	0.54	381,853	0.27
Pension and provident funds	663	1.38	30,127,075	21.44
Private corporations	1,044	2.17	11,125,673	7.92
Sovereign wealth funds	11	0.02	1,381,025	0.98
Total	48,206	100.00	140,492,585	100.00

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2022
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

ANNEXURE 4

SHAREHOLDER INFORMATION CONTINUED

For the year ended 31 December 2023

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2023
Non-public shareholders				
Directors and prescribed officers	11	0.02	1,219,028	0.87
Treasury shares held by Group companies	2	0.00	2,900,285	2.06
Public shareholders	48,193	99.98	136,373,272	97.08
Total	48,206	100.00	140,492,585	100.00

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
				2022
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

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:

Beneficial shareholding of more than 5.0%	Number of shares	% of issued share capital
		2023
Government Employees Pension Fund	20,962,781	14.92
Total	20,962,781	14.92

Beneficial shareholdings of more than 5.0%	Number of shares	% of issued share capital
		2022
Government Employees Pension Fund	17,380,912	12.37
Total	17,380,912	12.37

FORM OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS

Thungela Resources Limited (Thungela or the Company)

(Incorporated in the Republic of South Africa)

This FOP is for use and completion by certificated shareholders and dematerialised shareholders with "own name" registration only.

For use and completion by registered shareholders of Thungela at the annual general meeting (AGM) of the Company to be held as a hybrid meeting at the Johannesburg Stock Exchange, Gwen Lane, in Sandown, Johannesburg, South Africa, and by electronic communication at 12:00 (CAT) on Tuesday 4 June 2024.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies (who need not be a shareholder of Thungela) to attend, participate in and speak and vote in place of that shareholder at the AGM, and at any adjournment thereat.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, must not complete this form or proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary letter of authority to attend the AGM either in person or virtually, in the event that they wish to attend the AGM.

Please note the following:
- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the AGM.
- The appointment of the proxy is revocable.
- You may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - delivering a copy of the revocation instrument to the proxy, and Thungela.

Kindly note that AGM participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act 71 of 2008, as amended to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green barcoded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence, or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of Thungela to another person.

I/We	(please print name in full)
of (address)	contact number
being the holder/s or custodians of ______	ordinary shares in the Company, do hereby appoint:
1.	or failing him/her
2.	or failing him/her

3. The chairperson of the AGM, as my/our proxy to act, attend, participate and speak, for me/us and/or on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for me/us and/or on my/our behalf or to abstain from voting on such resolutions in respect of the ordinary share/s in the issued capital of the Company registered in my/our name/s with the following instructions:

Continued overleaf

FORM OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS CONTINUED

Number of votes (one vote per share)

	In favour	Against	Abstain
Ordinary resolution number 1: Re-appointment of independent external auditor			
Ordinary resolution number 2: Re-election of retiring directors			
2.1 To re-elect Mr SS Ntsaluba as a director of the Company			
2.2 To re-elect Mr BM Kodisang as a director of the Company			
Ordinary resolution number 3: Election of audit committee members			
3.1 Re-election of Ms KW Mzondeki as a member of the committee			
3.2 Re-election of Mr TML Setiloane as a member of the committee			
3.3 Re-election of Mr BM Kodisang as a member of the committee			
Ordinary resolution number 4: Approval of the remuneration policy			
4.1 Non-binding advisory vote: Approval of the remuneration policy			
4.2 Non-binding advisory vote: Approval of the implementation of the remuneration policy			
Ordinary resolution number 5: General authority for directors to allot and issue ordinary shares			
Ordinary resolution number 6: Authorisation to sign documents to give effect to resolutions			
Special resolution number 1: General authority to acquire the Company's own ordinary shares			
Special resolution number 2: Remuneration payable to non-executive directors			
Special resolution number 3: Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act of South Africa			

Insert an "X" in the relevant space above according to how you wish your votes to be cast. An "X" in the relevant space above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of less than all of the shares that you own in Thungela, however, then insert the number of ordinary shares held in respect of which you desire to vote.

Signed at	on	2024
Signature	Assisted by me (where applicable)	

Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the AGM. Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

Summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act of South Africa

Please note that in terms of section 58 of the Companies Act of South Africa:

- This FOP must be in writing, dated and signed by the shareholder appointing the proxy.
- You may appoint an individual as a proxy, including an individual who is not a shareholder of Thungela, to participate in, and speak and vote at the AGM, on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this FOP.
- This form or proxy should be delivered to Thungela, or to Thungela's South African transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder at the AGM. Any FOP not received by Thungela, or the South African transfer secretaries must be sent to the chairperson of the AGM by email before your proxy may exercise any of your voting rights as a shareholder at the AGM.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the AGM.
- The appointment of your proxy is revocable unless you expressly state otherwise in this FOP.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by:
  - Cancelling it in writing or making a later inconsistent appointment of a proxy.
  - Delivering a copy of the revocation instrument to the proxy and to Thungela.
- Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and Thungela as aforesaid.
- If this FOP has been delivered to Thungela, as long as that appointment remains in effect, any notice that is required by the Companies Act of South Africa or Thungela's MOI to be delivered by Thungela to you must be delivered by Thungela to you or, if you have directed Thungela to do so, in writing, and paid any reasonable fees charged by Thungela for doing so, your proxy or proxies:
  - Your proxy is entitled to exercise, or abstain from exercising, any voting rights of yours without direction at the AGM, except to the extent that this FOP provides otherwise.
  - The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above.

Explanatory notes

- An FOP is only to be completed by those ordinary shareholders who are:
  - Holding ordinary shares in certificated form.
  - Recorded on sub-register electronic form in "own name".
- If you have already dematerialised your ordinary shares through a CSDP or broker and wish to attend the AGM, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between you and your CSDP or broker.
- A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote in his/her stead at the AGM. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the AGM, as set out in the notice of AGM (to which this FOP is included).
- A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space. The person whose name stands first on the FOP and who is present at the AGM of shareholders will be entitled to act to the exclusion of those whose names follow.
- On a show of hands, a shareholder of the Company present in person or by proxy shall have one (1) vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one (1) vote. On a poll a shareholder who is present in person or represented by proxy shall be entitled to one vote in respect of each ordinary share in Thungela held by him/her.

NOTES TO THE FORM OF PROXY CONTINUED

Instructions on signing and lodging the proxy form

- A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the AGM, but any such deletion must be initialled by the member.
- Should this space be left blank, the chairperson of the AGM will exercise the proxy. The person whose name appears first on the FOP and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
- A member's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by the member in the appropriate box provided. An "X" in the appropriate box provided indicates the maximum number of votes exercisable by that member. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the member's votes exercisable thereat.
- A member or his/her proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
- Forms of proxy are requested, for administrative purposes only, to be lodged at, or posted to the South African transfer secretaries at the address below, to be received by 12:00 on Friday 31 May 2024. Any forms of proxy not received by this time and date may be emailed to the South African transfer secretaries (who will provide same to the chairperson of the AGM) at any time prior to the AGM, prior to your proxy exercising any of your voting rights as a shareholder at the AGM.
- The completion and lodging of this FOP will not preclude the relevant member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- Documentary evidence establishing the authority of a person signing this FOP in a representative capacity or other legal capacity must be attached to this FOP, unless previously recorded by the South African transfer secretaries or waived by the chairperson of the AGM.
- Any alteration or correction made to this FOP must be initialled by the signatory/ies.
- Notwithstanding the foregoing, the chairperson of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
- If any shares are jointly held, all joint members must sign this FOP. If more than one of those members is present at the AGM, either in person or by proxy, the person whose name appears first in the register shall be entitled to vote.

For shareholders on the South African register, details of the South African transfer secretaries are as follows:

Computershare Investor Services Proprietary Limited
15 Biermann Avenue, Rosebank, 2196, South Africa

Private Bag X9000, Saxonwold, 2132

Email: proxy@computershare.co.za

www.computershare.com

Tel: +27 11 370 5000

HOW TO PARTICIPATE IN VIRTUAL/HYBRID MEETINGS

Attending the meeting online

Our online meetings provide you with the opportunity to participate online using your smartphone, tablet or computer.

You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Visit https://meetnow.global/za

Access

Access the online meeting at https://meetnow.global/za, select the applicable meeting from the drop down option. Click 'JOIN MEETING NOW'.

If you are a shareholder:

Select 'Invitation' on the login screen and enter the applicable information included in the email received from noreply@computershare.com. Accept the Terms and Conditions and click Continue.

If you are a guest:

Select 'Guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

Please note, guests will not be able to ask questions or vote at the meeting.

If you are a proxy holder:

You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the email invitation from noreply@computershare.com to access the meeting.

Contact

If you have any issues accessing the website please email proxy@computershare.co.za.

Navigation

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active.

The webcast will appear and begin automatically once the meeting has started.

Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear.

To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the green tick appears.

To change your vote, select 'Change Your Vote'.

Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question.

Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

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 number: 9111917259
('Thungela' or the 'Group' or the 'Company')

REGISTERED OFFICE

Thungela Resources Limited
25 Bath Avenue
Rosebank
Johannesburg
South Africa
2196: +27 12 638 9300

POSTAL ADDRESS

PO Box 1521
Saxonwold
2132

This report is available at: **www.thungela.com**

DIRECTORS

Executive

July Ndlovu (CEO)
Gideon Frederick (Deon) Smith (CFO)

Independent non-executive

Sango Siviwe Ntsaluba (chairperson)
Kholeka Winifred Mzondeki
Thero Micarios Lesego Setiloane
Benjamin Monaheng (Ben) Kodisang
Seamus Gerard French (Irish)
Yoza Noluyolo Jekwa

PREPARED UNDER THE SUPERVISION OF

Gideon Frederick (Deon) Smith CA(SA)

GROUP COMPANY SECRETARY

Francois Klem

INVESTOR RELATIONS

Hugo Nunes
Email: hugo.nunes@thungela.com

Shreshini Singh
Email: shreshini.singh@thungela.com

MEDIA CONTACT

Hulisani Rasivhaga
Email: hulisani.rasivhaga@thungela.com

SOUTH AFRICAN TRANSFER SECRETARIES

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UNITED KINGDOM FINANCIAL ADVISER AND CORPORATE BROKER

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