

Acquisition of the remaining shareholding interests in the Ensham Business

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

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

ACQUISITION OF THE REMAINING SHAREHOLDING INTERESTS IN THE ENSHAM BUSINESS

1. Introduction

Shareholders are referred to the announcements released by the Company on 3 February 2023 and 29 August 2023 relating to the acquisition by the Group of an 85% joint venture interest in the Ensham coal mine and related assets ("Ensham Business"), effected through its wholly owned subsidiary, Thungela Resources Australia Pty Ltd ("Thungela Australia") ("Original Transaction").

Thungela Australia acquired the Group's interest in the Ensham Business via an investment holding company, Sungela Holdings Pty Ltd ("Sungela Holdings"), together with co-investors Audley Energy Limited ("Audley") and Mayfair Corporations Group Pty Ltd ("Mayfair") (Audley and Mayfair, the "Co-Investors"), with the initial shareholdings being 75% held by Thungela Australia and 12.5% held by each of the Co-Investors. A portion of the Co-Investors' investment was funded through loans from Thungela International Pty Ltd ("Thungela International") in an aggregate capital sum of AUD66,828,836, carrying interest at an interest rate of the Australian 3-month bank bill swap rate +10%, capped at 15% ("Mezzanine Loans").

As part of the acquisition, a long-term incentive plan ("LTIP") was put in place pursuant to which the Co-

Investors' shareholdings in Sungela Holdings could increase by a further 5% (fully diluted) on certain business milestones being achieved. To date, 2.5% of the 5% have vested, with the remaining milestone yet to be fulfilled relating to the award of a mining license and related environmental approvals for Zone 1 (as defined in paragraph 2 below) occurring on or before 31 December 2025.

Shareholders are also referred to the announcement by the Company on 28 February 2025 relating to Thungela Australia's acquisition of Bowen Investment (Australia) Pty Ltd 15% interest in the Ensham Business.

2. The Transaction

Thungela Australia has today entered into sale and purchase agreements with each of the Co-Investors to acquire their respective interests in Sungela Holdings, including the unvested LTIP interests ("Transaction"). Each sale and purchase agreement is separate, but is subject to a right in favor of Thungela Australia to cross-cancel both agreements should either sale fail to occur or be cancelled for reasons other than Thungela's breach.

In each sale and purchase agreement, the purchase consideration payable in terms of the Transaction comprises:

- a) an upfront amount equal to the balance of the Mezzanine Loans of AUD81,940,313.39 at 28 February 2025, (settled by Thungela Australia directly to Thungela International) plus a cash amount of USD862,500. The cash amount is payable in USD to Audley and in AUD to Mayfair, as determined by the ruling USD/AUD exchange rate 5 business days prior to closing; and
- b) an additional (deferred) conditional consideration ("Additional Consideration") of up to USD7,766,875 ("Additional Consideration Cap").

The consideration payable will be reduced to take account of any dividends paid to the Co-investors' from

Sungela Holdings prior to closing, with the first 10% of the dividend applied to reduce the Additional Consideration Cap and the remainder in reduction of the upfront consideration.

The Additional Consideration will be payable if, and then as from the date on which, the Ensham Business receives a mining license and related environmental approvals required for the Ensham Life of Mine Extension Project to extend the life of the existing underground operations of the Ensham Business to 2037 ("Zone 1"). If the Additional Consideration becomes payable, it will be paid over a 6-year period (or until the Additional Consideration Cap has been reached). No further payments will be made after the 6-year period, whether or not the total payments have reached the Additional Consideration Cap.

Payments of the Additional Consideration to the Co-Investors will be made bi-annually, following the release of the Company's interim and final annual financial statements, in amounts determined with reference to the tonnes of coal sold by the Ensham Business, in proportion to Sungela's interest in the Ensham Business, being 85% of the sold production during the preceding 6-month period, multiplied by an amount per tonne determined with reference to the average index price for coal over that period ("Additional Consideration Rate"). The Additional Consideration Rate applicable to each of Audley and Mayfair ranges from zero, at average coal prices below USD115 per tonne, to USD1.275, at average coal prices at or above USD170 per tonne during the preceding 6 months.

The acquisition of Bowen Investment (Australia) Proprietary Limited's remaining 15% interest announced on 28 February 2025, together with the Transaction, once fully implemented, will result in Thungela owning and controlling 100% of the Ensham Business.

3. Rationale for the Transaction

From inception of the Original Transaction, Thungela has always emphasised the importance of its geographic diversification strategy into Australia, which continues to enhance the Group's production profile and earnings. We remain pleased with the operational performance of the Ensham Business as we continue to utilise our technical and marketing capabilities to create further value for the Group. In line with our strategic priorities, the Ensham Business continues to enable Thungela to sell coal into new markets such as Japan and Malaysia, diversifying our customer base and providing exposure to the Newcastle Benchmark coal price.

4. Conditions precedent

The Transaction is subject to the fulfilment or waiver (as applicable) of the following conditions precedent contained in the sale and purchase agreements by 31 August 2025:

a) Foreign Investment Review Board approval

The Treasurer of the Commonwealth of Australia having exercised its powers in terms of the Foreign Acquisitions and Takeovers Act 1975 and has not objected to the Transaction.

b) South African Reserve Bank approval

To the extent required, Thungela (or other applicant member of the Group) having obtained all the necessary consents or permissions for the Transaction from the South African Reserve Bank.

5. Financial Information

The Transaction involves the investment by Thungela Australia into Sungela Holdings, and repayment of the Mezzanine Loans. As such, the Transaction has no incremental net asset value ("NAV"), however will increase the attributable NAV and attributable net profit after tax ("NPAT").

The Ensham Business had a NAV of AUD395 million (100% basis) as at 30 June 2024, being the date

of the last reviewed interim financial statements. The NPAT attributable to these net assets was AUD27 million (on a 100% basis), based on the last reviewed interim financial statements as at 30 June 2024 for Thungela Resources prepared in terms of International Financial Reporting Standards.

6. Other

The intention is to fund the total purchase consideration payable for the Transaction from the Group's existing net cash resources. The Company expects to continue to have sufficient liquidity headroom to provide the necessary support to continue to fund the completion of existing committed projects.

7. Categorisation of the Transaction

The Transaction is categorized as a Category 2 transaction in terms of section 9 of the JSE Listings Requirements. An exchange rate of ZAR18.31:USD was utilised in respect of the Transaction, being the spot rate of exchange at close of business on 13 March 2025, the first business day prior to the signature of the sale and purchase agreements by Thungela.

Johannesburg
14 March 2025

Disclaimer

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019. Upon the publication of this announcement via the regulatory information service, this inside information is now considered to be in the public domain.

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Date: 14-03-2025 04:30:00

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