Voluntary update on infrastructure constraints and impact on Thungela

Thungela Resources Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2021/303811/06)
ISIN: ZAE000296554
Share code: TGA
("Thungela" or "Group")

VOLUNTARY UPDATE ON INFRASTRUCTURE CONSTRAINTS AND IMPACT ON THUNGELA

Following an initial recovery in the performance of Transnet Freight Rail ("TFR") subsequent to the annual maintenance shutdown in July 2021, rail performance has continued to deteriorate in the second half of 2021 ("H2 2021").

Thungela consequently implemented actions to mitigate the impact on our business. In particular, the third-party sales, which utilise the rail entitlement of Thungela, have been reduced from 926kt in the first half of 2021 ("H1 2021") to an anticipated 25kt in H2 2021. The Group has also optimised its export equity sales mix, prioritising the railing of higher margin products, at lower volumes, recognising continued rail constraints.

Furthermore, the coal industry has assisted TFR to implement improved security measures which are expected to contribute to an improvement in rail performance. This follows several instances of cable theft and related rail interruptions as widely reported in the media. The coal industry continues to engage TFR on opportunities for further improvement.

Notwithstanding the actions already taken by Thungela and TFR, given the current and expected rail performance levels, some of our operations may become constrained as a result of reaching stockpile capacities from November 2021. Thungela continues to monitor rail performance and its

potential impact
on our operations, and to explore further actions that could be required to mitigate such impacts.

Full year 2021 export saleable production guidance is accordingly moderated to 14.8Mt – 15.2Mt, from
15Mt – 16Mt as previously guided. Unless there is an improvement in rail performance, Thungela is
expected to build additional export inventory stock levels of approximately 1.3mt during H2 2021.

Thungela continues to work together with the South African coal industry and TFR to improve the levels
of infrastructure availability and performance.

The contents of this voluntary update have not been reviewed or reported on by the Group’s external
auditors.

Johannesburg
18 October 2021

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

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