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**Thungela Resources -  
A Leading Export Thermal Coal  
Business**

6 May 2021

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**Section 1**

**Welcome and  
Transaction Overview**

**Ryan Africa**



# Agenda for the Day

Start (UK Time)	Start (SA Time)	Topic	Presenter	Page
8:00	9:00	1. Welcome and Overview of Transaction	Ryan Africa	3
8:10	9:10	2. Introduction to the Company	July Ndlovu	7
8:25	9:25	3. Thermal Coal Market Dynamics	Bernard Dalton	13
8:50	9:50	4. Reserves and Resources	Leslie Martin	25
9:00	10:00	5. Introduction to the Assets	Johan Van Schalkwyk / Leslie Martin	31
9:30	10:30	Q&A		
9:50	10:50	Break		
10:10	11:10	6. Financial and Regulatory	Deon Smith	56
10:40	11:40	7. ESG	July Ndlovu / Carina Venter / Mpumi Sithole	73
11:10	12:10	8. HR and Industrial Relations	Lesego Mataboge	90
11:15	12:15	9. Investment Proposition Recap	July Ndlovu	95
11:20	12:20	Q&A		
12:00	13:00	Closing Remarks	July Ndlovu	

# Transaction Summary

Transaction Overview	<ul style="list-style-type: none"><li>• Demerger of Anglo American's thermal coal operations in South Africa</li></ul>
Listing Entity	<ul style="list-style-type: none"><li>• Thungela Resources Limited</li></ul>
Listing Venue	<ul style="list-style-type: none"><li>• Primary listing on the Johannesburg Stock Exchange (JSE Ticker: TGA)</li><li>• Standard listing on the London Stock Exchange (LSE Ticker: TGA)</li></ul>
Demerger Process	<ul style="list-style-type: none"><li>• 100% of the issued share capital of Thungela will be held by existing Anglo American shareholders who will receive one Thungela share for every ten Anglo American shares they hold</li></ul>
Timing	<ul style="list-style-type: none"><li>• Demerger effective following close of business on 4 June 2021<ul style="list-style-type: none"><li>– Demerger approved by Anglo American shareholders; court approval required to implement the demerger</li></ul></li><li>• Thungela shares commence unconditional trading on 7 June 2021</li></ul>

# Today's Presenters

**July Ndlovu**  
Chief Executive Officer

30



**Deon Smith**  
Chief Financial Officer

15



**Johan Van Schalkwyk**  
Chief Operating Officer

24



**Leslie Martin**  
Executive Head of Technical

25



**Carina Venter**  
Executive Head of Safety, Health and Environment

21



**Lesego Mataboge**  
Executive Head of Human Resources

24



**Mpumi Sithole**  
Executive Head of Corporate Affairs

11



**Bernard Dalton**  
Executive Head of Marketing

12



 Years of Mining Experience

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**Section 2**

**Introduction to the Company**

July Ndlovu



# Our Purpose, Ambition and Values



## Purpose

Responsibly creating value together for a shared future

## Ambition

Be a leading export thermal coal business

### Continued Focus

- Concentrate on **existing assets**
- **Retain single-commodity focus on thermal coal in South Africa**

### How to Succeed

- **Elimination of fatalities**
- Focus on **cost and capital optimisation**
- Continue **pursuing productivity gains**
- Establish a **lean support model**
- Focus on **margin driven commercial opportunities**

## Priorities

**Elimination of fatalities**

**Operational excellence**

**Lean organisation and fast decisions**

**Optimise Supply Chain to "buy better and use better"**

**High ESG standards**

## Values

**Safety**

**Care & Respect**

**Accountability**

**Excellence**

**Agility**

**Entrepreneurship**



# Thungela at a Glance

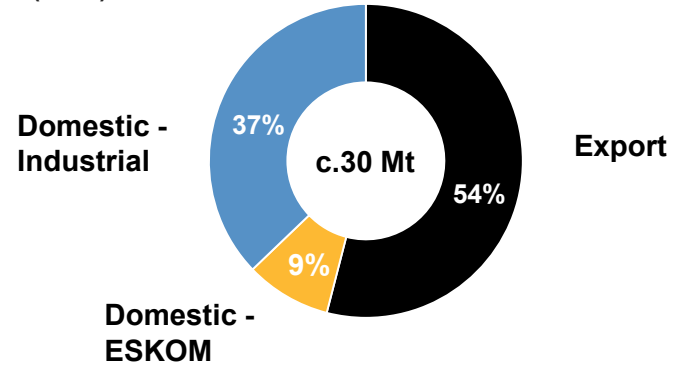
## A High Quality Thermal Coal Business

As of 2020

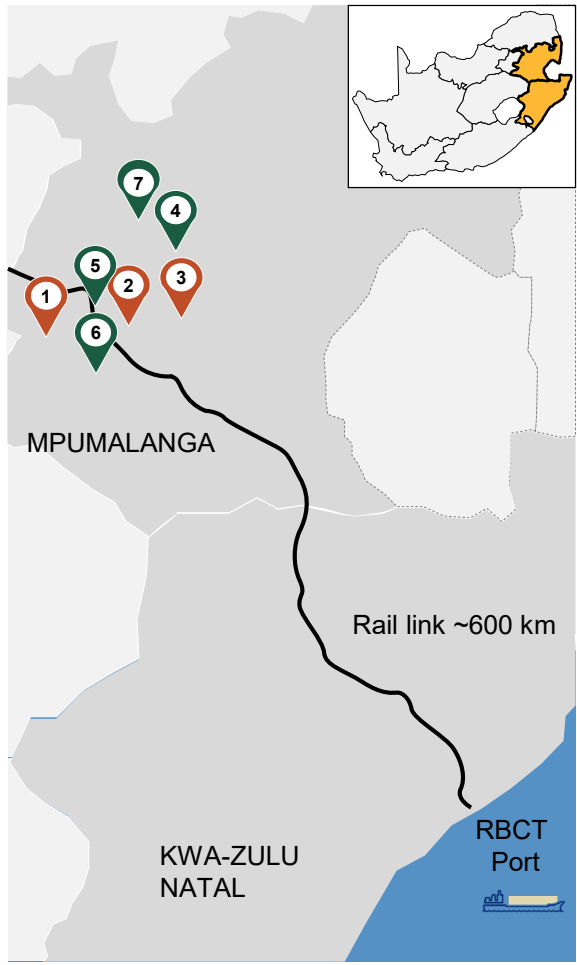
<b>5,500 kcal/kg</b> Calorific value	<b>16.5 Mt</b> Export production	<b>137 Mt</b> Saleable Reserves
<b>\$51/t</b> FOB cost per export saleable tonne	<b>c.80%</b> Revenue generated from export sales	<b>756 Mt</b> Resources

## Production Mix

% of Production (2020)



## High Quality Operations



### Underground Operations (Thungela's effective ownership)

**2020 Total Production (Mt)**

1	Zibulo (73%)	5.2
2	Greenside (100%)	4.5
3	Goedehoop (100%)	6.1

### Open Cast Operations (Thungela's effective ownership)

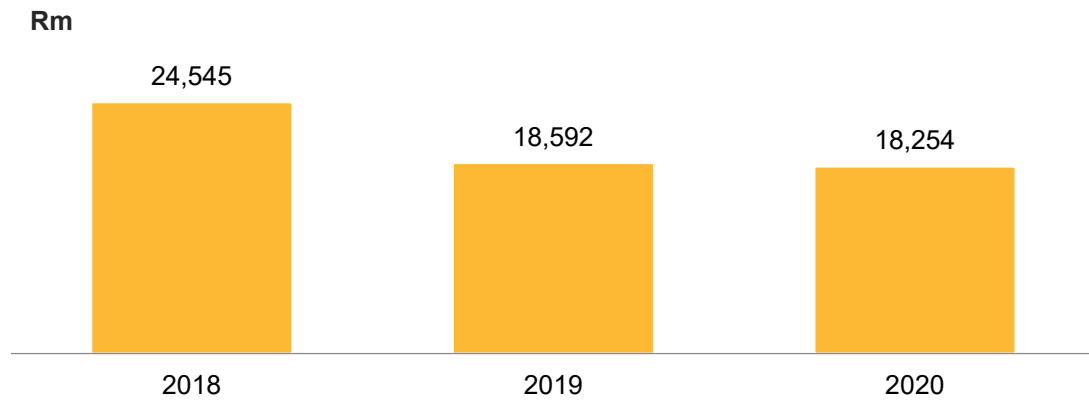
**2020 Total Production (Mt)**

4	Mafube (50%)	1.8 <sup>1</sup>
5	Khwezela (100%)	6.2
6	Isibonelo (100%)	4.2
7	Rietvlei (34%)	2.5

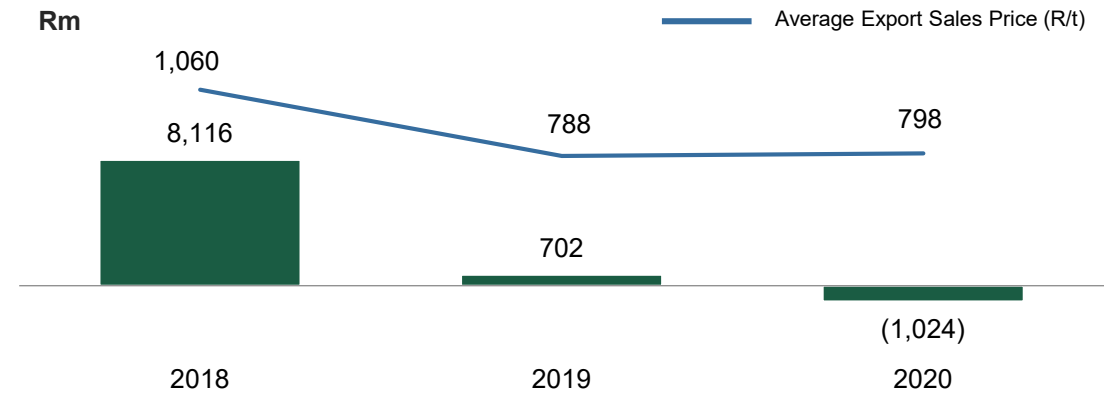
Notes:  
1. Represents 50% of Mafube's 2020 total production

# Summary Financials

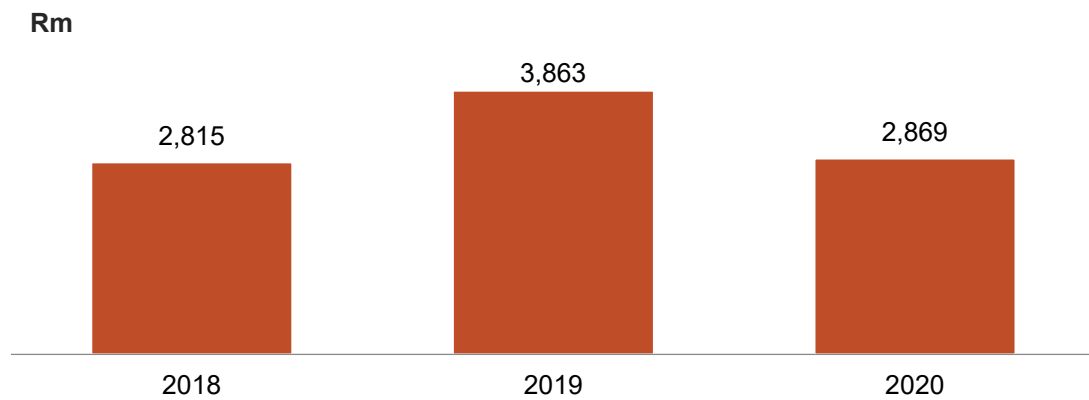
## Revenue



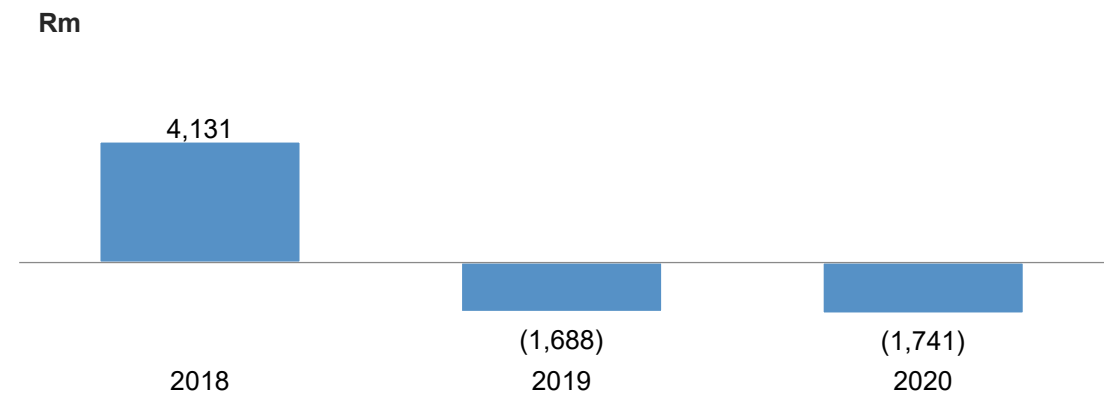
## Adjusted EBITDA



## Capex



## Adjusted Operating FCF<sup>1</sup>










**Notes:**



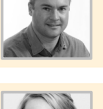
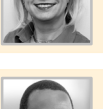

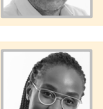


1. Adjusted operating free cash flow is calculated by taking net cash flows from operating activities less sustaining capital expenditure

# Key Leadership

## Board of Directors

Chair-Person		<b>Sango Ntsaluba</b> Chairperson
		<b>July Ndlovu</b> CEO
Executive Directors		<b>Deon Smith</b> CFO
		<b>Ben Kodisang</b> Independent Non-Executive Director
Non-Executive Directors		<b>Kholeka Mzondeki</b> Independent Non-Executive Director
		<b>Thero Setiloane</b> Independent Non-Executive Director
		<b>Seamus French<sup>1</sup></b> Non-Executive Director

## Executive Management

	<b>July Ndlovu</b> CEO
	<b>Deon Smith</b> CFO
	<b>Johan Van Schalkwyk</b> Chief Operating Officer
	<b>Carina Venter</b> Head of Safety, Health and Environment
	<b>Lesego Mataboge</b> Head of Human Resources
	<b>Leslie Martin</b> Head of Technical
	<b>Mpumi Sithole</b> Head of Corporate Affairs
	<b>Bernard Dalton</b> Head of Marketing

Notes:  
1. With effect from the Demerger effective time

# Key Messages for Today

1

**Thermal coal remains a key pillar of the global energy mix**

2

**Strong track record of reserves and resources conversion**

3

**Well positioned portfolio of assets**

4

**Robust balance sheet; opportunity for cost and capital optimisation**

5

**Strong ESG focus with key commitments to the social and environmental aspects**

6

**Competent, diverse and inclusive workforce with a passion for the business**

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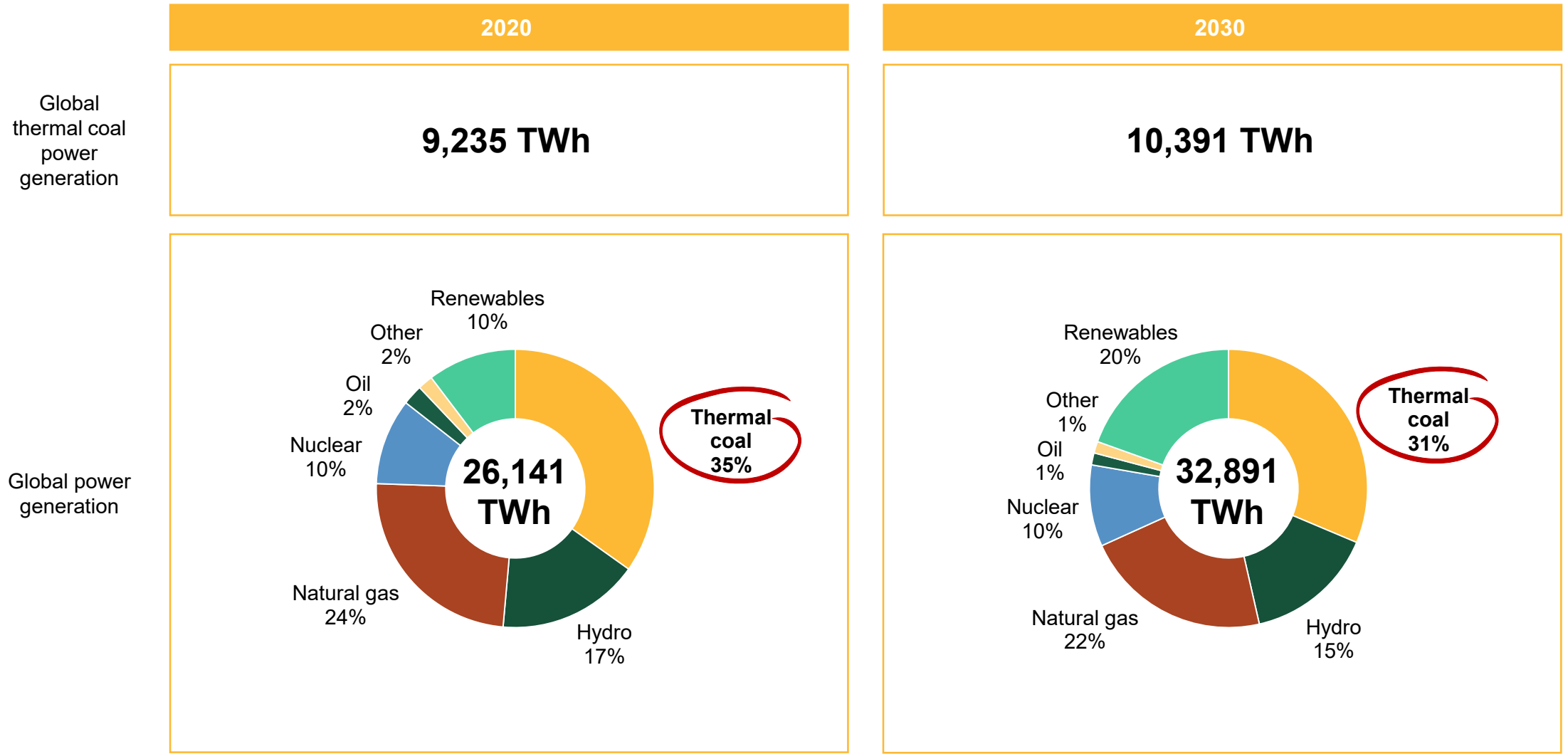
## Section 3

# Thermal Coal Market Dynamics

Bernard Dalton



# Thermal Coal Remains a Key Energy Pillar

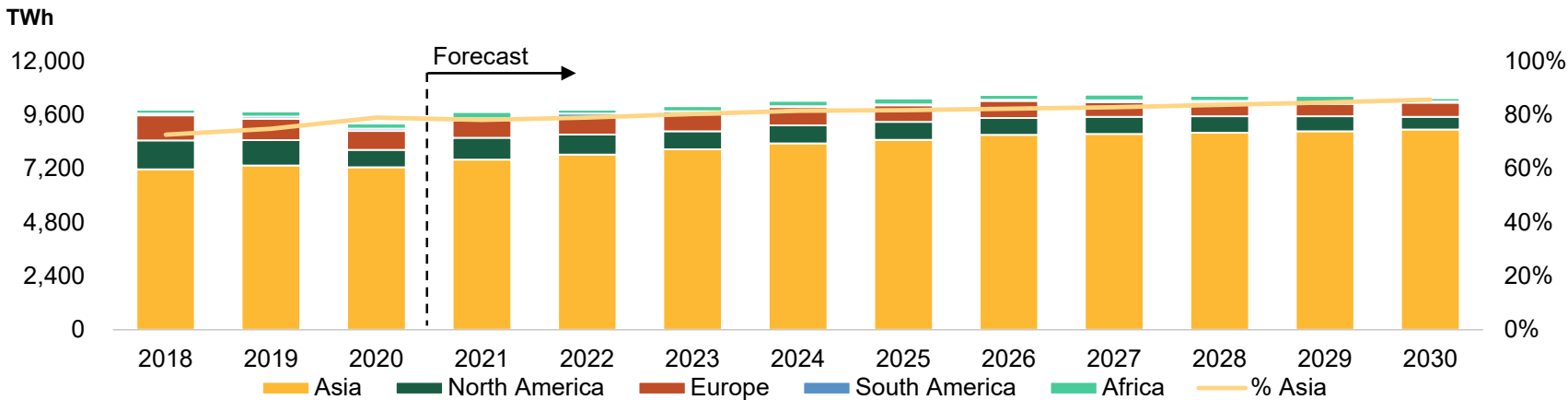


Source: Wood Mackenzie data and forecasts

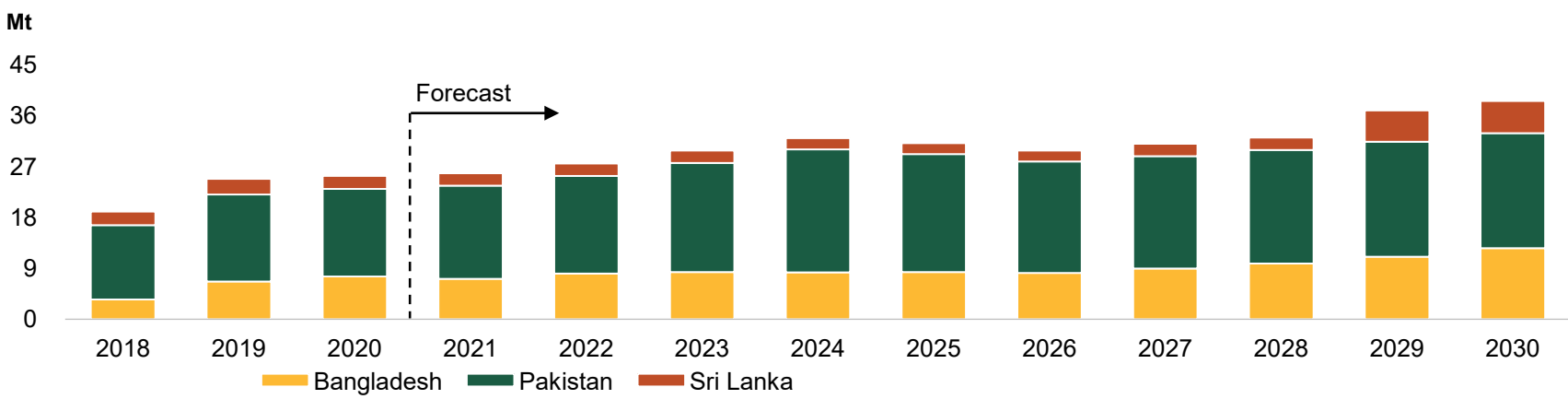
# Robust Global Demand for Thermal Coal, Particularly in Asia

- Average global coal-fired power generation of ~10,200 TWh over next 10 years, exceeds 2020 generation of 9,235 TWh
- Asia's share of the coal-fired power generation market is expected to continue to grow to 86% by 2030 (from 79% in 2020) to ~8,910 TWh
- Market is gearing towards higher-energy, less emissions-intensive thermal coal
- South Asian region requires large amounts of low-cost power to support economic development and is expected to see continued growth in thermal coal demand

## Global Coal-fired Power Generation is Expected to Remain Robust...



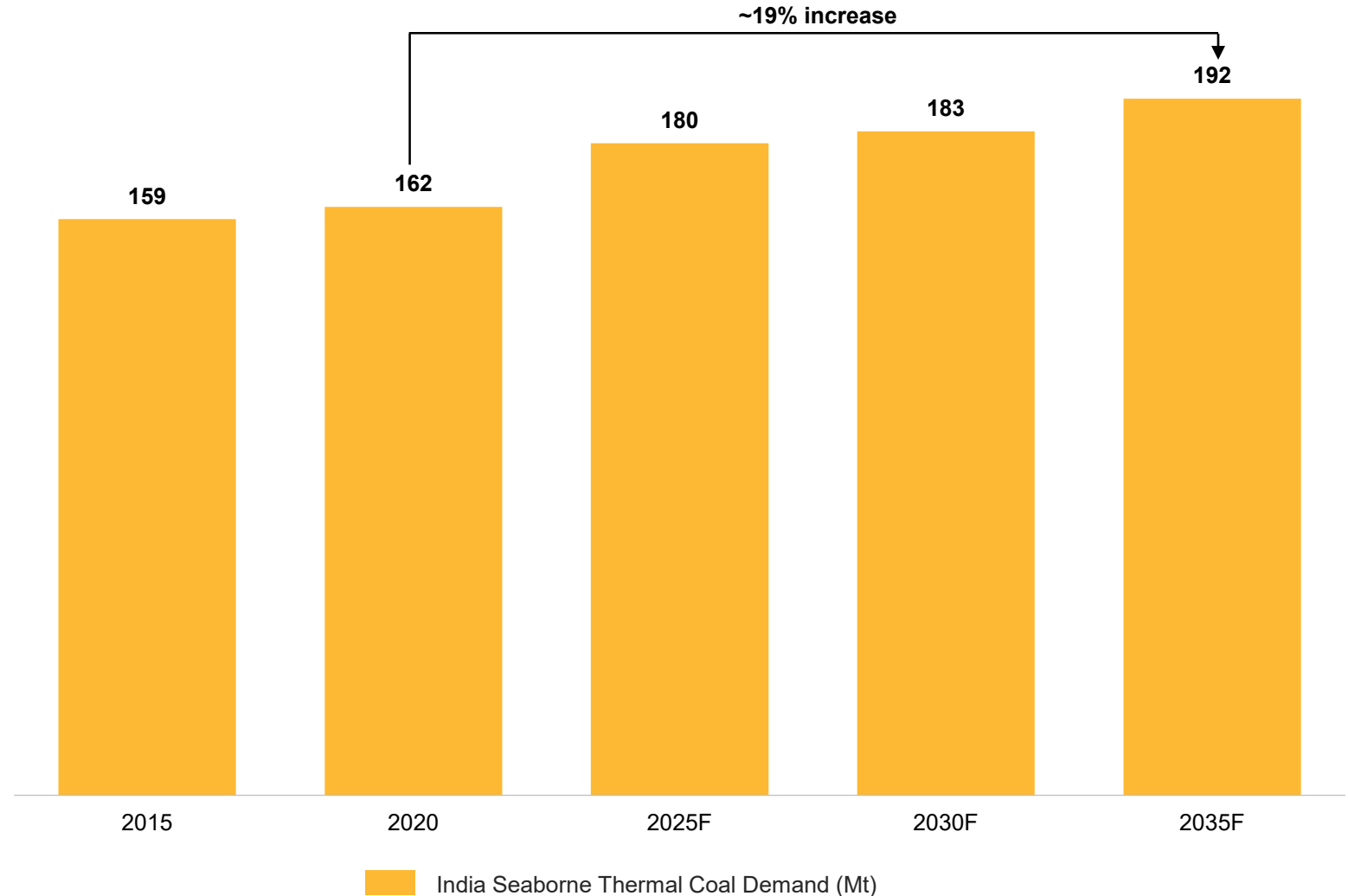
## ...with Significant Incremental Coal Demand from South Asia



Source: Wood Mackenzie data and forecasts

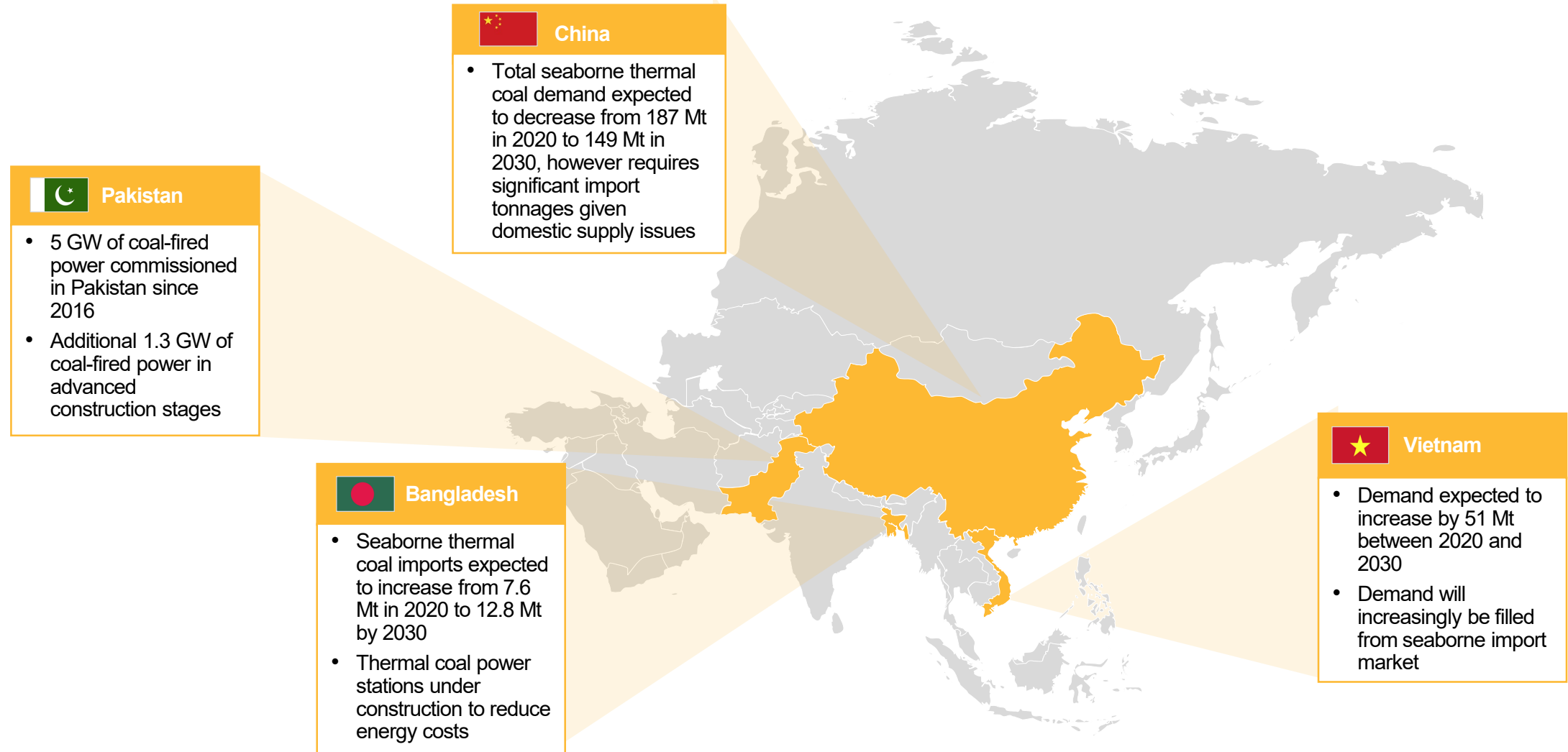
# Developing Economies a Key Export Destination: India, a Case Study

- India is the largest export market for South African thermal coal and is a good proxy for the rest of the market in South Asia
- Currently 17% of seaborne thermal coal demand and is forecast to remain high
  - Power demand increasing as the country continues to develop, urbanise and industrialise
  - Thermal coal power generation capacity continues to be added
  - Base load thermal coal required to complement renewables
  - Ambitious nuclear and renewable power generation targets are unlikely to be met
  - Domestic supply constraints



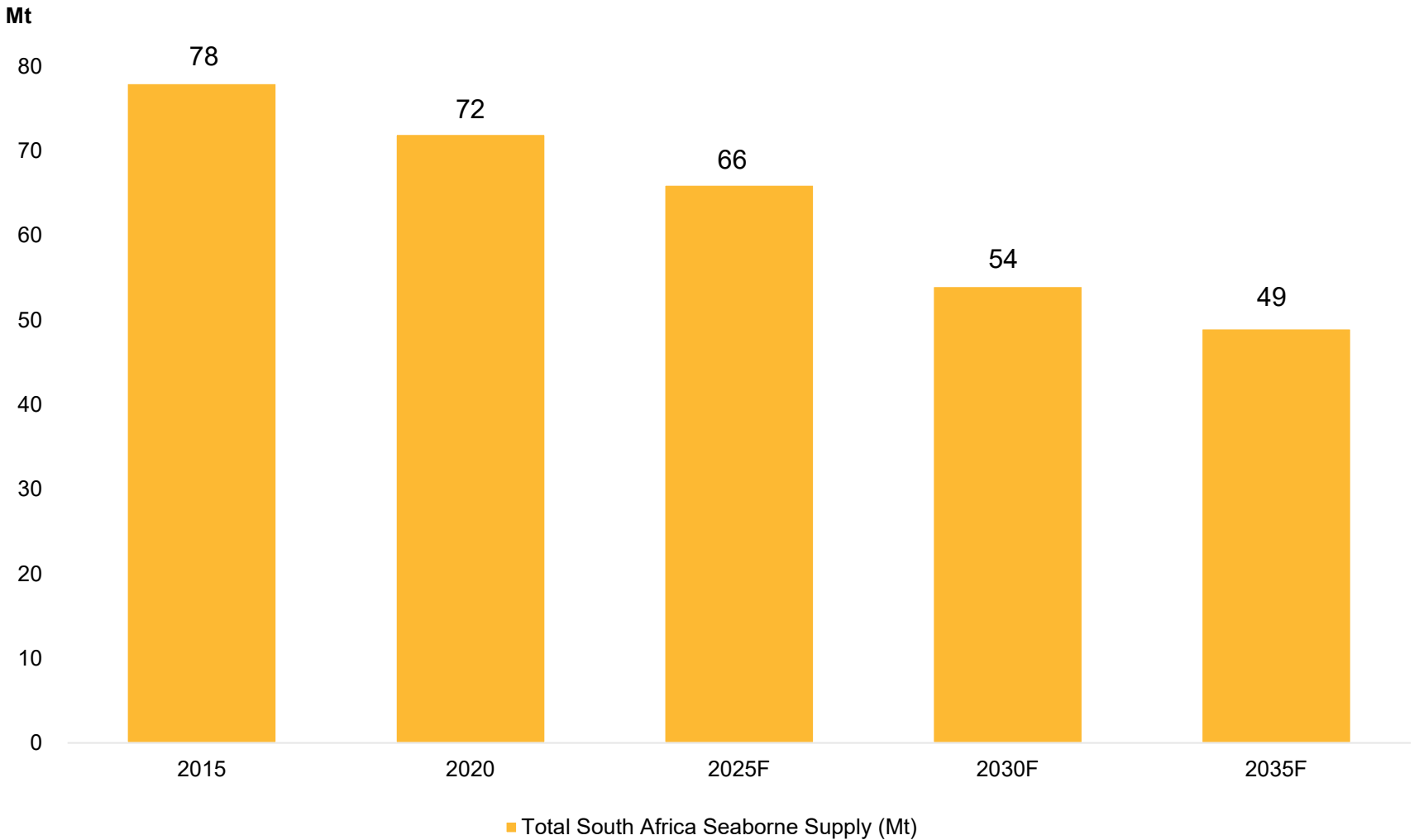


# Similar Demand Outlook in Other Key Asian Markets



# South African Thermal Coal Seaborne Supply in Decline

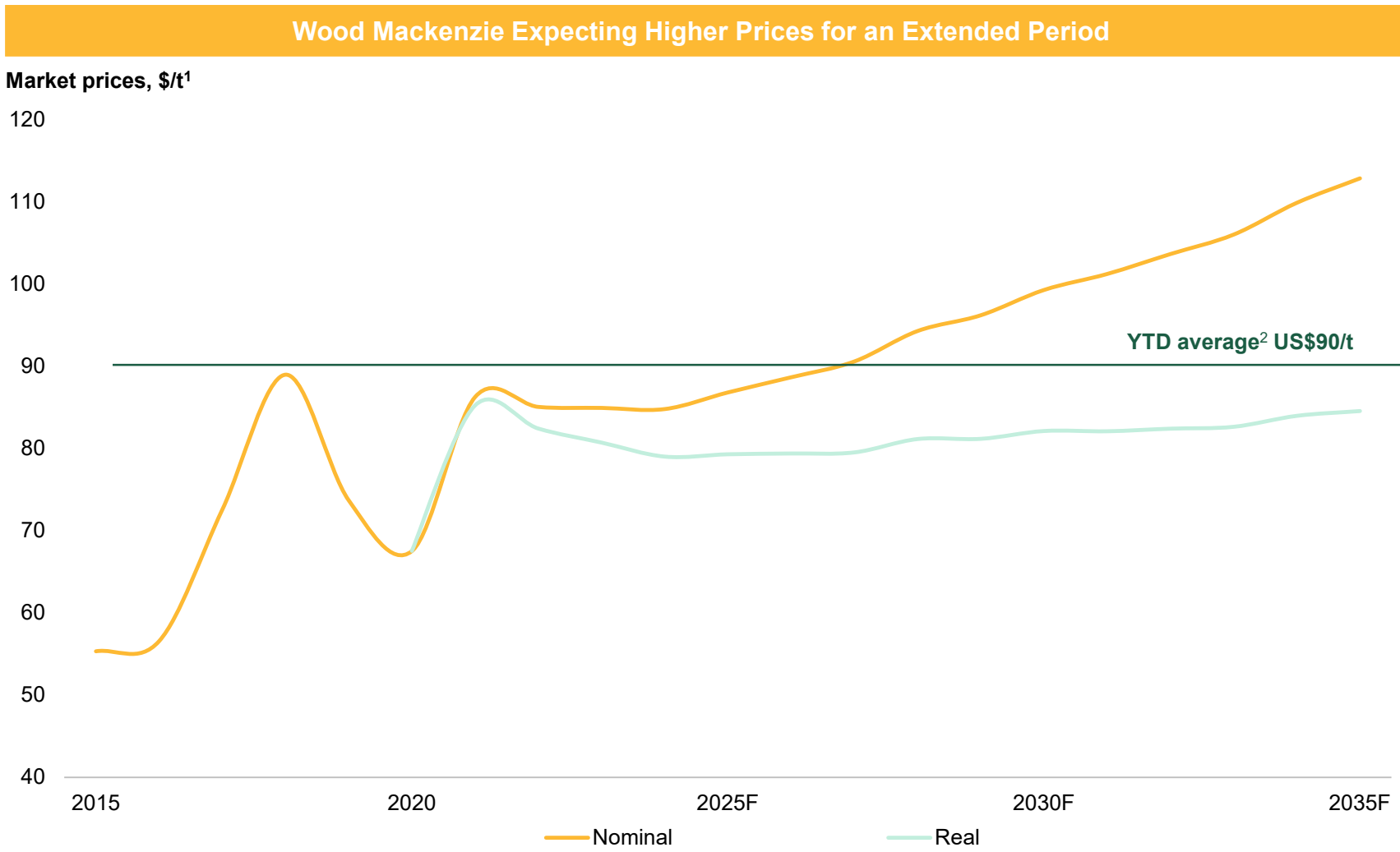
- Total South African seaborne supply forecast to decline by 23 Mt between 2020 and 2035
- Production capacity is forecast to decline as coal reserves are depleted at currently operating mines
- On a global basis, the story is similar with export supply from operating mines globally reducing from c.950 Mt in 2020 to c.750Mt by 2030



Source: Wood Mackenzie data and forecasts

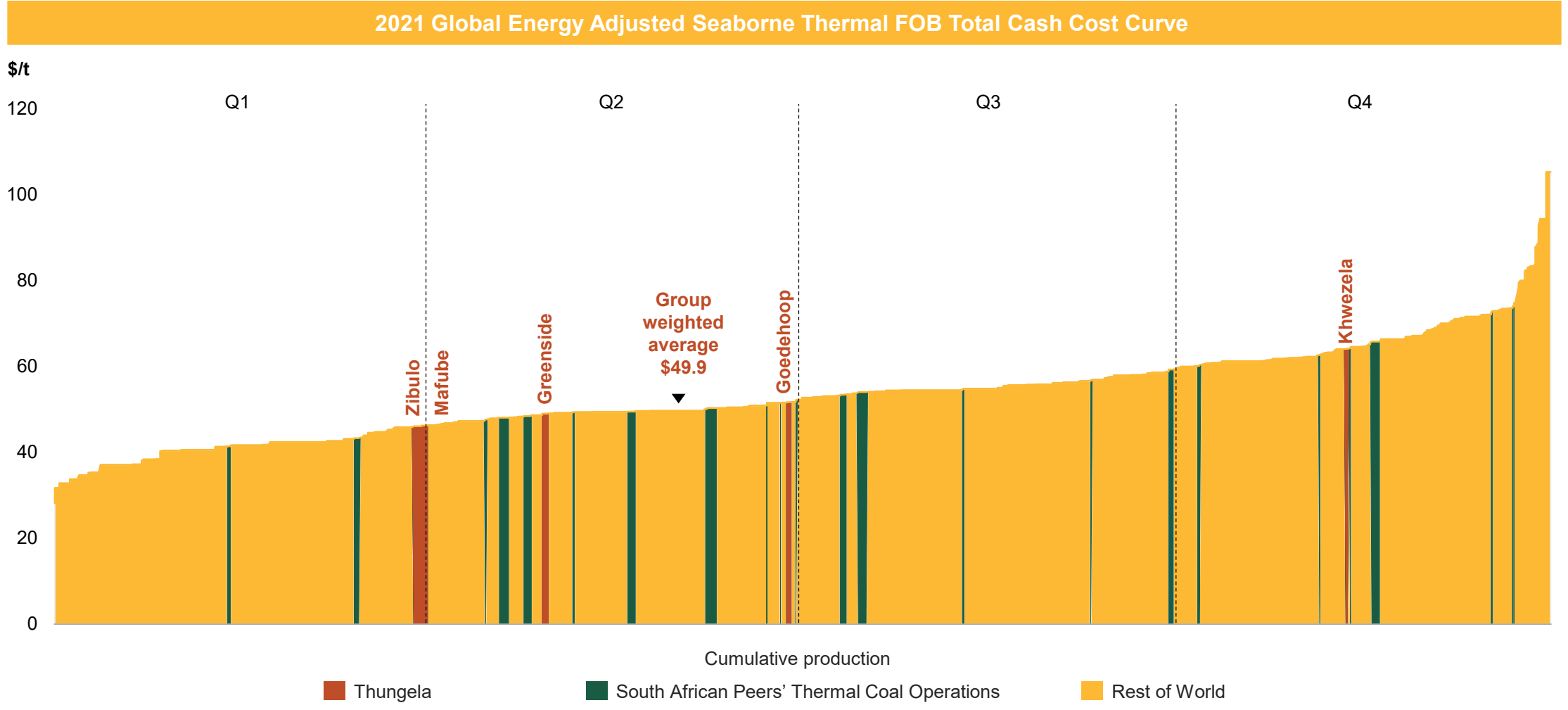
# These Positive Fundamentals are Supporting Higher Prices

- Our range of calorific export products are well-suited to this environment
- Prices of thermal coal have recovered from the lows of 2020
- Demand recovery and increases in new coal-fired power capacity will support prices to recover and stabilise at marginal cost levels



**Notes:**  
 1. FOB South Africa market price in US\$/t; Wood Mackenzie price forecasts in nominal terms (2% inflation assumed to convert from Wood Mackenzie price forecasts which are in 2020 real terms)  
 2. FOB South Africa average market price from 1 January 2021 to 4 May 2021

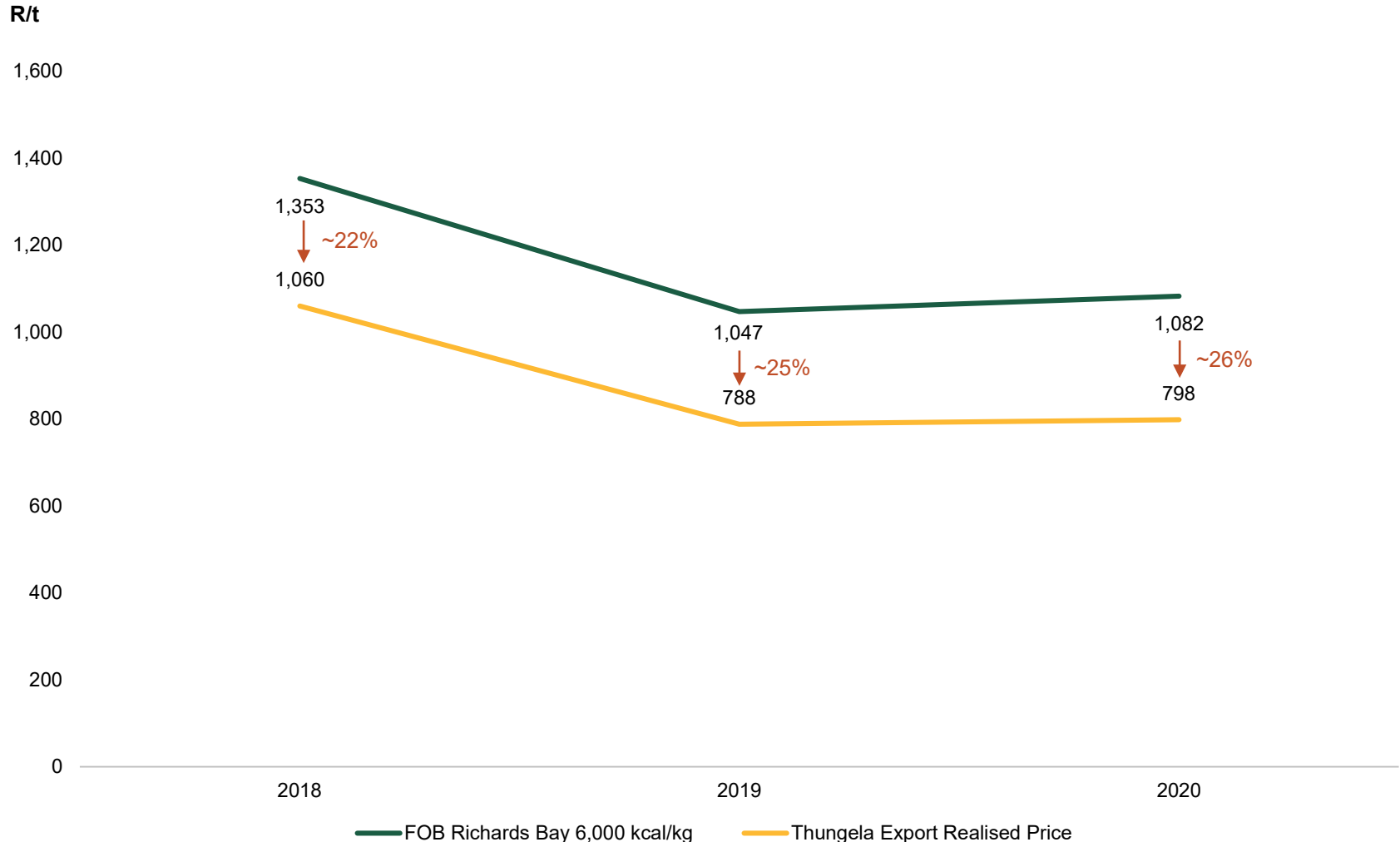
# Majority of Thungela's Assets are Low on the Cost Curve



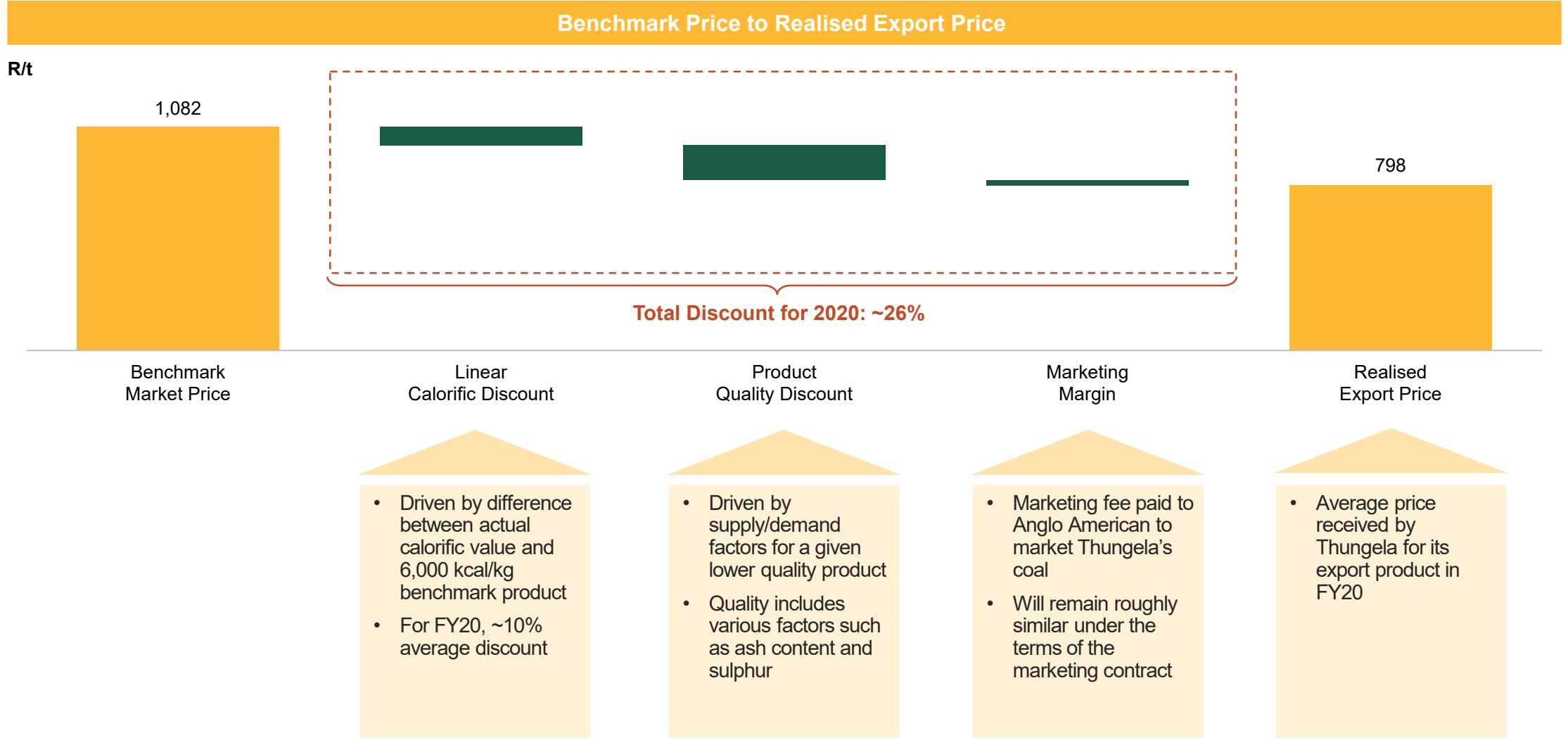
Source: Wood Mackenzie data and forecasts

# Pricing Mechanics for South African Export Thermal Coal

- South African benchmark thermal coal price is FOB Richards Bay 6,000 kcal/kg R/t
- Average realised prices for export thermal coal differs from the benchmark due to:
  - Relative difference between the calorific value sold and the benchmark
  - Specific quality discounts (e.g. ash, sulphur)
  - Timing differences between the contract price and spot prices



# Reconciliation of 2020 Benchmark to Realised Price



# Brief Overview of Domestic Contracts

## Isibonelo

- On 2 July 2019, Thungela and Sasol entered into an agreement for the supply of coal by the Isibonelo colliery to Sasol Synfuels
- Agreement expires on 30 June 2025 unless extended
- Pricing is based on various indices and adjusted annually
  - In FY20, Isibonelo supplied Sasol with 4.2 Mt of thermal coal, generating R1,476m of revenue

## Rietvlei

- Rietvlei produces thermal coal which is currently all sold to Eskom under a coal supply agreement
- Delivered price is negotiated with Eskom at the time of contract renewal
- Coal supply based on recurring short-term contracts, current agreement expires on 28 February 2024
  - In FY20, Rietvlei supplied 2.5 Mt of thermal coal to Eskom, generating R1,049m of revenue

## Mineral Residue Deposit (“MRD”)

- This is a by-product of Thungela’s production and is a result of previously mined product that has been placed on residue deposits
- Sold into the domestic market dependent on buyer demand
- Generally short-term contracts with buyers on an as-needs basis

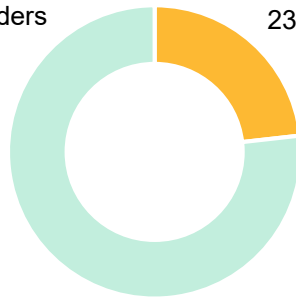
# Richards Bay Coal Terminal - A Leading Global Coal Export Terminal

- Thungela has an **equity ownership of 23.2%** in the operating company of the Richards Bay Coal Terminal (RBCT)
- RBCT has undergone several expansions since its commissioning in 1976, with design capacity now at **91 Mtpa**
- Terminal operates on a **24-hour basis**
- Operates 2.2km quay with 6 berths, four ship loaders and **stockyard capacity available to shareholders of 8.2Mt**
- All Thungela export product is **exported through RBCT**



- Well positioned on established rail network
- Guaranteed access to key export markets

Other shareholders  
77%



Thungela  
23%



Entitled to 19.8  
Mtpa of 91Mtpa





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**Section 4**

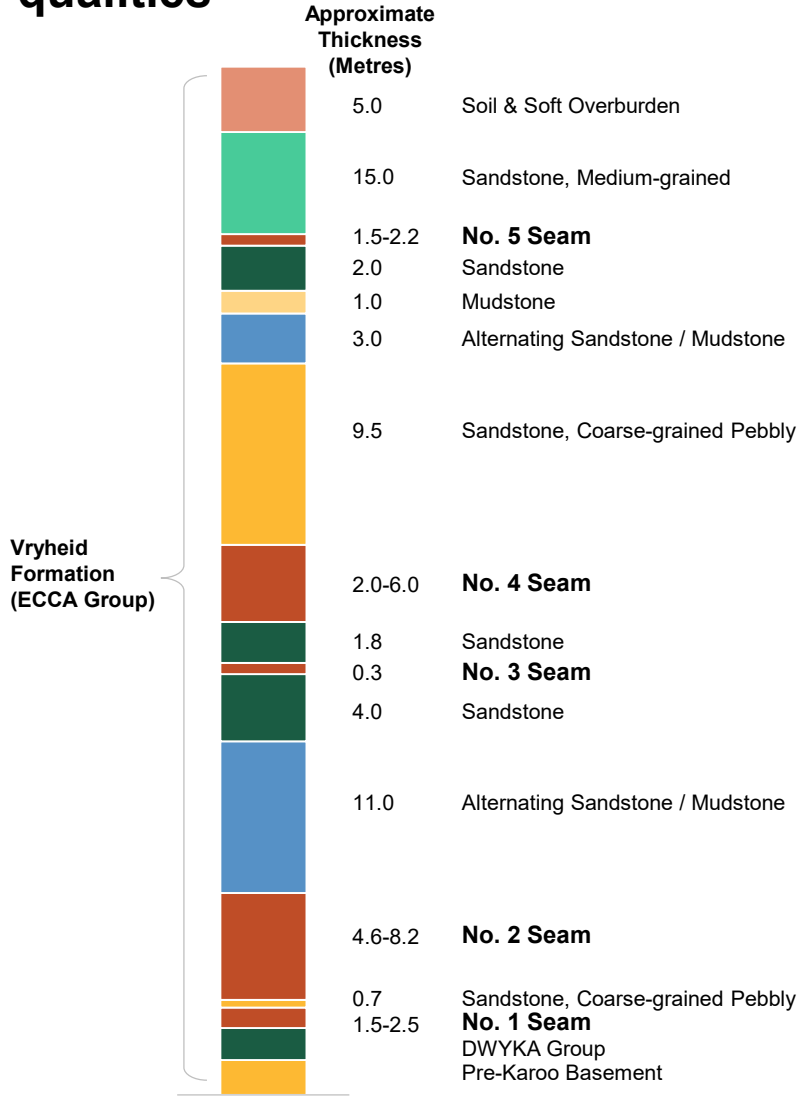
**Reserves and Resources**

**Leslie Martin**



# Coal Resources in the Coalfield

4 economic seams and MRDs form the basis of a primary product and middlings of varying qualities



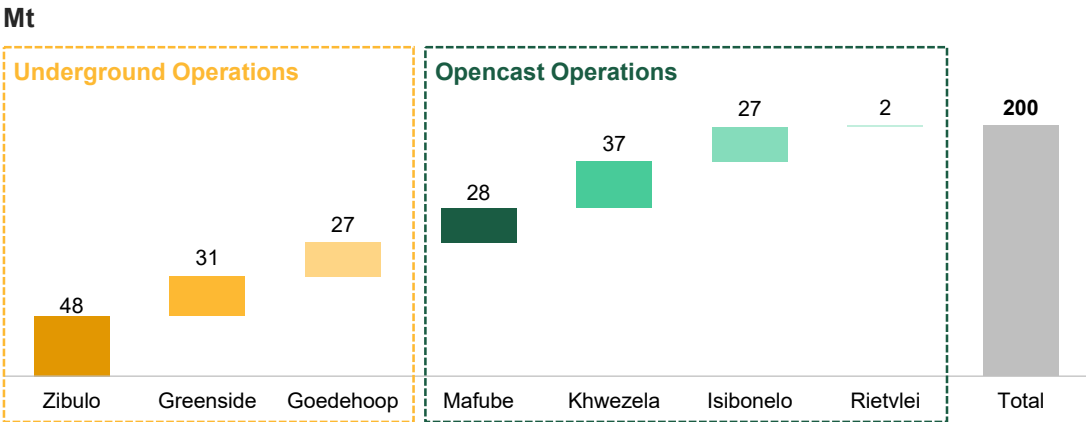
- **No. 5 Seam** - high quality shallow and relatively thin seam that is not very persistent over the basin. Where present, it has generally been mined extensively by UG methods
- **No. 4 Seam** - high to medium quality seam, varying in thickness from ~2 to ~6m
- **No. 3 Seam** - very thin seam, and hence uneconomic; not exploited at any of our collieries
- **No. 2 Seam** - relatively thick seam with the lower, high-quality section of the seam previously extensively mined by UG mining methods over a large portion of the coal basin
- **No. 1 Seam** - seam of low medium thickness, varying in quality from average to good

- **Middling** - secondary product derived from the beneficiation process. In plants designed for this purpose, a secondary medium to lower quality saleable coal is derived from the washing process at a minimal incremental cost in addition to the primary, higher quality product

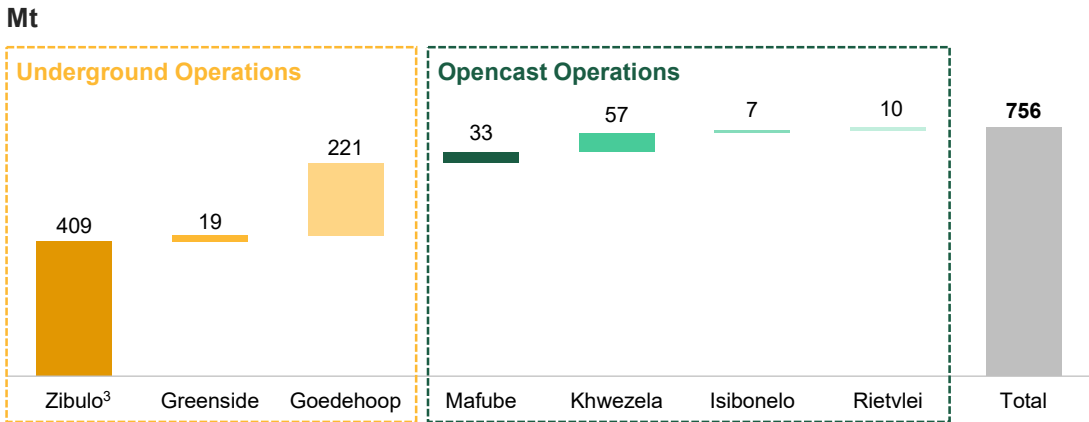
- **Mineral Residue Deposit (MRD)** - facility containing the remainder of previously processed material. More modern and more efficient beneficiation techniques together with demand for lower energy products opened up opportunities for re-processing this material

# Well Diversified Portfolio with Further Brownfield Optionality

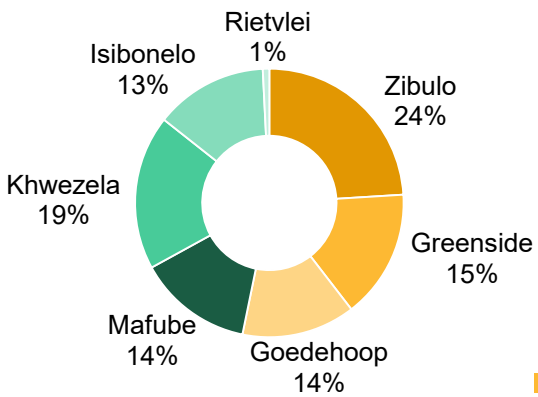
2020 Attributable Reserves<sup>1</sup>



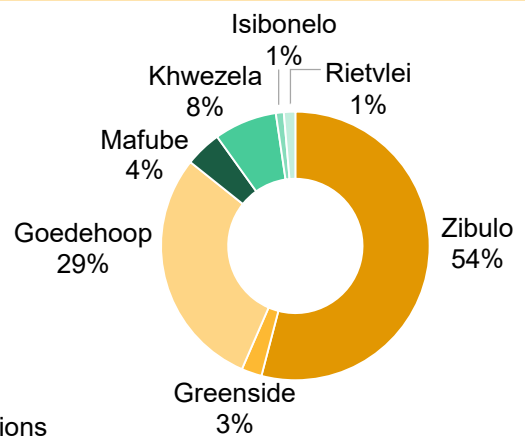
2020 Attributable Resources<sup>2</sup>



Share of Reserves<sup>1</sup>



Share of Resources<sup>2</sup>

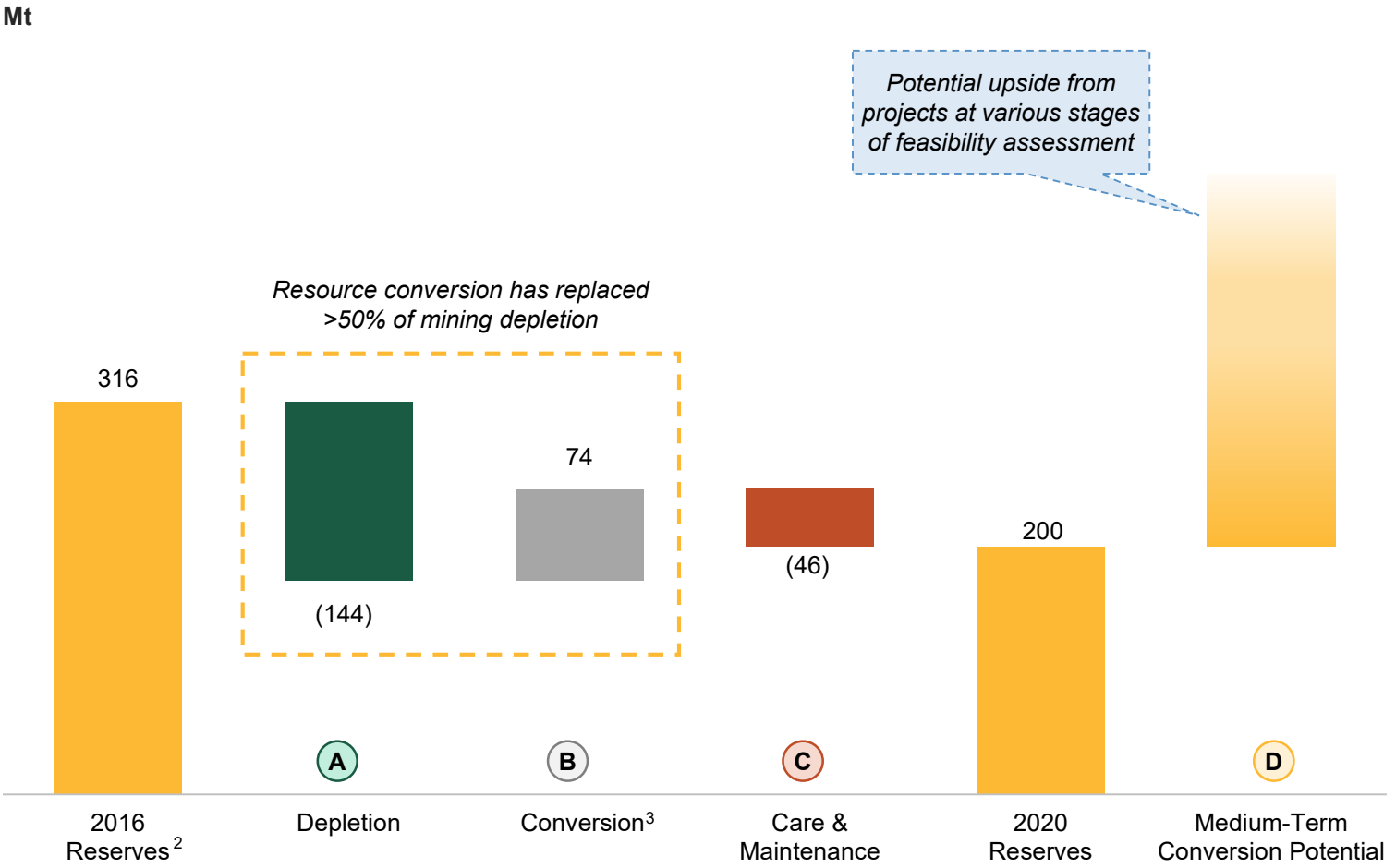


Notes:

1. ROM tonnes - total proved and probable reserves including from mineral residue deposit operations of Goedehoop and Greenside attributable to Thungela Resources as at 31-Dec-20
2. Total mineable tonnes in situ (MTIS) resources include measured, indicated and inferred resources attributable to Thungela Resources and include resources from the mineral residue deposit at Greenside but exclude the Greenfield projects, any coal that is in reserves and resources related to non-operating assets
3. Includes attributable MTIS from Zondagsfontein West project

# Opportunity to Refocus on Reserves Replacement with Focused Capital Allocation

## Attributable Reserves Evolution<sup>1</sup>

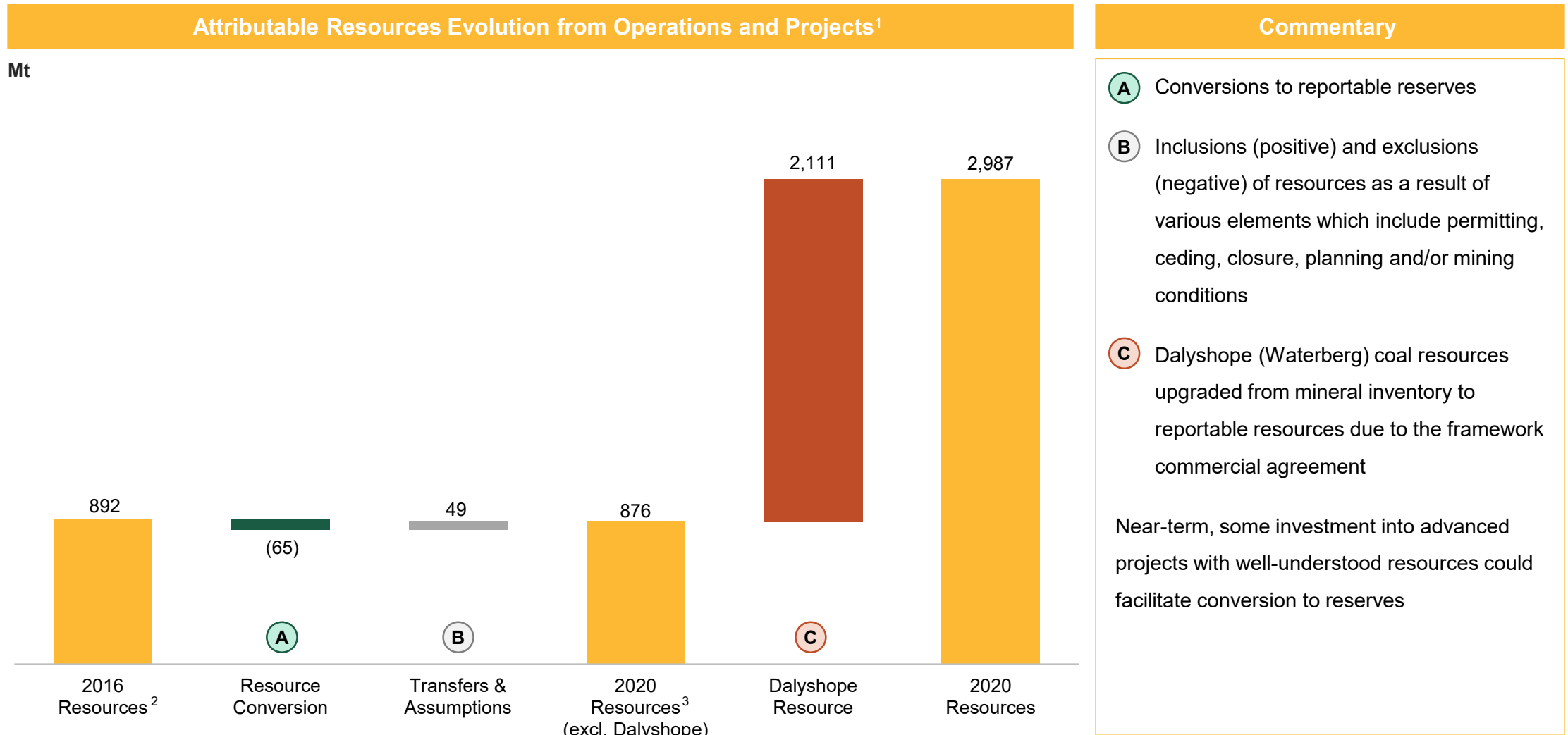


## Commentary

- A** Thermal coal production from reserves from 2017 to 2020
- B** Conversions from reportable resources and mineral inventory
- C** Main contributor was placing Kleinkopje on care & maintenance
- D** Potential tonnage from lifex and projects

**Notes:** Estimates for visual representation based on company assumptions  
 1. ROM tonnes - total proved and probable reserves attributable to Thungela Resources and include resources from mineral residue deposits at Goedehoop and Greenside  
 2. Based on 2020 asset perimeter  
 3. Includes assumptions and new information

# Significant Resource Potential from Projects



## Commentary

- A** Conversions to reportable reserves
- B** Inclusions (positive) and exclusions (negative) of resources as a result of various elements which include permitting, ceding, closure, planning and/or mining conditions
- C** Dalyshope (Waterberg) coal resources upgraded from mineral inventory to reportable resources due to the framework commercial agreement

Near-term, some investment into advanced projects with well-understood resources could facilitate conversion to reserves

**Notes:** Estimates for visual representation based on company assumptions

1. Total mineable tonnes in situ (MTIS) resources include measured, indicated and inferred resources attributable to Thungela Resources and include resources from the mineral residue deposit at Greenside but exclude any coal that is in reserves
2. Based on 2020 asset perimeter
3. Includes resources from the Elders Project (~120Mt)

# Asset Overview of Reserve and Resource Base

Asset	Attributable ROM Reserves <sup>1</sup> (Mt)	Attributable Saleable Reserves <sup>1</sup> (Mt)	Calorific Value <sup>1,2</sup> (kcal / kg)	Attributable Resources <sup>1,3</sup> (Mt)
Zibulo	48.0	34.5	6,010	408.7
Greenside	31.0	21.1	5,740	18.5
Goedehoop	27.3	17.5	5,180	220.8
Mafube	27.6	18.0	5,400	33.1
Khwezela	37.2	17.4	5,990	57.2
Isibonelo	27.1	27.1	4,670	7.2
Rietvlei	1.6	1.6	5,020	10.4
Elders				120.2
Dalyshope				2,111.4
<b>Total</b>	<b>199.8</b>	<b>137.2</b>	<b>5,500</b>	<b>2,987.5</b>

**Notes:**

1. Rounding of figures may cause computational discrepancies
2. Weighted average saleable quality, reported on a gross as received basis, rounded to the nearest 10 kcal / kg
3. Total mineable tonnes in situ (MTIS) resources include measured, indicated and inferred resources attributable to Thungela Resources and include resources from the mineral residue deposit at Greenside as well as resources from Greenfield Projects but exclude any coal that is in reserves

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**Section 5**

**Introduction to the Assets**

**Johan Van Schalkwyk and Leslie Martin**



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# Asset Overviews

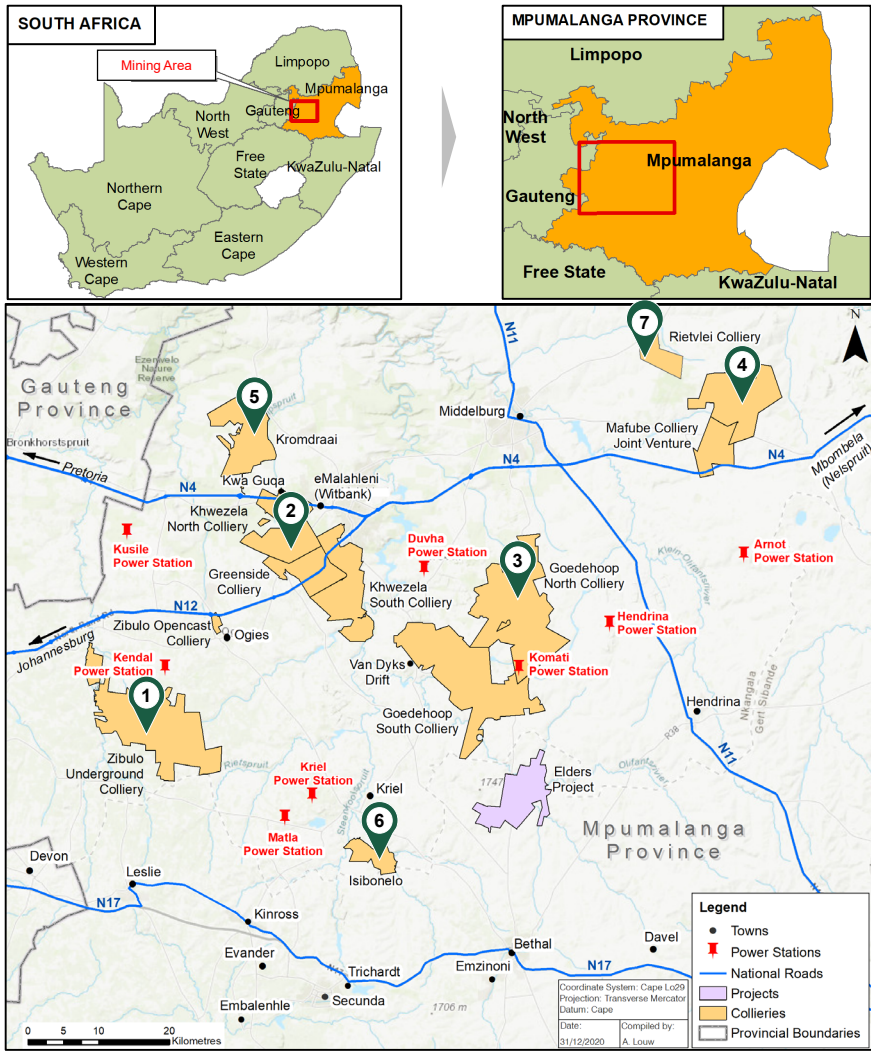
Section 5 A

Johan Van Schalkwyk



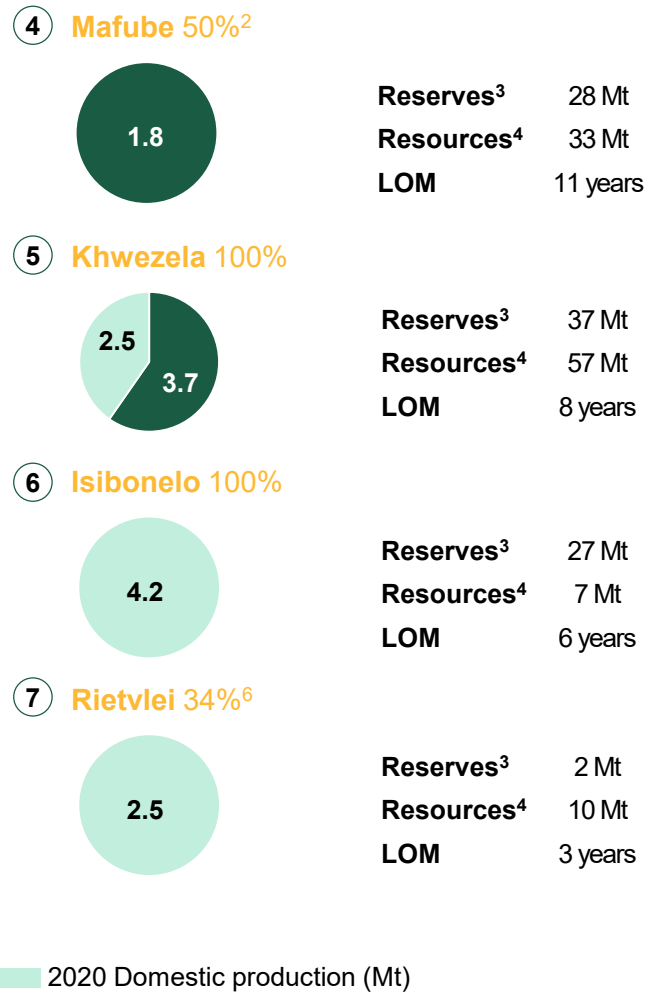
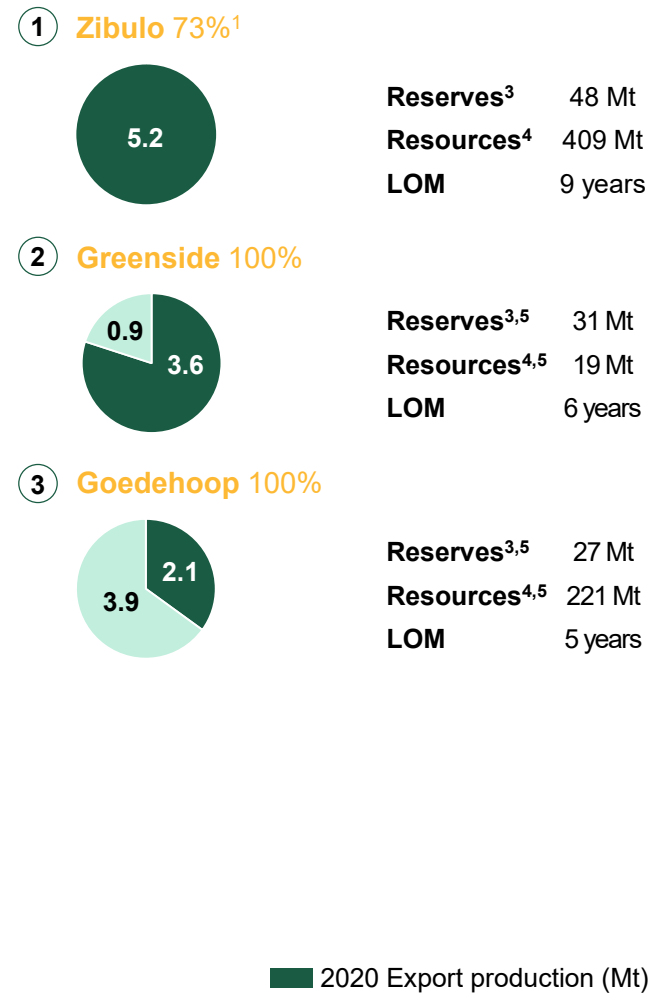


# High Quality Operations Delivering Premium Products



## Underground Operations

## Open Cast Operations



**Notes:**

- 73% interest in Zibulo through Anglo Inyosi Coal
- 50% ownership in Mafube with Exxaro as other shareholder
- ROM tonnes in Reserve

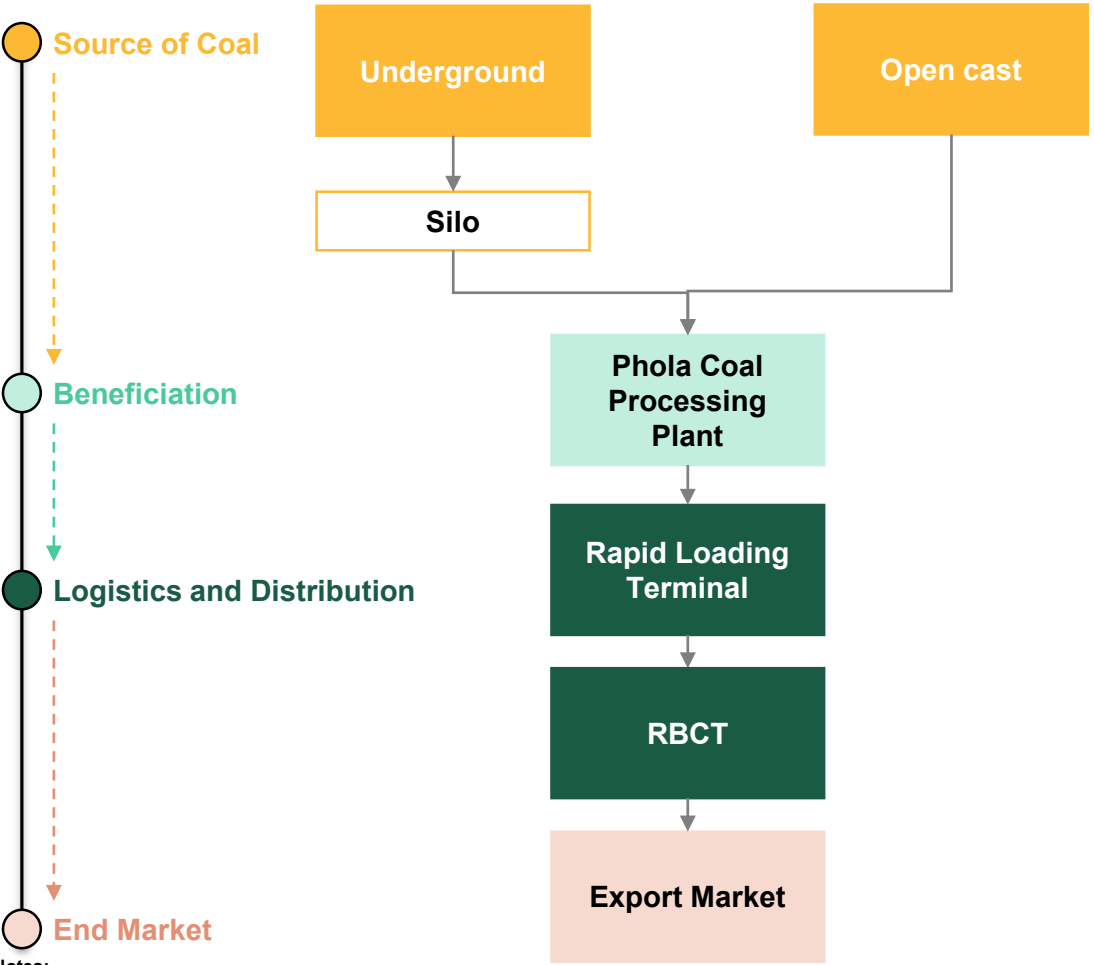
- Resources exclusive of reserve
- Reserve and Resource numbers above contain MRD
- Effective 34% ownership of Rietvlei through Butsanani Energy

■ 2020 Export production (Mt) ■ 2020 Domestic production (Mt)

# Zibulo Overview

## Multi-product mine delivering high quality export coal

### Operation Schematic



### Key Mine Facts

**73%**  
Thungela  
Ownership

Owned and  
Managed  
Operation



**General Manager**  
**Tman Mphokane**  
(20 years experience)

**KEY HIGHLIGHTS**

- Large underground mechanised bord and pillar mining operation
- Small open cast pit operation
- ROM reserves<sup>1</sup> of 48Mt and a LOM of 9 years
- Significant life of mine extension potential
- Phola Coal Processing Plant is 50/50 JV with South 32
- Two product streams - Export and Middlings<sup>2,3</sup>

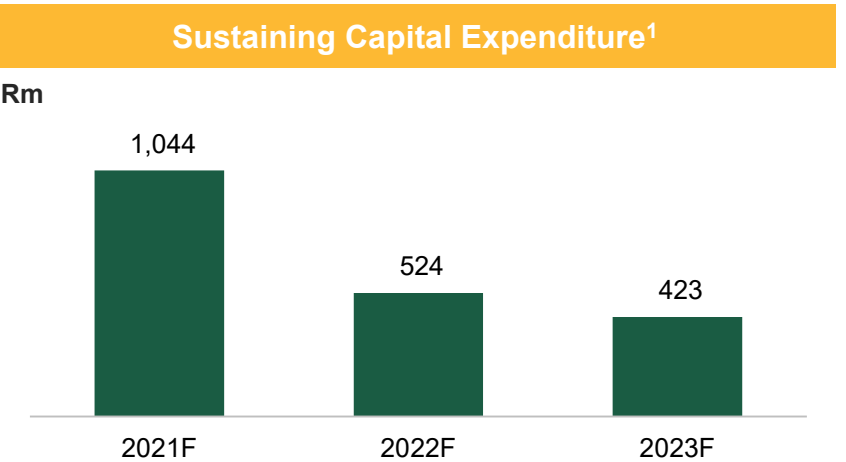
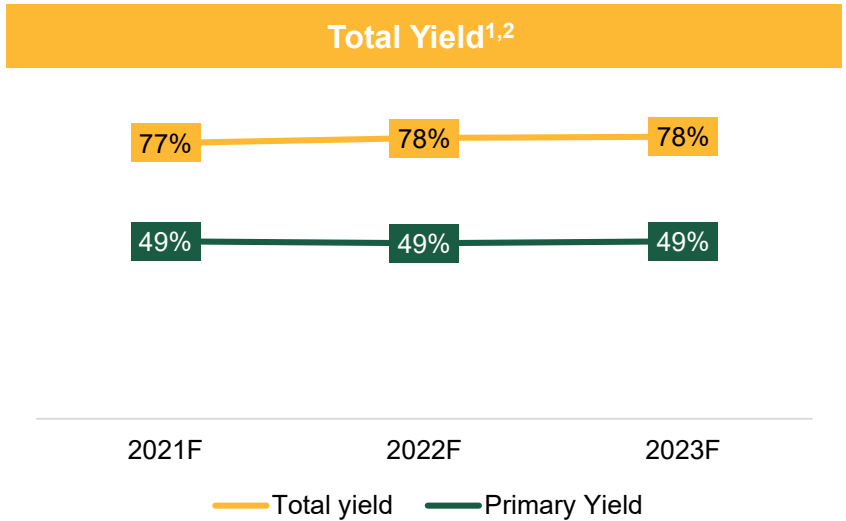
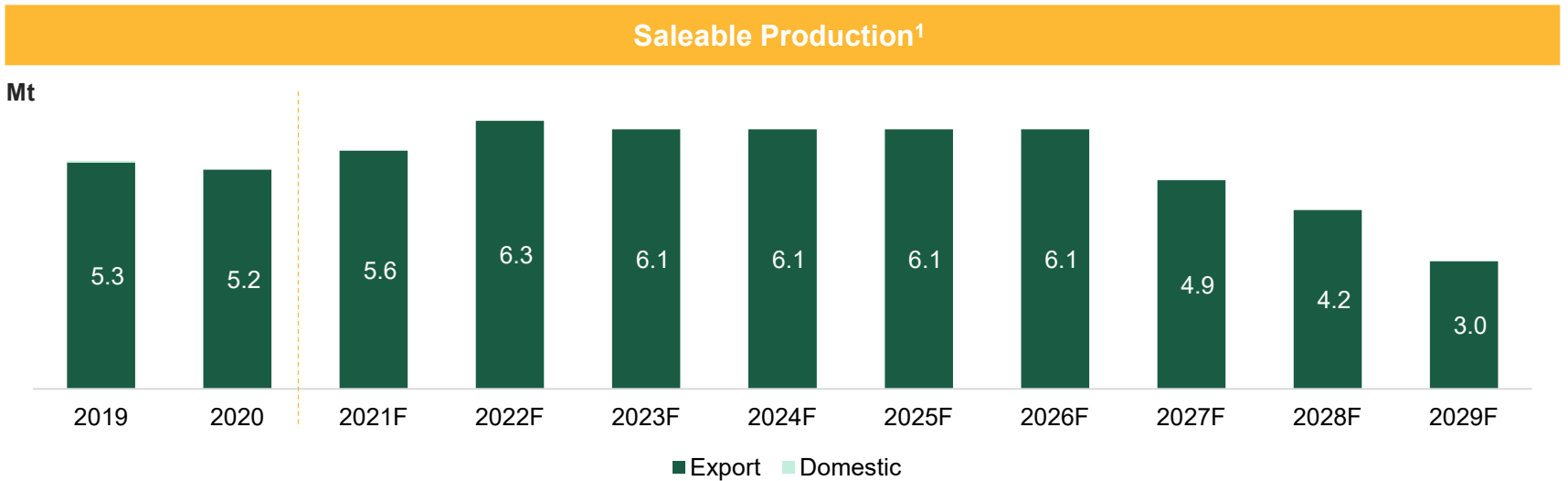
**Notes:**

1. Reserves available expressed as ROM tonnes
2. Middlings product refers to the first wash by product at the plant
3. The Zibulo middlings product (4,800 kcal/kg secondary product) can be split between domestic and/or export markets depending on rail and market considerations at that point in time

# Zibulo Plan

## Produces premium export product and middlings product

- Consistent saleable production over LOM
- Primary yield ~50%, 6,000 kcal/kg product
- First quartile of the global seaborne cost curve
- Stripping and development for accessing the northern UG reserve and the new OC boxcut, increases capital in 2021



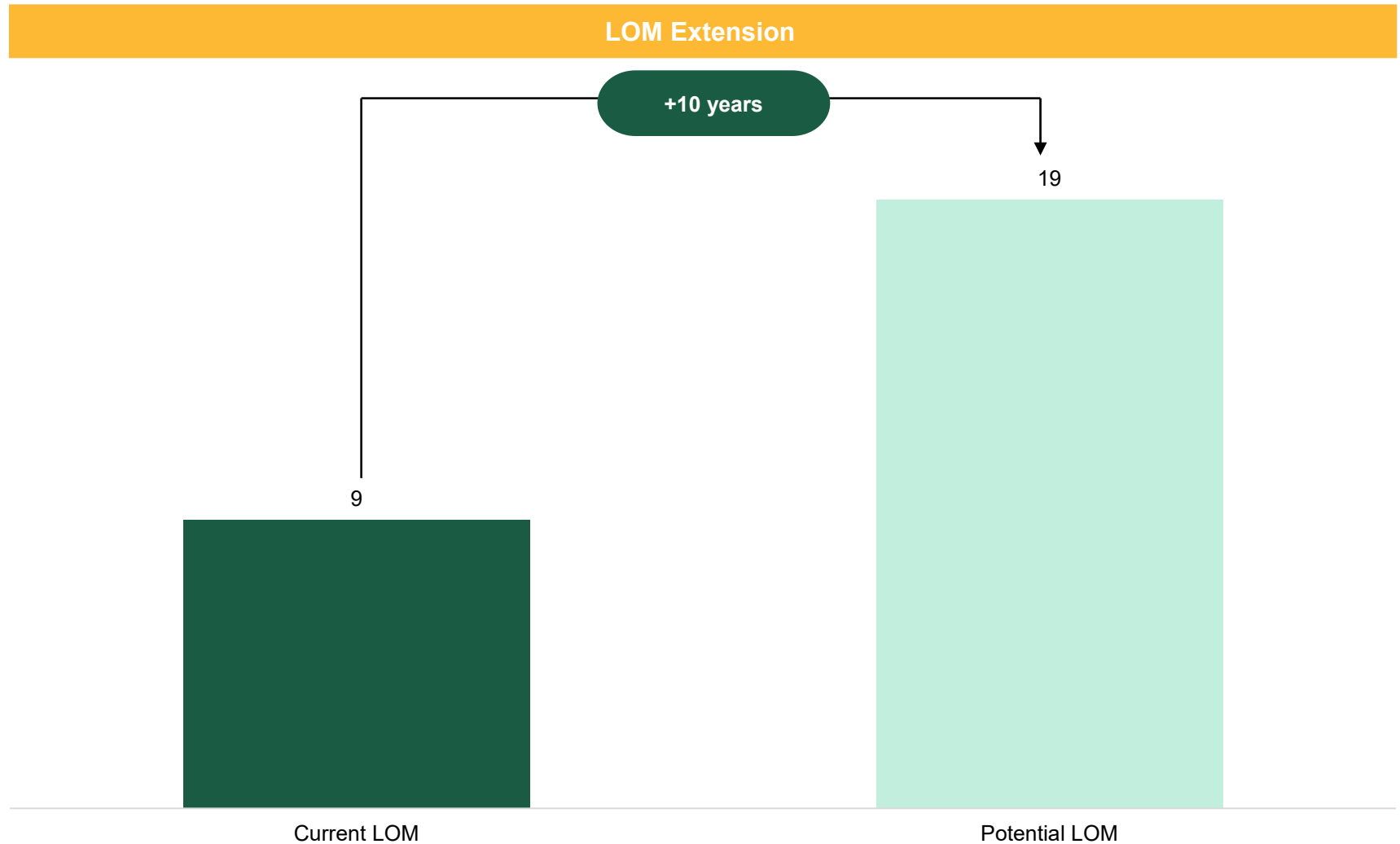
**Notes:**  
 1. Information sourced from the CPR  
 2. Inferred from CPR information

# Zibulo Life Extension

## Could add 10 years of life

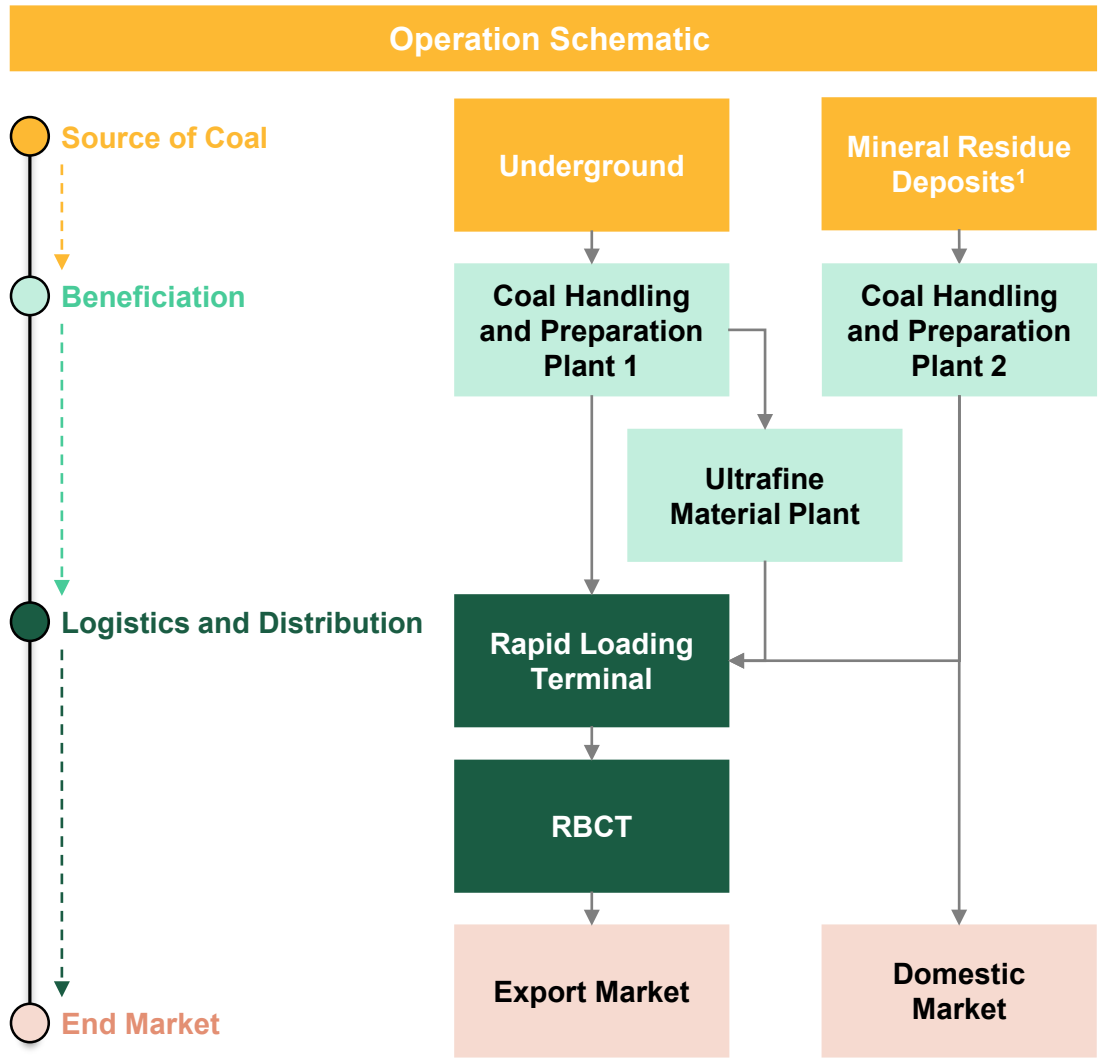
### Zibulo

- Progressing to feasibility study phase
- Project focusing on extraction of 2 Seam coal
- Adds c.10 years to current LOM
- c.8.4Mt of ROM production per annum



# Greenside Overview

Export product mine with additional product from MRD



**Key Mine Facts**

- 100% Thungela Ownership
- Owned and Managed Operation
-  **General Manager**  
Neo Monareng (19 years experience)

**KEY HIGHLIGHTS**

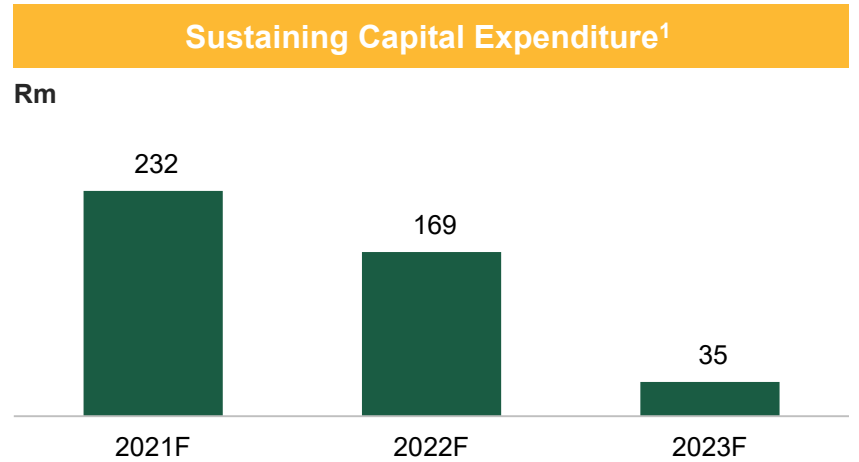
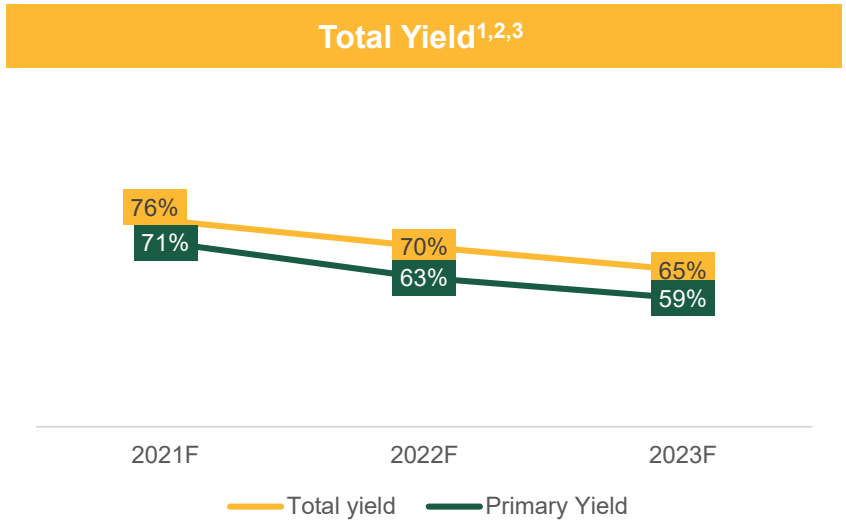
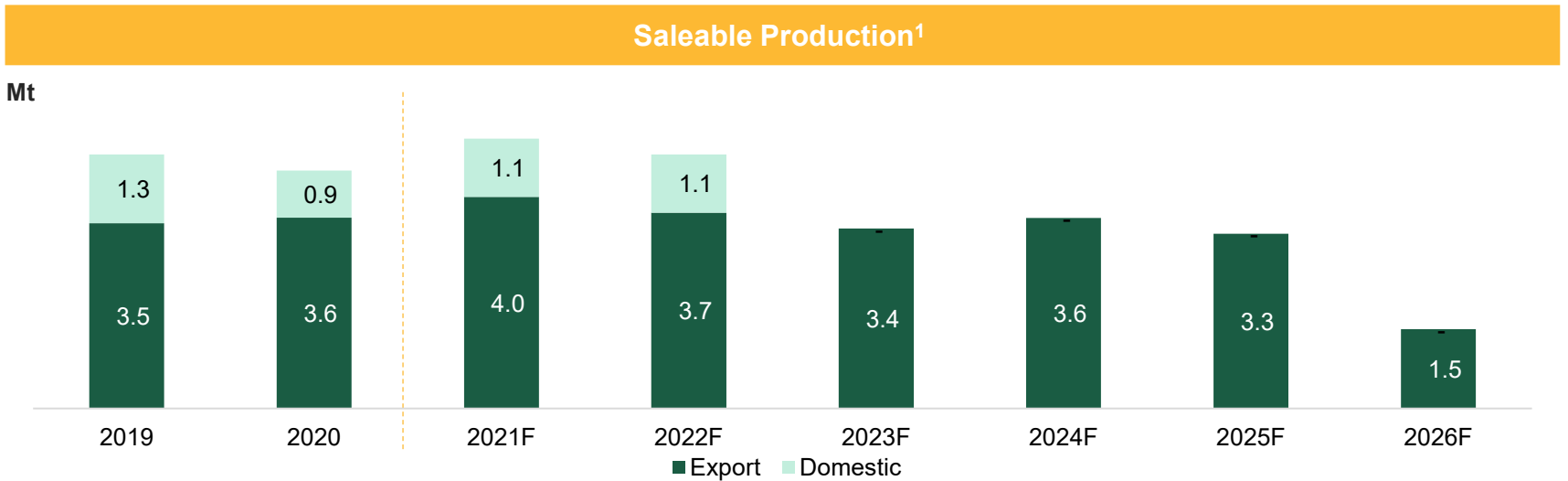
- Underground mechanised bord and pillar mining operation
- Targeting extraction of the 4 Seam
- ROM reserves<sup>2</sup> of 31Mt and a LOM of 6 years
- Two sources of coal - Underground and MRD
- Two product streams – Primary export and Middlings (Middlings can be supplied to export or domestic market)

**Notes:**  
 1. Mineral Residue Deposits ("MRD") are previously mined material that has been placed on Residue Stockpiles  
 2. Reserves available expressed as ROM tonnes

# Greenside Plan

## Progressing to fully export focused production

- Primary export saleable production fairly consistent over the next 5 years
- Product flexibility in terms of market supply (domestic vs export)
- LOM targeting exclusively export production form 2023 onwards
- Primary product LOM yield ~63%, 5,800 kcal/kg product
- Second quartile of the global seaborne cost curve
- Stripping and development capex in 2021 plan enables full access to the east block in the latter part of 2021

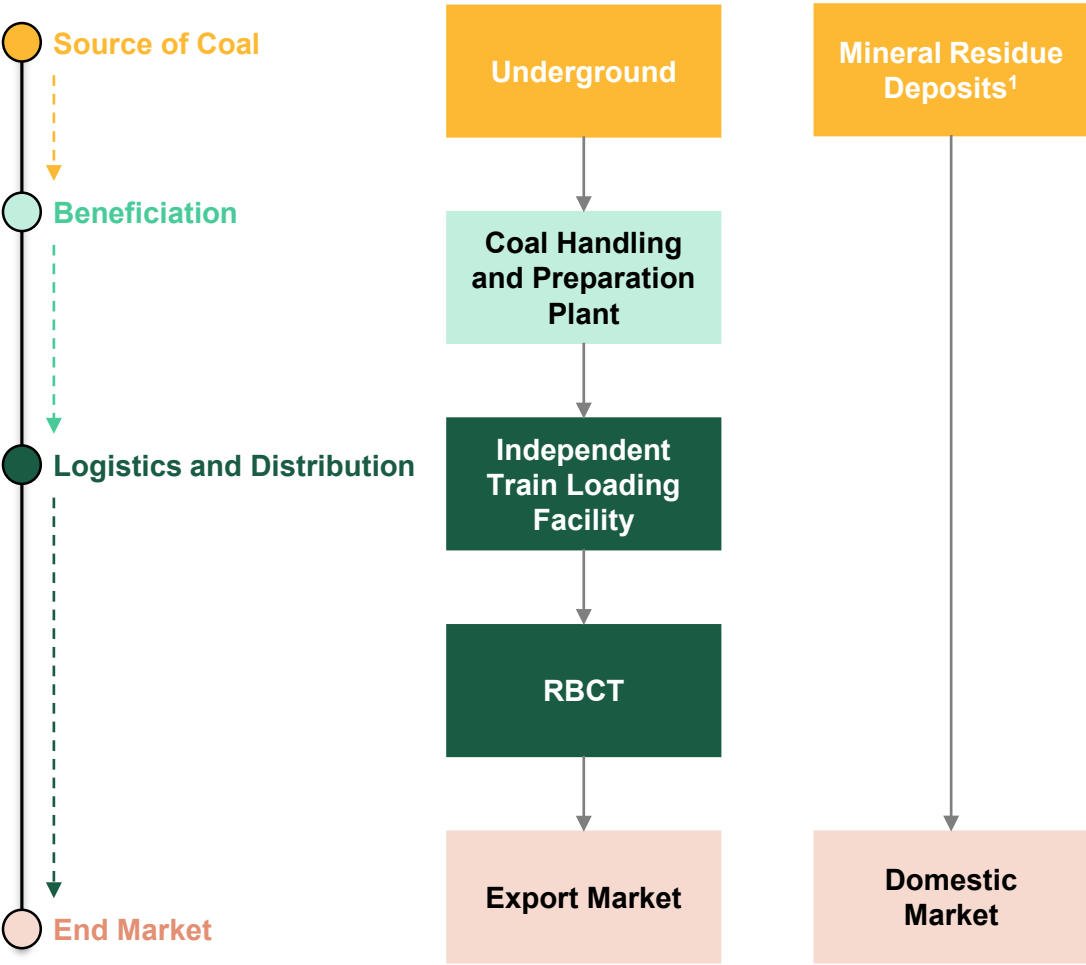


**Notes:**  
 1. Information sourced from the CPR  
 2. Inferred from CPR information  
 3. Yield from underground production

# Goedehoop Overview

Underground export operation with domestic product from MRD

## Operation Schematic



## Key Mine Facts

**100%** Thungela Ownership

Owned and Managed Operation



**General Manager**  
**Dawid Taljaard**  
(31 years experience)

**KEY HIGHLIGHTS**

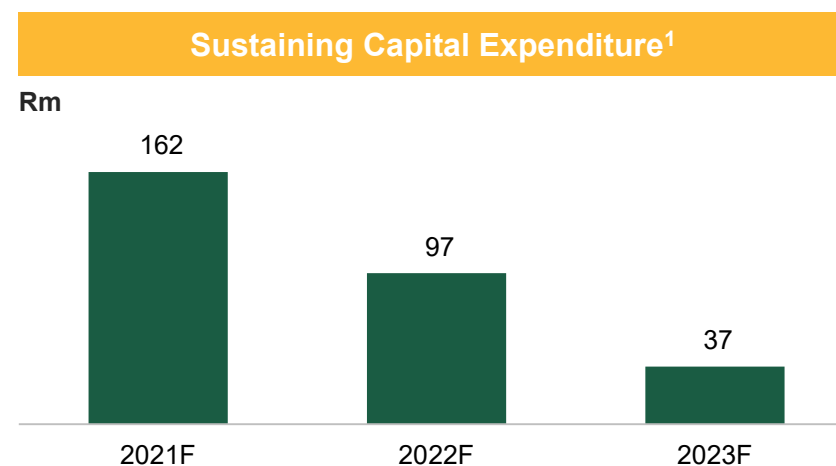
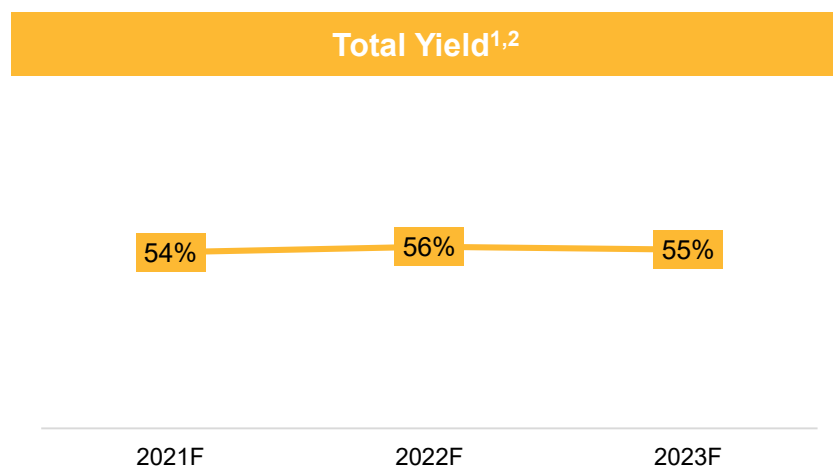
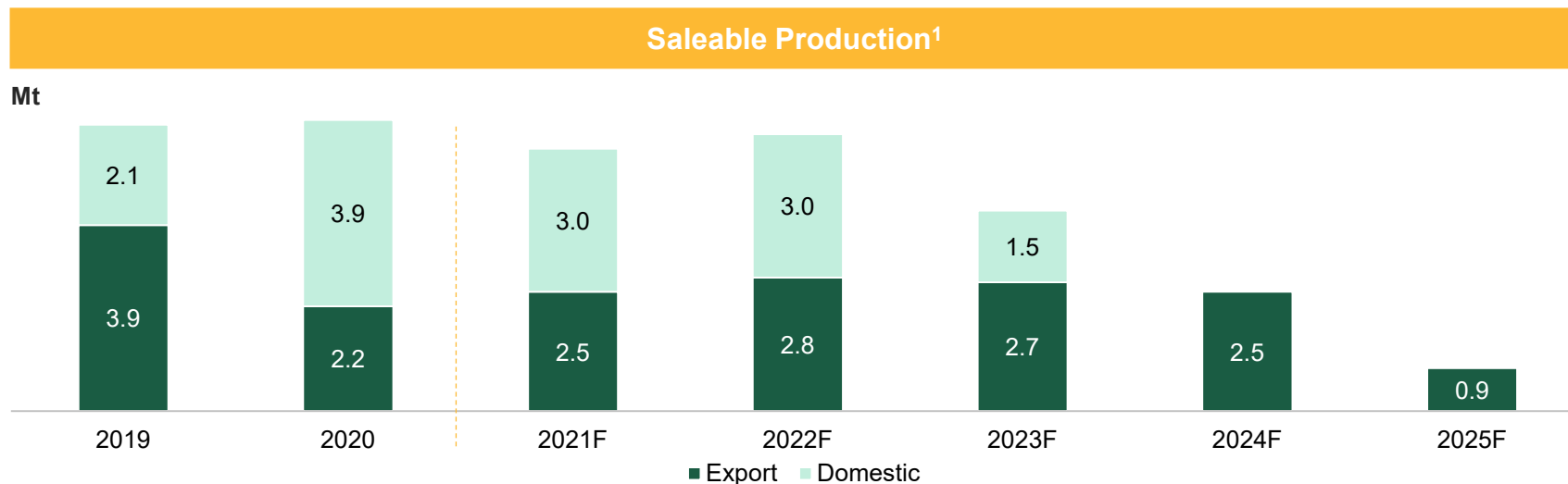
- Underground mechanised bord and pillar mining operation
- Targeting extraction of the 2 and 4 Seams
- ROM reserves<sup>2</sup> of 27Mt and a LOM of 5 years
- Producing export quality coal
- Domestic production from MRD and sold as a raw product

**Notes:**  
 1. Mineral Residue Deposits ("MRD") are previously mined material that has been placed on Residue Stockpiles  
 2. Reserves available expressed as ROM tonnes

# Goedehoop Plan

## Two shift mechanised bord and pillar operation

- Saleable export production consistent over the next 3 years
- Domestic MRD production ends in 2023
- Primary product yield ~55%, 5,700 kcal/kg product
- Positioned within the second quartile of the global seaborne cost curve
- Lower capital costs as the mine ramps down



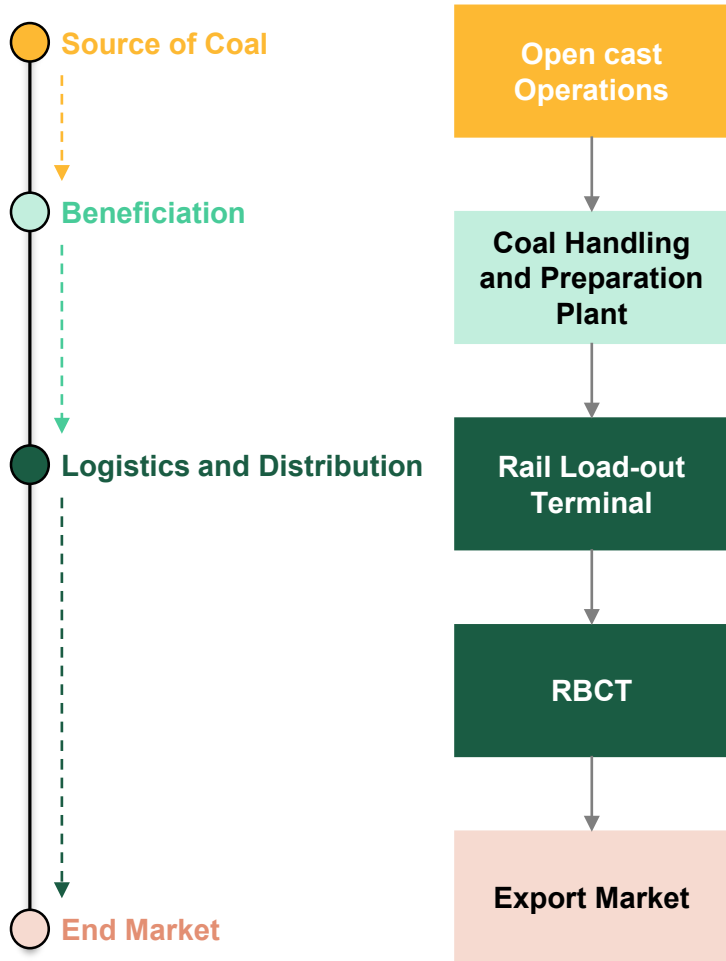
**Notes:**  
 1. Information sourced from the CPR  
 2. Inferred from CPR information



# Mafube Overview

Joint ownership operation producing exclusively for the export market

## Operation Schematic



## Key Mine Facts

**50%**  
Thungela  
Ownership

Joint Venture  
Operation –  
Independently  
Managed



**General Manager**

**Shepherd Nkadimeng**  
(17 years experience)

### KEY HIGHLIGHTS

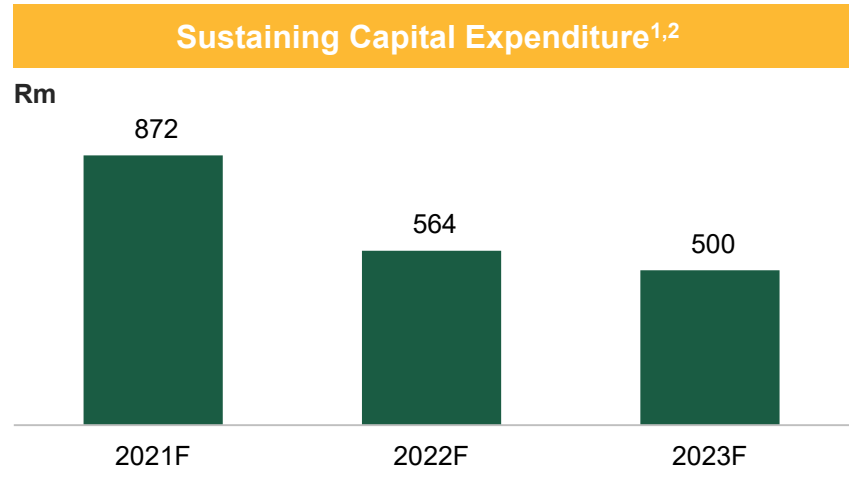
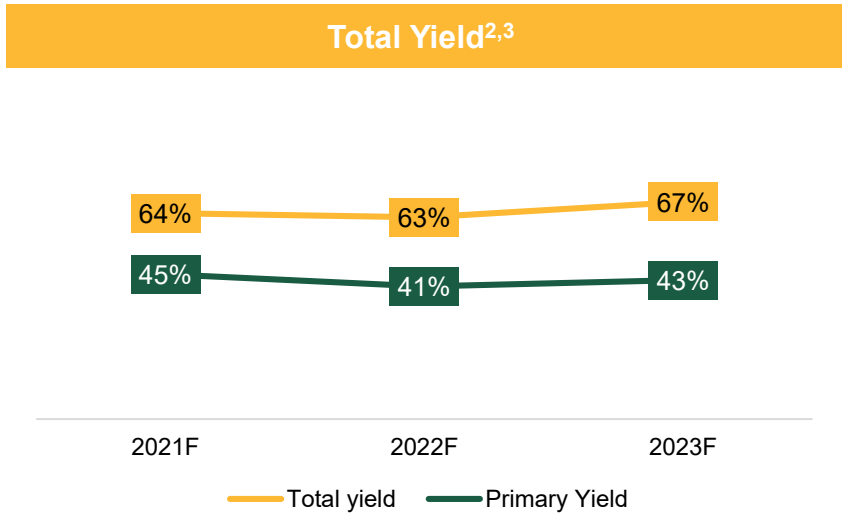
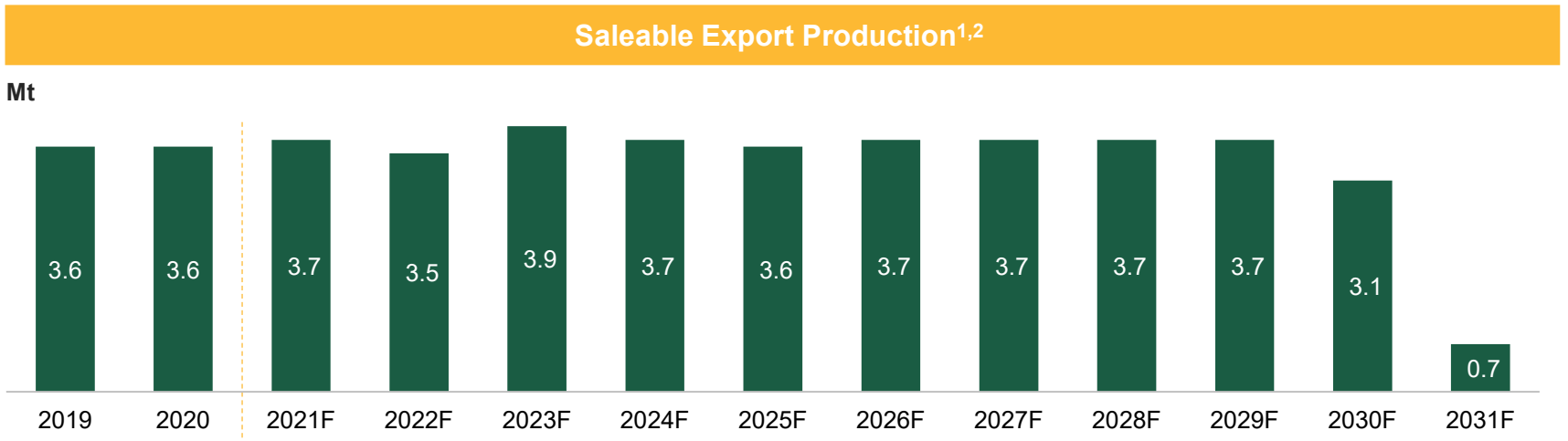
- Long life open cast mining operation with a low strip ratio
- Targeting extraction of the 4, 2 and 1 Seams
- Attributable ROM reserves<sup>1</sup> of 28Mt and a LOM of 11 years
- Significant life of mine extension potential
- Two product streams - Export and Middlings

Notes:  
1. Reserves available expressed as ROM tonnes

# Mafube Plan

## Production of consistently high-quality export product

- Consistent delivery of >3.5Mt of saleable product over LOM
- Positioned within the second quartile of the global seaborne cost curve
- Primary product yield ~40%, 5850 kcal/kg product
- Product mix is flexible over life
- Sustaining capex in 2021 relates to equipment overhauls

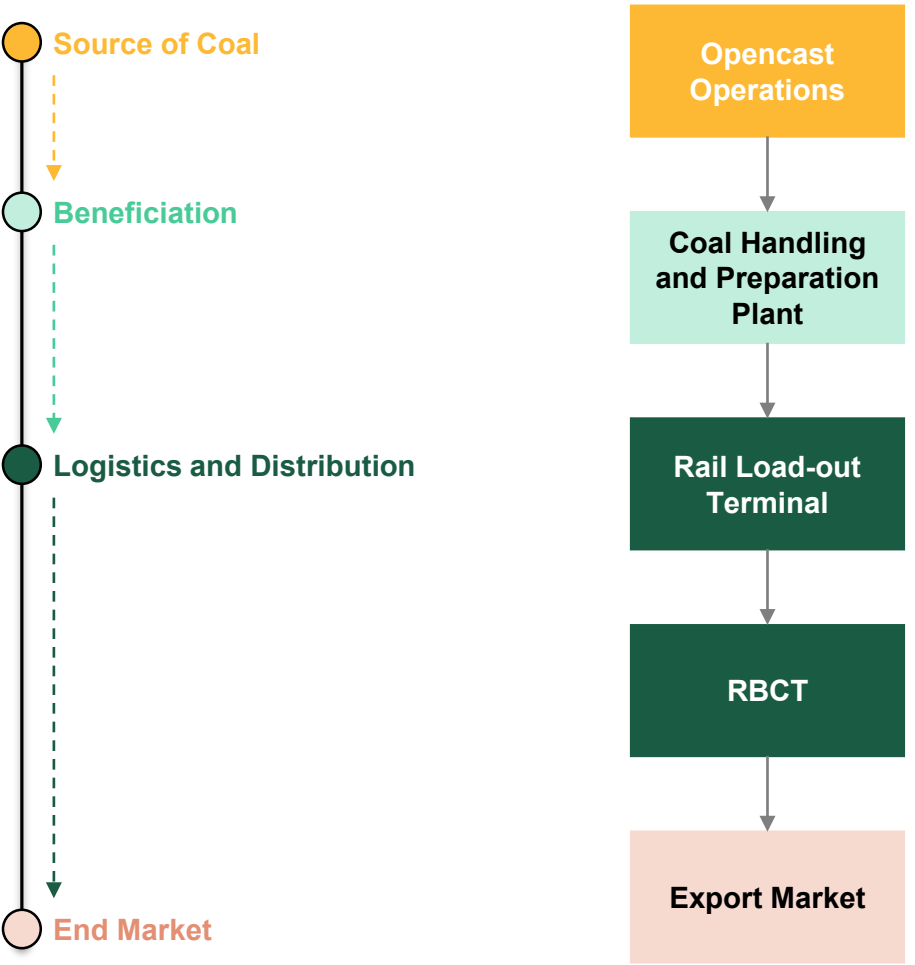


Notes:  
 1. All information shown on 100% basis  
 2. Information sourced from the CPR  
 3. Inferred from CPR information

# Khwezela Overview

## Export product from new Navigation section

### Operation Schematic



### Key Mine Facts

**100%** Thungela Ownership

Owned and Managed Operation



**General Manager**  
Luctor Roode  
(26 years experience)

**KEY HIGHLIGHTS**

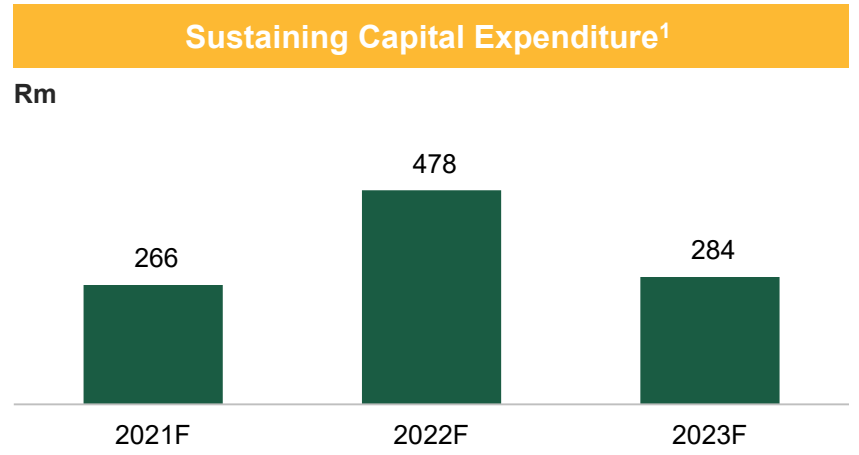
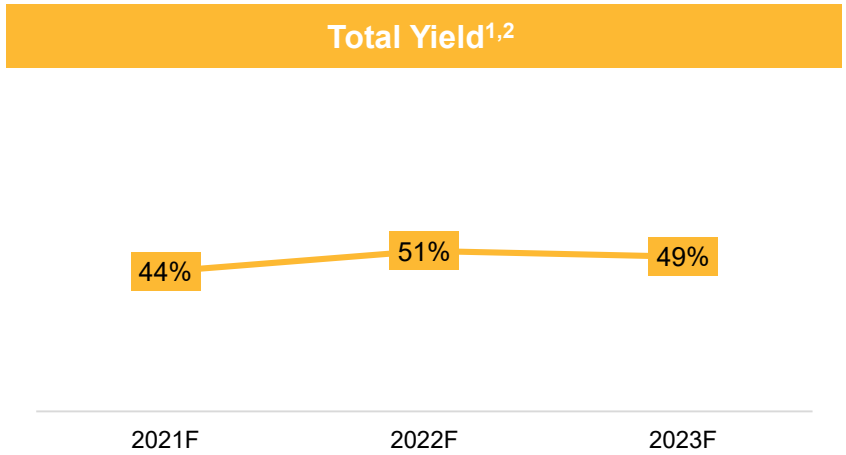
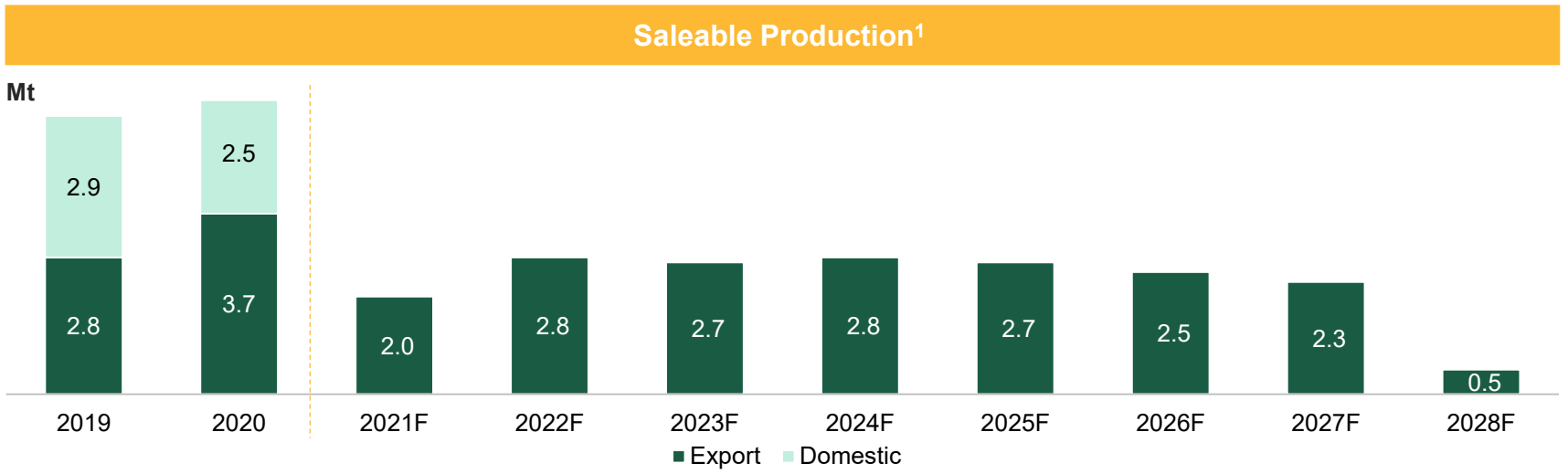
- Open cast mining operation with low stripping ratio
- Targeting extraction of the 5, 4, 2 and 1 Seams
- ROM reserves<sup>1</sup> of 37Mt and a LOM of 8 years
- Current operations ramping up at the newly established Navigation pit
- Primary production of export quality coal

Notes:  
1. Reserves available expressed as ROM tonnes

# Khwezela Plan

## Production from the new Navigation pit, producing exclusively for the export market

- Saleable production fairly consistent over LOM going forward
- Decrease in production from 2021 due to Bokgoni being placed on care and maintenance
- Steady state production from Navigation expected in 2022
- Capital costs in 2022 relate primarily to the establishment of the B boxcut in the Navigation pit



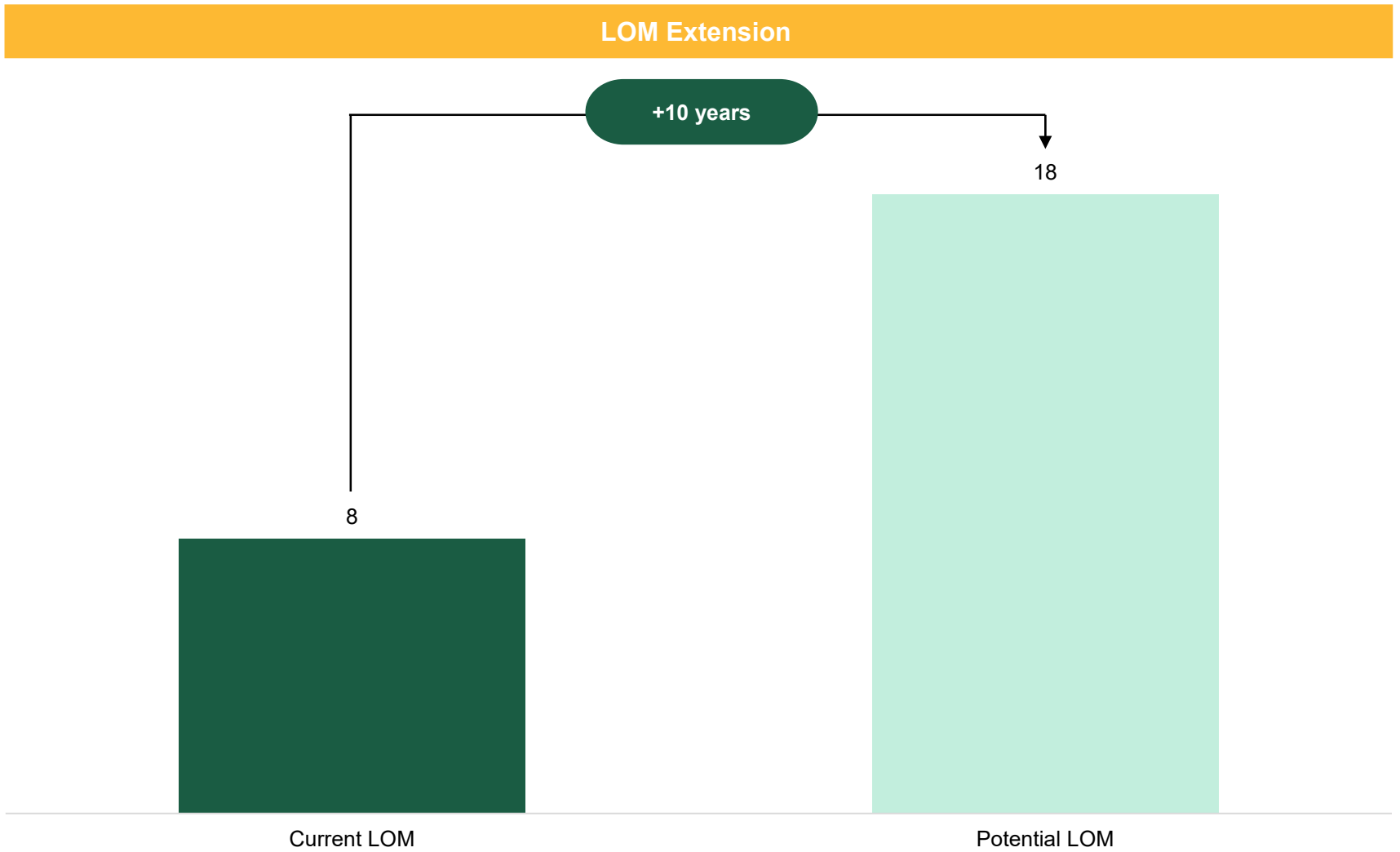
Notes:  
 1. Information sourced from the CPR  
 2. Inferred from CPR information

# Khwezela Life Extension

## Conversion of resource adds potentially 10 years of life

### Khwezela

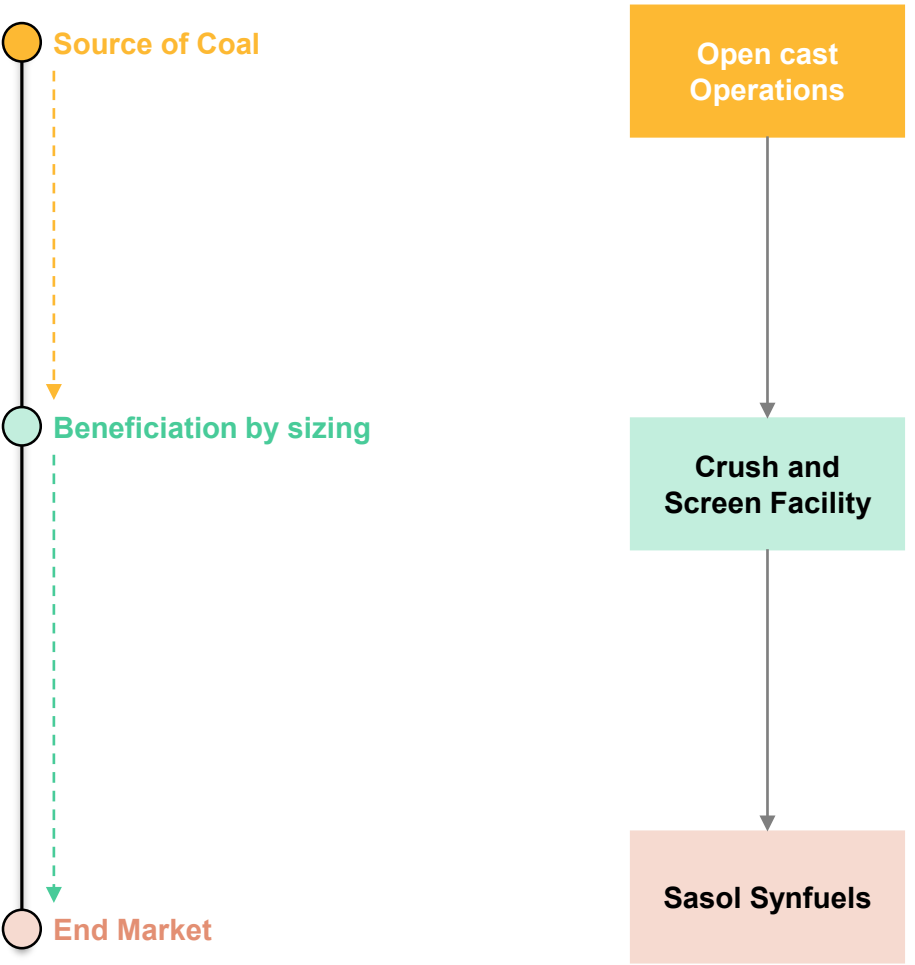
- Progressing to feasibility study phase
- Targeting the Clydesdale area as an open cast operation
- c.4.6Mt of ROM production per annum
- Adds c.10 years to current LOM



# Isibonelo Overview

Simple mining operation producing a crushed and screened raw product

## Operation Schematic



## Key Mine Facts

<p><b>100%</b> Thungela Ownership</p>	<p>Owned and Managed Operation</p>		<p><b>General Manager</b>  <b>Dirk Miller</b> (33 Years experience)</p>
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**KEY HIGHLIGHTS**

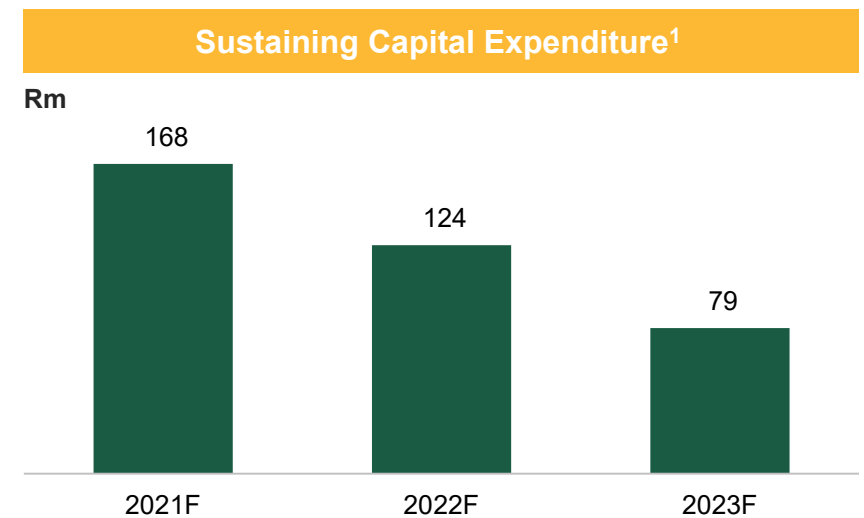
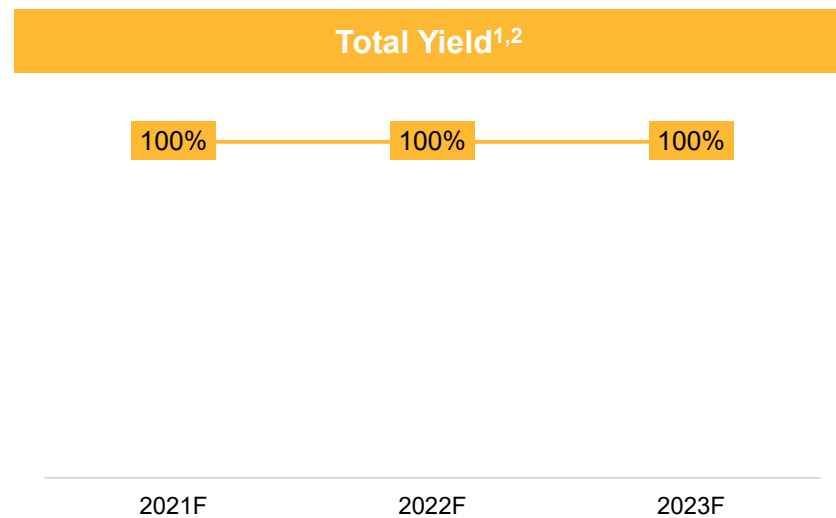
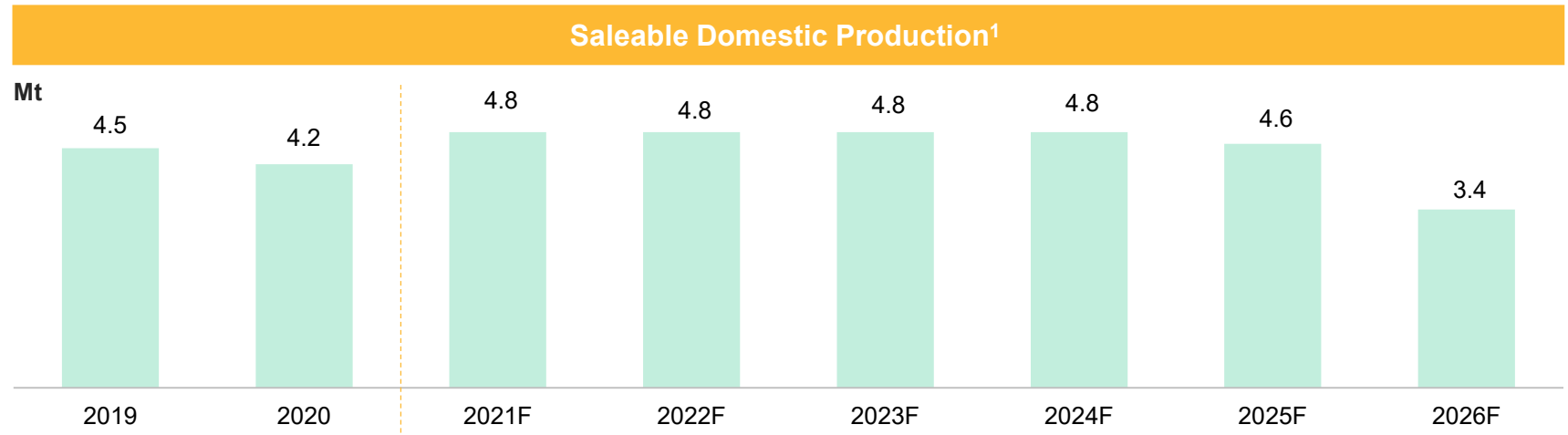
- Open cast mining operation
- ROM reserves<sup>1</sup> of 27Mt and a LOM of 6 years
- Exclusively supplies Sasol under a Coal Supply Agreement
- Agreement ends during 2025, subject to extension

Notes:  
1. Reserves available expressed as ROM tonnes

# Isibonelo Plan

## Consistent delivery into Sasol Synfuels CSA

- Two open pits producing 4.8 Mtpa of ROM coal
- Product is sold raw, once crushed and screened, to Sasol
- Sustaining capex is predominantly for machine overhauls

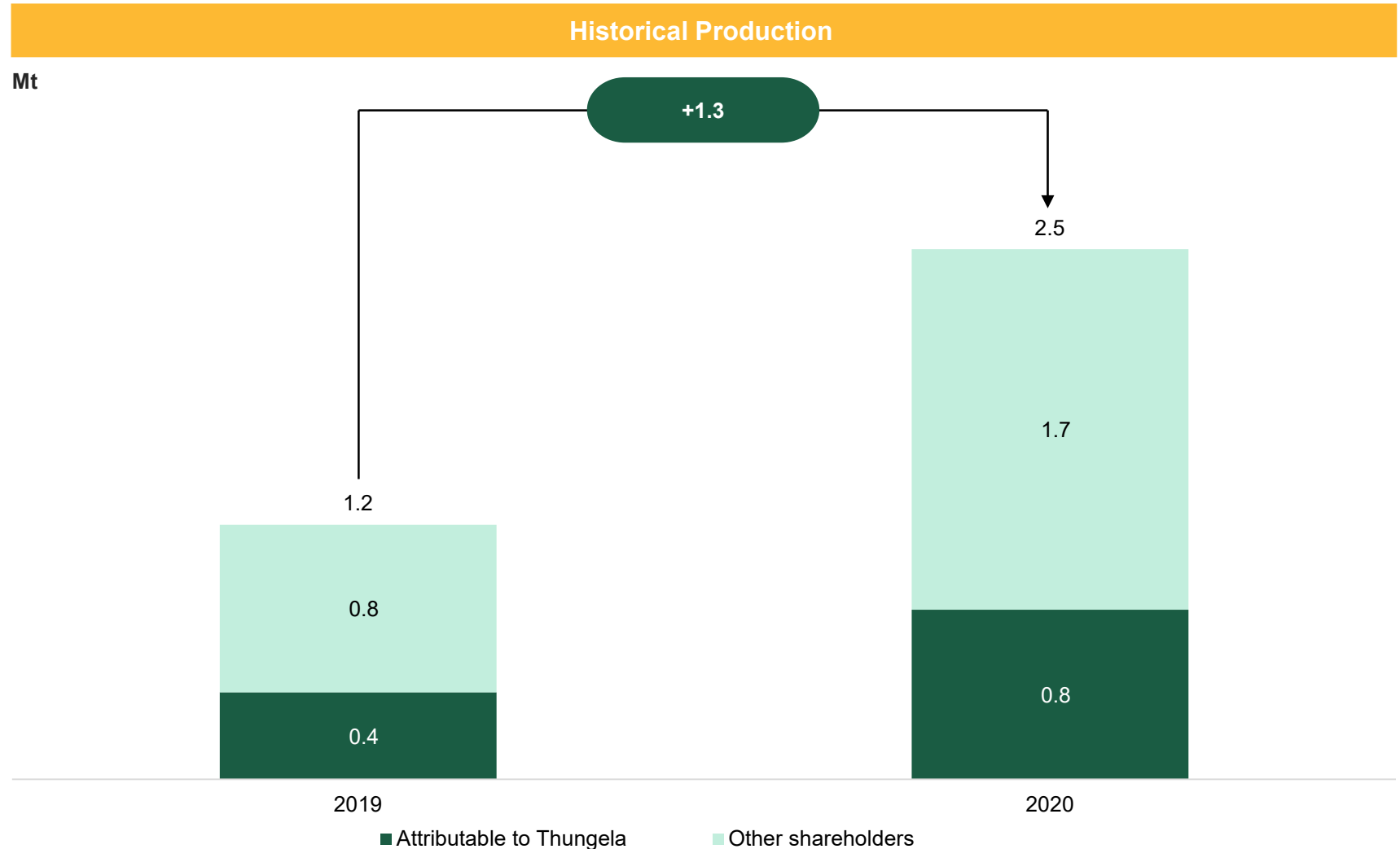


Notes:  
 1. Information sourced from the CPR  
 2. Inferred from CPR information

# Rietvlei Overview

## Thungela holds a minority stake in the Rietvlei Colliery

- Construction of the Rietvlei Colliery started in November 2018 with first production during 2019
- Thungela has a 34% interest in Rietvlei colliery
- Colliery is a small-scale truck and shovel open cast mine
- Mining undertaken exclusively by contractors
- Independently managed operation
- Domestic quality product supplied to Eskom, agreement expires in February 2024
- Sufficient resource to extend current operations

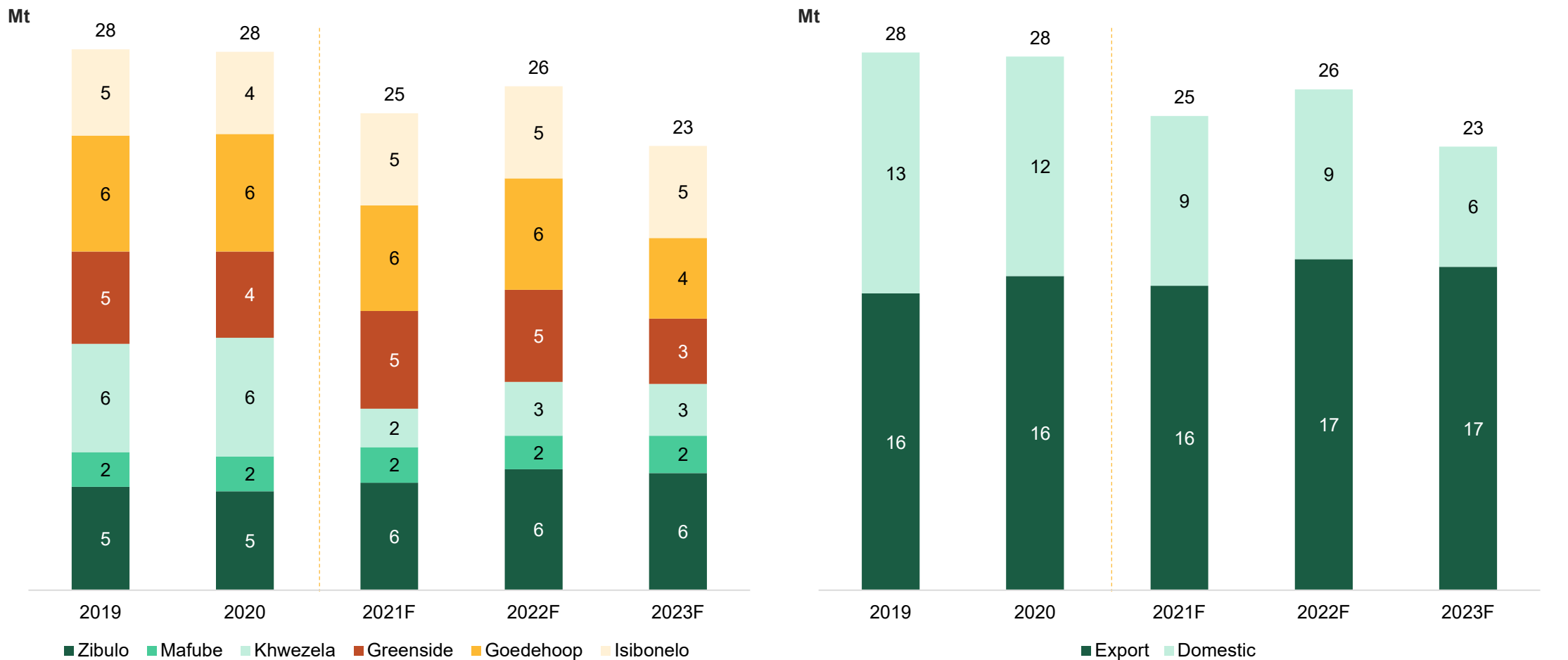




# Production Potential

## Saleable production potential as depicted in the Competent Person's Reports

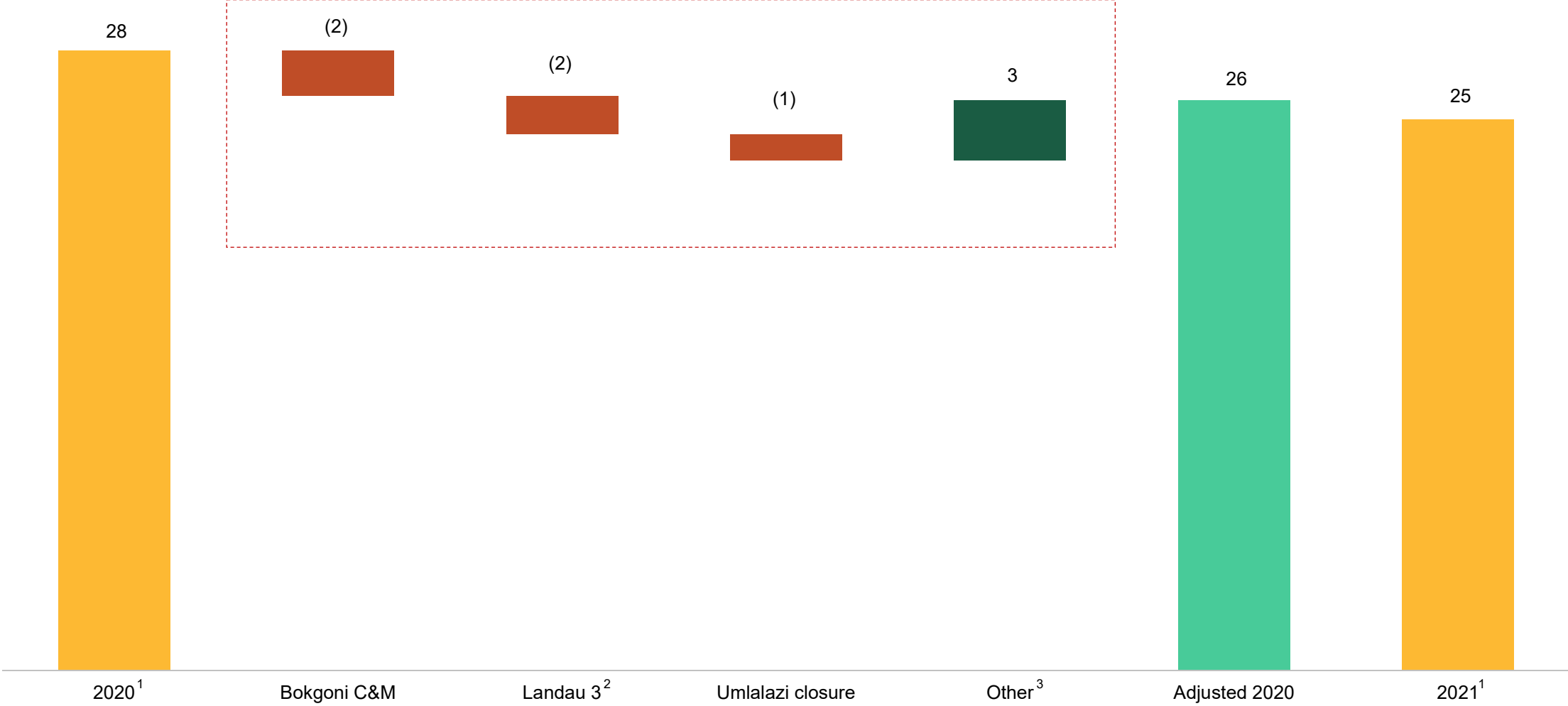
**Saleable Production by Mine<sup>1,2,3</sup>**      **Saleable Production by Market<sup>1,2,3</sup>**



**Notes:**  
 1. Excludes production from Rietvlei  
 2. Information for the outlook period sourced from CPRs and may differ from Management's guidance  
 3. Rounding of production data may cause computational discrepancies

# Portfolio Evolution and Impact on Saleable Production

Sub economic production removed from plan in 2021



**Notes:**  
 1. Excludes Rietvlei production  
 2. Landau 3 entails the MRD related production at Khwezela  
 3. Other relates to production improvements in the plan relating to increased production at Zibulo, Navigation ram up (Khwezela) and Isibonelo

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# Successful Track Record of Developing and Operating Assets

Section 5 B

Leslie Martin



# Developing the Asset Base to Ensure Business Life

The hard decisions have been taken to protect the business

## Business Life Extended Through Execution of Projects

### All Projects Delivered on Time and Budget to Date

- **Zibulo Colliery (2010):** Production ramp up from underground to 5Mt achieved in 2012
- **Mafube Colliery (2004):** First production in 2009
- **Khwezela Navigation (2020):** In ramp-up and poised to deliver further value creation

## Taking Decisions to Protect the Business

- **Ensure the sustainability of the business by focusing on economically profitable extraction**
- **Closing sub-economic assets or placing on care and maintenance:**
  - Bokgoni on care and maintenance
  - Goedehoop South production ceased

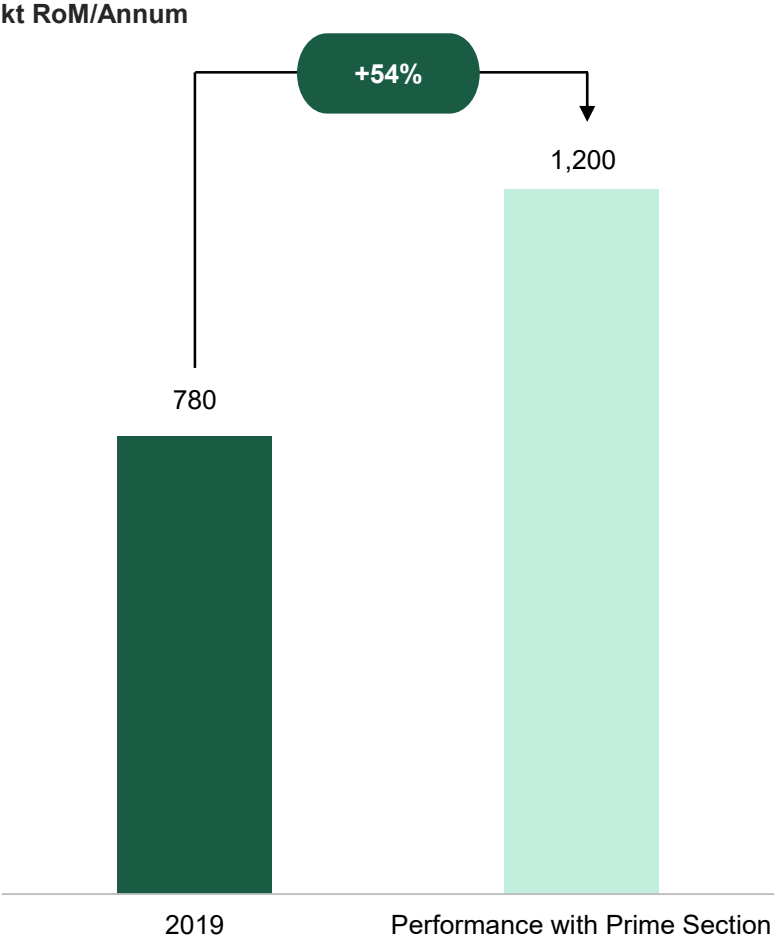
# Focus on Operating Improvement

## Improve the productivity of the mines

### Positive Approach to Improving Business Performance

- **Goedehoop prime section:**
  - Prime sections delivered a 54% improvement in production
  - Further potential improvements being investigated
- **Breakthrough productivity**
  - Technology initiatives at Mafube to enhance accuracy of overall process
  - Implementation of new methods to maximise cutting time
- **Redeployment of equipment from closed operations**

### Goedehoop Prime Section



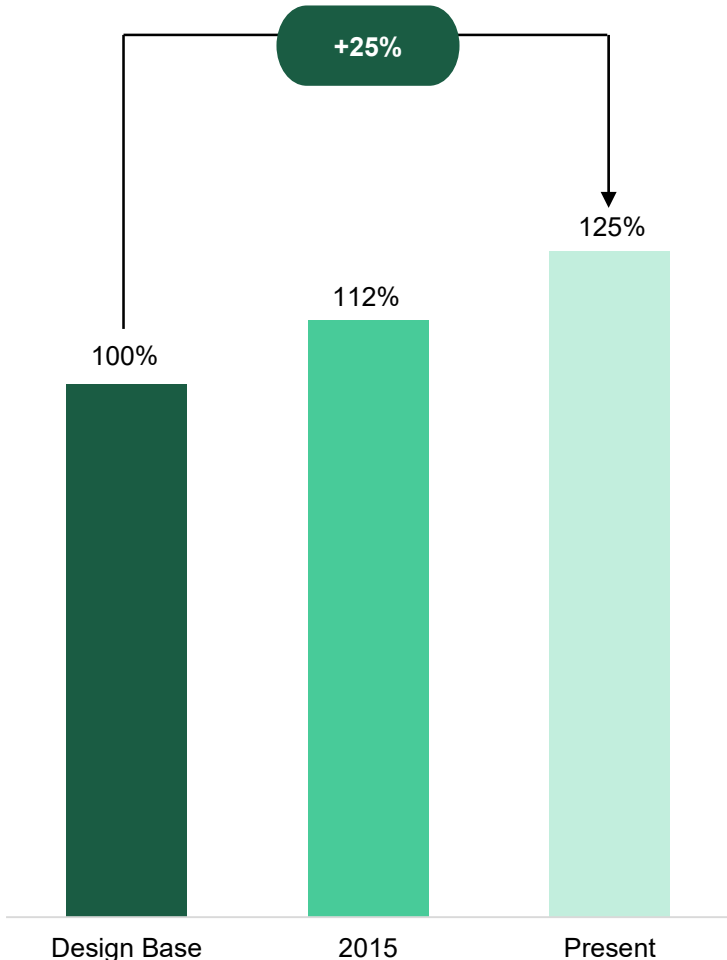
# Changing the Way Things are Done

## A team that has innovated and continues to improve the business

### Business Improvements

- **Advanced Process Control:**
  - Operating enhancement through automation
- **Geophones:**
  - Utilisation of seismic intelligence to increase extraction of bord and pillar areas
- **Bucket load enhancement:**
  - Increased the rated suspended load of our draglines through continual monitoring of boom stress
  - Improved volume that can be loaded in the bucket
- **Passive water treatment:**
  - Low maintenance, cost and energy water treatment facility using biological processes
  - Remediation of mine water, producing a discharge quality water
  - Operational since 2015 at a closed colliery to neutralise acid decant and remove metals

### Dragline Bucket Load Enhancement



thungela

Q&A



**thungela**

**Section 6**

**Financial and Regulatory**

**Deon Smith**





thungela

# Financial Overview

Section 6 A

Deon Smith



# Simplified Financial Model

## 2020 Performance<sup>1</sup>

Export saleable production	16.5 Mt	2021 production guidance: 15-16 Mt
Benchmark export price	R1,082/t	
Realised discount	~26%	<20% current discount
Average realised export price	R798/t	
FOB export cost per unit	R833/t	2021 guidance: ~R830/t
Other costs per unit <sup>2</sup>	R29/t	
<b>Margin per unit</b>	<b>R(64)/t</b>	
<b>Adjusted EBITDA</b>	<b>R(1.0)bn</b>	
Working capital <sup>3</sup>	R0.1bn	
Sustaining capex	R(1.8)bn	2021 guidance R2.6-3.0bn
Tax paid	R(0.1)bn	
Rehab funding & other <sup>4</sup>	R1.0bn	Rehab cash outflow: 5.5% of guarantees
<b>Adjusted operating free cash flow</b>	<b>R(1.7)bn</b>	

 **R2.7bn** EBITDA  
for +\$10/t benchmark price<sup>5</sup>

**>30%** adjusted  
operating free cash flow  
paid as dividend

### Notes:

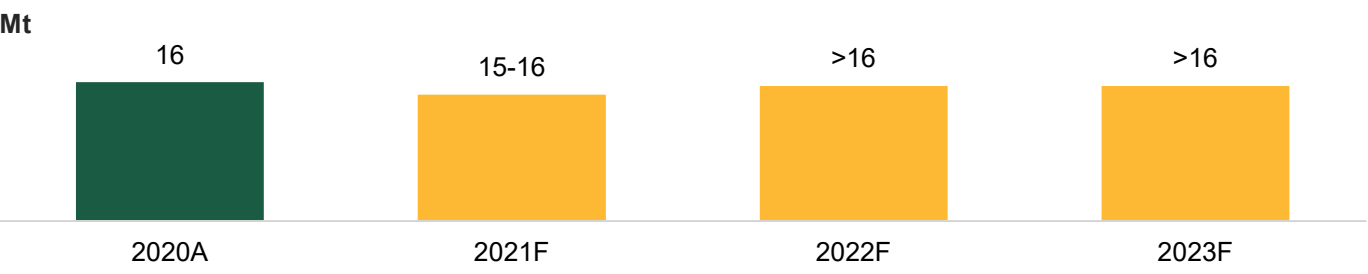
1. Please refer to Thungela pre-listing statement for full definitions and details
2. Includes corporate and project studies (R15/t) and demurrage & non-FOB expenses (R14/t)
3. Cash flow statement working capital movements (movement in inventories plus receivables less payables)
4. Includes rehab and retirement benefits, share based payments, profit / losses on disposal of PPE, restructuring costs and other adjustments
5. Calculated as \$10/t multiplied by R16.46 USD/ZAR rate multiplied by 16.463 Mt export saleable production

# Revenue - Considerations in Relation to the AA Offtake Agreement

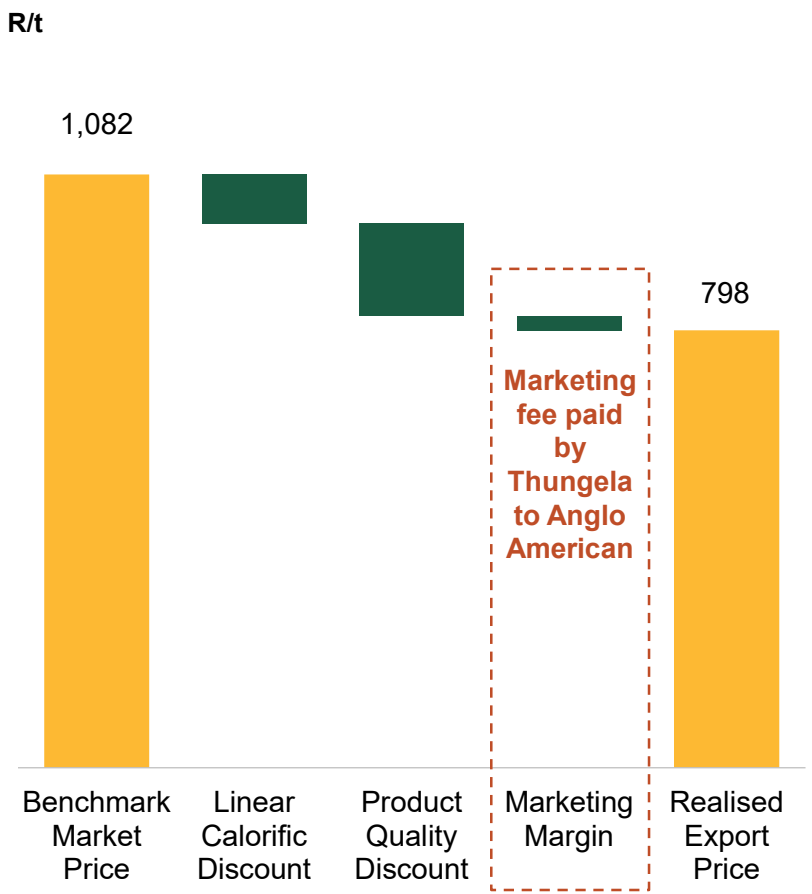
## Key Features of the Offtake Agreement

- Term**
  - Three-years, with an additional transitional period of up to six months thereafter
- Price**
  - Based on an agreed formula, linked to index prices and independent broker quotes, taking into consideration the quality of the export coal supplied less a market-related fee

## Forecast Export Saleable Production



## Benchmark Price to Realised Export Price



# Revenue – Considerations in Relation to Capital Support Mechanism

## Key Features of the Capital Support Agreement

### Term

- From demerger to 31 December 2022

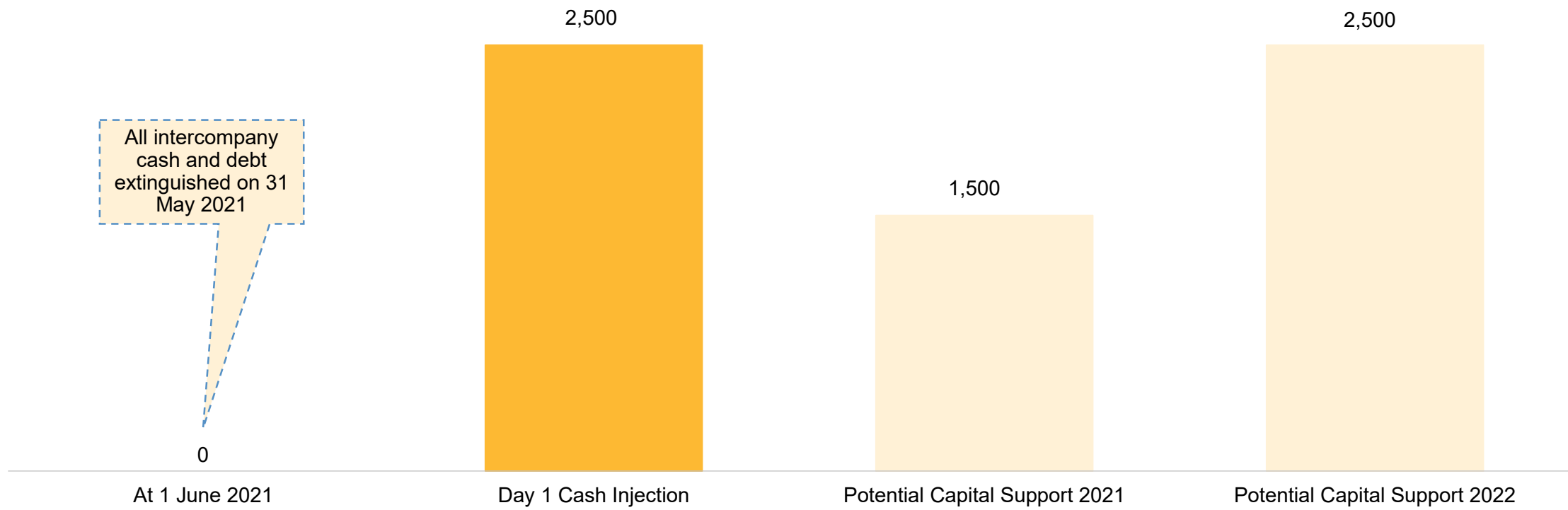
### Trigger Price

- **Minimum price set at R1,175 per tonne** of benchmark quality coal and adjusted in accordance with the quality of the product
  - Based on Thungela's export product basket for the 2020 financial year, the effective Trigger Price would have been approximately R894 per tonne
- Payments be subject to an annual maximum amount of:
  - **R1,500m from commencement until the end of FY21**; and
  - **R2,500m for FY22**
- Net payments are applied on a monthly basis and subject to a true-up at the end of each year

# Robust Balance Sheet with Additional Capital Support in Place

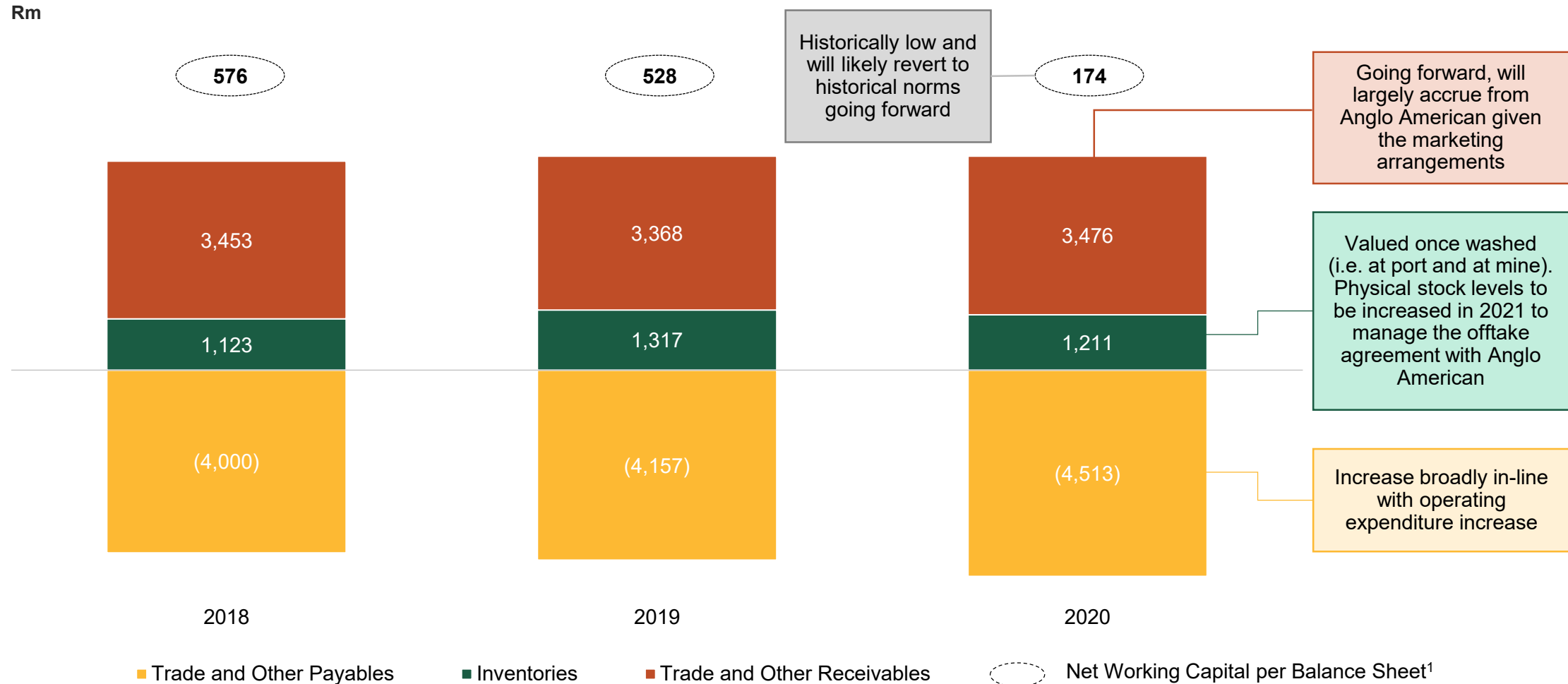
## Pro Forma Capitalisation

Rm



# Working Capital Analysis

## Key Balance Sheet Working Capital Items

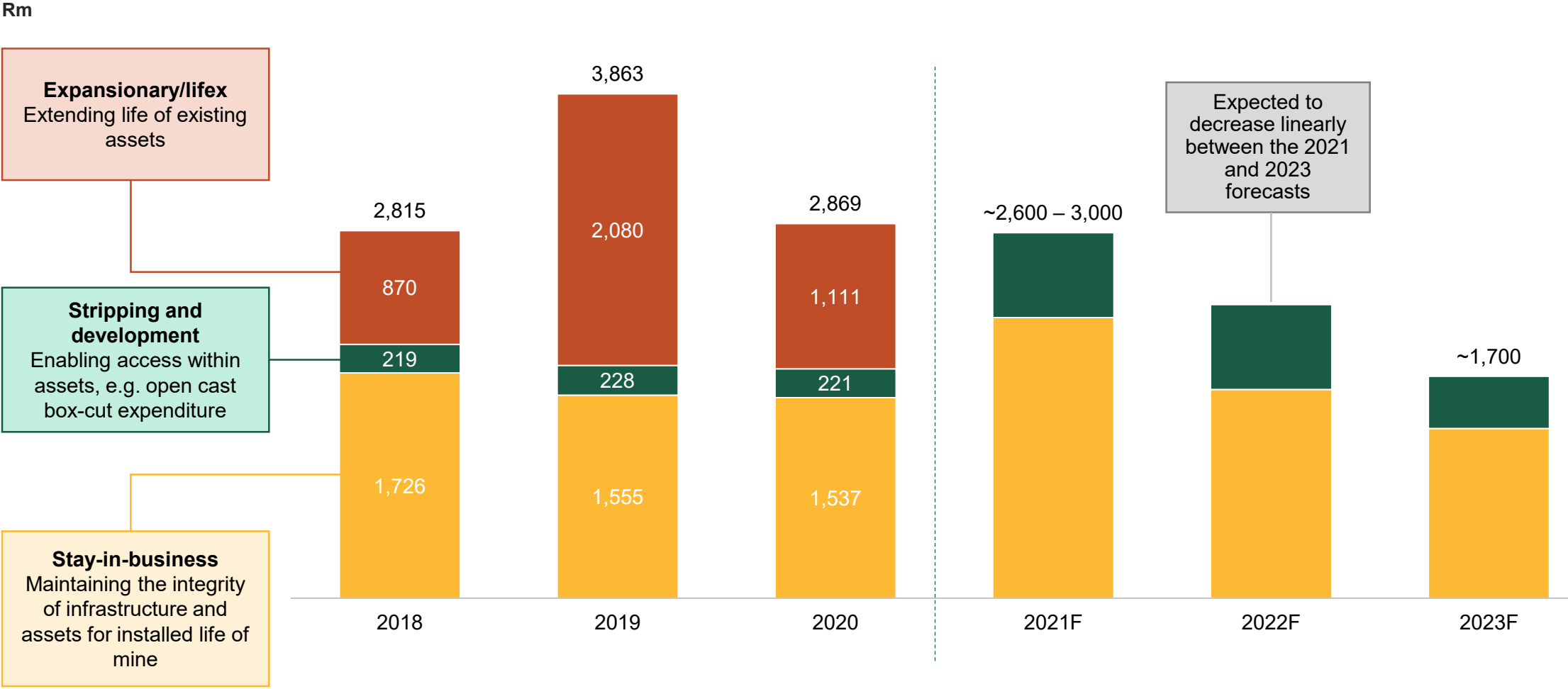


**Notes:**

1. Sum of trade receivables and inventory less trade payables. Numbers as presented in the balance sheet in the Thungela pre-listing statement

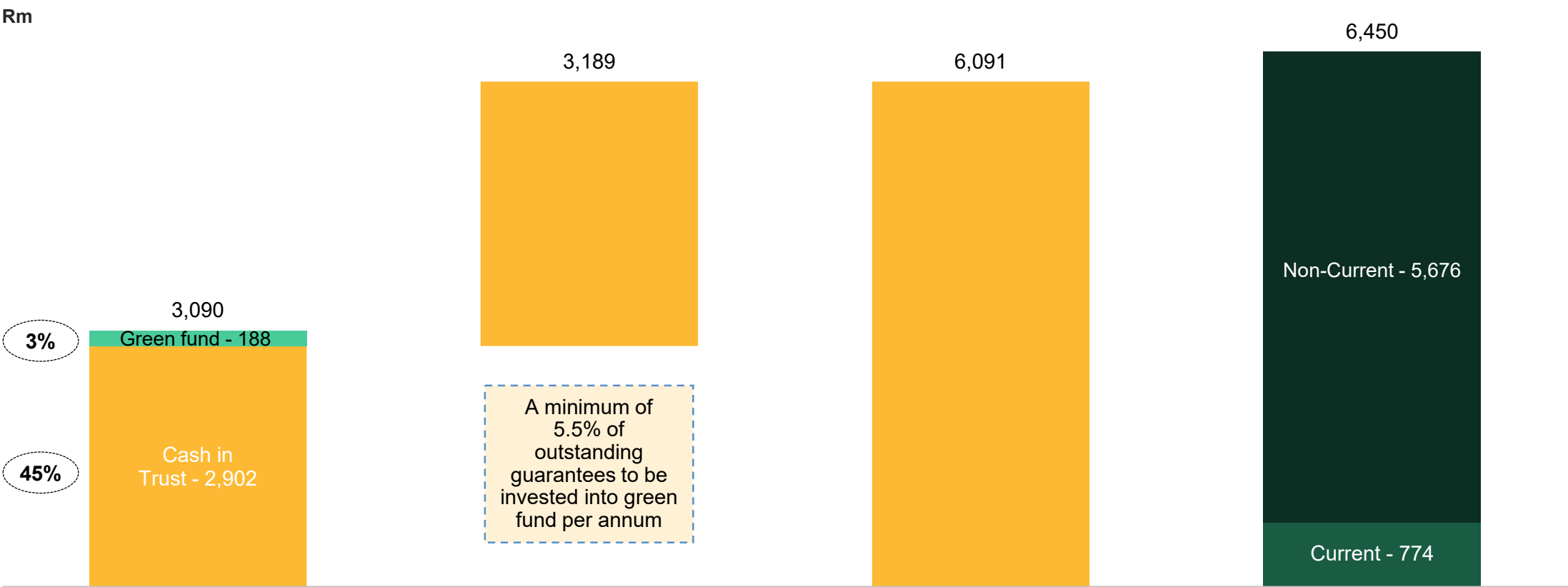
# Breakdown of Capital Expenditure

Capital Expenditure by Category



# Closure Costs Provision and Funding

Environmental Costs and Funding Status as at 31 December 2020

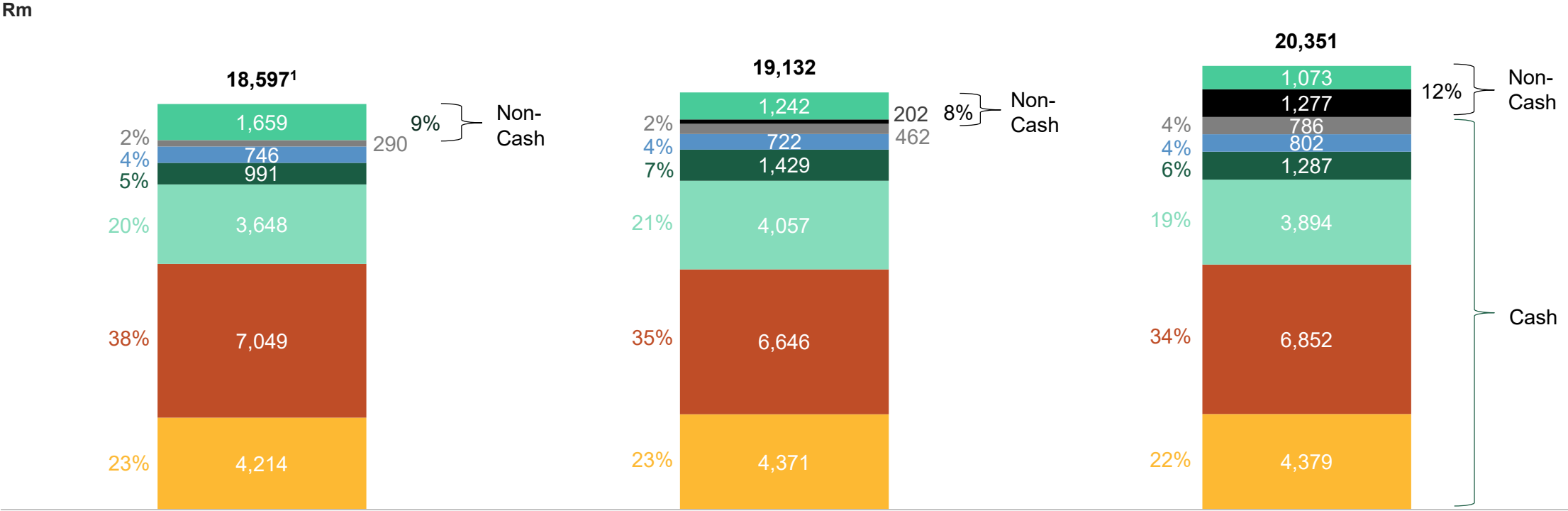


Rehabilitation coverage – % of gross balance sheet liability for which there is cash collateral in trust



# Operating Cost Analysis

## Evolution of Operating Costs

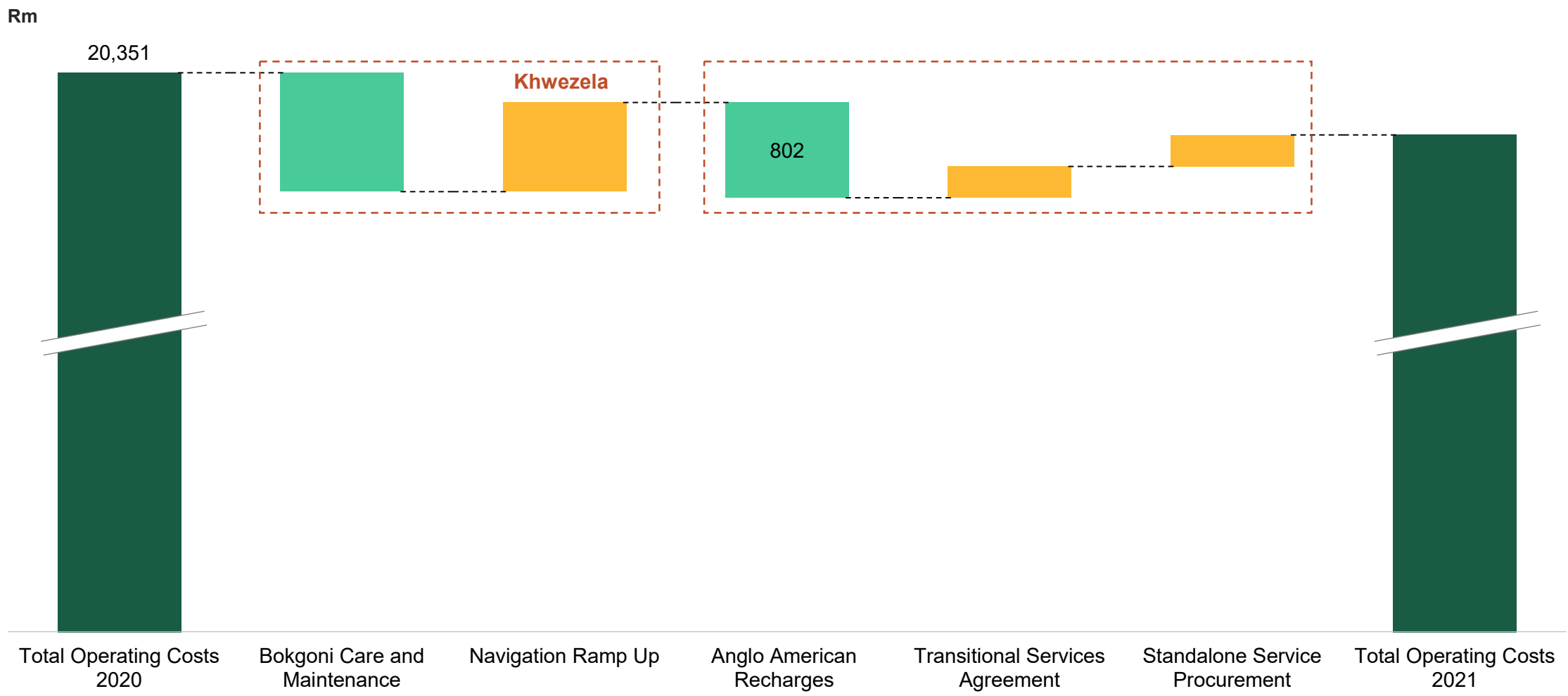


- Employee Costs
- Logistics, Marketing and Selling Costs
- Centrally Recharged Costs with Parent Entities
- Rehabilitation Liability Movement<sup>2</sup>
- Consumables, Maintenance and Production Input Costs
- Third Party Commodity Purchases
- Other Cash Costs<sup>3</sup>
- Depreciation and Amortisation<sup>2</sup>

**Notes:**  
 1. Excludes profits and losses on disposals (profit of R509m in 2018)  
 2. Non-cash items  
 3. Includes evaluation and exploration costs, royalties, forex losses and small amounts of net other operating expenses

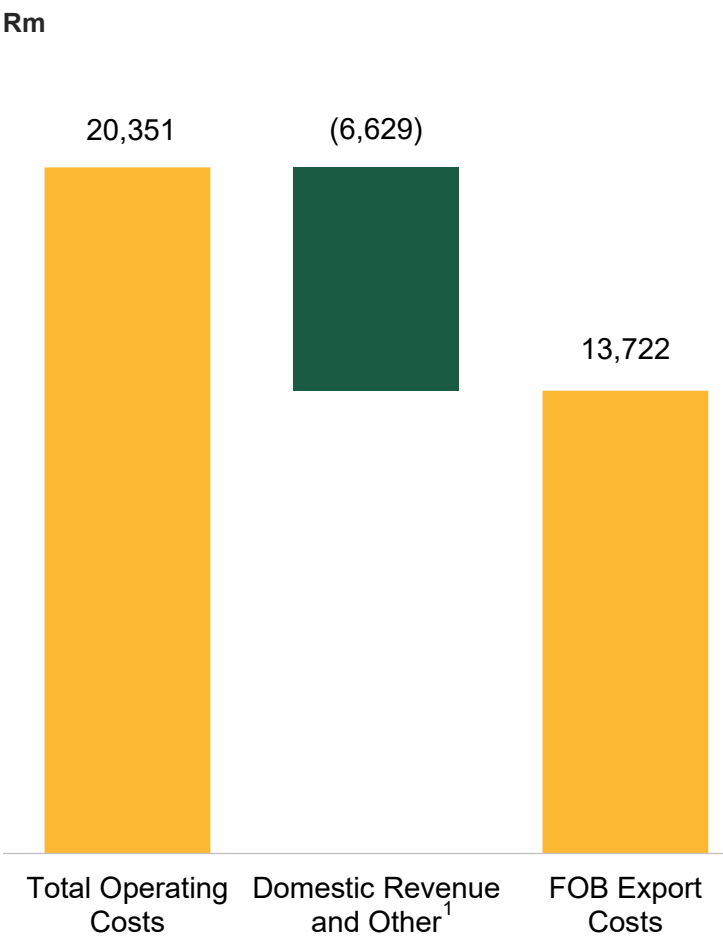
# Cost Momentum Expected to be Positive Post-demerger

## Evolution of Costs

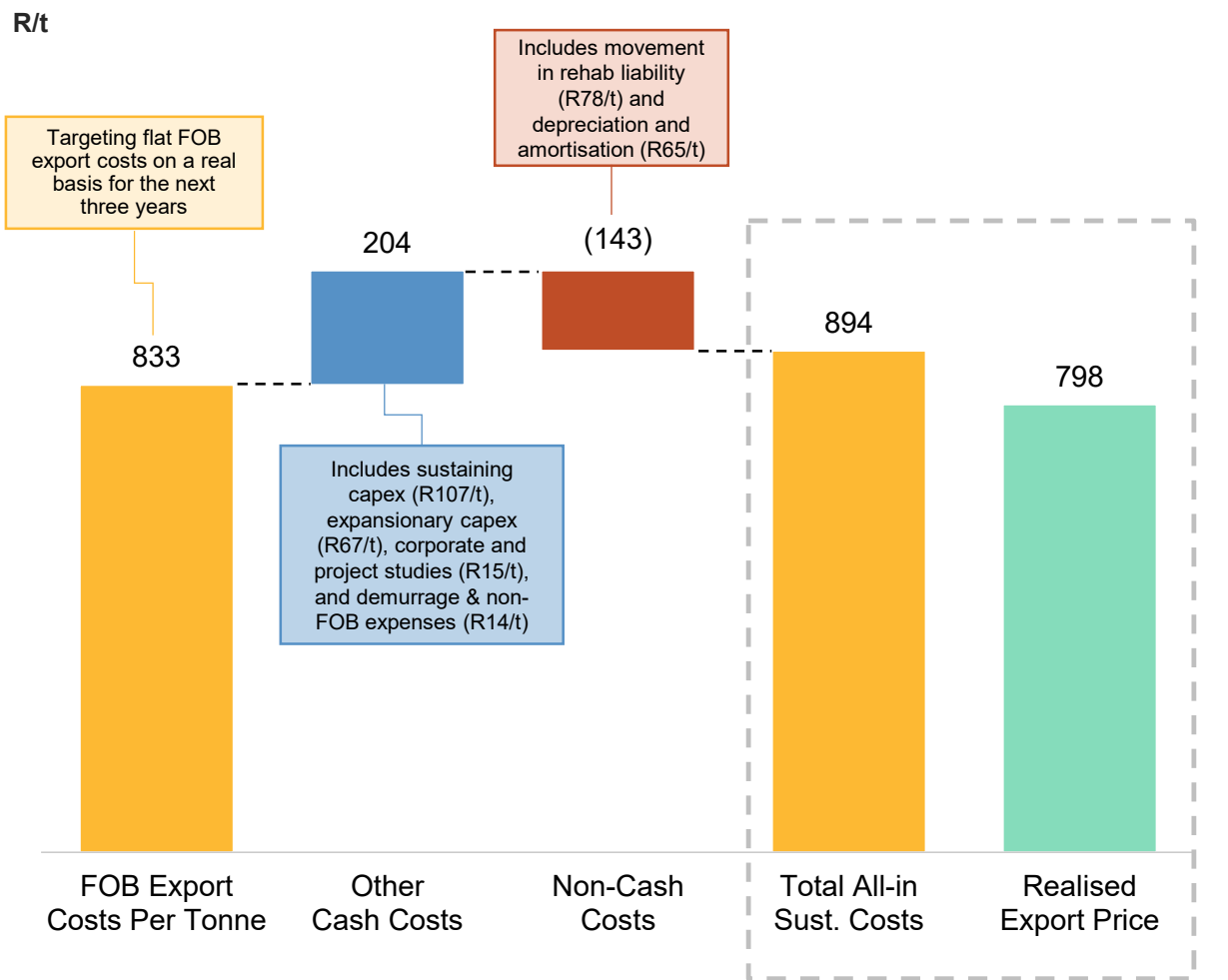


# 2020 All-in Sustaining Cost for the Business

## Total Export Costs



## Export Costs per Saleable Tonne

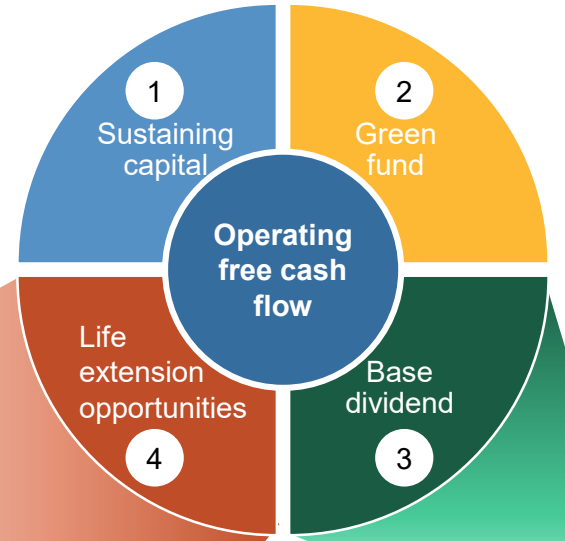


Notes:

1. Domestic revenue and other treated as a by-product in arriving at FOB export costs. Other includes non-cash costs, non-FOB selling expenses, studies and corporate, royalties and cost of coal bought and a small amount of other

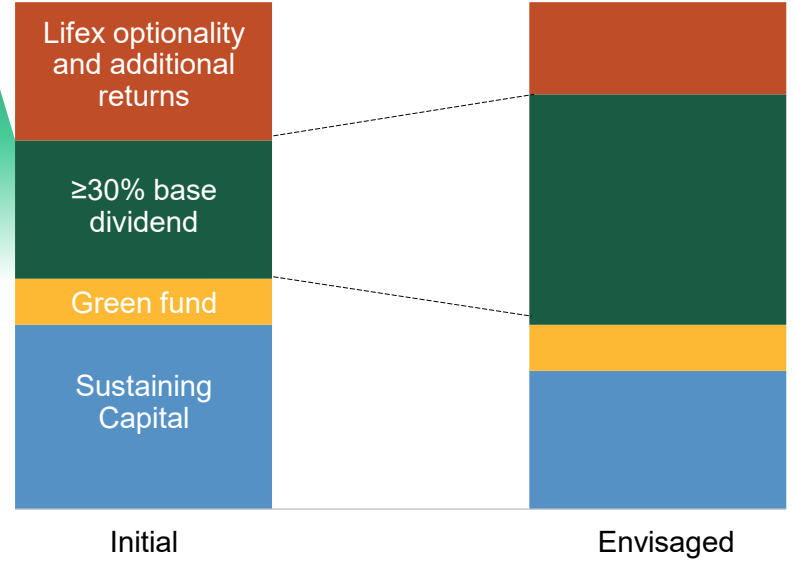
# Robust and Transparent Approach to Capital Allocation

- **Balanced and disciplined approach to allocating capital**
- **Priority is stay-in-business capex, green fund then base dividend**
- **Projects must compete with additional shareholder returns**

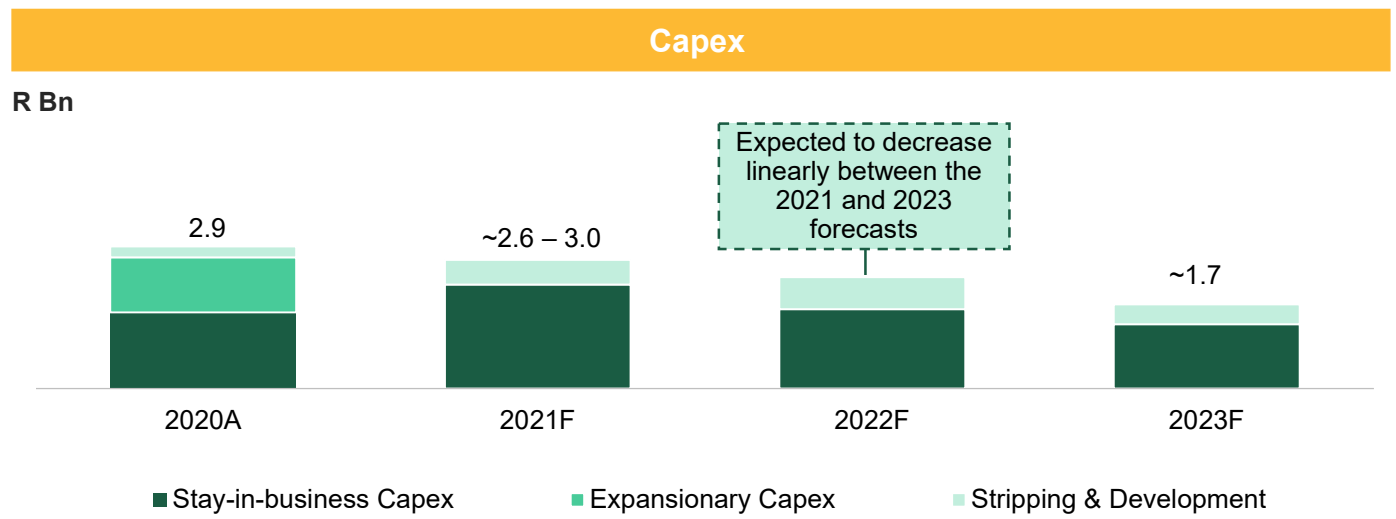
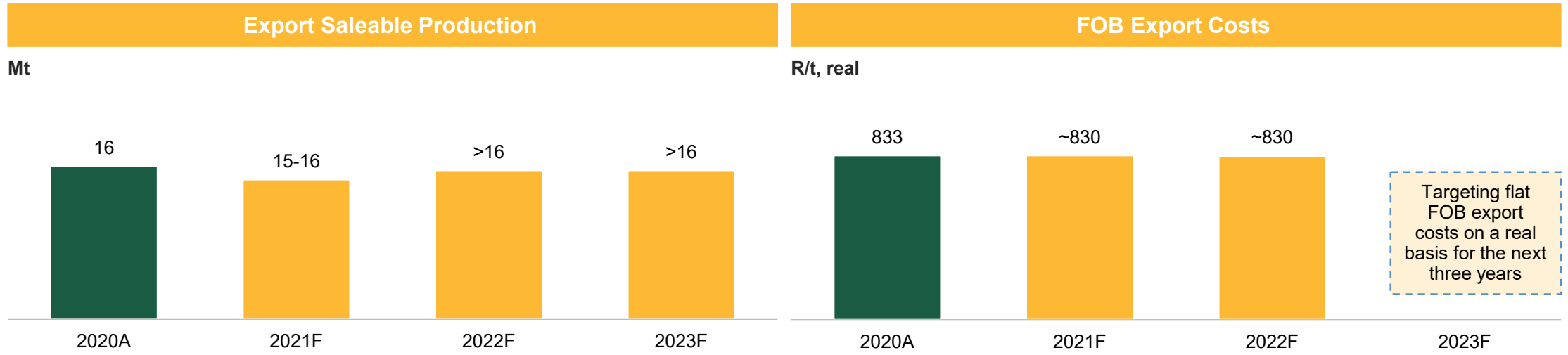


**Investment Evaluation Criteria – Focus on value accretive, fast payback, competitive margin projects:**

- ✓ NPV over capex
- ✓ Payback
- ✓ IRR greater than WACC
- ✓ Capital intensity (\$/t)
- ✓ Lower half cost curve position



# Group Operational Outlook



thungela

# Regulatory Considerations, Licensing and Permits

Section 6 B

Deon Smith



# Broad-Based Black Economic Empowerment status

## Current Status

- **Thungela is sufficiently empowered** and meets and exceeds the empowerment requirements of the MPRDA
- Thungela has been empowered through a number of transactions over the years which includes the disposal of either entire assets or interests in some of the assets

## Measurement Methodology

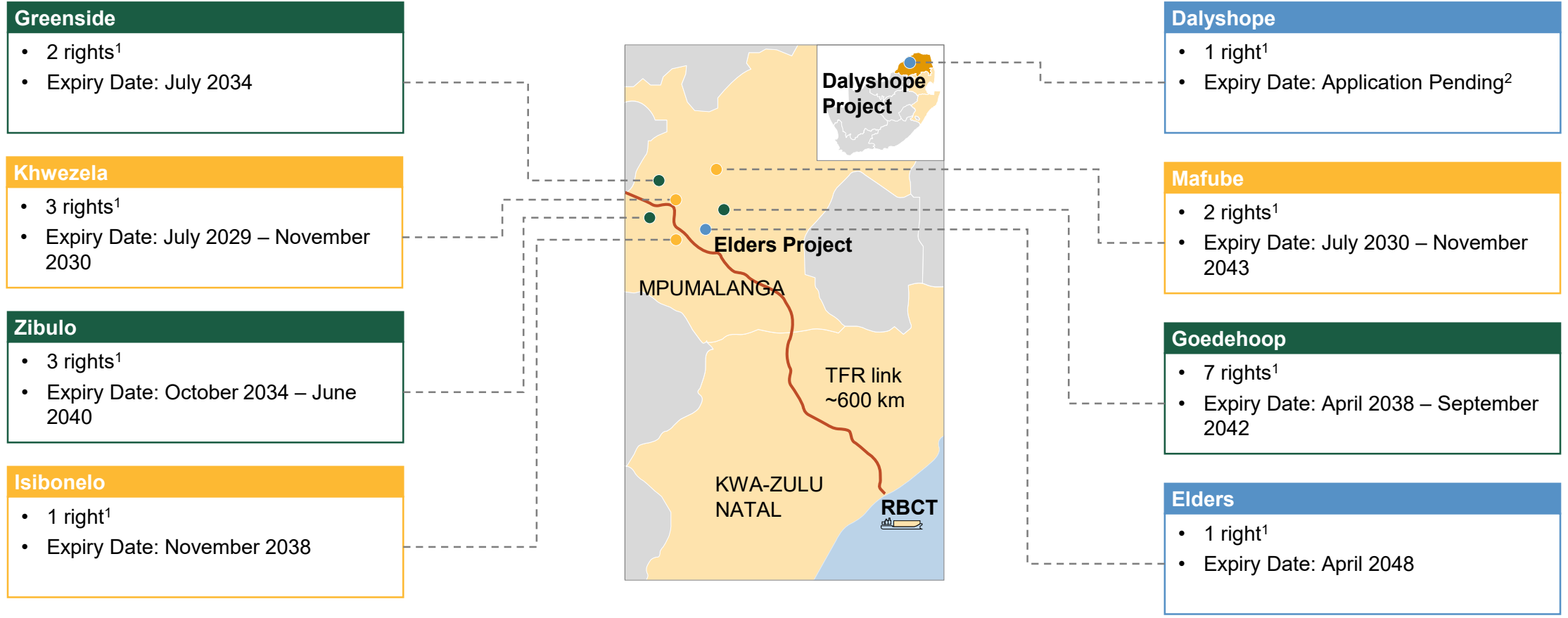
- Compliance with key sections of the MPRDA is based on three key principles regarding the measurement of historically disadvantaged South African (“HDSA”) ownership:
  - 1 Units of production
  - 2 Mandated Investments
  - 3 Direct HDSA shareholding

## Partnership Plans

- Direct ownership in the Group’s operations will be in place following the transaction through the Community Partnership Trust and Employee Partnership Plan
  - **Thungela was already sufficiently empowered before the creation of the Partnership Plans**
  - The intention of these trusts is not directly to impact Thungela’s empowerment status

# Key Mining Rights

Thungela's mining rights more than cover the existing asset lives and Thungela either owns or has security of tenure over the majority of the land required to continue with mining operations



**Notes:**  
 1. Includes granted and pending mining, prospecting and exploration rights  
 2. Application for mining right submitted and accepted by DMRE in November 2020, approval is pending



# thungela

## Section 7 ESG

July Ndlovu, Carina Venter and Mpumi Sithole



# A Robust ESG Framework Underpins our Licence to Operate

A strong policy centred around the social impact of our business



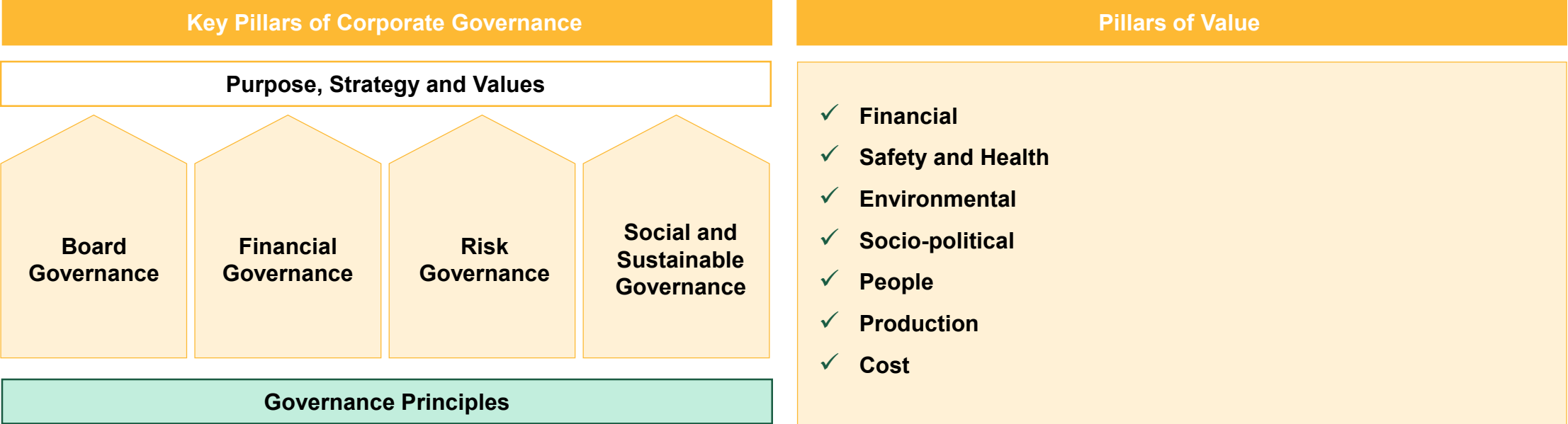
- Efficient use of resources
- Climate risk management
- Land stewardship and biodiversity

- Safety, health and wellbeing
- Inclusion and empowerment
- Community Partnerships

- Ethical behaviour
- Governance & disclosure
- Integrated risk management








# Corporate Governance Principles

Establishing an orderly environment and creating value for all shareholders



# Experienced and Diverse Board

## Covers all relevant areas of expertise

Board of Directors		Executive Experience	Mining Experience	Listed Company Board Experience
Non-independent Directors	 <p><b>July Ndlovu</b> CEO</p>	✓	✓	✓
	 <p><b>Deon Smith</b> CFO</p>	✓	✓	
	 <p><b>Seamus French</b> Non-Executive Director</p>	✓	✓	✓
Independent Directors	 <p><b>Sango Ntsaluba</b> Chairperson and Independent Non-executive Director</p>	✓	✓	✓
	 <p><b>Ben Kodisang</b> Independent Non-Executive Director</p>	✓		✓
	 <p><b>Kholeka Mzondeki</b> Independent Non-Executive Director</p>	✓	✓	✓
	 <p><b>Thero Setiloane</b> Independent Non-Executive Director</p>	✓	✓	

# Board Committees

To establish strong governance and ensure effective oversight of important areas

Committee	Members <sup>1</sup>	Other Board Meeting Attendees	Minimum # of Meetings
1 <b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Kholeka Mzondeki (Chairman)</li> <li>• Ben Kodisang</li> <li>• Thero Setiloane</li> </ul>	<ul style="list-style-type: none"> <li>• Sango Ntsaluba</li> <li>• July Ndlovu</li> <li>• Deon Smith</li> </ul>	4 times a year
2 <b>Remuneration and Nomination Committee</b>	<ul style="list-style-type: none"> <li>• Ben Kodisang (Chairman)</li> <li>• Sango Ntsaluba</li> <li>• Seamus French</li> <li>• Kholeka Mzondeki</li> </ul>	<ul style="list-style-type: none"> <li>• July Ndlovu</li> </ul>	2 times a year
3 <b>Social and Ethics Committee</b>	<ul style="list-style-type: none"> <li>• Thero Setiloane (Chairman)</li> <li>• Sango Ntsaluba</li> <li>• July Ndlovu</li> <li>• Seamus French</li> <li>• Lesego Mataboge</li> </ul>	<ul style="list-style-type: none"> <li>• Deon Smith</li> </ul>	2 times a year
4 <b>Risk and Sustainability Committee</b>	<ul style="list-style-type: none"> <li>• Sango Ntsaluba (Chairman)</li> <li>• July Ndlovu</li> <li>• Seamus French</li> <li>• Ben Kodisang</li> <li>• Kholeka Mzondeki</li> <li>• Thero Setiloane</li> </ul>	<ul style="list-style-type: none"> <li>• Deon Smith</li> </ul>	4 times a year

Majority of committee members are independent non-executive directors

Committees comprise of prominent professionals that are distinguished in both the South African and international context

Committees have a clear responsibility to the Board to deliver on broader ESG outcomes

Well positioned from a South African and UK corporate governance perspective

**Notes:**

1. The members shown are as appointed by the Thungela Board on 31 March 2021.

thungela

**Carina Venter**



# Safety, Health and Wellbeing at the Forefront of the Business

## Zero harm is our commitment

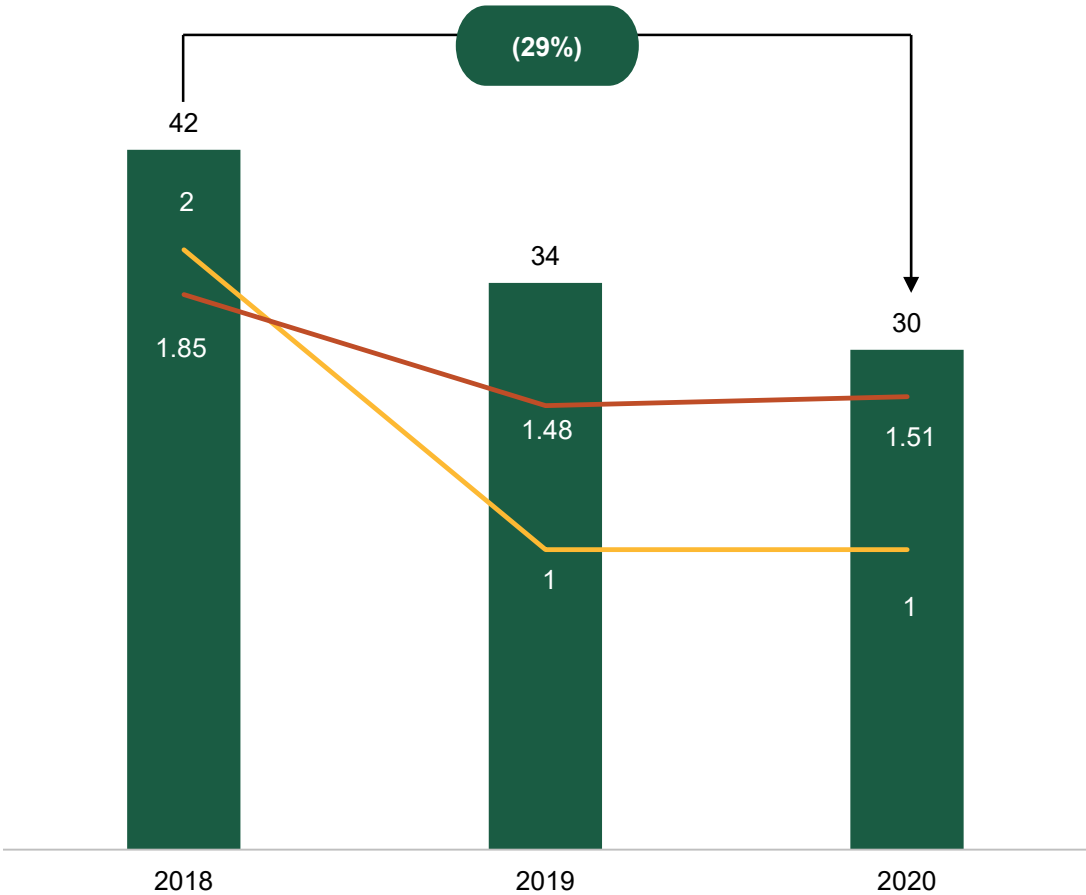
**We commit to the principle of zero harm to our workers**

Description and Overview	Key Objectives
<p><b>Elimination of loss of life incidents:</b></p> <ul style="list-style-type: none"> <li>– <b>Back to basics</b> – A clear set of fundamentals, which when adhered to consistently will guarantee safe production outcomes</li> <li>– <b>Work management</b> – Improve the way we plan, manage and execute work, safely and productively</li> <li>– <b>Culture change</b> – Transforming our safety behaviour across the organisation</li> </ul> <p><b>Be Well program:</b></p> <ul style="list-style-type: none"> <li>– Health programme deployed across the business involving collaboration between the sites and hospital staff to manage wellness</li> <li>– Manage wellness initiatives and KPIs to reduce BMI, smoking, blood pressure, HIV etc.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Zero loss of life incidents</b></li> <li>• <b>Decrease frequency of recordable cases</b></li> <li>• <b>Focused leadership interactions</b></li> <li>• <b>Robust 4-layer risk management system, including critical controls</b></li> <li>• <b>All work is effectively planned, executed and monitored</b></li> <li>• <b>Verifications and inspections</b></li> <li>• <b>Increase knowledge of HIV status, provide treatment and prevent infection between tests</b></li> <li>• <b>Decrease occupational health hazard exposure – ensure medical surveillance</b></li> <li>• <b>Wellbeing programme roll out</b></li> </ul>

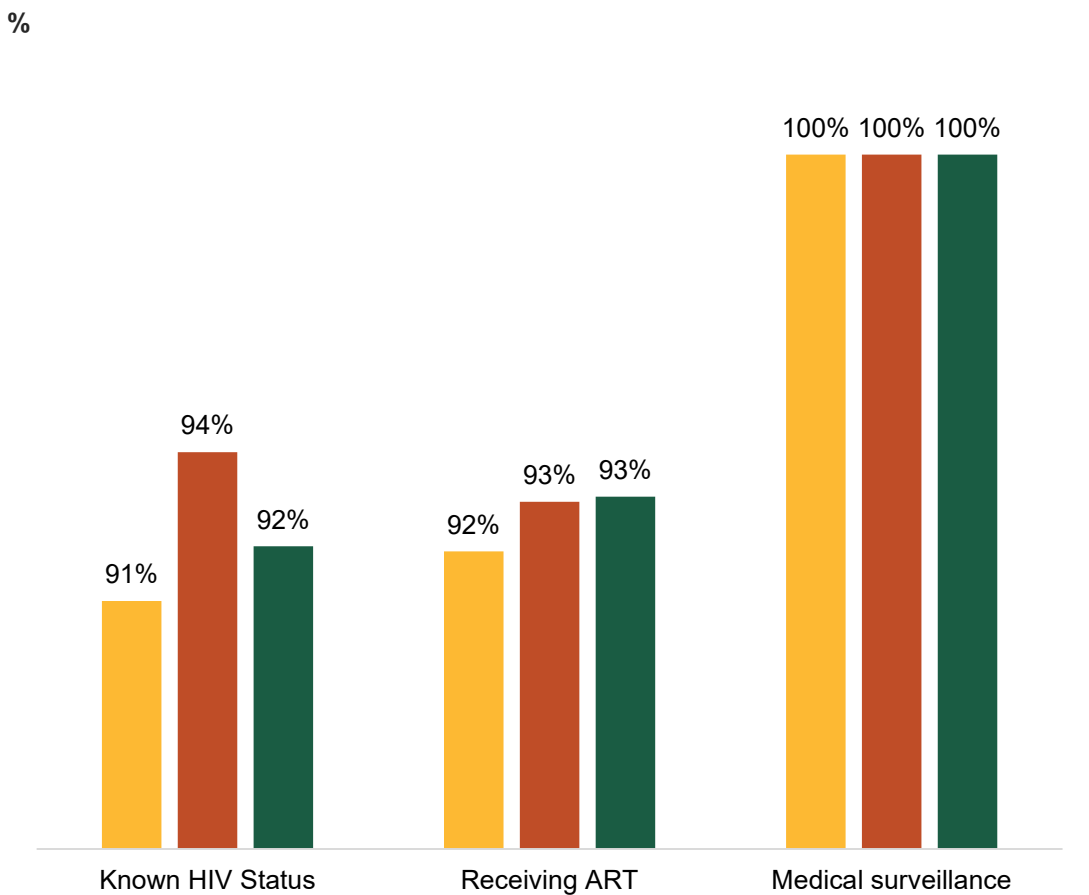
# Progress in Safety and Health

## Continued and consistent improvements in Safety and Health

Key Safety Metrics



Key Health Metrics<sup>2,3</sup>



Notes:  
 1. TRCFR: Total recordable case frequency rate  
 2. ART: Anti-retroviral Treatment  
 3. Receiving ART: Percentage refers to the percentage of those with known HIV that are receiving Anti-retroviral Treatments



# Environmental Stewardship

## Managing our resources to ensure sustainability

	Objectives	Targets
<b>Efficient use of Resources</b>	<ul style="list-style-type: none"> <li>Reduce energy consumption</li> <li>Reduce freshwater consumption</li> <li>Maximise recycling of waste</li> </ul>	<ul style="list-style-type: none"> <li><b>15% improvement in Energy Efficiency against business-as-usual projections by 2025</b></li> <li><b>Reuse/recycle 75% of mine affected water abstracted from the open cast or underground workings</b></li> </ul>
<b>Climate Risk Management</b>	<ul style="list-style-type: none"> <li>Reduce scope 1 and 2 emissions</li> <li>Mitigation and adaptation plans identified</li> <li>Good practice disclosure</li> </ul>	<ul style="list-style-type: none"> <li><b>Reduction in carbon emissions of 15% from the 2016 baseline by 2025</b></li> </ul>
<b>Land Stewardship and Biodiversity</b>	<ul style="list-style-type: none"> <li>Regional biodiversity plans implemented</li> <li>Closure plans in place</li> <li>Closure liabilities adequately provided for</li> </ul>	<ul style="list-style-type: none"> <li><b>Zero reportable environmental incidents</b></li> </ul>

# Flagship Environmental Initiatives

## Thungela initiatives which add back value to the environment

### eMalahleni Water Reclamation Plant



- Commissioned eMalahleni Water Reclamation Plant in October 2007 at a cost of ~ZAR1.4bn
- Augments drinking water supply to eMalahleni local municipality
- Supplies clean, treated water into the water stressed Olifants River Catchment and provides fit-for-purpose water to operations to reduce freshwater abstraction

### Wetland Rehabilitation at Isibonelo



- A world first in wetland rehabilitation through adoption of a novel approach
- Forms integral part of the mine's approach to restoring wetland function and biodiversity to offset that lost during mining operations
- Wetland plant species rescued during site establishment reintroduced to improve biodiversity of wetland
- Project includes local employment opportunities and skills development

### Mafube Irrigation Trials

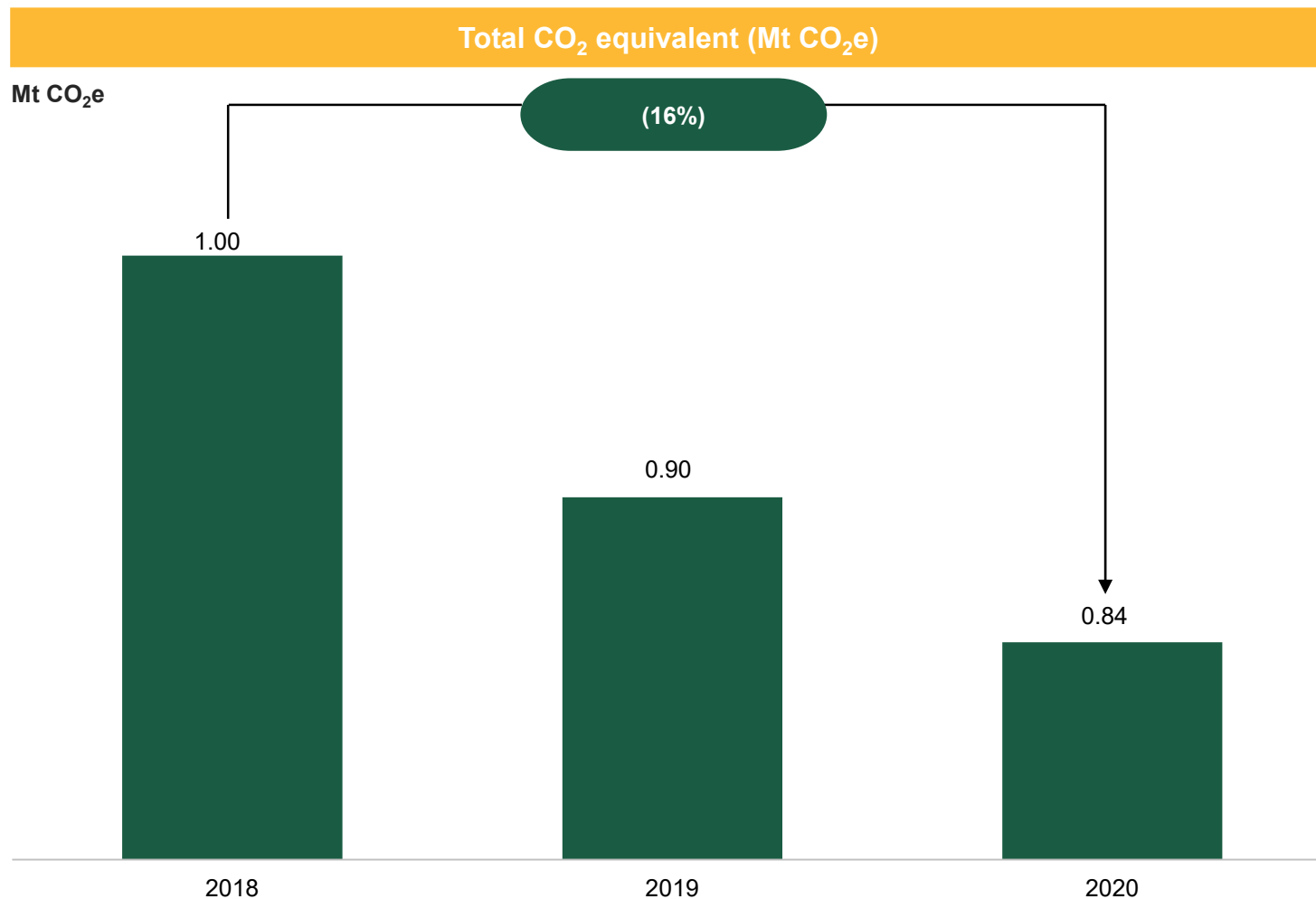


- Government, academia and Mafube Coal partner in Mafube crop irrigation project
- More than 30 years of research indicates mine water may be safe for agricultural use
- The research project involves Mafube's establishment of two 19-hectare trial sites, one on virgin land and the other on rehabilitated mine land
- The first crop was irrigated with water from the Mafube pit and has since been harvested

# Reducing GHG Emissions

Significant progress made, but remains a key focus area

- Achieved a 16% reduction in CO<sub>2</sub>e since 2018, though this includes asset disposals, assets on care and maintenance and the 2020 production performance
- On track for 2025 target: Reduction of 15% from the 2016 baseline
- A number of projects are in place and being considered in order to meet the Carbon reduction targets



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**Mpumi Sithole**



# Community Partnerships

## Building an inclusive environment

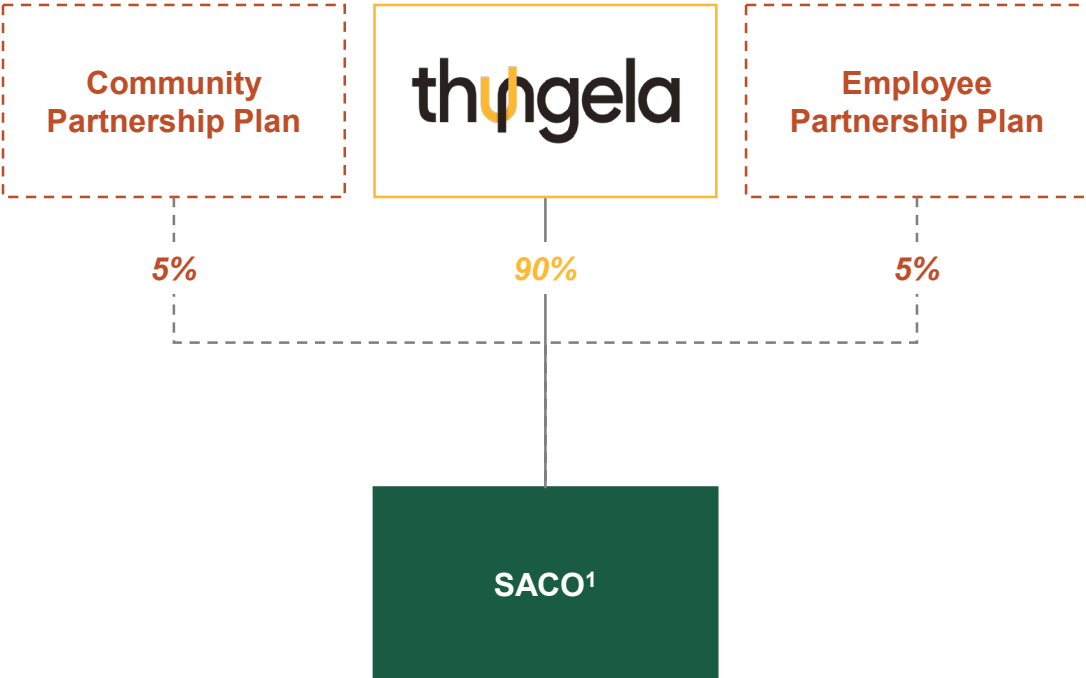
Understand the community and help deliver their priorities, proactively engage all stakeholders and uphold human rights

Description and Overview	Key Objectives
<ul style="list-style-type: none"> <li>• Respect and uphold human rights</li> <li>• Create a conducive environment to engage to work together</li> <li>• Promote social cohesion</li> <li>• Empower and build capacity through education, scholarships, training and skills development</li> <li>• Increase host community procurement</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Zero human rights violations resulting from our activities</b></li> <li>• <b>Fund community initiatives</b></li> <li>• <b>Uphold international standards on implementation, disclosure and reporting</b></li> <li>• <b>Partnerships, leveraging group resources and mitigation of the social impact of mining and closure</b></li> <li>• <b>Enterprise and youth supported</b></li> <li>• <b>Host community procurement</b></li> </ul>

# Partnering with our Stakeholders for Shared Value

Our people are integral to our business

## Overview Of Thungela's Community and Employee Ownership



## Key Transaction Outcomes and Benefits



## Minimum Benefits

**Employees: Minimum dividend of R4,000 pa<sup>3</sup>**

**Communities: Minimum dividend of R6m pa (from 2022)**

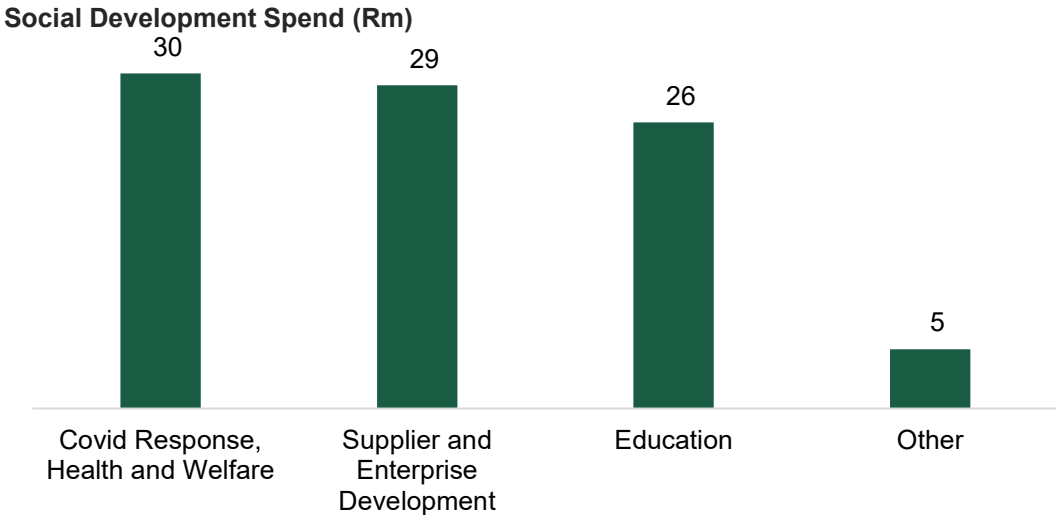
**Notes:**

- 1. South African Coal Operations (Pty) Ltd
- 2. Special share classes will be established to facilitate the payment of the minimum dividends to both the employee and community partnership plans (additional benefits to the ordinary shares)
- 3. Qualifying employees only. Guaranteed until 2024. Vesting every three years

# Uplifting the Communities where we Operate

Community upliftment is a key priority for Thungela

## c.R90m Spent Around our Communities (2020)



**LIVELIHOODS**  
~ 12,600 people supported

**HEALTH**  
~ 63,000 people benefit

**WATER**  
~ 91,250 people supplied

**EDUCATION**  
~ 23,100 learners and 24 schools

## Case Study 1 – Improving Healthcare at Mafube

- Clinic built to serve Sikhululiwe agricultural village and environs
- Partnered with Department of Health: R14m investment



## Case Study 2 – Community Scholarship Programme

- Scholarships for students from our host communities
- Programme has invested R40m into education



# Responding to a New COVID Environment

Taking measures to protect the health and wellbeing of our employees and their families

## WeCare

- Rolled out the **WeCare programme to all**
  - Programme launched to mitigate Covid-19 impact and the national lockdown

## Highveld Hospital (Covid-19)

- **Highveld Hospital** was made available to treat Covid-19 patients;
  - Installed 50 additional bed units in licensed facility capable of accommodating 134 patients
  - Established a Covid-19 testing laboratory
  - Set up a command centre (tracking, tracing, plotting and monitoring data and reporting)

## Communication Programme

- **Communication programme** was established to educate people about Covid-19

## Ongoing Employee & Community Support

- **Continued support of the communities through:**
  - procuring school uniforms from local suppliers supporting 819 students across 3 municipalities
  - Community Behavior Change Programme aimed at reinforcing prevention measures within the communities
- **Employee support programme** was launched to help employees with **mental health** challenges through **CareWays**

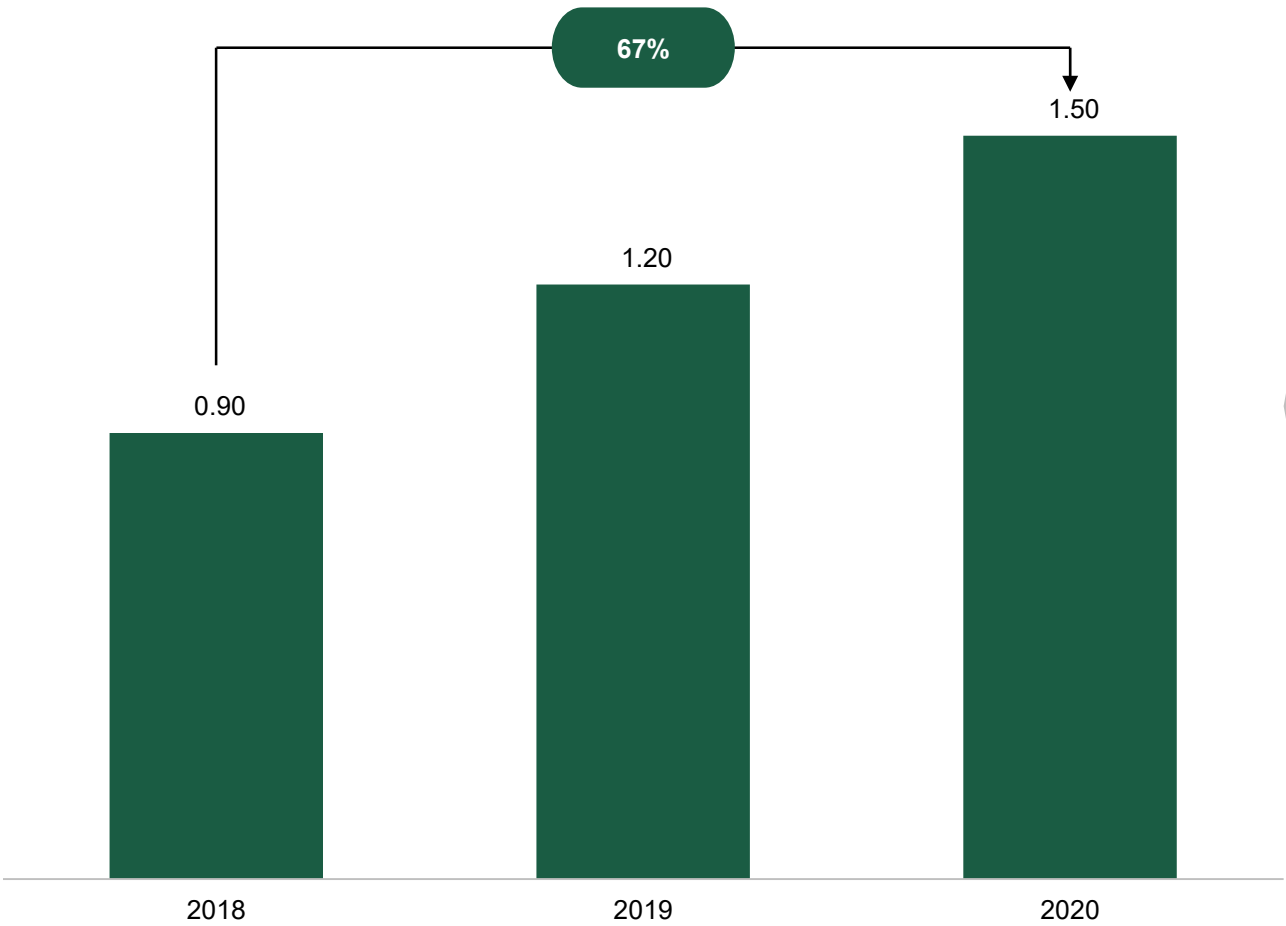


# Host Community Spend

## Continued increase in spend into our communities

### Growing Spend in the Community

Host Community Spend (Rbn)



Host community spend has increased by 67% since 2018

Direct spend into communities

Creates employment opportunities within community and supports livelihoods

Inclusivity extends beyond the mine gate

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**Section 8**

**HR and Industrial Relations**

**Lesego Mataboge**

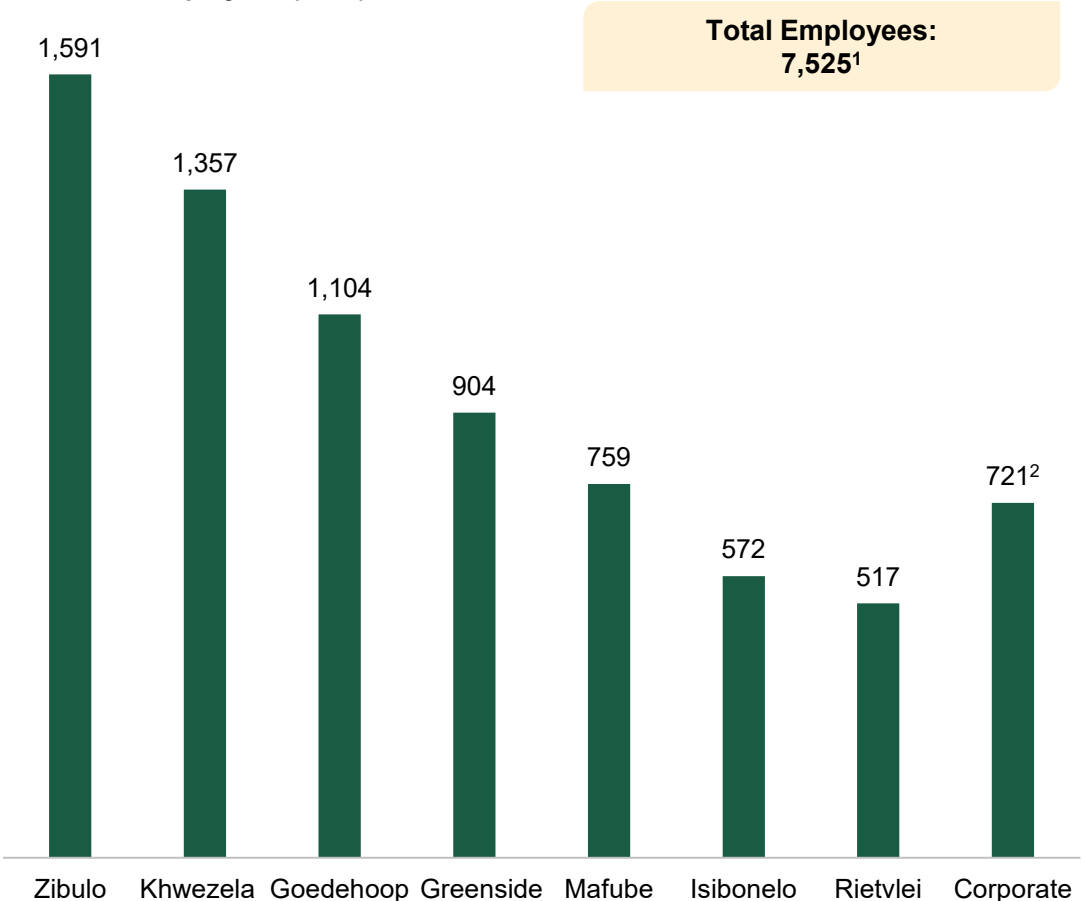


# Optimised Workforce

## Stable and experienced workforce across our operations

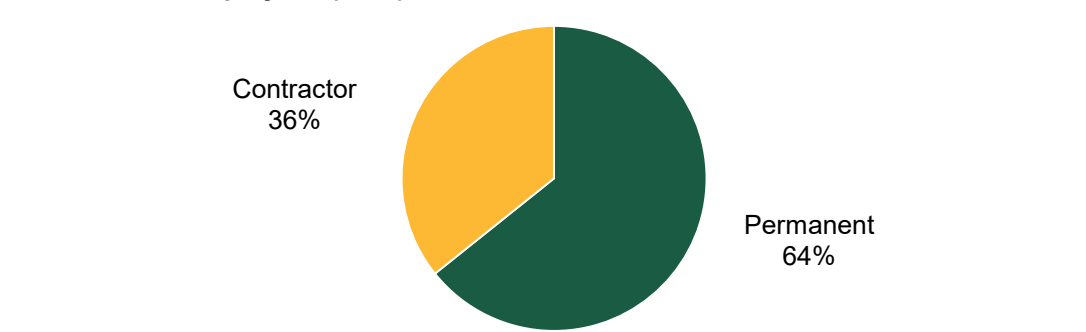
### Our Employees

Number of Employees (2020)



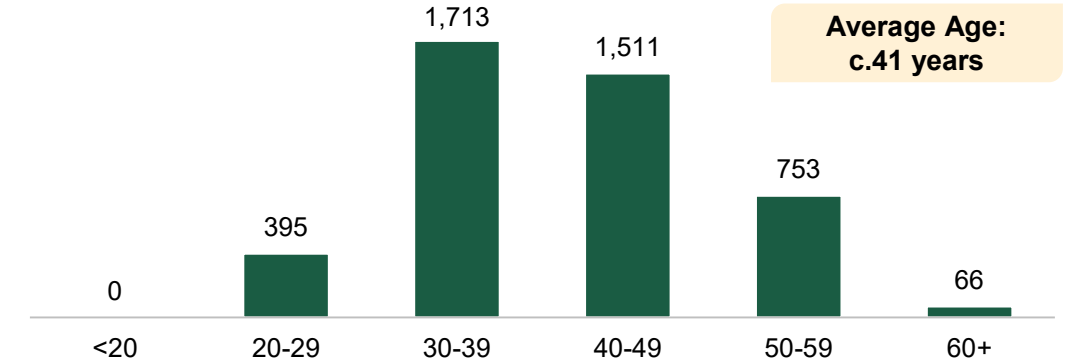
### Employee Mix

Breakdown of Employees (2020)



### Employee Age Profile

Number of Employees (2020)



**Notes:**  
 1. Includes both permanent employees and contractors  
 2. Includes employees that make up the shared services such as the hospital

# Employee Relations

Sound employee relations practices maintain strong relationships

## Trade Union Considerations

- Majority of the workforce unionised under National Union of Mineworkers (NUM)
- Governed by collective bargaining agreements
- Formal recognition agreement in place

## Wage Agreements

### Collective Bargaining Agreements

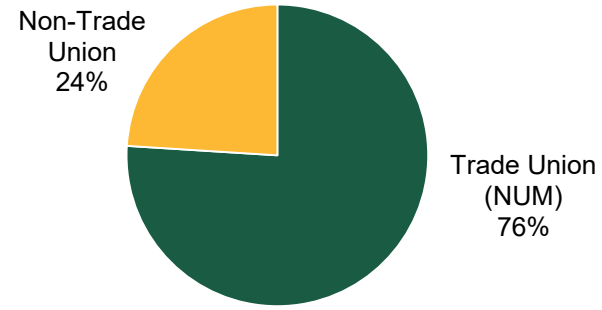
- Covers c.86% of employees
- A two-year wage agreement until June 2022
- Mafube JV concluded a wage agreement at the same time

## Trade Union Engagements

- NUM engagement at a central and on-mine level
  - Bi-monthly Central Forums
  - Monthly Mine / Unions meetings
  - Elected Full Time Shop Steward and a Full Time Union Coordinator

## Permanent Employees in Trade Unions

% of Employees (2020)



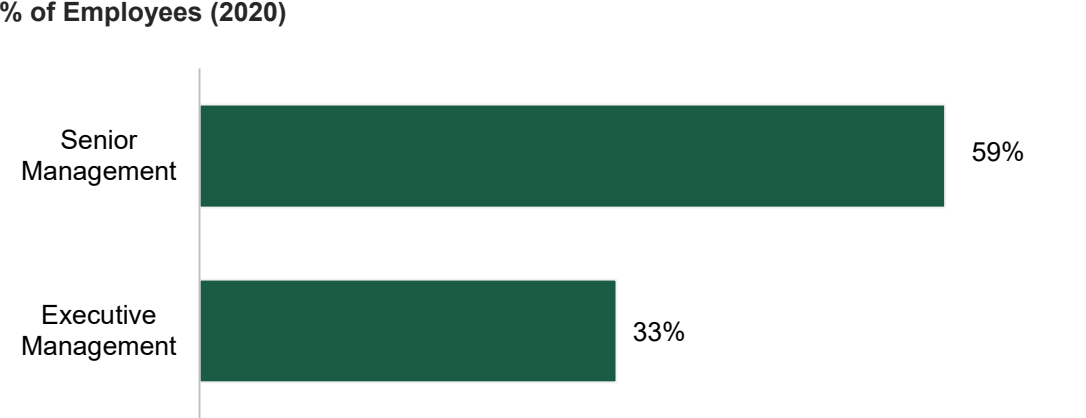
# Inclusion and Diversity

## We are creating a culture that values inclusion and diversity

### Inclusion and Diversity Policy

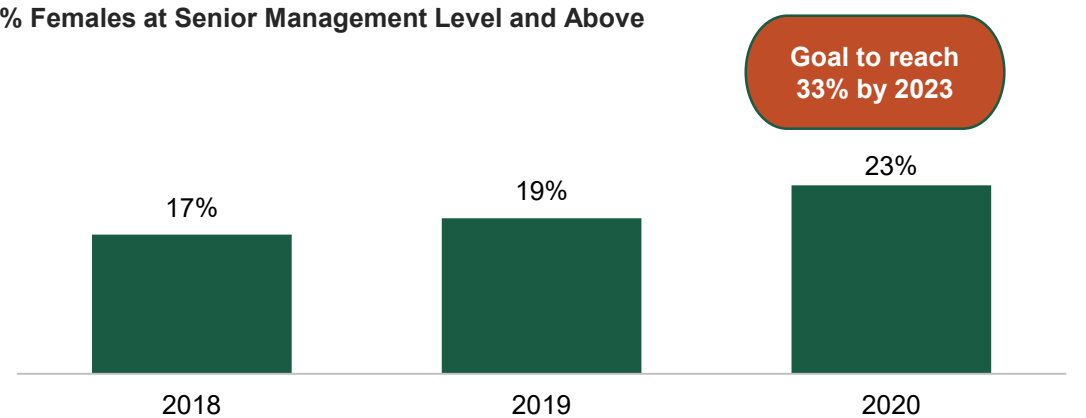
Thungela Values	<ul style="list-style-type: none"> <li>Underpinned by the Company's values and code of conduct</li> </ul>
Transparency in Reporting	<ul style="list-style-type: none"> <li>Open communication of our goals and performance to all stakeholders</li> </ul>
I&D Initiatives	<ul style="list-style-type: none"> <li>Developing a disability-friendly workplace and inclusive culture at all levels</li> </ul>

### % of HDSA at Senior Levels



### Women in Senior Leadership Positions

	<ul style="list-style-type: none"> <li>Female graduate and leadership development initiatives                     <ul style="list-style-type: none"> <li>Women in Leadership Program</li> <li>Stay Interviews for 100% of female talent</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>'Bullying, Harassment and Violence (BHV)' training to create an inclusive working environment</li> </ul>








# Talent Management

## Developing talent through interventions

### Wide Range of Initiatives

	Bursary and Graduate Development Programme for key disciplines
	Leadership Development Programmes for employees
	Career Development Panels and Manager-Once-Removed Sessions to optimise employee engagement, career development and retention of critical skills
	Annual talent reviews and succession planning
	Mentoring and coaching to ensure successor readiness
	Nurturing a culture of high performance teams
	Ensuring we have a market-aligned approach to remuneration that takes into account the output of the talent management processes and initiatives

### Training and Development Outcomes

	Female representation in talent pool: <b>32%</b>
	Promotions coming from talent population in 2020: <b>85%</b>
	Talent Retention: <b>94%</b>
	Succession plans developed for critical roles at Executive Leadership level: <b>100%</b>
	In 2020, <b>38</b> bursary students and <b>66</b> graduate professionals in training, with <b>28</b> bursary students and <b>65</b> graduate professionals in training for 2021

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**Section 9**

**Investment Proposition Recap**

July Ndlovu



# Thungela Investment Proposition



**1** Leading South African thermal coal exporter

**2** Integrated rail and port infrastructure

**3** Low cash cost and high margin assets, well-positioned to benefit from favourable thermal coal market environment

**4** Strong pipeline of brownfield and greenfield options

**5** Right-sized organisational model

**6** Experienced management team



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Q&A and Closing Remarks



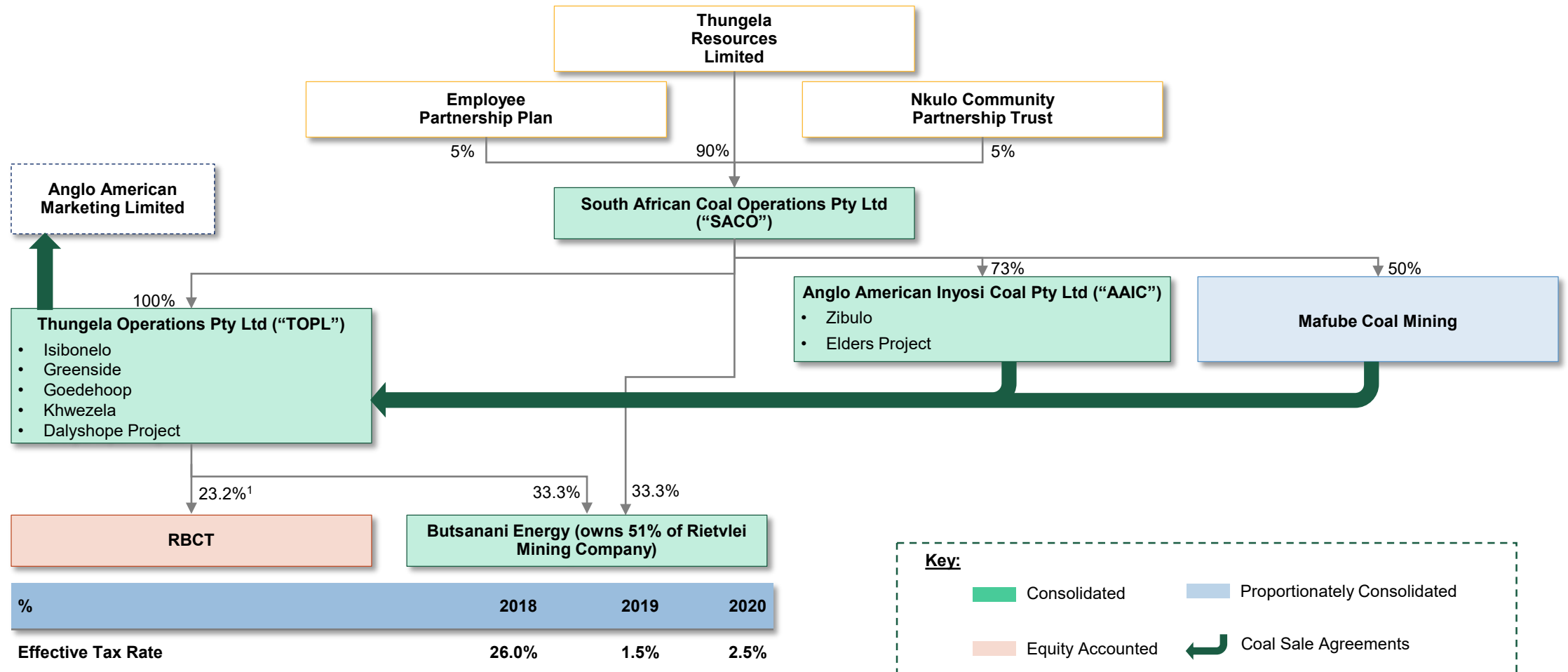
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Appendix



# Organisational Structure Accounting and Tax Implications

## Post-demerger Organisational Structure of the Group



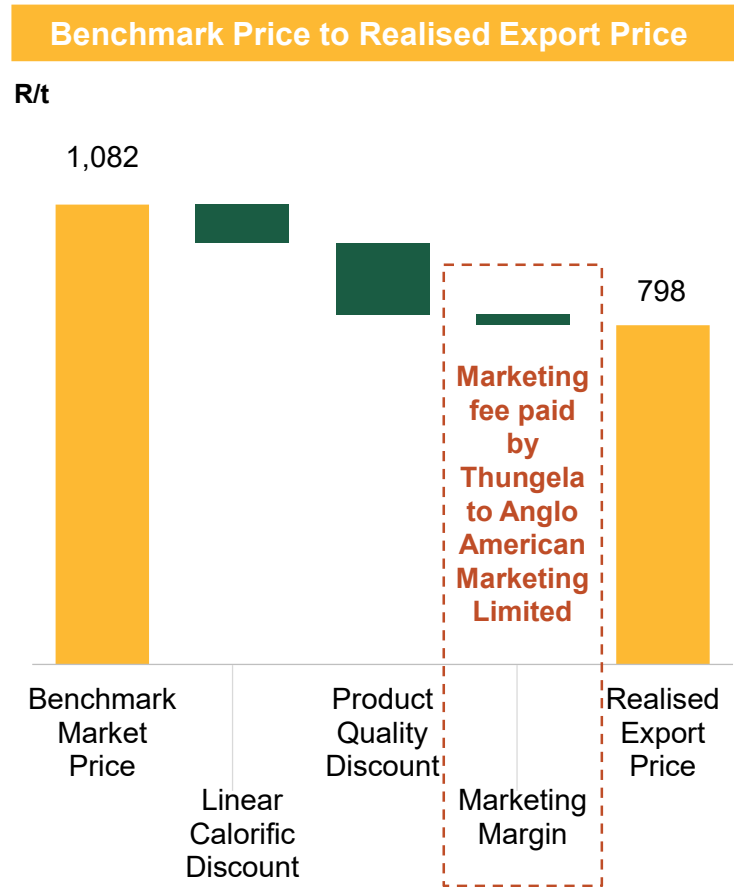
**Notes:**

1. Thungela indirectly holds the 23.2% interest in RBCT through its wholly owned subsidiary, Main Street 1756 (RF) Proprietary Limited

# Considerations in Relation to the AA Offtake Agreement

*“The Offtake Agreement ensures that **customers receive a consistent service and supply of thermal coal while Thungela concentrates on enhancing the performance of its operations while continuing to receive optimal value for its products in the market.** The transition period also provides time for Thungela to build its own global marketing capabilities should it choose to do so.”*

Key Terms of the Offtake Agreement	
<b>Main Parties</b>	<ul style="list-style-type: none"> <li>Thungela and Anglo American Marketing Limited (“AAML”)</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>Expected to commence on 1 June 2021, unless the demerger and admissions are delayed or cannot proceed</li> <li>Three-year term, with an additional transitional period of up to six months thereafter</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>Thungela will sell and deliver its export thermal coal to AAML</li> <li>AAML will purchase export thermal coal from, and provide sales and marketing services to, the Group</li> </ul>
<b>Price</b>	<ul style="list-style-type: none"> <li>Determined in accordance with an agreed formula, linked to index prices, taking into consideration the quality of the export coal supplied (including branded products – supported by independent broker quotes) less a market-related marketing fee</li> </ul>
<b>Termination</b>	<ul style="list-style-type: none"> <li>After two years Thungela can ask for proposals from third parties to take over the services provided by AAML at the end of the three-year term</li> <li>In the event that ESG considerations make it, in AAML's opinion, undesirable for AAML to continue to perform its obligations under the Offtake Agreement, AAML is entitled to terminate</li> </ul>



# Considerations in Relation to Capital Support Mechanism

*“Whilst the current outlook for export thermal coal prices remains positive, abnormally weak market conditions for seaborne thermal coal were experienced globally during 2020 as a result of lower global demand and market uncertainty stemming from the effects of COVID-19. As the ongoing effects of COVID-19 remain uncertain, Anglo American has agreed that, **if there are adverse global market conditions, as determined by thermal coal prices falling below a certain threshold, ASA will provide capital support to the Group until 31 December 2022.**”*

## Key Terms of the Capital Support Agreement

<b>Main Parties</b>	<ul style="list-style-type: none"> <li>• Thungela and Anglo South Africa (“ASA”)</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>• Expected to commence on 1 June 2021, unless the demerger and admissions are delayed or cannot proceed</li> <li>• Terminates on 31 December 2022</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• ASA will provide Thungela with capital support in the event that the implied market price falls below R1,175/t</li> </ul>
<b>Key Terms</b>	<ul style="list-style-type: none"> <li>• Minimum implied market price set at R1,175 per tonne of benchmark quality coal and adjusted in accordance with the quality of the product (“Trigger Price”)             <ul style="list-style-type: none"> <li>– Based on Thungela’s export product basket for the 2020 financial year, the effective Trigger Price would have been approximately R894 per tonne</li> </ul> </li> <li>• Payments will be subject to an annual maximum amount of:             <ul style="list-style-type: none"> <li>– (i) R1,500m from commencement until the end of FY21; and</li> <li>– (ii) R2,500m for FY22</li> </ul> </li> </ul>
<b>Payment Basis</b>	<ul style="list-style-type: none"> <li>• Payments will be determined by calculating the difference between:             <ul style="list-style-type: none"> <li>– The actual, year to date, proceeds received by Thungela pursuant to the Offtake Agreement; and</li> <li>– The proceeds that would have been received by Thungela had the Trigger Prices been applied to the actual year to date equity tonnes delivered by the Company to AAML</li> </ul> </li> <li>• Net payments are applied on a monthly basis and subject to a true-up at the end of each calendar year</li> </ul>



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Thank you