Thungela Capital Markets Day transcript

6 May 2021

CAPITAL MARKETS DAY SESSION 1

SECTION 1: WELCOME AND OVERVIEW OF TRANSACTION

Ryan Africa (Head of Investor Relations)

Introduction, Disclaimer and Agenda

Good morning everyone and welcome to Thungela's very first Capital Markets Day. I am Ryan Africa, and I will be heading up Investor Relations for Thungela. I'd like to take a couple of minutes to introduce today's agenda and to explain how the day will run. But before that please allow me to draw your attention to a couple of important messages from our lawyers. While you take a moment to read through the disclaimer, a reminder that today's session will be recorded and that the recording will be available on the Thungela website which you can access at www.thungela.com and that will be available from tomorrow morning. A transcript of the session will also be made available on the Thungela website in the coming days. Let's start with the agenda for today.

We have nine sessions to cover, and these have been scheduled into two blocks as shown on slide 4. At the conclusion of the first block we shall cover sessions one through five. There will be an opportunity for Q&A which will be followed by a short interval. In the second block we will cover sessions six through nine which will be followed by a slightly longer Q&A session before we wrap up the day. Today's presentation is available for download on the Thungela website and for those logged into the webinar there's also a tab where you can download the presentation.

Turning to Q&A. For those joining via the webinar you will have the opportunity to submit questions via text which will then be read out during the Q&A session. For those wishing to ask questions directly, i.e. in your own voice, we ask that you please join the session using the conference call facility provided, as we can only take direct questions through this facility. In order to ask a question during the Q&A session on the conference call please dial * 1 on your keypad and this will register your intention to ask a question. Once the Q&A session starts the operator will then open your line and ask you to go ahead with your question.

For Q&A specifically, we do encourage those wishing to ask a question directly to opt for the conference call option as everyone will be much more interested to hear your question directly. It is also possible to dial into the conference call facility only shortly before each Q&A session and directly from your computer. If you are planning to do this, I do encourage you to please register for the conference call in advance of the first Q&A session this morning at 10:30 South African time, as you will need the link sent to you upon registration.

Transaction Summary

On the 8th of April 2021, Anglo American announced its intention to exit its South African thermal coal assets, specifically to demerge these assets into a separately listed business. These assets will be transferred to a new holding company called Thungela Resources Limited which will have a primary listing on the JSE and a standard listing on the LSE. On both the JSE and the LSE the shares will trade under the ticker TGA. Let me repeat that, TGA for the ticker. At the point of demerger 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 held. With regards to the necessary approvals, all of the substantial conditions and regulatory approvals have already been satisfied. Yesterday at the Anglo American PLC AGM the demerger was approved by Anglo American shareholders. Thus, the demerger will be effective following the close of business on the 4th of June 2021 and Thungela Shares will commence unconditional trading on the 7th of June 2021.

Today's Presenters

You will be hearing from July and the full Executive Management team during the course of the day. I will not run through the list of speakers here but instead ask the presenters to briefly introduce themselves at the start of their respective sections. I would, however, like to briefly introduce our first speaker for the day, our CEO, July Ndlovu. July has been with the Anglo American Group for 30 years during which time he served in a number of senior roles, including on the Executive Committee of Anglo American Platinum. July took the reins as CEO of the SA Thermal Coal Business Unit in 2016 and together with Deon and the rest of the Executive Committee have steered this business for the last five years. Finally, July is also currently the Chairman of the World Coal Association. With that please allow me to hand over to July.

SECTION 2: INTRODUCTION TO THE COMPANY

July Ndlovu (Chief Executive Officer)

I'd like to do to start us off for the day is to give you an introductory journey on who we are as Thungela. I will share with you the assets that we've got very briefly, talk to you about our strategy and talk to you about our values and talk to you about our purpose. Good morning everyone and welcome to Thungela's very first Capital Markets Day.

Our Purpose, Ambition and Values

We are building a future orientated leading thermal coal business with an owner mind-set focused on value creation for all stakeholders. To succeed we're not changing what we do. We leverage our solid historical foundation, our exiting asset base, markets, track record and talent. We intend to change how we work, what we prioritise and why we take action. This is the essence of our purpose. To be focused on creating value for a shared future and what it takes to get there.

Our purpose, priorities and values connect us with the meaning behind our work, understanding that each decision and action we take ultimately leads us to a promising future for ourselves, the company, our communities and our country. To succeed and become a best in class business for our employees, investors and communities, we will be unwavering when it comes to safety and health, prioritising it above all else. We shift to becoming owners, considering the Rand impact of every decision or action, big or small, are unrelenting in the pursuit of doing things better, to drive productivity and margin uplift and improving our cost position. Being a single commodity, single country business we are better placed to buy goods and services that are fit for the type and life of assets we have. That's what we mean by "buy better, use better".

We spend capital appropriate to the type of assets and life of mines we have, and our goal is to make Thungela a highly appealing and investable enterprise due to its cash flow driven mentality, robust balance sheet, credible leaders and consistency in meeting or exceeding our targets. Among our set of priorities is a key focus on ESG. Uplifting our communities, considering our environmental footprint and becoming a preferred employer through more than a progressive rewards and career development opportunities. Our six values which are at the bottom of this slide underpin and are foundational to everything that we do and make sure that all of us, together, behave and act in unison and concert towards a shared future.

Thungela at a Glance

Our mission is to remain a sustainable and high quality thermal coal business with an enviable cash course position, poised to deliver attractive returns through the cycle. Our business of today is a set of well-established and well-managed assets producing high quality thermal coal products and strategically located close to and within established export infrastructure. If you look at the graph in front of you and you look at the middle and you see how close those assets are numbered 1 to 7.

The business has significant embedded optionality that we will touch on later and over time we expect to improve productivity and optimise cost. We also expect to manage our capital more efficiently with first priority being strong cash flow generation to deliver value to our stakeholders. Where appropriate, additional investments to extend the life of our mines will be focused on value enhancing, low risk brownfield options with synergies with existing infrastructure. Thermal coal is vital for the South African economy and our country relies on thermal coal for energy generation and economic activity. In fact, thermal coal directly employs roughly 90,000 employees, accounting for roughly 20% of all mining jobs in South Africa.

If you look at our business today and compare it to 2015, we had a very different business in 2015, with a meaningful portion of our production tied to supplying Eskom. We have significantly repositioned and upgraded our portfolio to make it a focused expert producer. We've undertaken all the right decisions to transform and resize our business. We've disposed of our Eskom-tied mines and divested off the greenfield New Largo project. We upgraded our portfolio through bringing Mafube into production and approving the Navigation project and you will hear a little bit more about this project a little later today. We've also made tough portfolio decisions by taking out our cost production. So, if you look to the right of the graph, today we have a portfolio of three underground mines and four open cast mines, producing high quality export coal at Zibulo, Greenside, Goedehoop, Khwezela and Mafube. Our other two mines, Isibonelo and Rietvlei, supply the local markets.

Our export mines are integrated to the Transnet railway line, running all the way to RBCT which is a world class bulks material handling port, of which we are the single largest shareholder.

Summary Financials

Let me turn to our financials, and this is a high level snapshot of Thungela's last three years of financials which will be discussed in further detail later today. The key driver behind reduced revenue from 2018 through to 2020 was price reduction of about 25% into 2019. If you look on the top right graph, the line which has got three numbers (1,060, 788 and 798) is the price line that I'm talking to. Weak global energy prices and coal prices continued into 2020 as the globe dealt with the COVID pandemic. During this time, however, we continued to invest in the business.

You will note that our capex was at historical high levels in 2019 as we constructed Navigation a new operation within the Khwezela complex which has extended the life of that mine. We also took some tough decisions by closing Goedehoop South and placing Bokgoni on care and maintenance. Both of these required corporate and service restructuring which we completed early in 2021. These decisions and actions resulted in taking high cost production out of our business and have helped us to position ourselves for the future. So, whilst the business was not profitable during the last two years, you will note that we generated positive operating free cash flow prior to capex in each year. With improved market fundamentals and average prices which are above $90 which were achieved in Q1, these were last seen in 2018, we are confident that once we have rebuilt inventories and managed through the worst of COVID and TFR challenges, Thungela is well positioned to generate attractive cash flows into the future.

Key Leadership

Now, let me turn to our leadership. We spent a lot of time thinking of what skills and expertise and knowledge is needed for the Board and have put together the following group of Directors which is led by renowned businessman and business leader, Sango Ntsaluba. They bring deep and diverse relevant experience to guide Thungela into the future. The Executive Leadership Team has been together for several years and we bring very diverse and deep mining experience. We know the coal industry well. We know our assets intimately. The management teams on the mines are a continuation of the excellent operational teams that we have had in the past.

Key Messages for Today

Let me pause and just reflect on what you're going to hear today.

Firstly, what we're going to share with you is that thermal coal remains a key pillar of the global energy mix with robust global demand for thermal coal, particularly from key export market. And that the South African coal thermal export supply is in decline and that together with declining investments in new supply globally will provide a unique opportunity for Thungela. We believe these fundamentals are expected to support higher prices. We will share with you our strong track record of reserves and resource conversion.

We have a well-diversified quality reserve and resource base, and we have a track record of replacing reserves and adding to our resource base. We have developed a focused capital allocation framework with substantial medium term optionality to convert further resource into reserves from projects currently undergoing feasibility studies.

We have a portfolio of well-positioned assets. In fact, Mafube Lifex recently achieved steady state production, while the Navigation pit at Khwezela is in ramp up. A number of life extension options are being evaluated for assets nearing end of current life although there's no eminent investment decision. Our assets are well positioned in the lower half of the global seaborne cost curve. We have excellent infrastructure supporting our route to the market.

We will share with you our balance sheet and the opportunities for cost and capital optimisation. Costs are planned to remain flat in real terms over the next three years. That we will optimise our capex according to key allocation criteria which are appropriate for the types of assets we have. That we have a strong balance sheet with a cash positive balance enabling Thungela to operate unconstrained by debt. We will share with you that Thungela is fully empowered and meets the requirements of the DMRE. That we've got the key mining rights in place with sufficient tenure to meet the life of mine of Thungela's assets.

We'll also spend time on ESG, with key commitments to the social and environmental aspects which ensures the health and wellness of our people. We'll talk about partnering with employees and communities in which we operate and that we undertake environmental programmes that benefit society at large. We'll share with you that we have an experienced and diverse Board ensuring the highest standards of governance and ethical conduct.

And lastly, we will talk about our competent and diverse and inclusive workforce which has got a passion for our business. And we will demonstrate the history of productivity and cost improvement. We will talk about our sound employee relations and that we have got robust talent management processes that develop and retain the right people. That we have appropriate incentives that drive the right outcomes aligned to our stakeholder needs. So, what I'd like to do at this point in time now is to hand over to my executive colleagues, starting with Bernard, to talk to us about these attractive thermal coal market dynamics. Thanks, Bernard.

SECTION 3: THERMAL COAL MARKET DYNAMICS

Bernard Dalton (Executive Head of Marketing)

Good morning ladies and gentlemen. As introduced my name is Bernard Dalton. I joined Thungela on the 1st of April of this year. Prior to that I spent around 12 years working for South32, specifically in the thermal coal business. The last two years of that period were spent in the operational separation of the coal business from the rest of South32, and I specifically focused on the establishment of the marketing team across both London and in Johannesburg. Prior to that I spent time in BHP Billiton working on marketing systems, specifically commodity trading and risk management systems implemented across all of BHP Billiton's commodities worldwide. And prior to that I was involved in the aluminium business in Richards Bay, also with BHP Billiton.

Thermal Coal Remains a Key Energy Pillar

Moving onto the thermal coal market dynamics. The bulk of the forecasts provided for in this section are drawn from Wood Mackenzie, an independent and global research and consultancy group. Furthermore, we are also providing actual facts and not always necessarily what the audience may want to hear. Thermal coal remains a key energy pillar. The world, and specifically the developing economies, will continue to require increased energy generation. This increase is expected to be approximately 12.5% for both total energy generation and thermal coal global power generation and this is over the next decade. Renewables will form the largest part of total incremental energy demand. However, thermal coal will continue to remain a substantial energy source, forecast to make up 31% of global power generation. And that 31% equates to approximately 964 million tonnes of seaborne demand by around 2030. And this is particularly prevalent in developing countries.

Robust Global Demand for Thermal Coal, Particularly in Asia

Asian countries require large amounts of low cost power to support economic development and growth. Asia's share of the global thermal coal power generation is forecast to grow from around 79% in 2020 to 86% in 2030. Asia remains the key market or region using thermal coal as a fuel source with an expected 7% increase over the next 10 years from an already solid base. The increasing demand for energy and related thermal coal imports seen over the last three years in key Asian markets is expected to continue.

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

The size of India's population and its ongoing large scale industrialisation requires significant power generation which supports the forecasts that thermal coal and thermal coal demand will continue to be robust from India. Coal-fired power generation remains significantly cheaper, and the ambitious nuclear and renewable power generation targets are unlikely to be met. Base load thermal coal will be required to complement renewables. Thermal coal capacity continues to be added in India. And India's own domestic mining and production of thermal coal continues to face its own challenges, including coals that have quality characteristics that are not suitable for specifically industrial applications. India has been the primary market for South African thermal coal for a number of years now at approximately 50% of South Africa's export coal. And India's demand today accounts for 17% of the seaborne supply.

It is important to note that South African coal is not only supplied into the energy sector in India, but also into the industrial sector, and in this regard the cement and sponge iron industries. And this is due to inherent coal qualities in South African coals required in these industries. This trend is expected to continue as the country requires large amounts of thermal coal-fired energy given its relative cost advantage. This all translates into a forecast 19% increase in thermal coal imports from around 162 million tonnes in 2020 to 192 million tonnes in 2035. This is an extremely positive position for Thungela's coal market placement.

Similar Demand Outlook in Other Key Asian Markets

If we turn our attention to other key Asian markets. Whilst India has for some time now been the major export market for South African coals, we are now seeing similar thermal coal demand and increasing in further South Asian countries. If we focus on each one of these countries and we start off with Pakistan. Local supplier of domestic gas and fuel oil is declining and being replaced by costly imports. New power stations are designed to used imported thermal coal, most of which can be sourced from South Africa. Pakistan has also imported significant volumes of South African coals for its industrial sector, including for its cement industry. As outlined on this slide, there has already been 5 GW of coal-fire powered commission in Pakistan since 2016, with a further 1.3 GW in advanced construction stages.

Turning our focus to Bangladesh. The government's focus remains on expanding gas-fired power plants and renewables. However, the availability of domestic gas is declining. The construction of import based coal-fired power stations has been proposed to lower the power costs. Coal demand is expected to grow from around 7.6 million tonnes in 2020 to 12.8 million tonnes by 2030, and this is around a 68% increase.

Moving onto Vietnam. As domestic production is constrained by geology and rising costs, it is expected that Vietnam will turn increasingly to the seaborne import market to meet its thermal coal demands. As outlined on this slide, demand is expected to increase to around 51 million tonnes per annum and South African coals with suitable inherent quantities have penetrated this market over the last three to four years and will continue to be placed into this market. South African coal entrance into this market over the last three to four years has been a really positive story.

Turning to China. China requires significant tonnage of seaborne imports to satisfy total demand despite being a large producer of thermal coal. China's own domestic production supply faces challenges including mining cost inflation, infrastructure challenges and barrier to entry in the state-controlled power market. The recent political spat between Australia and China has enabled South African coals to again be exported into China. In this regard certain Thungela coals have been certified and accepted as suitable for imports into China. And again, this is a really positive market development for Thungela. Although China's seaborne demand is expected to reduce from 187 million tonnes in 2020 to 149 million tonnes in 2030 due to a reduction in the demand for thermal coal from China's coastal markets and increasing competition from China's domestic market for supply of thermal coal, imports are expected to continue due to the high delivered cost of domestic supply to coastal markets as well as quality requirements.

South African Thermal Coal Seaborne Supply in Decline

If we turn our attention to the supply side. As presented, there is increase in demand for thermal coal in all of the key markets that we supply in South Asia as we have just discussed. However, on the opposite side of the equation we see supply from South Africa reducing by approximately 25% on the back of depleting mines and lack of new investments. With an immediate lack of new and significant investment in either brown or greenfields expansion, South Africa's production is expected to decline by around 53 million tonnes by 2030, and with the reduced production becoming even more evident as from around 2025. The South African export production and supply is forecast to decline from 72 million tonnes in 2020 to 49 million tonnes by 2035, so the decline in the export volume will be approximately 23 million tonnes. This is not a South African story alone. On a global basis the story is similar with export supply from operating mines globally reducing from around 950 million tonnes in 2020 to 750 million tonnes by 2030.

These Positive Fundamentals are Supporting Higher Prices

Turning our focus to prices. The market dynamics that we have outlined on the price slide i.e. continued firm and improving demand and reducing supply, all support higher prices going forward. Domestically in South Africa there's also the effect and the impact of the Eskom coal cliff. The graph in this slide is Wood Mackenzie's view on prices in both nominal and real terms and we can see the trend is expected to remain steady for the next couple of years, followed by a gradual improvement. We have already seen a significant price recovery in 2021, an average of $90.76 per tonne in Q1 of 2021 and with peaks of over $95 per tonne, versus the lows of 2020 where prices were as low as $45 per tonne. The actual mine-to-market price achieved by Anglo American marketing for this quarter was at $74 per tonne, inclusive of the marketing margin.

What does this mean? Coal producers with an attractive cost position should enjoy healthy margins and cash generation over the next couple of years.

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

If we look at the cost curve now, and again I just want to point out that the cost curves reflected in this slide, as per the previous slide, are the views of Wood Mackenzie. Thungela has a well-capitalised asset base producing quality coal and is attractively positioned on the global energy cost curve. The best comparison to Thungela's assets on this slide would of course be the South African peers and as you can see there are not a lot of peer operations that are better positioned on the cost curve versus our assets.

Perhaps just worth touching on the one exception as you look at this cost curve being that of Khwezela. This was done before we placed a pit, as July mentioned, on care and maintenance and therefore Khwezela's costs here are still reflective of the high cost pit. Going forward we expect Khwezela's cost position to improve. Our low cost position coupled with our suite of coal qualities, including high quality coals, gives us flexibility to be profitable by selling into the various markets as discussed and this a positive fundamental for us as a business overall. Effective cost management will, however, be important and crucial in order for Thungela to maintain its position on the South African cost curve.

Pricing Mechanics for South African Export Thermal Coal

Turning our attention to the pricing mechanics for South African export thermal coal. The South African coals are priced off a 6,000 kcal/kg benchmark, basis free on board at the Richards Bay coal terminal. Average realised prices for export thermal coal, however, differ from the actual benchmark price due to a number of reasons. The first is the relative difference of the calorific value between the products sold and the 6,000 kcal/kg Richards Bay benchmark. Product discounts that are relative to the benchmark, taking into account various quality factors of which the two main factors would be the ash content and the sulphur content. And then the timing differences between the contract price and the spot prices, specifically when contracting on longer term and or fixed price contracts. We will go into a bit more detail on the next slide around the details of the discounts achieved by Thungela relative to the benchmark price, but as you can see this has ranged from between 22% to 26% over the last three years. That is over the period of 2018 to 2020. It is worthwhile pointing out that these discounts are in line with market benchmarks and would be comparable to our peers.

Reconciliation of 2020 Benchmark to Realised Price

Turning to the 2020 realised prices versus benchmark. On this page we have outlined the components that contribute to the approximately 26% realised discount to the benchmark price in 2020. For 2020 the average calorific value discount was at approximately 10% which is representative of the average quality of coal exported by Thungela which, as pointed out by July earlier, averages at around 5,500 kcal/kg. The product quality discount is driven by market supply/demand factors at the time of contracting and accounts for the lower quality parameters and in the main for the higher ash and sulphur content in these products. The marketing margin is the fee paid to Anglo American Marketing to market Thungela's coal. And Thungela will continue to pay Anglo American a marketing margin on its export coal. This margin is market related.

Brief Overview of Domestic Contracts

Turning our attention to a brief overview of our domestic contracts. Our focus, as has been mentioned, is on the export market but we do have a number of secure term domestic market contracts with good prices which secures further revenue for Thungela over the next two to three years. And these contracts provide options, albeit by mutual agreement, to extend the term of these agreements. Whilst this is not the core of our business, it does provide Thungela with an established market for our products and price arbitrage opportunities. Having optionality in a sales book is always attractive. On the mineral residue deposits, this refers to the historical deposits from coal which was previously washed to a high quality coal as well as roof coal.

Richards Bay Coal Terminal – A Leading Global Coal Export Terminal

Turning our attention to the supply chain or the logistics. One of the attractive propositions for Thungela is our 23.22% ownership in the Richards Bay coal terminal which secures via the rail network from our mines to loading on board vessels and onto final market placement. RBCT is also supported by the port services provided by the National

Port Authority over a 2.2 km quayside and six berthing slots. Numerous expansions have increased the name-plate capacity of RBCT from 12 million tonnes in 1976 to the present capacity of around 91 million tonnes. The total RBCT stockpile capacity at peak is around 8.2 million tonnes and Thungela's capacity at peak is around 1.6 million tonnes. Thungela's ownership entitles us to 19.8 million tonnes per annum, export capacity at the 91 million tonne name-plate capacity and at present operating capacities, this equates to between 17 and 18 million tonnes per annum.

In summary the outlook for thermal coal and hence Thungela continues to remain positive with a price recovery in 2021 and forecast prices stabilised at these levels which is supported by the overall demand supply balance as discussed. It is again important to note that the placement of Thungela's quality export products will be into markets that continue to develop and hence require continued increase in power generation and thermal coal imports. The South African market and related coal supply agreements provide both market, in other words price and product optionality, and further secures revenues. The export market focus which is key, and a key focus for Thungela, is all brought together through the well-established logistics infrastructure of rail, terminal and port facilities.

SECTION 4: RESERVES AND RESOURCES

Leslie Martin (Executive Head of Technical)

My name is Leslie Martin. I'm the Executive Head of Technical for Thungela and I've been associated with Coal South Africa for the last 25 years. In that period, I've served in various positions from the operational and project sides, so a real coal miner at heart.

Coal Resources in the Coalfield

There are probably three phrases that you will come across that I just want to explain in a bit more detail. The first one is the various coal seams that we mine. The second one talks around the middlings product, that is one of our secondary products that come out of the washing plant. And the third one is the mineral residue deposits.

In the slides to follow I will take you through a summary of reserves and resources as per the Independent Competent Persons Report that was prepared by SRK in 2020. This process includes a review of Thungela's exploration, mine planning, life of mine information data, in accordance with the regulatory codes and standards.
The reserves and resources in the basin where we operate our mines, where our mines are situated, consist out of four economic seams numbered from the bottom upward. The thicker 2 and 4 seams make up the larger portion of what is economically minable, but where it's financially and technically viable the thinner 1 and 5 seams are also included.

The next concept is around the middlings product. The coal destined for our export market is beneficiated in our coal washing plants producing a primary, high quality export product. And depending on the plant also the middlings product, which is a secondary product derived from the beneficiation process at minimal incremental cost. If we just quickly talk around the mineral residue deposits, given the improvements that were made in the beneficiation techniques over the years, together with the development of a market for lower energy coal, a concerted effort was made to reprocess some of the mineral residue deposits, or shortly MRDs, which are facilities containing remainder previously processed material.

Well Diversified Portfolio with Further Brownfield Optionality

If we now turn our attention to our reserves and resources. This slide indicated the reserve and resources base for the current operating sites and illustrates a well-diversified portfolio with further resource optionality from brownfield developments. The reserve base for all our sites are included in the current life of mine plans that, in our case, vary between about three and 11 years. As can be seen from our reserve base, it's a well-balanced reserve between the opencast and underground operations, whilst our resources on the right-hand side, is largely attributed to our underground operations where Zibulo is the largest contributor to both our reserves and resources, accounting for about a quarter of the reserve base and about half the resource base with really good future optionality.

Opportunity to Refocus on Reserves Replacement with Focused Capital Allocation

I would like to highlight the evolution of our reserve base over the last five years. In a very depressed thermal coal price environment, we have managed to convert about 74 million tonnes from resources into reserves, accounting for about half of the mining depletion since 2016. In the same time we successfully developed projects like the Mafube lifex and Navigation. If we then look at the right-hand side of the slide, in that same period we also continued to critically evaluate the health of our business which sometimes translate into difficult decisions, by placing mines on care and maintenance where we cannot economically extract remaining reserves. This has resulted in downgrading of some of our reserves, for example Khwezela. I must be clear that the vision for Thungela is to have a healthy reserve base and with focused investment there is significant potential to bring more reserves to bear, subject to our completing our feasibility studies and necessary approvals.

Significant Resource Potential from Projects

This slide illustrates a very healthy resource base that is well understood, well drilled and with considered capital allocation to keep projects which have the potential to add to Thungela's reserves. Our resource base has seen some reductions and changes and some of that have been converted into reserves. Over and above this there were also a few transfers to and from our mineral inventory and changes to assumptions, as you can see on the graph, but I must point out that the positives have more than offset the negatives in this category.

Just to highlight a few, the resource base has seen a reduction from downgrades to mineral inventory mainly as a consequence of the closure of Goedehoop South, the closure of certain mined out pits such as Kromdraai and Excelsior, and the seeding of our underground portion of our opencast Isibonelo mine to Sasol. The transfers of the Bokgoni reserves to resources and the upgrading over the years of coal from various MRDs, as well as recognising some opencast resources at Goedehoop North, just to name a few, have more than compensated for the reduction that we've seen. Very key on this slide, you can see that the main contributor to the increase in our resource base is the Dalyshope project that was upgraded to reportable resources on the back of a commercial framework agreement that in the longer term could unlock real development opportunities in the Limpopo province.

Asset Overview of Reserve and Resource Base

If we then look at our asset overview and reserve and resource base, the table is a summary of what we've spoken about, but it also highlights the run of mine and the saleable reserve at the operating mines and also the two greenfields projects that are reflected on this table. As mentioned to Bernard the indicated calorific value at most our assets are of high quality and really supportive of a premium export product. It is also worth noting that the primary portions of the reserve base are even higher quality if the secondary products were excluded from the averages. The two examples here is, for instance, if we exclude the MRDs at Goedehoop and at Greenside the calorific values that is reflect at Goedehoop sits at 6,300 kcal/kg and at Greenside at over 6,000 kcal/kg gross as received.

SECTION 5A: ASSET OVERVIEWS

Johan van Schalkwyk (Chief Operating Officer)

Good morning everybody. My name is Johan van Schalkwyk and I am the Chief Operating Officer for Thungela. I have 25 years of mining experience and I started my career back in 1996 in the very same portfolio of assets that we will be discussing today. I've held various operational management roles with my first General Manager appointment in 2009. From 2013 to 2016 I was General Manager at Sishen mine in Kumba Iron Ore and returned to coal with my appointment as Head of Opencast Operations and Business Services in 2018. In this part of the presentation I will be providing you with a high level introduction to the various Thungela mining operations. But before I do so please note the outlook information that I'm about to present is extracted from the Competent Persons Reports and is intended to provide a consistent view across the portfolio.

High Quality Operations Delivering Premium Products

July has already mentioned that Thungela operates a portfolio of high-quality operations, delivering a range of high-quality products. The map on the slide indicates that geographically the assets are located fairly close to each other allowing collaboration, benchmarking, sharing and logistics amongst the operations which is a major advantage. The various operations are listed on the right-hand side of the slide. The underground operations are the Zibulo, Greenside and Goedehoop collieries and the opencast operations are the Mafube, Khwezela, Isibonelo and Rietvlei collieries. And you can see on the map how they are relatively positioned to each other. I will be providing more detail on each of these mining operations in the following slides.

Zibulo Overview

Zibulo colliery is our flagship operation. Thungela owns 73% of Zibulo and Inyosi Coal owns 27%, but the operation is managed by Thungela. Zibulo is a large scale underground mechanised bord-and-pillar mining operation targeting two seam extraction. There is also a small opencast operation targeting 4 and 2 seam extraction. The mine has attributable run of mine reserves of 48 million tonnes and a life of mine of nine years with significant life extension potential. Run of mine coal produced from the mine is processed at the Phola Coal Handling Processing Plant which is a 50/50 joint venture between Thungela and South32. This is a two-stage plant producing high quality primary product as well as a secondary or middlings product, with both currently dedicated to the export market.

The General Manager is Tman Mphokane with 20 years mining experience. Tman joined the group approximately five years ago and he is originally from Sasol Mining. Tman has distinguished himself as a very capable and mature General Manager and has achieved a series of successful safety and productivity interventions. Looking at the Zibulo plan, from the graph at the top of the slide you will note that the saleable production profile for Zibulo is fairly consistent over the life of mine with an increase from 2021 to 2022 mainly as a result of productivity and efficiency improvements. The beneficiation process results in the production of a primary and a secondary saleable product, with the latter being produced at no incremental mining cost.

Zibulo Plan

Zibulo produced a primary product of 6,000 kcal/kg with a yield of approximately 50%, and the secondary product produced in the process results in a total yield of over 70%. The yield graph in the bottom left of the slide indicates that the primary and total yields remain flat over the next three years. Sustaining capital includes stripping and development costs in 2021 for accessing the northern reserve at the underground operation, as well as a new box cut at the opencast operation.

Zibulo Lifex

I have mentioned to you that there is significant life extension potential at Zibulo, and the life extension study is progressing to the feasibility phase. If the project is approved, it will add an additional ten years to the current life of mine of Zibulo. The project focuses on the underground extraction of 2 seam and the estimated production profile will be approximately 8.4 million ROM tonnes per annum. The decision point on the life extension project is required by the end of 2022 in order to produce the first coal in 2026.

Greenside Overview

Greenside is 100% owned and managed by Thungela. It is an underground mechanised bord and pillar operation targeting 4 seam extraction. The mine has run of mine reserves of 31 million tonnes and a life of mine of six years which includes a mineral residue deposit that is presently being exploited. Run of mine production from the underground operation is processed in the 4 seam coal handling processing plant and conveyed to the rapid loading terminal which is approximately 2.5 km away from the mine, from where it is then railed to the Richard's Bay Coal Terminal. The minerals residue deposit material, on the other hand, is processed in the 5 seam coal handling processing plant and trucked from the mine to the rapid loading terminal. The general manager is Neo Monareng with 19 years mining experience. Neo started her career in Anglo American and over the years I've had the privilege of seeing Neo grow, develop and progress through the ranks until now where she has established herself as a very ambitious and talented general manager.

Greenside Plan

Looking at the Greenside plan you will note that the primary saleable profile in the top graph as well as the primary yield for Greenside in the bottom left graph is declining over the next three years as the operation moves to the east block reserve which has an inherently lower seam height and lower coal quality. Greenside produces a primary product of 5,800 kcal/kg from the underground operation and is expected to produce a secondary product of 4,800 kcal/kg over the next two years. Domestic production drops off in 2022 as the mineral residue deposit is depleted. With the secondary product flexibility exists to sell the product in both the domestic and the export market, but currently the strategy is to pursue the higher margin gained in the export market. The yield graph also indicates that a primary product is achieved with the yield of approximately 60% as the mining operation advances into the east block reserve. The sustaining capital includes stripping and development costs required for accessing the east block reserve.

Goedehoop Overview

Goedehoop is 100% owned and managed by Thungela. It is an underground mechanised bord and pillar mining operation targeting 4 and 2 seam extraction. The mine has run of mine reserves of 27 million tonnes and a life of mine of five years which includes a mineral residue deposit that is currently being exploited and sold raw to the domestic market. Run of mine production from the underground operation is processed in the Goedehoop coal handling processing plant which is a one stage plant producing a primary export product only. There is a rapid loading terminal on site from where the primary export product is railed to the RBCT. The general manager is Dawid Taljaard with 31 years mining experience. Dawid Taljaard also started his career in Anglo American and the bulk of his experience was spent in the underground operations, and currently is deemed as one of our underground mining experts.

Goedehoop Plan

Looking at the Goedehoop plan the top graph indicates that the primary saleable product profile for Goedehoop is fairly consistent over the next three years, noting the drop off in production as the mine reaches its end of life. Goedehoop produces a primary product of 5,700 kcal/kg with a yield of over 50%. The domestic production ceases in 2023 as the mineral residue dump is depleted. The stay in business capital relates largely to equipment overhauls for the remainder of Goedehoop's life.

Mafube Overview

Mafube is 50% owned by Thungela and 50% by Exxaro. The Mafube Nooitgedacht pit was commissioned in 2018 following the successful completion of the Mafube life extension project. It is a multi-seam open cast operation targeting 4, 2 and 1 seam extraction with a low strip ratio allowing it to deploy a lesser capital intensive dozer fleet for primary waste stripping activities. The mine has attributable run of mine reserves of 28 million tonnes and a life of mine of 11 years with significant life extension potential. The run of mine production from the operation is processed in the Mafube coal handling processing plant, a two stage plant delivering a primary product and a secondary product both for the export market. There is a rapid loading terminal on site from where the product is railed to the Richards Bay Coal Terminal. Very important to note is that each shareholder, both Thungela and Exxaro, is responsible for the marketing and sales of its own share of production. The general manager is Shepherd Nkadimeng with 17 years mining experience. Shepherd also started his career in Anglo American and is a very dedicated mining professional and one of our more diversified general managers with extensive experience in both underground and open cast operations.

Mafube Plan

Looking at the Mafube plan, the saleable production profile for Mafube is consistent over the life of mine and shown on 100% basis in this graph. Mafube produces a primary product of 5,850 kcal/kg with an average primary yield of over 40% over the life of mine. The yield graph indicates that with the secondary product a total yield in excess of 60% is achieved. The primary and secondary products are currently dedicated to the export market, but optionality exists with the secondary product to sell it into the domestic market depending on where the best margins can be achieved. The sustaining capital includes stripping and development costs required for pit and surface infrastructure development as well as capital for additional equipment as the mining strip ratio increases over time.

Khwezela Overview

Khwezela is 100% owned and managed by Thungela. July has already mentioned that the Navigation pit was commissioned following the successful completion of the Khwezela life extension project and is currently in a ramp up phase. It is a multi-seam open cast operation targeting 5, 4, 2 and 1 seam extraction and has a fairly low strip ratio with one dragline deployed for primary waste stripping activities. The mine has run of mine reserves of 37 million tonnes and a life of mine of eight years with further life extension potential. Run of mine production is processed in the Navigation coal handling processing plant, delivering a primary export product which is conveyed to the rapid loading terminal approximately 3km away from the mine and then railed to the RBCT. The general manager is Luctor Roode with 26 years of mining experience. Luctor joined our group approximately one year ago from Petra Diamonds where he was the Chief Operating Officer, and since then he has settled in extremely well in the coal mining industry and established himself as a very capable and mature general manager.

Khwezela Plan

Looking at the Khwezela plan, the top graph indicates [a difference in] production at Khwezela produced between 2020 and 2021. This is mainly due to the Bokgoni pit being put on care and maintenance as Leslie has already mentioned, as well as the closure of the Umlalazi pit. From 2021 the Navigation pit is the only operating pit at Khwezela and is in a ramp up phase. It is expected to achieve steady state rates by the end of 2021 with a stable saleable production profile over the life of mine from 2022 onwards. Navigation produces a primary product of 5,700 kcal/kg with an average yield of approximately 50%. The sustaining capital includes stripping and development costs related to the establishment of additional pit room in the Navigation mine.

Khwezela Life Extension

I have mentioned that there is further life extension potential at Khwezela, and the life extension study is progressing towards the feasibility phase and is targeting the Clydesdale area as an open cast operation. Clydesdale will be contiguous to the Navigation pit, so there is potential for cost optimisation through the use of existing Navigation infrastructure. If the project is approved, it will add approximately ten years to the current Navigation pit life of mine and is planned at a rate of approximately 4.6 million run of mine tonnes per annum. A point of decision on this project is only required in the latter part of 2025.

Isibonelo Overview

Isibonelo is 100% owned and managed by Thungela. It is a single seam open cast operation targeting 4 seam extraction consisting of two main pits and deploying two draglines for primary waste stripping activities. The mine has a run of mine reserve of 27 million tonnes and a life of mine of six years. Isibonelo colliery is the only mine in the Thungela portfolio where coal production is exclusively dedicated to Sasol Synthetic Fuels under a coal supply agreement which ends in 2025. The run of mine production from the mine is only crushed and screened and then conveyed to the Sasol Synfuels refinery in Secunda over a 22km overland conveyer. The general manager is Dirk Muller with 33 years of mining experience and in the team of general managers, the most experienced general manager.

Isibonelo Plan

Looking at the Isibonelo plan, from the graph at the top it can be seen that the Isibonelo saleable production profile is consistent over the next three years. Very important to note is that the saleable production in the second half of 2025 and also for the whole of 2026 is not committed to the coal supply agreement with Sasol Synthetic Fuels, and therefore product optionality exists in terms of product sales during this period. The stay in business capital relates to machine overhauls for the remainder of Isibonelo’s life.

Rietvlei Overview

Construction of the Rietvlei colliery was started in November 2018 and Thungela holds an effective 34% interest in Rietvlei. Rietvlei is an independently managed, small scale, truck and shovel open cast operation where mining is undertaken exclusively by contractors. Rietvlei produces a domestic quality product supplied under a coal supply agreement to Eskom, which expires in February 2024. There are sufficient resources to extend current operations.

However, this will depend on whether an extension to the current offtake agreement can be negotiated with Eskom, or alternatively if other markets for this production can be found.

Production Potential

Looking at the Thungela production potential, on this slide it is important to note that the information for the outlook period is sourced from the competent person's reports and may differ from management's guidance. The first graph on the left-hand side indicates how the saleable production from each operation stacks up over the next three years. And I will explain the variance between 2020 and 2021 in the following slide. The graph on the right indicates the saleable production market split over the next three years, and it can be seen that Thungela is becoming progressively more export market focussed.

Portfolio Evolution and Impact on Saleable Production

The Thungela portfolio evolution. A number of changes have taken place in the portfolio, and this has had an impact on the Thungela saleable production into 2021. Consequently, overall sealable production for 2021 is expected to be lower than what was achieved in 2020 primarily due to the Khwezela Bokgoni pit that was placed on care and maintenance, the Khwezela Landau 3 minerals residue deposit operation that was depleted, and the closure of the Khwezela Umlalazi pit as a result of reserve depletion. There is also an increase in saleable production in some instances primarily due to the Zibulo and Navigation operations resulting in a total saleable production plan of 25 million tonnes in 2021.

SECTION 5B: SUCCESSFUL TRACK RECORD OF DEVELOPING AND OPERATING ASSETS

Leslie Martin (Executive Head of Technical)

Developing the Asset Base to Ensure Business Life

Key to the future of Thungela is the ability of this team to deliver on successful greenfields and brownfields projects. I would like to highlight a few projects that were delivered on time and on budget in the last ten years, first of that being Zibulo colliery that was completed in 2010, Mafube colliery that was developed as a greenfields project in 2008, which benefitted from another investment in 2016 to extend the life of that operation to 2031, and lastly Navigation, our latest project that was completed and is still in the ramp up phase.

The project team that did these projects is well experienced and has remained largely stable for the duration of these projects and is ready to successfully deliver on key future developments for Thungela. It is also important to point out how the business reacts to market conditions and its determination to act decisively to close sub-economic assets or place them on care and maintenance when required, the two recent examples being Bokgoni, and Goedehoop in 2019. Thungela will continue to review operating performance and market conditions and make these decisions necessary to sustain this business.

Focus on Operating Improvement

Very important to the success of any business is to continually review and improve productivity, which is 100% in our hands. At Thungela this is part of our DNA and a mind-set of innovation is well entrenched in our operating teams.

Just to mention a few of these examples, we have successfully converted a conventional underground continuous miner section into what we call a prime section by including additional coal cutting and roof bolting machines to reduce the production time losses associated with waiting for support and logistical constraints linked to the traditional continuous miner cycle. On the right-hand side of this slide you would see that this has resulted in a 54% increase in output from a single underground continuous miner section.

This has also now been successfully rolled out to three of our underground mines, and [we are] currently operating with four prime sections at the three underground mines. On the open cast side, we have implemented technology, and to mention two of these initiatives, at Mafube one was the CAES system on the dozers and Trimble on the drills. And that has enhanced the productivity levels of the dozers by 10% in removing overburden and improved the blast gain, which is also very key to moving overburden, by another 8%. The next lever that we pulled in this business was to standardise our key production equipment across the sites. And that provides us the flexibility at our open cast and underground sites to redeploy equipment from site to site and from operations that we close, thereby maximising the efficient use of our assets.

Changing the Way Things are Done

To further illustrate the eagerness of our operating teams to innovate I would like to mention a couple of examples that have changed the efficiency of our mining and beneficiating processes. The first one is APC or what we call Advanced Process Control where we have enhanced the level of digitally monitoring key processes in our washing plants to a point where a computer makes changes on a real time basis and optimises our product recovery to levels that would never be possible in an operator controlled environment. Just to mention some of these enhancements: increased plant run time, improved throughput, improved yield, and very importantly improved energy efficiency. That is reducing the carbon emissions that we see from our washing plants.

The next piece of technology, we installed geophones both at Goedehoop and at Greenside where we use seismic intelligence to enable us to access mining areas underground that would normally have been sterilised due to underlying workings. We initially tried this technology at Goedehoop South where we were able to increase the life of that mine by 18 months and are currently using that at Greenside to access areas that would probably not have been possible to mine in the past.

Taking our attention to the open cast mines, the draglines are really the prime movers. At the draglines we fitted integrated strain monitoring on the boom sections of the machines to enable us to increase the payload of these machine buckets by between 12% and 25%. This is achieved through continuously monitoring and analysing the data that comes from the sensors to optimise the load based on the operating conditions that the machines are working under. And then lastly, probably very close to my heart, to manage our environmental liabilities into the future we have trialled technology where we can sustainably manage decant from old operations by using passive water treatment technology. We have installed a full-scale passive treatment plant at one of our closed mines where we use biological processes to neutralise acid water and remove heavy metals from the decant.

Q&A SESSION

Ryan Africa (Head of Investor Relations)

We will now move to Q&A. A reminder that if you wish to ask a question directly, please join the conference call facility using the link you would have received upon registration. Dialling * 1 on your keypad will indicate to the operator that you would like to ask a question. For those who have submitted questions via the webinar platform – and I can see that some have come in – I will be reading those out. Operator, please could I ask you to open the line for our first question?

Jason Fairclough (Bank of America)
Good morning everybody and thanks for the teach-in. Very interesting. I'm just wondering. It looks like you've got a lot of opportunity here to do projects, to do life extension. Maybe you could just talk to us a little bit about how you're going to be making that decision. When do we need to make those decisions and how will you be making that decision? I guess tied into that, how do you think about your cost of capital as a coal company?

Deon Smith
Good morning. My name is Deon Smith and I'm the Finance Director for Thungela. Thanks for your question. Whilst you are right that we have a number of options, clearly those options need to be evaluated against a number of uses of capital. A bit later today we will reflect on those capital allocation criteria and decisions around payback, returns to shareholders and alternatives. We at the moment are studying a number of projects in parallel in order to be in a position to make those types of decisions around 2023 or early 2023. There are no immediate expansion or life extension capital requirements as the business is well capitalised and therefore no key decision in the very short term. We will clearly have to evaluate that over the next year or two before we have to make those types of decisions.

In terms of your question on our cost of capital, clearly we will be a newly listed single commodity single geography business, so clearly anticipating a higher than usual beta compared to what we've had in the past, and therefore signalling a requirement for us to carefully evaluate an appropriate cost of capital. But I want to reiterate that it's not only about an NPV or an IRR return. Any project would have to compete for capital against returns for shareholders but importantly also be competitive relative to other supply in the market both in cost curve and in capital intensity perspectives.

Jason Fairclough
Sorry, could I just ask a quick follow-up question? So, would you consider inorganic growth options, so M&A? Do you feel like that's in your mandate today, Deon?

Deon Smith
We don't believe that that's in our mandate today. Our mandate today is to successfully demerge and list this business. Our mandate today is to operationally focus on the efficiency drive, the cost and the capital efficiency drives that we've set ourselves, to settle this business and to earn the operational credibility that comes with that journey. That does not mean that we will never look at any inorganic opportunities, but those would certainly have to be evaluated at the appropriate time, which certainly isn't today.

July Ndlovu
The only additional point to make to the question that you're asking is as of today obviously we are demerging and settling these assets and want to operate these as best as we can and making sure that each asset is delivering its full potential. The decision in future, however, is a far broader question not just about what assets we hold, what reserves and resources we've got, but also to look at the mega trends in terms of what is happening in the market and whether the profit pool is sufficiently attractive for us to continue to make investments and, or in fact the question that you just asked whether there are opportunities for consolidation. But we are nowhere near there as we sit here today. As we sit here today, we only got approval yesterday to become a standalone business, and we are thankful to our shareholders for doing that. Our first priority is to set this as a standalone business which is sustainable, making sure that we are delivering attractive cash flows for our shareholders. And only then do we step back and say what do we do going into the future. But that's not a question that we're grappling with as we speak today.

Jason Fairclough
Thank you for that.

Ryan Africa
Thank you for your question, Jason. Operator, if we can take our second question on the line.

Tim Clarke (SBG Securities)
Thank you. Good morning and congratulations on the demerger approval. I've just got a couple of questions maybe towards the assets and the discount. If I look at it your primary product is of a higher calorific value than some of the average product, and then the MRD tends to be winding down across most of the assets. I guess what I'm trying to understand is does that mean that discounts will narrow to the benchmark because on average you're selling a higher quality product as those MRD deposits wind down? Or will those MRD deposits be replaced by other lower grade or lower calorific value production? I don't know if it's going to fit in the finance section – apologies if it is – but if we can just get some idea. You've shown the SIB for each of the operations coming down as specific projects upfront come to an end. I wonder if you could give us an indication of what your longer-term, across the portfolio SIB expectation would be without any approvals, just keeping the current ball rolling. Thank you.

Deon Smith
Hi Tim. Good morning. Thanks for your questions. Tim, your observation around the product mix and the portfolio is correct. On average currently our portfolio mix last year was around a 5,500 CV. And that is spread across high grade RB1 material all the way down to a 4,800 material or a washed mineral residue deposit type material. It's important to note a number of factors when we look at our product mix and portfolio. We determine the output in the portfolio mainly on optimising our full cash revenue. So therefore, the market certainly determines our ability to sell some of the lower grade material, and the discounts that we observe in the market determine that also. There is clearly also a number of tonnes that we put into the market that is essentially raw, unwashed MRD type material. And for that we earn a very modest margin from a cash perspective.

The reason, however, we quite often continue entering into those short-term contracts where it makes sense is because where we have historic MRD deposits that also come with a longer-dated environmental obligation, selling those off to a user that has value in use obviously also optimises our longer-term liability. So our product mix is therefore determined primarily by where we are able to earn a margin and where we have other benefits such as that environmental benefit or a capital benefit where it avoids us having to extend or grow a footprint of a particular

MRD environment or area with the necessary permits and the like required to do that. So that's on the product mix. We do not anticipate a material change to the product mix in the short term, but clearly market forces might tweak that for us on the edges. The decline in MRD in the medium to longer term is therefore a lack of visibility on whether the market would or wouldn't need or require that type of material medium to longer term. So that's on the product mix.

I have included a section on capital and I therefore beg for your patience. I will get to that a bit later on. But last year we spent around R93 a ton on stay in business capital. So that's per annum, on that 16.5 million ton export saleable as a denominator. We clearly see that in the shorter term there is a bit of stripping and development capital to be spent across some of our operations. But absolutely from 2023 onwards we see that number moderating and reducing. And that's not only as a result of the life of the assets but also as a result of our own internal plans and the targets we are setting ourselves to go and review the efficiency and the prioritisation of our capital spend. Thanks Tim.

Tim Clarke
Thank you very much.

Ryan Africa
Thank you very much for that question, Tim. Operator, if we can go to the next question.

Brian Morgan (RMB Morgan Stanley)
Good morning and thanks for the opportunity to ask questions. Can I just ask? Greenside comes to end of life very soon. That's 3 million or 4 million tonnes of export tonnes, and there doesn't seem to be a life extension option there as far as I can see, and nothing in the presentation. Then coupled to that the rail take or pay contract comes to an end within the next three years. Can I read into that that you guys would be willing to note utilise your full rail allocation in the next contracting period? Or would you be willing for your export volumes to decline in the next contracting period?

July Ndlovu
Seeing that the question is marketing related I will deal with the life extension and then I'll ask Bernard and Deon to comment on the take or pay, how we're thinking about that. When you think about Greenside and where it is, Greenside is contiguous to Navigation. They are all in the same geographical area. The way we try to think about the mines in that region we actually call it the South African Coal Estates. And we tend to treat Khwezela and Greenside as one complex sharing the same infrastructure.

When we think about the life extensions in that region what we're trying to do is to evaluate what makes the best use of the infrastructure that we've got in that region. And we may not necessarily always talk to this being a Greenside extension or Khwezela extension. Johan actually said something quite subtle. He said the Clydesdale pit, which is also contiguous to Greenside and mines some of Greenside's reserves, is contiguous to Navigation. So what we're trying to do is to optimise our capital by utilising the full infrastructure in that region, mining infrastructure, rapid loading terminals, water treatment and all that infrastructure in that region. We will do what makes most sense.

What we're not planning to do is just to say we will replace volume for volume exactly, even if it doesn't make sense. We will only do capital projects, as Deon said, which protect our position on the cost curve, are value accretive, utilise our existing infrastructure most efficiently and are short payback. That's why quite often we don't tie one life extension to necessarily that specific mine. And Leslie made an important point if you heard him talk about how we standardised our equipment to be able to share it and deploy it across the whole portfolio. That's part of the reason why we think about it that way. Deon or Bernard, do you guys want to comment on the take or pay and the 2024 date?

Deon Smith
It is common knowledge that the industry has around a ten year agreement with Transnet which comes to an end early Q1 2024. As I mentioned earlier those projects that July has just referred to include a number of options to add export tonnage into our portfolio, given the right economics clearly. We are planning to start those engagements with Transnet early given that the Transnet expectations provide another input into the viability and into the merits of switching on any of those life extension projects. Your observation however around the life of mine profile of the total export tonnage is correct, that if we switch on a number of those projects that we have in our armoury and in our sights at the moment we could potentially replace all of that export tonnage. But July has moderated expectations that we believe that we would only do so, and therefore might have a lower profile in export tonnage post that point. And clearly that will be a discussion that we will have over time with Transnet and as we evaluate the viability of those projects. Thanks Brian.

Bernard Dalton
If I could add something in addition to what you've said, we have actually started engaging with our colleagues in the strategy and business development functions within Thungela and a renewal of the TFR contract is one of the high priority projects. We haven't engaged with TFR yet. We will as Deon mentioned do that shortly. But it is high on our priority list.

Brian Morgan
Thank you very much. I have a follow-up question.

You haven't spoken about Elders. I don't know if you're going to during the course of the presentation. But could you give us a little bit more colour on that mine in terms of conceptually what you're thinking about that?

July Ndlovu
We will utilise our infrastructure where it makes sense. Elders is a reserve and resource which is contiguous to Goedehoop. And again, our thinking both in terms of sequencing and capital efficiency is how do we develop that resource in the most capital efficient way and what would be the most appropriate timing. But also, more importantly, what kind of products should we be producing out of that mine and into which market channels? It's one of those resources that is both suited to providing coal for the export markets – good quality – but equally we could at the right price point supply the local markets if we needed to. And that study is currently ongoing, but we are nowhere near the position to make an imminent announcement about what we're going to do there.

Deon Smith

If I could add to what July has said in terms of the Elders opportunity and resource, it is immediately contiguous to an existing operation, so whereas it is arguably an unmined and undeveloped resource, it has the potential benefit from synergies with the complex which it sits next to, which is the Goedehoop complex. But again, Elders would have to pass muster and stand up to scrutiny relative to all of the other project options that we have, Brian. So, we are not today sharing details as to the shape and size of that opportunity given that we continue to study it and refine our thinking on it and in order for us to compare those with the other options in our portfolio.

Ryan Africa
At this stage before we go back to the lines, I do want to read out a couple of questions that have come from the webinar.

We have two questions from Gavin Rabbolini from PSG Asset Management. Gavin, I see that your first question was related to when the Transnet take or pay contract is up for renewal. I think that has been addressed, but your second question I'm going to read out.

Gavin Rabbolini at PSG Asset Management: "What are the tail risks we should monitor that could materially derail the medium term Asian demand forecasts from SA over the next ten years?"

Bernard Dalton
What we need to monitor and watch carefully at the moment would be COVID. A further breakout or spread of COVID could have an impact on the demand side in Asia. So that is high to watch and monitor. And I guess there could also be a second, and that could be mounting environmental pressures. But as we explained during the presentation, given the economic development in the Asian and South Asian countries, the need for new energy and the need for low-cost energy we believe that there are adequate options in that market to cover that environmental pressure. Likewise with COVID as well. So again we're not reliant on one market and have various market options available to us.

July Ndlovu
One additional comment to that is I think there are a number of other factors you need to look at which are not just specific demand factors. With a depleting base of production globally, one of the things we're going to have to monitor is how much investment is actually going into building new mines globally, because that's quite important because if there are no new mines being built that can only create a bigger supply gap. If there is investment that could change the supply demand dynamics for us. The other mega trend we need to watch is whether global tonnes which traditionally don't compete in our markets are able to compete in our markets. What we have seen with the switch-off of thermal coal demand in Europe, for instance, one would have expected a lot of the [South] American tonnes which traditionally serve that market to switch to our markets. That has not happened because of freight rates and it just can't compete. And we need to watch all those flags to determine whether in fact the supply market dynamics continue to be supportive not just of South African coal but actually of the seaborne traded market. So there are broader trends that we are keeping very focussed on.

Ryan Africa
The next question that we've got through the webinar is from **Alexander Kozak at T. Rowe Price** :"Does the cost curve you show incorporate the discount you historically sell the coal at?"

Bernard Dalton
Just as a reminder, the cost curve that we show is a Wood Mackenzie cost curve. And no, that cost curve does not show the discounts. It is a cost curve for the benchmark coal and benchmark price, which is a 6,000 kcal, so it would not be reflective of the discounts that we work through during the part of my presentation.

Ryan Africa
The next question is from **Liam Fitzpatrick from Deutsche Bank**: "a question on Zibulo life extension. Can you provide details on when you expect to approve, licensing challenges, and how would the approval impact the production profile?"

Leslie Martin
Maybe just to start off, in the short term we are developing towards the north of that reserve. We are going through the Graben which will give us access to the northern portion of the 2 seam reserve. In that same region as you would have seen from the resource statement there is optionality around 4 seam and 2 seam in the Zondagsfontein West area. But we've got time to complete that study around accessing the rest of that resource and we'll be in a position

to interrogate the licensing requirements for that area. And from a timing point of view we would then consider how we need to phase in the potential from that area into the broader portfolio mix.

Johan van Schalkwyk
Liam, a couple of key highlights from my presentation. I mentioned that this project will add approximately ten years additional life to Zibulo and that the run of mine production profile will be approximately 8.4 million tonnes per annum. The Zibulo resource sits immediately north of the current operation. And secondly, it's also an underground operation. So what you will find is that licensing requirements between underground and open cast operations differ slightly in that underground operations licensing processes usually less of a challenge than for open cast operations. So from that perspective we don't really foresee any major licensing challenges. Then as far as the production profile is concerned, currently we don't envisage a major change to the current Zibulo production profile, but obviously we are still in the study phase, so we are considering our options. We are optimising. So there might be changes once we get to a better level of detail, but at this point in time we're not envisaging any changes.

Ryan Africa
The next question is from **Andrew Snowdowne at Sanlam Investments**: "It was suggested earlier that costs will be flat for the next three years. Is this target not too optimistic given rising mining inflation? Please give more detail why you are comfortable with this aggressive guidance."

Deon Smith
It is a relevant question for us, and we are setting ourselves a couple of ambitious targets as a team. However, you have to recognise that when July said we're setting that target of flat cost per ton he was referring to the R833 a ton FOB cost. And I'll unpack a bit later today how we get to that R833 number in real terms. We think that we have sufficient productivity and efficiency programmes in place to counter the bulk of geological inflation. I think you refer in your question to geological inflation as mining inflation. So those should set itself off. The second one is that you also would have noted when Johan spoke that we've recently developed what we call the Navigation pit project within the Khwezela complex. And if you put that in the context of the cost curve slide that Bernard showed with Khwezela on the Q4, so the only asset not in the lower half of the cost curve, you will recognise that there is a denominator shortfall in that we only started to ramp up Navigation. And therefore we would benefit on a cost per ton basis as that denominator improves. So one, efficiency and productivity improvements. Two, Navigation denominator ramp up.

The third issue is around a strategy we've set ourselves around buying better and spending better, which essentially is a cash cost efficiency lever. We believe that we should be able to focus our procurement spend on a more appropriate basis given the shape and size of our assets and where we're located. And clearly that is an important lever for us to bring the absolute cost that we spend down by buying the same but buying better and using the utilisation of that as best as we can. So we think through those three levers whilst it is an ambitious target – it's flat in real terms though – it is achievable.

Ryan Africa
[The next] question comes from **Luvuyo Booi at Noah Capital**: "Congratulations on the approval of the demerger. Is there a possibility of an extension of the coal supply agreement with Sasol at Isibonelo? In the absence of that, what will this do to the realised price as the mine will be forced to seek other markets for this coal production?"

Deon Smith
The agreement with Sasol has customary confidentiality provisions so I won't be able to give you all of the details on every single scenario, save to say the following. Isibonelo is a very good quality coal into the Sasol Synfuels business. It is a very important coal for Sasol's processes, and we are a very important ingredient of its total coal sourcing strategy. And as a result I believe that there could be if we felt that it's appropriate and commercially attractive extensions at mutually acceptable terms. However, we also recognise – and I wouldn't want to speculate around the timing of this – that should the country's growth resume post COVID that Eskom also faces a potential coal cliff and a requirement or demand for similar quality type coal. And if you look at the geographic location of Isibonelo close to

Secunda you will note that there is for example Kriel across the road. There are Eskom options also in addition to that. Clearly there could be other industrial market offsets for that coal. So it's not something that we are concerned about today, recognising that agreement runs until mid-2025 and therefore we have enough time to reflect on what to do with that coal at the end of that current CSA.

Ryan Africa
Operator, at this stage if I could ask us to go back to the questions on the conference call.

Ben Davis (Liberum)
Thanks. Just a quick question on life extension opportunities. Is there any rough guide we can use particularly for Zibulo and also Khwezela in terms of capital intensity to reach those resources? And also should we be thinking about conversion loss at all, or is that not a factor going from resources to reserves? Thanks.

Deon Smith
Hi Ben. I hope you're well. In terms of the capital intensity we have done only early studies on these options. And we've also only done studies from an Anglo American lens. What we really would like to do is to dust these off using a Thungela lens. So I would be loath to be drawn right now on the capital intensity, save to say that it is our ambition to ensure that we only switch lifex projects on where it is very competitive from a relative capital intensity perspective. So apologies, Ben, for not being able to give you Dollars or Pounds and cents today but bear with us whilst we press the reset button and think through what those capital projects could look like wearing a Thungela hat.

On the resources and conversion into reserves clearly the capital intensity plays mathematically into that equation, and so does the cost per ton and a number of other factors as you would well know given resources is only about geological confidence and reserves is about the economic extractability. So it's difficult to answer your second question without having the answer to the first. But I'm going to pass to Leslie to see if he's got any perspectives on what we've observed historically in that conversion or the loss on that type of conversion from resource to reserves.

Leslie Martin
I would say in terms of Zibulo I don't foresee from a resource point of view that those conversions will be to the negative side. I think as you're very well aware, the CPRs do take into account economic factors. But I think what sits 100% in our hands is that in the next couple of years we've got the opportunity to drive those productivity and cost savings that when we do those projects can actually unlock some of those. I think that's what we'll focus on in the next couple of years to really drive those efficiency projects so that we can actually have a better economic view of some of these resources.

Ryan Africa
We've got time for one more question on the line.

Sylvain Brunet (Exane BNP Paribas)
Good morning and thanks for the presentation. One question for me on the marketing side. I'm curious to know if you guys have looked at the coal gas parity and if you've done some maths reflecting CO2 ETS in there. Where would that leave the coal price switching point at current gas prices please?

Deon Smith
Thank you very much for the question. I think you're asking a question that probably the whole world has and continues to grapple with. And there are a number of unknowns and assumptions as you well know in particular around the carbon pricing and taxes across the different jurisdictions. We don't have particularly strong views on it. Our primary view is obviously that we're a coal miner and that we want to produce the best and highest quality coal most efficiently and clearly place that into the markets that we know and understand to prefer high quality imports of coal. And in those markets typically there are variable degrees of efficiency on gas extraction and transportation, and clearly those technologies are evolving also. That isn't our primary focus at the moment as you can imagine.

We’ve got a high quality suite of assets which we will mine as efficiently as we can in order to be as competitive as possible in those types of markets.

July Ndlovu

The only comment I would add is that in the game that we play first and foremost we want to know if there’s demand for your products or not. And the answer is we’ve done a fair amount of work that says there is robust demand in the next decade and maybe beyond. And we have got the right quality assets in the right part of the cost curve to be able to take advantage of that. I did say that we do watch broad trends, and the one is what would the cost of gas do to the switching from thermal coal to gas. In fact it’s a broader question. Not just switch from thermal coal to gas. It’s actually a switch from thermal coal to other energy sources. We think about this from an energy complex pricing point of view.

But we don’t take a far more detailed look at it. We look at it from a mega trend point of view insofar as it informs our view about the long term dynamics. There will be some switching happening as we saw in the Americas for instance. But what we found – and that’s why I made that comment that although the American market for instance in the US where at peak was producing roughly 1.5 billion tonnes of coal, when the switch from thermal coal power stations to shale gas power stations happened one would ordinarily have expected that coal to start trading in the seaborne trading market. It didn’t happen. In fact, that production closed down. So those are the kinds of broader macro trends that we would watch to inform whether the industry into which we supply remains attractive and therefore where do we position our assets within that competitive environment.

Ryan Africa

Thank you everyone. Unfortunately that is all we have time for in this session. We will however try to pick up on more of your questions in the second session. And I can see both on the webinar and on the call there are a couple more questions. We will pick up on those in the second Q&A session this afternoon. We will now have a short break and we will resume proceedings at 11:10 South Africa time when we will kick off when we will kick off the second part of today’s schedule. Thank you very much for your participation and we’ll see you back in about 15 minutes.

END OF SESSION 1

Thungela Capital Markets Day transcript

6 May 2021

CAPITAL MARKETS DAY SESSION 2

SECTION 6A: FINANCIAL OVERVIEW

Deon Smith (Chief Financial Officer)

As I introduced myself earlier, I'm the Finance Director for Thungela, I have been with the coal division of Anglo American as the CFO since 2017. Prior to that, I spent most of my career in the Corporate Finance team. I'll be presenting the financial section today. And it's worth reminding you that the entities forming Thungela did not exist as a single company previously. So what we're presenting is essentially an aggregated view of the entities as if they were under one Group for each of the three historical periods in the PLS. We also present pro forma financials in the PLS that show how the business would have performed had the demerger taken place effective 1 January 2020. We've not made any material changes to the accounting policies and separation of Thungela from Anglo American.

Simplified Financial Model

On this page we've essentially outlined a build-up of how we look at the business and we hope that this will provide you with a base to assess the economics on a go forward basis. The result of this page at the bottom, referred to as Adjusted Operating Free Cash Flow, which is more fully defined in the PLS, was R4 billion positive in 2018, followed by R1.7 billion negative in 2019. These results were off the back of a much softer price, which Bernard and July set out earlier, in particular in 2019 and 2020. We start off at the top with production metrics. So, during 2020 we produced around 16.5 million tonnes of export saleable production, which represents around 80% of our revenue.

The 2020 benchmark export price, which was in 2020 $65 a ton, results in a ZAR price of about R1,082 a ton. During 2020 we observed an aggregate discount, as Bernard set out earlier, of around 26%, which if you apply that gives you a net realised price of R798 a ton. If you look at the Anglo American Q1 2021 production report, you will note that on a mine to market basis, the realised price was $74 a ton. So comparing this to the benchmark price of $90 a ton in Q1, the discount narrowed to around 18%, compared to 26%, albeit the latter is on the mine to port basis.

We then move on to the FOB cost per ton, which I will set out in more detail a bit later in this presentation. But in short, if you take your total operating costs, which include both export and domestic operating costs, and you then deduct domestic revenue, given that domestic is mainly a secondary product, you arrive at a total export operating cost only. And if you take that total export operating cost and divide it by the export saleable production of 16.5Mt you get to the $833 a ton in 2020. And there's a bridge later on in the presentation which I will take you through. The other costs of R29 a ton relate to corporate costs studies and demurrage, so everything beyond FOB. And then the delta between the realised export price of R798/t and the FOB cost of R833/t, and obviously the R29 a ton, then gives you that negative margin of R64 a ton and in turn the 1 billion negative Adjusted EBITDA in 2020. So Adjusted EBITDA is clearly very sensitive to production and sales price, as well as foreign exchange movements. And for example in 2020, and this is mathematically if you assume a $10 a ton higher realised price that would result in improvement of up to R2.7 billion in earnings.

So using the Adjusted EBITDA, we then remove various cash flow statement adjustments, and these are set out more clearly in the PLS, working capital movements, profit and loss on disposal of PPE and so forth, as well as sustaining capital to then get to an adjusted operating free cash flow, which in 2020 was negative R1.7 billion. We will cover the sustaining capital as I said earlier today, as well as look at the next couple of years of capital later on in the presentation. On rehabilitation, I will also set out the balance sheet position a bit later as well as the future funding. But as an indication on this slide, you can assume that we would continue to fund minimum of 5.5% of the guarantee amount in cash per annum.

The corporate tax rate in South Africa is currently 28%. And you will also note from the PLS that we've incurred losses across the last two years. As mentioned, you would have also seen in the pre-listing statement that adjusted operating free cash flow, so the result of this page, is the number that we will base our dividend off. And it is therefore a key number that we have and will continue to monitor going forward. Other than the employee and community participation at a South African Coal Operations level, which we'll talk a bit about later on as well, there's no meaningful participation of minorities in the adjusted operating free cash flow line, given significant debt in the structures and most notably in AAIC, so Inyosi Coal, which owns Zibulo.

I will now step you through the key financial drivers and considerations for Thungela, including revenue, costs, capital and our day one balance sheet.

Revenue – Considerations in Relation to the AA Offtake Agreement

In order to establish Thungela as a focused mining company, for the first three years, with the requisite level of operational focus that this will take, we've entered into an export offtake arrangement with Anglo American. The Anglo American marketing team clearly has the expertise to access the most appropriate markets in order to optimise the realised price for the kinds of products that we produce given their expertise and knowledge of our assets in the market.

Thungela will manage the mine through to port logistics from day one. And we clearly have the opportunity to expand into a standalone marketing business over time. And as mentioned earlier, Bernard will lead the development of our marketing business for Thungela. Prices paid by Anglo American for coal sold by Thungela will be market related and with reference to the benchmark price, as well as independent broker quotes for any quality discounts. Our team will also be monitoring this price realisation, which we expect to improve from historical levels and that you would have seen in Q1 this year already.

Revenue – Considerations in Relation to Capital Support Mechanism

In addition to the upfront cash injection of R3.5 billion, which we'll get onto, we sought to develop a capital support structure to protect Thungela from adverse market conditions in the short-term, with an additional capital support mechanism which will be in place until the end of 2022. As set out in the pro forma financials in the PLS, had this structure been in place since the 1st of January 2020 until the end of 2020, it would have resulted in a further R1.5 billion cash support in 2020. At the end of 2022, the price support, at which this price support would kick in, is at price of about R1,175 a ton at the benchmark price, which will then be adjusted in accordance with the quality discounts that Bernard stepped through earlier.

Based on the 2020 product mix, the realised price in accordance with that capital support agreement would have been R894 a ton. Capital support earned up to the end of 2022 is not repayable to Anglo. Given recent market volatility, this is a good arrangement to have in place, but at current prices we clearly do not expect the capital support to be required. So clearly Thungela is robustly capitalised with R2.5 billion cash balance from day one, and the additional capital support if needed.

Robust Balance Sheet with Additional Capital Support in Place

Reflecting on day one for Thungela, all cash and debt will be extinguished on 31 May 2021 ahead of the demerger, which allows us to start with a clean slate and a strong balance sheet. The R2.5 billion cash injection is not repayable and can be used as Thungela deems fit, in an unconstrained manner. Absent external liquidity on day one, the upfront cash clearly provides us with balance sheet flexibility in order to manage our working capital requirements. But it is clearly very meaningful in the context of the current stripping and development capital cycle that we're in, as well as providing further comfort around the business's ability to fund future rehabilitation obligations. Capital support, as indicated in the light bars on the slide, which are potential amounts that we could get in 2021 and 2022, provides us with full downside protection of around R4 billion until the end of 2022.

Working Capital Analysis

We look at our working capital over three components. Firstly, trade payables, these have recently increased in line with increasing some of the operating expenditures, such as consumables and production input costs. But also due to efforts to constantly optimise payment terms. Trade receivables, on a go forward basis around 80% of this will accrue from Anglo American Marketing given that new arrangement. Inventory is valued only once it's washed. And the numbers on the screen clearly reflect inventory volumes and coal prices at the end of each respective reporting period. And you may recall that spot prices were strong at the end of 2020.

Given the new arm's length marketing arrangements with Anglo American we are rebuilding physical stock levels during 2021. And you also see from the slide which represents year-end balance sheet numbers that working capital as at the end of 2020, was historically low and it's likely to increase to historical levels in 2021, in addition to the inventory rebuild that I've mentioned.

Breakdown of Capital Expenditure

Further to the discussion we had on capex earlier, we look at our capital through two main components. One, expansionary capex, which is essentially extensions to the footprint of an asset, or a lifex project. And two, sustaining capital, which is made up of stay-in-business capex on the current asset base as well as stripping and development at these assets.

Stripping and development includes, for example, box-cuts in the opencast mines, such as the Mafube or Navigation, or extending ventilation and infrastructure in an underground mine, such as Greenside where we’re currently mining to the east, or Zibulo into the north. We have continued, notwithstanding the challenging price environment, in recent years to invest in our assets and this results in us not needing to spend any material expansionary capex until at least 2023 as I said earlier. Sustaining capital is aimed at maintaining the integrity of our installed infrastructure and assets for the duration of the life of mine. I mentioned earlier that during 2020 we spent R93 a ton, so per annum SIB capex per export saleable tonne. So whilst guided to be slightly more elevated in 2021 mainly due to capital deferrals off the back of COVID deferrals in 2020, we expect SIB to gradually moderate to below 2020 levels from 2022 onwards. And this is as we carefully review the efficiency of our spend and our plans with a Thungela lens, coupled of course with a ramp up of Navigation and a concomitant increase in the denominator, so export saleable production.

Closure Costs Provision and Funding

We have around R6.45 billion or $440 million of rehabilitation costs, that's on an NPV basis as of the end of 2020, which will be incurred into the future. When we unpack operating expenditure for 2020 a bit later on you will note that this provision was increased in 2020 by around R1.3 billion. We constantly reassess our liability numbers through engagements with independent third-party consultants to ensure that we are fully compliant with all applicable legislative provisioning requirements. We currently also use a combination of NEMA and the existing legislation and water treatment, for example, is provided based on the combination of active and passive treatment. Given the nature and extent of these liabilities, we're also focused on developing technologies to mitigate the future cost, for example, to enable us to shift to passive water treatment only.

As set out on the slide, we have R2.9 billion in trust currently, we also have around R3.2 billion of guarantees in place, and these will be provided through insurance products. As part of those arrangements, we will contribute 5.5% of our guarantee amount to a green fund. This contribution, coupled with the other efforts such as for example the improved water treatment technologies I referred to, should help us to fully fund with cash collateral this liability over time.

Operating Cost Analysis

Employee costs remain broadly flat, if I look at this graph starting from the bottom, over the last three years. And this is as wage inflation around high single digit, which is commensurate for South African labour market has been offset by lower headcount in mines that no longer are in an operation, as well as some broader restructuring of the business during this time. Input costs such as consumables and maintenance, notwithstanding local inflation, have also stayed flat due to a lower production footprint in 2020 as compared to 2018. Logistics costs are largely related to TFR cost to get coal to the port.

Cost Momentum Expected to be Positive Post-demerger

As mentioned before, in 2020 there was a large increase in the rehabilitation provision that went through the income statement as a non-cash item and that was to ensure that we adequately provisioned based on current legislation. In real terms, we will aim to keep our cost base flat over the next three years. And we'll have a number of operational efficiencies (which I spoke about a bit earlier on in the Q&A) that we've identified to execute on this.

We’ve retired higher cost production by placing Bokgoni, which is a pit in Khwezela, on care and maintenance in early 2021. And we will continue to ramp up Navigation in order to improve the relative competitive position of that Khwezela mine. In terms of recharges from Anglo, we've entered into a series of Transitional Services Arrangements to enable a seamless transition to a standalone business. These TSAs represent around a third of the current recharges. And in addition we're also replacing around a third of those recharges with standalone services. We however also envisaged the ability to improve our cost base by reducing the total cost of this bucket of spend over time.

2020 All-in Sustaining Cost for the Business

I said earlier that we'll talk a bit about the R833/t. So we've spoken about a simplified financial model, as well as our aims to keep those costs flat in real terms. So let me step you through how we get to that R833 a ton FOB. On the left, we start with our total operating cost base, which includes costs pertaining to all production, export and domestic. We then subtract domestic revenue to get to our FOB export costs. So by and large domestic production is a secondary or a by-product in this equation. The FOB export costs divided by export saleable production of that 16.463 million tonnes in 2020 gives you the R833/t.

To get to an all-in sustaining cost, which on the graph for 2020 is the R894 a ton, we add other costs, which is around R204, and that mainly includes sustaining capital, expansionary capital, but also the corporate and project study costs as well as demurrage I mentioned earlier. We then remove non-cash costs. That's the R143m, which is included in the total operating costs of the R2.35 billion. And that includes mainly depreciation, amortisation, as well as the movement in the rehabilitation liability. And this gives us our total all-in sustaining cost per export tonne of R894 and this is for the business compared to a realised export price of R798 for 2020. So perhaps another reminder on this slide of the capital support agreement, which is in place till end 2022, which would have resulted that R1.5 billion given a realised price below the R894 a ton.

Robust and Transparent Approach to Capital Allocation

We recognise that we have a responsibility to think carefully about the business's ability to generate cash, but also then how to allocate those cash flows. We will continue to have a disciplined approach to our capital allocation.

Maintaining the health of our assets with efficient stay-in-business capital remains a priority. We will focus on funding our closure liabilities. Currently approximately 45% of our environmental liabilities are funded by cash collateral in the trust, with the balance supported by guarantees. Our intention is to gradually increase this coverage from 45% to 100% through contributions to the green fund and other initiatives such as water technology. As we believe that this is a critical element of being a responsible operator. We are absolutely committed to delivering strong cash returns, to shareholders. With a minimum dividend pay-out ratio of 30% of net cash flows from operating activities after funding sustaining capital and taxes. We will, however, continue to review the pay-out ratio in favour of a gradual increase over time should our performance allow us to do so.

Each of our mines have value or life-enhancing investment options, but it's important to, again, highlight that we are taking a conservative approach to managing capital, preserving cash flow for shareholders, and therefore would only invest in low risk, quick payback, value accretive projects, where we have a high conviction that our investment criteria and hurdles are met.

Group Operational Outlook

Whilst I covered this briefly as we went through, absent further TFR and COVID disruptions, export saleable production will be at the upper end of the 15 to 16 million range for 2021, growing organically to produce over 16 million tonnes for 2022 and 2023. Thungela’s FOB costs per export tonne are expected again to remain relatively flat in real terms going forward with those productivity improvements offsetting mining and geological inflation. The intention is to sustain and organically develop the portfolio of existing well invested assets with only critical, sustaining capital expected for the next three years.

SECTION 6B: REGULATORY CONSIDERATIONS

Deon Smith (Chief Financial Officer)

Broad-Based Black Economic Empowerment status

Let me now turn to regulatory matters. We've observed encouraging progress over the last couple of years, mainly around the clarity and the stability from the Department of Mineral Resources and Energy. And in particular government's commitment to the mining industry recognising its importance in a South African economic context. We remain confident in the security of tenure of Thungela’s rights as a result of this increased stability and clarity from the regulator. Whilst the MPRDA or Mineral Petroleum Resources Development Act contains many objectives aimed at exploiting the country's resources responsibly and sustainably, the transformation of the industry in South Africa by mineral license holders is clearly a very important consideration. To this end, Thungela is fully empowered and has been involved in the establishment of many meaningful BEE entities across the South African mining landscape. The implementation of the Community and Employee Partnership Plans, which Mpumi will unpack in a bit, is accordingly not a regulatory requirement but will clearly further contribute to Thungela’s empowerment credentials. We also believe that as a listed South African mining company we are well positioned to continue to contribute meaningfully to empowerment and transformation of the industry and indeed our country.

Key Mining Rights

Our mining rights expire between 2030 and approximately 2038 as set out, which is beyond the current life of mine of all our assets. In relation to the life of mine plans as set out in the Competent Persons Report, Thungela owns or has access to all land required to execute on our plans. In addition to the core surface land, Thungela also has access to non-core service land, which is the land in or around the Group's operations that provide ancillary benefits to us, such as security and safety.

SECTION 7: ESG

July Ndlovu (Chief Executive Officer)
At the beginning I said I'll come back and talk to you about our ESG. And what I am going to do in this section as you can see is tag team with my two executive colleagues, Carina Venter and Mpumi Sithole, to try and unpack this robust ESG framework.

A Robust ESG Framework Underpins our Licence to Operate

Our ESG vision supports our purpose to responsibly create value together for a shared future. Establishing and committing to a comprehensive ESG framework and associated targets is one of Thungela's five strategic priority areas, which include the elimination of mining fatalities, operational excellence, a lean organisation and fast decision-making, supply chain optimisation, which Deon spoke to earlier. After considering major trends in the external landscape, existing activities and the ambitions of our employees and stakeholders, Thungela developed a fit for purpose ESG framework to prioritise those areas that are more salient to our host communities and broader stakeholders.

Our ESG framework focuses on three pillars, which is Environmental Stewardship, creating Shared Value for our Stakeholders, and Responsible Decision-Making and Leadership. Within each of these pillars we've identified a further three core priorities most relevant to our employees, communities and broader stakeholder universe. Underpinning these priorities are robust management systems, open and engaged leadership and a commitment to effective and transparent stakeholder engagement, reporting and disclosures further supported by our values and ethical code of conduct.

Corporate Governance Principles

Let me turn to our governance principles. We embrace strong corporate governance principles to deliver our strategic outcomes and engender trust in Thungela as a corporate citizen. Our governance pillars and priorities are reflected in the Board committee structures that we've established, which is: Ethical culture and that we will conduct our business ethically in line with good corporate governance practices with zero tolerance for corruption; we shall ensure strong governance to deliver operational excellence; and report transparently and consistently to remain accountable to our stakeholders. We commit to proactively identify and assessing the risks and opportunities to the business and then to developing and implementing strategies to address these particular risks.

So let me come back to the comments I made about our Board earlier on. We have a majority of independent, non-executive directors. Commitment to maintaining an inclusive and diverse Board – what we intend to do in terms of that commitment is add another black female director to broaden the diversity of our Board. We have, as I said, a very experienced and diverse Board which brings broad experience and these people are well-proven in their own right.

Board Committees

Our Board committees are mainly populated by independent non-executive directors with relevant experience to maintain the governance that I spoke about. And these committees comprise prominent professionals that are distinguished both in South Africa and in an international context. Our committees have the responsibility to the Board to deliver on the broader ESG outcomes. And the committee structures and mandates reflect best practice requirements from both the South African and UK corporate governance.

Carina Venter (Executive Head of Safety, Health and Environment)

I'm Carina Venter, Executive Head of Safety, Health and Environment in Thungela. I've been in mining, in fact coal mining, for 21 years, predominantly in safety. Having started my career at Sasol Mining, I later joined Anglo American Coal South Africa and I've worked across the business in various positions. Today I will be talking to you about safety, health, as well as the environment that we operate in.

Safety, Health and Wellbeing at the Forefront of the Business

I am committed to zero harm. We are committed to the principle of zero harm to our workers. In order for us to achieve zero harm, we are focused on the elimination of fatalities, as well as the Be Well programme. The elimination of fatalities is the combination of three pillars. These three pillars were arrived at after an intensive five-day safety stoppage during which we interviewed all of our employees and all of our business partners. We analysed the feedback and developed a robust programme to ensure safe production.

The first pillar is Back to Basics. We define this first pillar as the six essentials for safe production. It addresses aspects such as rigorous planning, safe work area design, systematic change management, effective supervision, correct tools and equipment, and a trained and competent workforce. The second pillar is around Work Management. To ensure that all the work we do is not only planned but resourced and executed to the plan. The third pillar addresses our Culture, transforming our safety behaviour, aligning the behaviour with the Back to Basics fundamentals, as well as our Work Management pillar.

But we can only achieve these results with healthy people, and that is why our Be Well programme is critical. This program manages initiatives across our business, such as human immunodeficiency, better known as HIV, body mass index, blood pressure, glucose levels as well as smoking cessation. I will now touch on Thungela's objectives, which are having zero loss of life incidents, decreasing the total recordable case frequency rate, focused leadership interactions. More familiar to the mining industry is the term Visible Felt Leadership, or VFL. As part of our back to basics pillar, we changed this programme to be a focused leadership interaction where the attention is specially given to the six essentials, which I've mentioned earlier.

A robust risk management system, which includes a four-layered approach, knowing our risk status and managing our critical controls. In addition, doing inspections and verifying compliance through a system we call assurance execution. Effectively planning, executing and monitoring our work which includes high risk activities. Our key health objectives are to increase knowledge around our HIV status, to provide treatment to those affected and focussing our attention on preventing conversions from a HIV negative status to a HIV positive status. Decreasing occupational health hazard exposure while ensuring we do medical surveillance. And, as I've mentioned, managing the Be Well programme across our business.

Progress in Safety and Health

We have shown continued and consistent improvements in safety and health. As indicated by the 29% improvement (reduction) in total recordable injuries over the 2018 to 2020 period. You can see the graph to the left. In terms of health, we've been able to know the HIV status of 92% of our employees. We treated 93% of affected employees and achieved 100% in health surveillance during 2020, notwithstanding the tough COVID year that we've had. This is on the graph to the right.

Environmental Stewardship

Thungela uses our resources, including water and energy, efficiently. We minimise waste generation and air quality impacts. But how do we do that? Through consumption improvement projects, reducing waste-to-landfill, reuse and recycling of water, with a target to reuse 75% of mine-affected water that's abstracted from the pit or underground workings, and reducing the import of potable water to our sites. We understand and we manage our climate risks and opportunities, as well as the impact on air quality through reducing our scope one and scope two emissions by identifying mitigation adaption plans and disclosing our good practices. We have targeted a 15% reduction in carbon emissions off our 2016 baseline, by 2025, but I will elaborate more on greenhouse gas emissions in a later slide.

We ensure our land stewardship and biodiversity through our commitment to apply mitigation hierarchy to our biodiversity management and closing our mines responsibly. This enables sustainable future land uses while managing residual environmental impacts. Regional biodiversity plans, as well as mine closure plans, are in place and reviewed annually. Mine closure plans are updated to include the latest life of mine views and any new regulatory changes and requirements. Closure liabilities are adequately provided for through trust and guarantees, and Deon elaborated a lot more on those. We are targeting zero reportable environmental incidents.

Flagship Environmental Initiatives

But I will not be doing Thungela justice if I do not take the opportunity to share with you some of our flagship environmental initiatives. The first flagship that I would like to share with you is on our eMalahleni Water Treatment Plant. This plant was established in 2007 at a cost of about R1.4 billion. The plant augments drinking water supply to the eMalahleni local municipality. It supplies clean, treated water into the water stressed Olifants River Catchment and provides fit-for-purpose water to the operations to reduce freshwater abstraction.

Our second flagship initiative is the wetland rehabilitation at Isibonelo. This initiative is a world-first in wetland rehabilitation and returns degraded wetland systems to their pristine natural condition. The initiative form part of an integral component of the operation's ongoing wetland offset project. And it enabled the reintroduction of wetland bulb species. Isibonelo has been nursing them for 15 years. The project includes local employment opportunities and skills development.

Our third flagship initiative is the Mafube Irrigation Trials. This project involved government, mining and academia partnering in crop irrigation. More than 30 years of research indicates mine water can be safe for use in agriculture. The research project involves Mafube's establishment of two 19-hectare trial sites with saline tolerant crops to be planted on a rotational basis. The first crop was irrigated with water from the Mafube pit, and we are very pleased that it has since been harvested, delivering maize and soya. But with that, I would like to touch on reducing our greenhouse gas emissions.

Reducing GHG Emissions

We will continue to drive emissions lower. Thungela has achieved a 16% reduction in CO_2 emissions since 2018, though this includes asset disposals and assets on care and maintenance. We were able to achieve this reduction through various projects, such as solar plants installed at our Highveld Hospital, Greenside and at the training centre. Lightweight truck bowls installed at Isibonelo contributing to diesel savings. Heat pumps for change houses at Isibonelo, Khwezela and Goedehoop. Optimising our ventilation fans at the underground operations, and as Leslie has mentioned earlier, Goedehoop North plant upgrades.

Thungela, excluding the care and maintenance and disposed assets, is still on track to achieve the 2025 target, which is the reduction of 15% off the 2016 baseline. The 2020 number is influenced by a lower production number which was directly related to the COVID pandemic. A number of projects are in place and being considered in order to meet the carbon reduction targets, such as cycle variability management and payload optimisation, offset of diesel usage with lower carbon alternatives such as gas, and processing plant direct operating hours.

Mpumi Sithole (Executive Head of Corporate Affairs)

Good afternoon everyone. My name is Mpumi Sithole. I am responsible for the corporate affairs function within Thungela. I have been with Anglo American since 2011 and spent most of those years in the platinum business. I moved to coal in February 2019. July has introduced Thungela's robust ESG framework and I have the pleasure to take you through some detail of the work that we do in host communities which underpins our license to operate.

Community Partnerships

Thungela is deeply committed to the upliftment of the communities where we operate. And through community partnerships we continue working towards building an inclusive environment where communities and stakeholders collaborate with us to create and deliver on the shared value. Our stakeholder engagement strategy is guided by our purpose, which is responsibly creating value together for a shared future. And that is supported by our values, ensuring that we conduct pro-active, transparent, and inclusive engagements. We pro-actively engage as stakeholders while upholding human rights in line with the United Nations Sustainable Development Goals, national and local development goals as guided by our social policy and other international standards on implementation, disclosure and reporting. Our initiatives actively address community needs in various areas, ensuring socio-economic development through a systematic and integrated implementation and delivery of initiatives within the regulatory framework. This active participation in social development has seen many youth educated, many healthcare facilities built and supported to provide primary healthcare services, inclusive procurement in host communities and employment of local labour.

Partnering with our Stakeholders for Shared Value

Now I am going to take you through partnering with the stakeholders for the shared value that I've mentioned before. Thungela has created an empowerment structure that is inclusive, ensuring meaningful contribution to the lives of both our employees and host communities through an Employee Partnership Plan and the Community Partnership Plan. Our employees and host communities will hold a direct equity stake of 5% each with the minimum dividend of R4,000 per annum per employee and dividend direct contribution of R6 million per annum for communities from 2021. As Thungela, we believe in the implementation of these plans as they will create a long-lasting legacy and make a meaningful impact to our partners, our employees and host communities. The partnership plans have not been implemented for compliance purposes, but we are doing it because it is the right thing to do.

Uplifting the Communities where we Operate

At our Mafube joint venture, we have partnered with the Department of Health and constructed a clinic to service the local community, ensuring ready access to primary healthcare, maternal care, and specialist services such as dentistry. This clinic has now brought services to close proximity, as opposed to previous situations where the community members would travel over 50 kilometres to obtain basic medical care. Our healthcare initiatives, which include infrastructure development, the provision of supplies and equipment such as obstetrician ambulances, have benefited well over 60,000 community members across the eMalahleni and Steve Tshwete local municipalities.

Carina has already spoken about the eMalahleni Water Reclamation Plant which supplies clean water. And we supply clean water to more than 90,000 citizens of eMalahleni. We also run a scholarship programme which is only awarded to learners born and bred in communities where we operate. This is very close to my heart and you'll get to find out why. We have a very strict selection process to ensure that only deserving students who come from severely financially constrained environments receive these scholarships. The students are not compelled to study in fields related to mining and over the years we've seen students excelling in a broad range of academic disciplines, including medicine, marketing, and actuarial science. Over 100 of these students have benefitted from this scholarship program since 2014 to the tune of R40 million.

I’d like to share a story right at the bottom of slide 87. Dineo Mogasho there with her penguin friends. Dineo grew up in a township called Mhluzi in Middelberg. She was raised by a dad who worked as a cook and a mother who sold lunches at schools in the community. She is one of the bursars to graduate from our community scholarship programme and has had the opportunity to be among a team of scientists to be stationed on the remote, volcanic, sub-Antarctic Marion Island as an assistant researcher with the South African National Antarctic Programme. This opportunity of a lifetime for this young researcher would not have been possible were it not for the community scholarship programme. Over and above the scholarship programme, Thungela supports just over 23,000 learners through a holistic approach to improving education and learner outcomes through the education programme. We will continue to impact the lives of youth through our education programmes where we operate.

Responding to a New COVID Environment

Our employees as well as our communities are at the centre of the business. During this pandemic we embarked on a co-ordinated approach towards collaborating and assisting host communities and authorities in the fight against COVID-19 where we operate. Our comprehensive approach was premised on prevention, response, and recovery and it tried to address all potential issues host communities have been facing. Through a WeCare programme, we provided much-needed communication and awareness, educating our employees and communities on new behaviours required during the pandemic and ensuring the constant flow of validated information about COVID-19. We provided food packs to vulnerable families who were carefully identified as child-headed families, families headed by the elderly, families with disabled members where we operate, and we provided also water and sanitation to three municipalities. As we preach the message of washing hands, we needed to make sure that there was water available for communities to do this.

At our Highveld Hospital we made the necessary changes to effectively manage the pandemic by establishing a COVID-19 testing laboratory, which was fully equipped with a PCR machine and installed 50 new bed units. In addition to this, eight clinics received personal protective equipment, medical supplies, clinical support, and training of healthcare professionals. Over and above this we made sure that there were human resources available in the form of clinical associates who could support the clinics with their screening and testing endeavours.

During the national lockdown, 50 of our students from our scholarship programme, which I have already spoken to, received laptops to enable remote learning. The students that form part of our education programme received online access. We made that possible to ensure that they could interact with tutors. They received study guides, calculators, which they also could use during the holiday support programme which we conducted and hosted for the students to help them catch up with the amount of time that they’ve lost. I am pleased to announce that these efforts have yielded great results for the students. The class of 2020 delivered satisfactory results despite the devastating disruption with schools in the education programme, obtaining an 87% pass rate, exceeding the national pass rate of 76.2%.

Host Community Spend

We have continued to be intentional about increasing our spend in host communities. Over the last three years, we have almost doubled our procurement spend in local host businesses. Direct host community spend has increased by 67% since 2018. Working together with the original equipment manufacturers and suppliers we disaggregated some of the services to make it possible for local suppliers to provide goods and services into smaller parcels to our operations. Our strategic focus is to build a more inclusive and diversified supply chain, ensuring that historically disadvantaged South Africans, women, and youth-owned businesses from our host communities play a measurable and meaningful role.

SECTION 8: HR AND INDUSTRIAL RELATIONS

Lesego Mataboge (Executive Head of Human Resources)

Good afternoon ladies and gentlemen. My name is Lesego Mataboge. I am the Executive Head of Human Resources for Thungela. I have been with Anglo American for the last 24 years, in the HR field.

Optimised Workforce

We have a stable and experienced workforce across our operations. The total number of employees across our mines and head office functions is 7,500 of which 64% or 4,800 are permanent, and 36% or 2,700 are contractors, with an average age of 41 years which demonstrates the maturity and experience of our workforce.

Employee Relations

We also have sound employee relations practices that help us maintain strong relationships with organised labour. This is particularly helpful given that most our workforce is unionised with the terms and conditions of their employment governed by collective bargaining agreements. To put this in perspective, 86% of our employees are governed by collective agreements and the National Union of Mineworkers is the majority union.

Inclusion and Diversity

We are focused on creating a culture that values inclusion and diversity. This is also supported by our new values that were carefully chosen to help us embed the new culture. And we have made significant progress over the years with representation of historically disadvantaged persons sitting at 59% and 33% at senior and executive management levels, respectively. Our target is to significantly increase female representation in senior management to 33% by 2023.

Talent Management

We are developing talent through intentional interventions such as leadership development programs, career development panels and mentoring and coaching sessions to ensure that they are not only technically ready, but their leadership skills are also refined to cope with the transition to the next level. In addition to that, we also have a market-aligned approach to remuneration to enable us to attract and retain key talent.

SECTION 9: INVESTMENT PROPOSITION RECAP

July Ndlovu (Chief Executive Officer)
What I'd like to do now is tie everything together that you have heard this morning. I guess the best way to do that would be to remind you of our investment proposition. And part of that you will find in the PLS but let me just make a few remarks first about what you heard this morning. I started off by talking about we've got a purpose, we've got values, we've got an ambition, an ambition being to generate cash flows through the cycle. I said that we do have the plans. We've defined the priorities and the supporting values that ensure that we can do that.

We then spent quite a bit of time talking about the market dynamics and that's quite important because ultimately it's about making sure that you're working in an industry where there is demand for your product and that industry is sufficiently attractive to allow you to participate in the profit pool. We then move to talking about our assets. And what we sought to do was not only to give you a broad understanding of the resource and reserve base that we've got and the optionality thereof, but actually spend a bit more time talking to the unique portraiture of each and every single one of those assets.

What was quite interesting in that discussion is that each of our assets are led by very credible, very experienced, competent leaders. Then we wanted to unpack in a little bit more detail and give you some guidance around the financials that you've just seen in detail in the PLS, and then we moved onto the key priority of ESG and sharing with you how we were thinking about our ESG and our responsibility to society. And that we have put together a Board that is capable to guide us into that future.

Then my colleagues spoke about two subjects that sometimes we don't talk about enough, which is the impact in our communities, among our employees, Carina talking about our safety and health and saying to all of you that for us when you talk about zero harm we're thinking about the lives of people. That in fact no one needs to die in our operations just trying to earn a living for their loved ones. I guess the only message I will leave you when you listen to Mpumi apart from the fact that what we're doing is the right thing with the community partnership forums, I hope you will hear the story of Dineo and remember that name not because of Dineo herself but about many other young people and children in our societies that are like her. Companies like ours, Thungela, are the only source of work. What we do is more than just mining. I hope when she spoke to you about the difference we did during the pandemic, and the fact that many people who live around our mines are among the poor of the poorest and relied on us to provide not only basic services such as water, medical care, but we even had to supply food.

Thungela Investment Proposition

Let me bring all of this together and recap with our investment proposal. Our singular mission really just simply being to generate cash flows through the cycle, making sure that our assets, each and every one of those assets, is performing to its maximum potential. We want to remain the leading South African thermal coal exporter. We have the assets. We have got the infrastructure. It's efficient. It's mature. We are located contiguous to the Transnet railway network. Our mines are equipped with very efficient rapid loading terminals which allow us to be able to have unfettered access to the markets.

We spoke in a fair amount of detail about how competitive our assets are and that we've got the plans to continue to improve them. We do have a low cost position on the global seaborne thermal market. I hope you didn't hear that as us just saying we compare very favourably against South African peers. In fact, we compare very favourably globally. And our plans are designed to ensure that we protect that position.

There were several questions about the life extensions. We do have the optionality both within the existing mines [and] we do have greenfields optionality. These decisions are medium-term decisions. We said to you we don't need to make any rushed decisions over the next two to three years. It gives us time to study this. It gives us time, as Deon was at pains to explain, that we look at these with a Thungela lens. We bring the best of our parent, but we've got to look at these with our own eyes being a single commodity, single country business and make sure that these are the most competitive from a capital point of view and that they deserve to be allocated capital. So we do have the options to extend the life of our mines.

I hope you also heard us talk about we've designed the right operating model, we've got the right culture, we've got the right management processes to be able to deliver on all these ambitious goals. So when we talk about wanting to keep our costs flat in real terms over the next three years this is not merely hopeful proclamations almost made out of blissful ignorance. These are backed by very rigorous plans, very clear understanding of our operations. And lastly, we do have the people. We've been together as a management team through some of the toughest times. We've been through some of the most difficult negative cycles of this industry. And together we've continued to deliver superior operating performance and good cost performance. We have got the right culture. We have got the teams on the mines. We are ready to deliver that aspiration to absolutely deliver attractive cash flows going forward. That's our singular ambition. Let me pause there and hand back to Ryan whom I suspect has got quite a few questions.

Q&A SESSION

Ryan Africa
We will now move into our second Q&A session, and as July has said, there are quite a number of questions online. Operator, please could I ask you to open the line for our first question?

Alain Gabriel (Morgan Stanley)
Hi. Thank you for the detailed presentation. My question is on the innovation which has been part of the Anglo American DNA for the past five or six years. What are your thoughts on running a similar programme like the P101 for example? Are there any opportunities for automation or efficiency gains that have not been fully exploited yet and that are not reflected in the cost guidance? And if so, can you give some concrete examples?

Leslie Martin
Thanks Alain. I think we've really set a good basis with where we started as Anglo Coal, and we will continue similar to what you've mentioned, what Anglo is following, the P101. We were part and parcel of that innovation. And we will continue to drive that innovation. I think that is key to our business model. And we will make sure that it is fit for purpose for Thungela. Maybe to mention some that were not in the presentation where we're using drones to do survey mapping. We use drones to do survey where we take people out of harm's way. Quite a few of these things will continue to be very key to Thungela's success. And I think our teams at the sites are well equipped to deal with innovation and the implementation thereof.

July Ndlovu
If I can just make a quick additional comment. Yes, we intend to continue to innovate absolutely because our competitive position is dependent on us being able to drive productivity and take costs out. You can't achieve what we want to achieve without doing both. But we also have to be very thoughtful about what we choose to do. Given our size there are things we simply won't be able to invest and amortise over the long term, like 20 or 30 years, which Anglo can afford to do. They've got a base and life of assets which are 20 or 30 years which allows them to amortise over time like that. You're going to start seeing a slightly different shift. We're going to be chasing innovation that gives us quicker results. It's important for us because what I can't afford is for my technical team to spend time on things that will only pay back in 30 years. In fact, I don't think Deon would fund it. The second one is making sure that it's fit for the type of assets that we own. That's part of the advantage of being a single commodity business. You can be a quick follower by customising what you've learned in an Anglo context, into only your circumstances. So yes, we will be much sharper, much more focussed on what is most relevant and fit for purpose for our business.

Ryan Africa
Perfect. Thank you very much, July. Operator, if we can take our next call.

Brian Morgan (RMB Morgan Stanley)
Hi guys. Thanks very much. Two questions on environmental rehab if I may. The first one is I'm gathering from the CPRs that Khwezela has the largest unfunded environmental liability. If you're able to add on ten years of life there would you be able to reduce the 5.5% green fund contribution as a result? And then the second question is I assume that most of the trust fund cash is in DMR trust fund. Can you confirm that? And under what circumstances are you able to access that cash as those three big operations come to the end of their life in the next five years or so?

Deon Smith
Hi Brian. Thanks for that. So, on your first question, that's correct. Of that R6.45 billion around R3 billion from memory relates to that Khwezela or the broader complex in that area. So you're absolutely right. In terms of the life extensions clearly there is an element of the R3 billion that we might be able to address if we do extend the life of that operation. But clearly that's an NPV outcome rather than necessarily fewer physical tonnes to be moved. So

that's on the first bit. But to the extent that that NPV number reduces mathematically you are correct. Then the absolute amount under the 5.5% arrangement that we would allocate into the green fund would also reduce. That is a correct deduction. The R2.9 billion that we've shown on an earlier slide is indeed in as you term it a DMRE trust fund. However, the incremental contribution, so the green fund 5.5%, which is R188 million in the first year, is not within that DMRE fund. So that would not be linked to those same terms and conditions of the DMRE fund. And clearly given our history and relationship with the DMRE, to the extent that we pursue any closure activities in and around our existing mines we will also pursue extracting the equivalent amount in relation to that R2.9 billion in trust. Does that answer your question, Brian?

Brian Morgan
It does. Thank you.

Ryan African
If we can go to the next call on the line.

Tim Clarke (SBG Securities)
Thanks very much. I've got a couple of questions. Just a first one on timing. Just this Anglo sale arrangement. I was writing and I might have missed what you said just in terms of working capital. When you get the cash you deliver free on board. I could be wrong but my impression is you're going to receive an average price less the discounts as checked and agreed. But there is then still an opportunity for Anglo to extract further value somehow through marketing means. I just wonder if you could confirm that. And you haven't given us the margin, but it would really help us to have some idea of where that is.

And then my second question is a little bit of an odd one. As we model Thungela and we look at the company going forward I wonder if you could give us some idea of what kind of segmental information you're going to give us at what level. Are you going to go down to ROM tonnes and yield? Are you going to report mine by mine? Because it's always with new listings a problem when we over-model and then start trying to beg information from you that companies don't necessarily want to give post the IPO. So I wonder if you could give us some high level of that. And my last question is I wonder if there are any residual assets in the portfolio that you think you could sell to reduce this environmental liability. My sense is from a markets point of view from an investment case point of view that the rehab liability is quite a significant concern to the market, especially if prices are going to be a little bit lower at points in time. And it's going to add a lot of leverage to the company. Is there anything you can do to accelerate the funding and reduce that liability? Thank you.

Deon Smith
Thanks Tim. I'll tackle them in the same order as what you've asked them and I'll circle back to Bernard on your marketing question if he thinks I've missed out on anything. The term of that marketing arrangement is for three years commencing June 2021 with a further six month roll off period at the end of the three year period. It's essentially on export coal sales. We have included an appendix slide for ease of reference, Tim, but some of this is also clearly in the PLS. Anglo has preserved the option to accelerate the termination of that offtake agreement. So the three years plus six months is therefore the upper end of that, and at their discretion due to ESG or other pressures they might ask us to take over the marketing function earlier. That's why Bernard and team have started building their prowess and getting ready to take any marketing activities over at an appropriate time.

Whilst we haven't disclosed the percentage of the so-called marketing fee, at spot today it's around $1 a ton so you can calculate broadly what that is, which we believe is absolutely arm's length in market related terms. The actual realised price per ton that we get is not based off an Anglo American assessment but rather the benchmark price. So that's an observable price that we will monitor. And it's also based, Tim, where there are discounts off a combination of broker notes, so independently verified. In order to ensure that we and Bernard can keep a tab on that price realisation to ensure that that truly reflects what the market has on offer. Clearly there is some value for Anglo American in trading off the back of our equity coal by adding third party coals and the like, but that's outside of our asset perimeter so to speak.

In terms of reporting, we have in our HFI disclosed to you our intent to continue to show underground and open cast as two segments. And you would have seen in the presentation earlier July stratified our mines clearly into those two categories. And we intend to continue to report financial accounting outputs on that basis. You have to also however recognise that a number of our products are sold on a portfolio basis. Therefore for us, we focus not only at each mine level and optimising that mine. We also focus at a portfolio level. So whilst naturally an underground and open cast segment is a reportable view of our business, clearly a mine by mine view, but more importantly a portfolio view is where we optimise value.

In terms of your question on asset sales in order to mitigate that environmental liability, in a South African context we certainly do not want to pursue such a path without absolute careful consideration in that it's the responsible thing to do to mitigate and close assets in the context of "polluter pays". Clearly where there are potential opportunities of a contiguous or synergy of a different operator to more efficiently either continue mining or consolidate and mitigate some of that closure liability those will absolutely be explored. And I think you are correct. There are definitely opportunities to potentially optimise that in the future. But as I said earlier, there are also other opportunities to optimise that and also some risks. The other opportunity to optimise it is on the water. I said that we provide for what the environmental provisioning requirements are but also some NEMA. So for example, the current applicable legislation does not require us to provide for water treatment, yet we have because we are aware that the new regulations from NEMA are highly likely to include that into the future. We haven't provided necessarily for elements in NEMA that we don't believe are going to survive into the final regulations. So my point is that through a number of other initiatives and technology we think that we could manage some of that longer term environmental liability so that we don't have to resort primarily to selling any of those necessarily.

Tim Clarke
Thank you very much. Sorry, just to clarify, when will the cash flow from Anglo on sales?

Deon Smith
It's the end of the second week of the month. The first revenue cheque that Thungela would receive from Anglo American would be mid-June 2021 in relation to sales in May 2021. Therefore every month we would get 80% of our revenue roughly mid-month.

Ryan Africa
If we could take the next question on the call please.

Ian Rossouw (Barclays)
Thanks. Just on the mining rights you mentioned in one of the slides, and just thinking in context of some of the life of mine extensions, if you look at some of those life extension options what is the current BEE ownership excluding some of the historical credits you've received for some of these options? I'm just thinking my understanding of the legislation is that you would need to re-empower these assets back to 30% of BEE if you were to renew mining rights. I just wanted to get a sense on that.

Deon Smith
Thank you Ian. Clearly the Mining Charter and the DMRE's position on that is an ongoing, robust but healthy discussion. at the moment if you look at Thungela and if you for a minute ignore the historic empowerment that we have completed, our direct equity ownership – and I might remind you that's not the measure under the Charter that we elected to empower our assets. We elected the units of production which gives us a much higher percentage clearly – under the direct equity ownership at the date of the demerger we would be at around 36%. And that includes clearly Inyosi Coal's ownership through the AAIC structure of Zibulo. But also it includes what Mpumi spoke about, the 10% which is spread between the community and the employee participation, which is a net-net new introduction on the demerger of Thungela. So we believe that we are fully empowered and we remain full empowered, and that those aspirations in the Charter we would have exceeded in any event in order to qualify for the extension of those rights where we require them.

Ian Rossouw

Okay, great. That's useful. Thanks. Just a couple of follow-ups. Just on this Eskom coal cliff, it's obviously something that has been talked about for many years. Maybe if you can give us a sense of when you think that happens. So what extent does that fall? And maybe just in relation to that have you seen what sort of Eskom spot prices for tonnages you sell on a short-term basis and your view of what those prices will do in the future? Do you expect that to reach export parity prices at some stage, or is that a bit optimistic? And then maybe just a last question on your climate strategy. I guess there have been some questions previously around Scope 3. I maybe want to clarify your intentions. Obviously investors are under increasing pressure to align their portfolio with Paris benchmarks and in turn they are pressuring companies to align their emission targets with the Paris Agreement. And for fossil fuel producers that obviously includes total emissions including Scope 3. And you're also seeing a similar trend in bank lending and insurance. You've obviously given us Scope 1 and 2 emission reduction targets, but that's only 2% of your total emissions. So I just wanted to get a sense. Do you plan in the future to give us total emission targets to align your strategy with Paris benchmarks? And if not, do you think that's not perhaps the right strategy given the pressure investors might be under to sell your shares?

Bernard Dalton

Thanks for that question, Ian. In terms of the Eskom coal cliff, which is a subject which has been spoken of for a number of years now – I in fact recall almost my first coal conference down in Cape Town there was already talk about that, and that was a number of years ago. If one considers that Eskom has a number of long-term contracts tied to collieries which are terminating pretty soon, Eskom will be forced to go back to the market to buy coal. Whether that's on a shorter term basis or a longer term will still be decided. But definitely that coal cliff is coming. I think one needs to also be aware that generally during the winter months Eskom is looking to buy larger volumes of coal, so we could in fact, given we are moving into the winter period in South Africa right now, see some shorter term buying from Eskom. In terms of pricing an interesting question, Ian. We believe Eskom will be forced to pay higher prices for the coal given mining cost inflation. What may or may not add to that price as well is where they buy the coal from. What I'm saying is if it's a tied colliery across the belt you avoid logistical cost, but we do know that there are a fair number of contracts where coal is being transported over fairly large distances. Will the coal be at export parity? That's difficult to answer. But as I said, I do believe that Eskom will be forced to pay higher prices versus what they've had in the past. I trust that answers your question, Ian.

Ian Rossouw

Do you have a sense of how much the supply and demand gap would be by 2030 in terms of this? When exactly does this gap start to emerge in terms of Eskom demand versus contracted and short-term supply at least from a mine reserve life perspective?

Bernard Dalton

Ian, in terms of when that gap starts appearing – and obviously not providing too much detail – right now Eskom is sitting on relatively good stock levels so they're not absolutely forced to go into the market right now. My overall sense is that we're definitely going to see that gap starting to emerge in the next two to three years. They will be forced given certain contracts to start buying in and contracting on a longer term basis.

Ian Rossouw

Okay. That's clear. Thank you.

Carina Venter

I'll take the first part of the Scope 3 emissions. I think as per the other companies in our position we're keeping a close eye on Scope 3 emissions. Our focus has predominantly been on Scope 1 and 2 emissions and projects we've put in place to manage and mitigate those emissions. But we will collaborate as far as we can with other businesses in the same position as us to mitigate those Scope 3 emissions.

July Ndlovu
I guess we are in that unique position given the nature of our demerger that we are in a transition. We have got a three year marketing agreement with a single customer who themselves also sell hopefully to direct consumers. It would be quite tricky at this point in time to start thinking about how we mitigate our Scope 3 emissions given that construct. We probably have got the next 18 to 24 months to wrap our minds around this subject. But I guess I prefer to step back. Quite often we reduce the ESG conversation to only carbon emissions. We have been very intentional and thoughtful about crafting an ESG strategy because I think it's our firm belief that you've got to get all these three elements in an integrated way if you want to be a sustainable and successful business going forward. It's not just about emissions. We've got to think about the social aspect. We've also got to think about the governance aspect. So the way I'm thinking about it at the moment is set up our business over the next two to three years to be successful. Yes, we will think through what we need to do from a Scope 3 point of view. As you probably know there is even debate about the most accurate way of measuring those and who is accountable for doing what in the value chain. We have got time to wrap our minds around that. But we're going to do that from an ESG integrated thinking point of view.

Ian Rossouw
Sorry, just one last if I may. Just on the acid mine drainage, I understand there is some membrane distillation technology some or the coal mines in the US are looking at actually extracting some of these heavy metals into quite attractive rare earth metals for example. Have you looked at that at all?

Leslie Martin
Thanks Ian. We've been using reverse osmosis at our water treatment plant probably for the last ten years to deal with the majority of water in the SACE complex quite successfully. I think the next step for us is to look at the by-products of the reverse osmosis plants which we are in advanced stages of looking at. And then probably the next step, you can imagine that reverse osmosis, and we're in this carbon debate, is very energy intensive and the next steps need to be to look at passive treatment technologies where we can use novel technologies to actually deal with the water. I think we're well set up to look at that in the next five years.

July Ndlovu
Just to add to your comment on the acid mine drainage and whether we're finding metals in those, there have been a number of project studies. In fact I had the technical team look at it sometime back. There have been a number of studies in South Africa which suggest that yes, there are some rare earths that leach, but hardly in economically recoverable levels. At this point in time in the Highveld coal basin or Witbank coal basin it's currently an area of academic study rather than something that has moved to economic exploitation yet.

Ryan Africa
Operator, if we can take another question from the call.

Sylvain Brunet (Exane BNP Paribas)
Hi again. This is a reporting and disclosure question. Do you intend in the future to disclose the profitability on your Eskom contract so that we can get a better sense of the performance of export versus domestic and maybe EBITDA basically in the future? Thanks.

Deon Smith
For clarity, we do not hold any direct contracts with Eskom. But the domestic arrangements are of a sufficient confidential nature that we are not able to necessarily unpack the profitability of each of those arrangements or contracts in isolation. So unfortunately, we will not be able to split that out in that manner.

Ryan Africa
If we can take one last question from the call and then we'll move to questions on the webinar.

Jason Fairclough (Bank of America)
Hi guys. Thanks again. A couple of quick ones. First on the listing. You're going to be main board listed here in London and also down in Johannesburg. Have you spoken to the exchanges about the potential for index inclusion? And I guess along with that particularly for the London end are you anticipating behaving like a London listed company, so road showing, doing results presentations etc.? That's the first question. The second question is just in terms of the capital return policy. You're saying greater than 30% of the operating free cash flow. How do you think about it if you get surplus free cash flow? Is it just more dividends or do you bring forward retirement of some of the environmental liabilities? How would you prioritise that?

Deon Smith
Thanks Jason. Your assessment of the listing venues is correct. We will hold a primary listing on the JSE and a standard but main board listing on the LSE. Indexation is clearly on our radar but hinges on a number of elements around the shape and size of market cap and the like. But given our categorisation certainly primarily on the JSE there will be some level of indexation. In terms of capital returns to shareholders we've said that we have committed to a 30% pay-out of operating free cash flows. The cash flows that are surplus to that clearly provide us a level of balance sheet flexibility in the near term. But in the same breath, Jason, we also said that on balance we would like to grow that 30%. And clearly that might not be day two post demerger, but soon after Thungela has settled we would like to review that.

Then one also needs to consider that the lifex options or opportunities are around 2023, which therefore means we would want to reflect on the capital required to potentially develop that and trade off, as we've said earlier today, between further returns – so additional returns to shareholders – and potentially developing those projects. None of those decisions have been made, but at a minimum as I said the 30% is there and clearly we're focussed on growing that if at all possible in the short to medium term.

Ryan Africa
At this stage I would like to read out a couple of questions that have come through the webinar.

Our first question is from **Bruce Zungu at Cornerstone Capital Partners:** "In addition to a number of key action plans in place to drive growth and sustainability of Thungela it seems that demand and supply together with life of mine extension will be a key determinant to the success of the business. Are there any issues that management foresee that will impact the company's ability to further extract value in the assets and increase the life of mines?"

July Ndlovu
The way to think about a business like ours is quite simple. There are things that we can control and there are things we can't control. Supply and demand for us is a non-controllable. Demand is uncontrollable. We need to understand it to form the decisions we take internally. But ultimately it comes down to the things that we can control, which is our strategy to improve our productivity, to improve our cost position, to improve our capital intensity, making sure that we've got the right people in the right place, driving our business forward. Beyond that there is not much uncertainty. There are regulatory issues and all those kinds of things, but those are all things we believe we can manage. But ultimately, we want to focus on the things that we can control to become a far more competitive business. It is in that context that we are able to go and perform through the cycle.

Ryan Africa
The next question is from **Thabang Thlaku from SBG Securities**: "What is Thungela's strategy to remain competitive in the pacific basin? And the second part of Thabang's question. Does Thungela Coal also have trace elements which are unattractive to the Chinese market? If so, is there a solution to reduce these trace elements to take advantage of the current geopolitical tension between China and Australia?"

Bernard Dalton

Thanks for that question. The first point I'd make, and as I indicated in the presentation that we gave, is that certain of Thungela's coals actually have been qualified for import into China. I'll ask Leslie maybe when I'm finished to answer the question on whether you can remove trace elements out of coal. I'm not a technical expert, but I'll leave that to Leslie. Again I'd just like to reemphasise that that ability to now again export into China is a big advantage for Thungela and it's an advantage that we're working closely with our soon to be ex-colleagues in Anglo marketing. So that is a big marketing advantage.

Leslie Martin
To reflect on the trace elements, this has really come to the forefront in the last while with tensions between the Australia and China. We've started making this analysis of trace elements part of our exploration and quality control drilling regime. But we're really at the start of this and we're setting up our labs to give us a view and then establish if we see any risks and the markets that we want to play with. To Bernard's point, we have put some coal into the Chinese market without any concerns. And to the question are there any current viable methods to get rid of trace elements in coal, unfortunately not. I think that's inherent and it's where we would find these resources. We're at early stages, but it is I think an opportunity in the future to have a good understanding of trace elements in our coal fields.

Ryan Africa
The next question is from **Liam Fitzpatrick from Deutsche Bank**: "A question on the dividend and leverage levels. Should we expect a dividend to be announced with the first set of results in July/August or are you targeting a larger cash buffer? Once the targeted cash buffer is reached, should your base dividend not be much higher than 30%?"

Deon Smith
Thanks Liam. So what we've said is that the economics up until the 31st May 2021 is clearly extinguished, so therefore for Anglo American's account. Two, we have also said that the dividend policy, we're committing to that 30% pay-out ratio. So therefore Thungela's economic existence practically starts from 1st June 2021, and accordingly our first interims, whilst it would reflect a full six months of activity, would only really reflect economics of the June month. If I can add to that, the 30% is also based on an 'earn it first' principle. So therefore we're committed to the 30% but we would want to earn that first before we fund a dividend. We would as a result of what I've just said need to carefully reflect on the interims and the June results, so that one month result, and we would also clearly reflect on the current pricing and the trading activity throughout the rest of this year. Your question around whether there is a cash target or buffer, there is no such target or buffer set and there is certainly no leverage target or buffer currently either given that we are not envisaging external debt and that we'll be cash positive. But you are correct that the board would carefully look at potentially a higher percentage than 30% if all conditions remain positive and the outlook remains positive. And that could be expected as an outcome, but we certainly haven't committed to that mainly as a result of where we are in our thinking processes. Thanks, Liam.

Ryan Africa
The next question is from **Tintswalo Mukansi at Sanlam Investments**: "You have repeatedly referred to relooking at capital allocation options and other important future decisions through a Thungela lens versus the Anglo lens in the past. Please unpack what you envisage to be the key future differences between a Thungela lens versus an Anglo diversified miner lens, where SA coal typically only made a minor or marginal contribution to the overall Anglo Group returns?"

Deon Smith
What we mean by a Thungela lens is that you have to recognise that we would look at opportunities that might be smaller in absolute size compared to what Anglo might have considered in its context of a capital allocation strategy. There are definitely different opportunities that we would also add into our fuller mix of options. And the second important one is that of a technical standard. Clearly Anglo American continues to own and operate a number of assets with different features. One feature, for example, is the life of [assets] where some of its assets have a 50 to 100 year life. And as a result some of the decisions one would make in the technical standards that you implement at an asset that has a 50 year life is different from a capital project with a ten year life. We have not yet reviewed all of

those standards. That would be part of looking at these from a Thungela lens. But from experience we are convinced and confident that there are opportunities to optimise that quantum of spend into the future and get the same coal output and therefore a potentially superior economic output from those investments.

July Ndlovu
I think, Deon, you are broadly right. That's the issue. The issue is if you have got a different view and ownership of type of assets that you have got, the decision you would make are very different. Second, you have got to accept that Anglo American is a global diversified miner, and therefore certain standards are required for a global diversified miner that, actually when you're a single commodity, a single country, there is some simplicity. Not because there is anything inherently wrong with what Anglo does, but they have to manage that complexity. That would be the one observation. A second observation is this point that Deon is making about if you have got shorter life of assets in certain instances even the type of equipment you invest in those assets could very well be different. It would be quite okay, for instance, to buy the latest and greatest which is automated knowing that I can afford to have ten year payback and it still makes sense in a 30 year life asset. But if I've got a ten year life of asset then I'm thinking very differently. It could very well be acceptable to relocate some of my used equipment which saves significantly on capital going forward. So when we talk about looking at things from a Thungela lens what we're saying is that we intend to look at things very differently to the way we have done it to optimise our cost, to optimise the capital intensity of the projects going forward.

Ryan Africa
The next question we have is from **Luvuyo Booi from Noah Capital**: "Can you please explain the reason for reducing total operating cost by domestic revenue to get FOB export cost on slide 67? By doing this it looks like you're reducing operating cost by profit margin included in domestic revenue and other. Therefore it seems costs are understated by the profit element included in the domestic revenue line. Please provide clarity on this."

Deon Smith
Certainly. There are various methodologies to display and disclose cost per ton. What we sought to do in that particular slide and unpacking it in that manner for our and your benefit is to try and get as close as possible to an export only cost per ton. A different methodology could be to take the total operating costs and divide it by a higher denominator, so therefore including domestic tonnage alongside the export tonnage. That would mathematically give you a cost per ton, rather than R833, below R700 a ton. However, what would you compare the R700 a ton to? And therefore we sought to exclude domestic revenue. Now, last year in the domestic portfolio that profitability margin was not necessarily as high that the benefit you're talking about is material. And the methodology we're therefore displaying or showing assumes that domestic production is a by-product and that we're trying to strip it down to a comparable export cost and export volume in order for us to compare that R833 as well as the build-up to the R894 most appropriately to the benchmark price of the export tonnage that is our primary business.

Ryan Africa
The next question is from **Tyler Broder from RBC**: "Thanks for the presentations. Will the internal marketing team work alongside Anglo marketing for the three year transition period? What are the costs and potential risks with this transition? Is there any infrastructure that will need to be brought into Thungela for this?"

Bernard Dalton
I'm going to answer your question on the infrastructure first. There is no infrastructure that needs to be brought in by Thungela. We have access to the rail, as we discussed earlier, through to 2024. And we remain the 23.22% shareholder in RBCT. In terms of working with Anglo Marketing, absolutely, I can confirm that. The way I look at it is that there's a phase one and a phase two period. The phase one period we're actually in right now where we're working extremely closely with them to set up all the necessary arrangements such that we can both execute the contract come June and also ensure that at the end of June we can actually invoice them and get the money into the bank account. Phase two would be working on developing our marketing strategy once we take over the front line export marketing, whether that's at the end of a three year period or earlier given an ESG termination. So we will be working on that. It's one of those requirements that I know sits in my area of responsibility. I have started giving it

some thought, having previously set up a marketing arrangement for a separated company. We're not ready to talk about that yet, but we will do so into the future.

Maybe just important to also mention that part of the period that we will go into post June/July is also setting up within marketing and other parts of our business our own marketing intelligence. We need to have that for a whole host of reasons. Price forecasting, supply demand overviews, to check on and ensure that we are getting the right price for the coal that we would be selling to Anglo marketing, as Deon mentioned earlier. And also it would be part of the preparation for that eventual transition from a single offtake agreement to an arrangement where we're doing the front line export marketing.

Ryan Africa
The next question is from **James Corkin at Steyn Capital Management**: "On the RBCT operating licenses, in the PLS it is disclosed that after the various renewal extensions the license on the land, buildings and infrastructure on the RBCT terminal assets comes to an end on 31 December 2038. Under the current arrangements what happens on that date to these assets? Do they just transfer back to Transnet?"

Deon Smith
We are unable to necessarily answer questions on behalf of RBCT, albeit we have a 23% shareholding in RBCT, save to say that that infrastructure and assets are no different to other similar assets in the country where they serve a very important purpose. In 2018, as you might know, that port was the largest earner of foreign currency for the country through the coal exports. It is therefore not only important to us but also important to the government that those assets are most optimally utilised. It is therefore a bit of a moot point in that the most beneficial use of that infrastructure will no doubt include an element of export utilising the rail attached to it. And whether that's multi-purpose or coal only, only time will tell. Fortunately, it's 2038 rather than 2023, so we have a bit of time to think about that.

Ryan Africa
Thank you everyone. Unfortunately, I will have to wrap up the Q&A session here. If we were not able to get to your question today – and I can see that there are some questions that we weren't able to get to – please get in touch with me via email – my email address is ryan.africa@angloamerican.com – and I will get back to you. With that, please allow me to hand back to July to close out the day.

July Ndlovu
Thank you very much everyone who joined us, whether through the webinar or through the phones. It has been an absolute pleasure for us to be able to share with you this new pure play that is coming onto the market. Clearly there might very well be some questions that you've got, and continue to engage with us, and we look forward to our continued engagement as we deliver value that will meet your expectations going forward. Thank you very much. Have a wonderful day.

END OF TRANSCRIPT