thungela

NOTICE OF ANNUAL GENERAL MEETING 2023

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

For the year ended 31 December 2022

The directors are responsible for the preparation, fair presentation and integrity of the Notice of the annual general meeting ('the Notice') and related financial information of the Group.

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

The information included in this Notice has been extracted from other reports as issued by the Group, including:
- The Summarised Annual Financial Statements for the year ended 31 December 2022.
- The Integrated Annual Report for the year ended 31 December 2022.

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

APPROVAL OF THE NOTICE OF THE ANNUAL GENERAL MEETING

The Notice on pages 3 to 11 was approved by the board of directors and is signed on the directors' behalf by:

Sango Ntsaluba
Chairperson

July Ndlovu
CEO

26 April 2023

thungela

Responsibly creating value together for a shared future

CONTENTS

ABOUT THUNGELA

Thungela, a Zulu word which means "to ignite", is a leading South African thermal coal business. It is one of the largest pure-play producers and exporters of thermal coal in South Africa based on aggregate coal reserves and marketable coal production.

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

Thungela's operations are among the highest quality thermal coal mines in South Africa by calorific value.

Thungela, through AAIC, also holds a 50% interest in Phola, which owns and operates the Phola Coal Processing Plant, and a 23% indirect interest in RBCT. The RBCT is one of the world's leading coal export terminals, with an advanced 24-hour operation and a design capacity of 91Mtpa.

Thungela is committed to operating in a sustainable way to ignite value for a shared future, for the benefit of the communities in which it operates, its employees, shareholders and society as a whole.

DIRECTORS' DECLARATION

The Thungela Resources Limited ('Thungela' or the 'Group' or the 'Company') board of directors is ultimately responsible for the preparation, fair presentation and integrity of the summarised consolidated financial statements and related financial information of the Group for the year ended 31 December 2022. The board of directors confirm that they have collectively reviewed the content of the Notice of the annual general meeting and related annexures.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the inaugural annual general meeting (AGM) of shareholders of Thungela, to be convened as a hybrid meeting, which can be attended virtually, or in person at the **Radisson Blu Gautrain Hotel, Rivonia Road and West Street, Sandton, Gauteng, South Africa, on Wednesday, 31 May 2023 at 12:00 CAT/11:00 UKT**, or any adjournment or postponement, to:

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

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

This notice of AGM (the Notice) sets out the procedures which shareholders should follow in order to participate in the AGM in person or by electronic communication.

Included in this document are the following:

- The Notice setting out the ordinary and special resolutions to be proposed at the AGM, with explanatory notes. There are also guidance notes if shareholders wish to attend the meeting or to vote by proxy.
- For South African shareholders, a Form of Proxy for completion, signature and submission to Computershare Investor Services Proprietary Limited (the SA Transfer Secretaries) by shareholders holding Thungela ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".
- For UK shareholders, a Form of Proxy, and a Form of Instruction for completion, signature and submission to Computershare Investor Services plc (the UK Transfer Secretaries).
- Annexure 1 – summarised consolidated financial statements for the year ended 31 December 2022.
- Annexure 2 – brief curricula vitae of the directors proposed for re-election and audit committee members proposed for re-election.
- Annexure 3 – remuneration report.
- Annexure 4 – shareholder information.

Record date to determine shareholders entitled to receive the Notice	Friday, 14 April 2023
Date for posting of the Notice	Wednesday, 26 April 2023
Last day to trade to be eligible to attend and vote at the AGM	Tuesday, 16 May 2023
Record date to be eligible to participate in and vote at the AGM	Friday, 19 May 2023
Last date to lodge proxy forms with UK and SA Transfer Secretaries	Monday, 29 May 2023 by no later than 12:00 CAT/11:00 UKT

ELECTRONIC PARTICIPATION PROCESS

South African shareholders

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

	Certificated shareholders and "own name" dematerialised shareholders	Dematerialised shareholders (excluding "own name" dematerialised shareholders)
Shareholders who wish to vote at, but not attend the AGM by electronic participation	Complete the form of proxy attached to this Notice and email same, together with proof of identification (i.e. certified copy of South African (SA) identity document, SA driver's licence or passport) and authority to do so (where acting in a representative capacity), to the SA Transfer Secretaries, at proxy@computershare.co.za so as to be received by the SA Transfer Secretaries by no later than Monday, 29 May 2023 at 12:00 CAT, for administrative purposes, provided that any form of proxy not delivered to the SA Transfer Secretaries by this time and date may be emailed to them (who will provide same to the chairman of the AGM) at any time prior to the AGM, provided that such form of proxy and identification must be verified and registered before the commencement of the AGM.	Shareholders should provide the Central Securities Depository Participant (CSDP) or broker with voting instructions in terms of the custody agreement entered into between them and their CSDP or broker. Shareholders should contact their CSDP or broker regarding the cut-off time for submitting voting instructions to them. If the CSDP or broker does not receive voting instructions from shareholders, they will be obliged to vote in accordance with the instructions as per the custody agreement.
Shareholders who wish to vote at and attend the AGM by electronic participation or in-person	Register online at https://meetnow.global/za by no later than 12:00 CAT on Monday, 29 May 2023. Shareholders may still register online to participate in and/ or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. As part of the registration process shareholders will be requested to upload proof of identification (i.e. certified copy of SA identity document, SA driver's licence or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as name, surname, email address and contact number. Following successful registration, the SA Transfer Secretaries will provide shareholders with a link and invitation code in order to connect electronically to the AGM.	Shareholders should request their CSDP or broker to provide them or their proxy with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into with the CSDP or broker. Register online at https://meetnow.global/za by no later than 12:00 CAT on Monday, 29 May 2023. Shareholders may still register online to participate in and/ or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. As part of the registration process shareholders will be requested to upload their letter of representation and proof of identification (i.e. certified copy of SA identity document, SA driver's licence or passport), as well as to provide details, such as name, surname, email address and contact number. Following successful registration, the SA Transfer Secretaries will provide shareholders with a link and invitation code in order to connect electronically to the AGM.

Explanatory notes for South African shareholders

- Each shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to participate, speak and vote in their stead at the AGM.
- Voting will take place by way of a poll and accordingly every holder of ordinary shares will have one vote in respect of each ordinary share held.
- The cost (eg for mobile data consumption or internet connectivity) of electronic participation in the AGM meeting will be carried by the participant.
- The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company and its directors/ employees/ company secretary/the SA Transfer Secretaries/service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company or its directors/employees/company secretary/SA Transfer Secretaries/service providers, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.
- Due to the format of the AGM, shareholders are requested to submit the questions that they wish to raise at the AGM in advance of the AGM by sending them by email to the company secretary at coseccoalsa@thungela.com by no later than 12:00 CAT/11:00 UKT on Friday, 19 May 2023. These questions will be addressed at the AGM, as well as responded to through email.

UK shareholders

UK shareholders and depositary interest holders are required to vote by proxy using the "Form of Proxy" or "Form of Instruction" respectively provided by the UK Transfer Secretaries and included as additional documents to this Notice. Shareholders can cast their instruction on line at www.investorcentre.co.uk/eproxy. To be effective, all forms of instruction must be lodged with the UK Transfer Secretaries at: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 29 May 2023 at 12.00 UKT.

Explanatory notes for UK shareholders – form of proxy (FOP)

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights, to attend, speak and vote on their behalf at the AGM. If shareholders wish to appoint a person other than the chairman, please insert the name of the chosen proxy holder in the space provided on the form of proxy (FOP). If the proxy is being appointed in relation to less than a shareholders full voting entitlement, please enter in the box next to the proxy holders name the number of shares in relation to which they are authorised to act as proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise their discretion as to whether, and if so how, they vote (or if the FOP has been issued in respect of a designated account for a shareholder, the proxy will exercise their discretion as to whether, and if so how, they vote).
- To appoint more than one proxy, an additional FOPs may be obtained by contacting the UK Transfer Secretaries helpline on 0370 702 4040 or shareholders may photocopy the form. Please indicate in the box next to the proxy holder's name on the FOP the number of shares in relation to which they are authorised to act as proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- Entitlement to attend, speak and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 18:00 UKT on Friday, 19 May 2023. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

Explanatory notes for UK shareholders – form of instruction (FOI)

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

Explanatory notes to UK shareholders

- Any alterations made in the FOP and FOI forms should be initialled.
- The completion and return of these forms will not preclude a member from attending the AGM and voting in person or electronically. Depositary interest holders or shareholders wishing to attend the AGM should send a request to attend the AGM to proxy@computershare.co.za by no later than 12:00 CAT on Monday, 29 May 2023. As part of the request shareholders should provide the name and designation of their holding, a contact name, email address, contact number and number of shares the request is in relation to. Following successful registration, the UK Transfer Secretaries will provide shareholders with a link and invitation code in order to connect electronically to the AGM as a guest. Please ensure votes have been submitted using this form of instruction prior to the deadline.

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

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

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

DOCUMENTS PRESENTED TO SHAREHOLDERS

Presentation of the Annual Financial Statements

The Annual Financial Statements of the Company and the Group for the year ended 31 December 2022 (as approved by the board of directors of the Company), incorporating the independent external auditor's, audit committee's and directors' reports, are presented to shareholders in terms of section 30(3) of the Companies Act of South Africa.

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

Presentation of the report of the social and ethics committee

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

ORDINARY RESOLUTIONS

Percentage of voting rights – ordinary resolutions

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

Ordinary resolution number 1

Re-appointment of independent external auditor

RESOLVED that PwC and Mr Andries Rossouw be and are hereby re-appointed as independent external auditor and individual designated auditor of the Company, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act of South Africa.

Ordinary resolution number 2

Re-election of retiring directors

(Comprising separate ordinary resolutions numbered 2.1 to 2.2)

To re-elect, by way of separate resolutions, the following non-executive directors, each of whom retire in terms of the provisions of the MOI, and, each being eligible, offer themselves for re-election. Ms YN Jekwa is retiring due to the requirement in the MOI for all newly appointed directors to retire and be eligible for re-election at the first AGM of the Company following their appointment.

Mr TML Setiloane is retiring due to the requirement in the MOI that one-third of the non-executive directors retire by rotation each year.

A brief curriculum vitae of each director is attached in Annexure 2 on page 80 of this document.

Ordinary resolution number 2.1

RESOLVED that Ms YN Jekwa be and is hereby re-elected as a director of the Company with effect from 31 May 2023.

Ordinary resolution number 2.2

RESOLVED that Mr TML Setiloane be and is hereby re-elected as a director of the Company with effect from 31 May 2023.

Ordinary resolution number 3

Election of Audit Committee members

(Comprising separate ordinary resolutions numbered 3.1 to 3.3)

To elect, by way of separate ordinary resolutions, the audit committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act of South Africa and appointed in terms of section 94(2) to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act of South Africa. The independent non-executive directors, each being eligible, offer themselves for re-election. A brief curriculum vitae for each member is attached as Annexure 2 on page 80 of this document.

Ordinary resolution number 3.1

RESOLVED that Ms KW Mzondeki, who is an independent non-executive director, be and is hereby re-elected, with effect from 31 May 2023, as a member of the audit committee.

Ordinary resolution number 3.2

RESOLVED that Mr TML Setiloane, who is an independent non-executive director, be and is hereby re-elected, with effect from 31 May 2023, as a member of the audit committee, subject to the passing of ordinary resolution 2.2.

Ordinary resolution number 3.3

RESOLVED that Mr BM Kodisang, who is an independent non-executive director, be and is hereby re-elected, with effect from 31 May 2023, as a member of the audit committee.

Non-binding ordinary resolution number 4

Approval of the remuneration policy

Shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The detailed remuneration policy, for which approval is being sought, is included as Annexure 3 on pages 81 to 112 of this document.

Non-binding advisory resolution number 1

RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended by the King Code of Governance Principles for South Africa 2016 (King IV) (Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved).

Non-binding advisory resolution number 2

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

Ordinary resolution number 5

General authority for directors to allot and issue ordinary shares

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

Ordinary resolution number 6

Authorisation to sign documents to give effect to resolutions

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

SPECIAL RESOLUTIONS

Percentage of voting rights – special resolutions

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

Special resolution number 1

General authority to acquire the Company's own ordinary shares

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

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

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

Reason and effect

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

For the purpose of considering special resolution number 1 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the following information has been included in this Notice, at the places indicated:
- Major shareholders, refer to pages 113 to 115.
- Share capital of the Company, refer to page 71.
- Material changes, refer below.
- Directors' responsibility statement, refer below.

Disclosures/information required in terms of the JSE Listings Requirements

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

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

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

As per the JSE Listings Requirements, the Company's directors undertake that they will not implement a repurchase in terms of the proposed repurchase authority unless the directors, after considering the effect of the maximum repurchase, are of the opinion that:
- The Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the repurchase.
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest Annual Financial Statements.
- The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.

Statement of Board's intention: The directors have no specific intention to effect the provisions of this special resolution but will continually review the Group's position. Any consideration to effect the provision of the special resolution will take into account the prevailing circumstances and market conditions.

Material changes

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

Directors' responsibility statement

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

Special resolution number 2

Remuneration payable to non-executive directors

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

Reason and effect

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

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

Position[1]	Proposed fees for the year ending 31 December 2023	Fees for the year ended 31 December 2022
Board		
Chairperson[2]	1 661 550	**1,567,500**
Lead independent director[3]	1 187 200	**1,120,000**
Member	553,850	**522,500**
Audit committee		
Chairperson	332,310	**313,500**
Member	182,797	**172,450**
Remuneration and human resources committee[4]		
Chairperson	243,694	**229,900**
Member	172,450	**172,450**
Social, ethics and transformation committee[5]		
Chairperson	243,694	**229,900**
Member	172,450	**172,450**
Health, safety, environment and risk committee[6]		
Chairperson[2]	243,694	**n/a**
Member	172,450	**172,450**
Nomination and governance committee[7]		
Chairperson	243,694	**n/a**
Member	172,450	**n/a**
Investment committee[8]		
Chairperson	243,694	**n/a**
Member	172,450	**n/a**
Ad hoc meeting fees[9]		
Per meeting	24,000	**n/a**

Amounts shown are in Rand

1 Executive directors do not receive directors' fees.
2 The chairperson of the board also chairs the risk and sustainability committee, and is also a member of the remuneration and nomination committee, as well as the social and ethics committee, and attends the audit committee by invitation. He does not receive any additional remuneration in this regard.
3 Provision is made for the appointment of a lead independent non-executive director.
4 The remuneration and human resources committee replaces the remuneration and nomination committee.
5 The social, ethics and transformation committee replaces the social and ethics committee.
6 The health, safety, environment and risk committee replaces the risk and sustainability committee, and provision is made for fees for a chairperson should the board chair no longer chair this meeting.
7 The nomination and governance committee is partly new with nomination activities split out of the remuneration and nomination committee.
8 An investment committee has been established to recognise the Company growth.
9 Provision is made for ad hoc board meetings or other additional services rendered to the Company in the capacity of non-executive directors to deal with time critical matters limited to four additional meetings per annum. The amount shown is the per meeting fee, which shall be reduced for meetings or services which requires substantially less time to prepare for, attend or undertake than a regular meeting.

Special resolution number 3

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

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

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

Reason and effect

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

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

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

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

NO MATERIAL CHANGES

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

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

By order of the board

Francois Klem
Company secretary

26 April 2023

EXPLANATORY NOTES

Ordinary resolution number 1: Re-appointment of independent external auditor

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

In compliance with paragraph 3.84(g)(iii) of the JSE Listings Requirements the audit committee obtained and considered all information listed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability of PwC as well as Mr Rossouw for re-appointment.

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

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

In compliance with paragraph 3.86 of the JSE Listings Requirements, the audit committee considered and satisfied itself that:

- PwC, the independent external auditor, is accredited as such on the JSE List of Auditors and Accounting Specialists.
- Mr Andries Rossouw the designated auditor does not appear on the JSE List of Disqualified Individual Auditors.

Ordinary resolution number 2: Re-election of retiring directors

These directors are retiring due to the requirement in the MOI for all newly appointed directors to retire and be eligible for re-election at the first AGM of the Company following their appointment, and for one third of the non-executive directors to retire and be eligible for re-election by rotation at every AGM.

Shareholders are requested to consider and, if deemed fit, to re-elect these retiring directors as members of the board of the Company by way of passing the separate ordinary resolutions as set out in ordinary resolutions number 2.1 to 2.2. Brief résumés in respect of each director offering themselves for re-election as directors of the Company are attached as Annexure 2 on page 80 of this document and are also available at www.thungela.com/who-we-are.

Ordinary resolution number 3: Election of audit committee members

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

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

Ordinary non-binding resolution number 4: Approval of the remuneration policy

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

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

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

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

In terms of clause 13 of the MOI, subject to the JSE Listings Requirements, the approval, by way of an ordinary resolution of shareholders is required for the allotment and issue of ordinary shares (including options in respect thereof or convertible securities that are convertible into an existing class of equity securities), where applicable which are fully paid up and freely transferable and only within the classes and to the extent that those securities have been authorised by or in terms of the MOI. Unless renewed, the existing authority granted by shareholders at the AGM on 24 May 2022 expires at the forthcoming AGM to be held on Wednesday, 31 May 2023.

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

It is noted that a share issue for cash as contemplated in sections 41(1) and (3) of the Companies Act of South Africa must first be approved by way of a special resolution in terms of section 41 of the Companies Act of South Africa and is not authorised in terms of this resolution.

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

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

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

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

Special resolution number 2: Remuneration payable to non-executive directors

The fees payable to non-executive directors by the Company were benchmarked by the Company's independent remuneration advisors who concluded that the aggregate total fees payable to non-executive directors were broadly in line with the market. A 6% increase was proposed and supported by the board for board and committee fees, excluding member fees of the remuneration and nomination committee, social and ethics committee, and risk and sustainability committee.

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

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

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

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

ANNEXURE 1
SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

Rand million	Notes	2022	2021
Revenue	3	50,753	26,282
Operating costs	4	(22,420)	(17,322)
Impairment losses	5	(656)	(808)
Fair value (losses)/gains on derivative financial instruments	14	(3,207)	348
Fair value loss on derivative asset – capital support	14	(347)	(569)
Restructuring costs and termination benefits		(29)	(422)
Profit before net finance costs and tax	4	24,094	7,509
Net finance costs		49	–
Investment income	6	963	503
Interest expense	6	(738)	(680)
Other net financing (losses)/gains	6	(176)	177
Profit before tax		24,143	7,509
Income tax expense	7	(5,938)	(571)
Profit for the reporting period		18,205	6,938
Attributable to:			
Non-controlling interests		1,217	509
Equity shareholders of the Group		16,988	6,429
Other comprehensive income/(loss)			
Items that will not be reclassified to the statement of profit or loss			
Remeasurement of retirement benefit obligations		71	27
Fair value losses on financial asset investments		—	(63)
Related tax	7	(15)	(6)
Net items that will not be reclassified to the statement of profit or loss		56	(42)
Total comprehensive income for the reporting period		18,261	6,896
Attributable to:			
Non-controlling interests		1,217	508
Equity shareholders of the Group		17,044	6,388
Earnings per share[1]			
Basic (cents/share)	8	12,708	6,108
Diluted (cents/share)	8	12,487	6,087

[1] The earnings per share has been calculated using a WANOS of 133,684,828 (2021: 105,260,339).

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Rand million	Notes	2022	2021
ASSETS			
Non-current assets			
Intangible assets		**82**	118
Property, plant and equipment	9	**10,656**	10,568
Environmental rehabilitation trusts	17	**3,446**	3,288
Investment in associate		**43**	63
Deferred tax assets	18	**503**	378
Financial asset investments		**755**	323
Investment in insurance structure	15	**1,226**	—
Trade and other receivables	11	**1**	64
Other non-current assets		**65**	109
Total non-current assets		**16,777**	14,911
Current assets			
Inventories	10	**3,181**	2,546
Trade and other receivables	11	**4,907**	4,320
Current tax assets	7	**231**	46
Financial asset investments		**31**	31
Derivative financial asset – capital support	14	**—**	347
Derivative financial instruments	14	**149**	348
Cash and cash equivalents	12	**15,299**	8,736
Total current assets		**23,798**	16,374
Total assets		**40,575**	31,285
EQUITY			
Stated capital		**11,323**	10,041
Contributed capital		**965**	965
Merger reserve		**2,606**	2,606
Treasury shares		**(302)**	(183)
Share-based payments reserve		**83**	16
Other reserves		**145**	89
Retained earnings		**11,453**	3,039
Equity attributable to the shareholders of the Group		**26,273**	16,573
Non-controlling interests		**(114)**	1,901
Total equity		**26,159**	18,474
LIABILITIES			
Non-current liabilities			
Lease liabilities		**62**	92
Retirement benefit obligations		**405**	449
Deferred tax liabilities	18	**1,421**	1,400
Environmental and other provisions	17	**7,179**	6,609
Total non-current liabilities		**9,067**	8,550
Current liabilities			
Trade and other payables	13	**3,997**	3,499
Loans and borrowings		**60**	63
Lease liabilities		**31**	29
Environmental and other provisions	17	**1,236**	392
Current tax liabilities	7	**25**	278
Total current liabilities		**5,349**	4,261
Total liabilities		**14,416**	12,811
Total equity and liabilities		**40,575**	31,285

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Rand million	Notes	Stated capital	Contributed capital	Merger reserve	Treasury shares
Balance at 1 January 2021		–	–	7,179	–
Issue of shares for assumed fair value of SACO	19	4,575	–	(4,575)	–
Issue of shares for cash	19	5,466	–	–	–
Purchase of shares by Group companies	19	–	–	–	(183)
Acquired through internal restructure		–	–	2	–
Total comprehensive (loss)/income for the reporting period		–	–	–	–
Movements in share-based payments reserve[2]		–	–	–	–
Reclassifications		–	–	–	–
Transfer of financial asset revaluation reserve on sale of investments[3]		–	–	–	–
Contributed capital – capital support agreement		–	916	–	–
Contributed capital – Anglo American retention awards		–	49	–	–
Balance at 31 December 2021		**10,041**	**965**	**2,606**	**(183)**
Purchase of shares by Group companies	19	**–**	**–**	**–**	**(165)**
Acquisition of additional interest in subsidiary	21	**1,282**	**–**	**–**	**–**
Total comprehensive income for the reporting period		**–**	**–**	**–**	**–**
Dividends paid	20	**–**	**–**	**–**	**–**
Movements in share-based payments reserve[4]		**–**	**–**	**–**	**–**
Treasury shares issued to employees on vesting of share awards		**–**	**–**	**–**	**46**
Balance at 31 December 2022		**11,323**	**965**	**2,606**	**(302)**

[1] Includes the financial asset revaluation reserve of R3 million (2021: R3 million) and the retirement benefit obligation reserve of R142 million (2021: R86 million).

[2] Includes movements as a result of share-based payment expenses, vesting of shares and granting of share awards. The individual movements are not considered material, other than the accelerated vesting of the Anglo American share awards on demerger.

[3] The transfer of financial asset revaluation reserve relates to the disposal of Anglo American shares in relation to the accelerated vesting thereof on completion of the demerger.

[4] Includes movements as a result of share-based payment expenses of R113 million reduced by the impact of the vesting of shares of R46 million under the Thungela share plan.

Share-based payments reserve	Other reserves[1]	Retained earnings	Total equity attributable to shareholders of the Group	Non-controlling interests	Total equity
65	411	(4,894)	2,761	1,395	4,156
—	—	—	—	—	—
—	—	—	5,466	—	5,466
—	—	—	(183)	—	(183)
—	—	1,299	1,301	—	1,301
—	(41)	6,429	6,388	508	6,896
(49)	—	(76)	(125)	(2)	(127)
—	9	(9)	—	—	—
—	(290)	290	—	—	—
—	—	—	916	—	916
—	—	—	49	—	49
16	**89**	**3,039**	**16,573**	**1,901**	**18,474**
—	**—**	**—**	**(165)**	**—**	**(165)**
—	**—**	**1,909**	**3,191**	**(3,191)**	**—**
—	**56**	**16,988**	**17,044**	**1,217**	**18,261**
—	**—**	**(10,483)**	**(10,483)**	**(42)**	**(10,525)**
67	**—**	**46**	**113**	**1**	**114**
—	**—**	**(46)**	**—**	**—**	**—**
83	**145**	**11,453**	**26,273**	**(114)**	**26,159**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Rand million	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		**24,143**	7,509
Net finance costs	6	**(49)**	–
Profit before net finance costs and tax		**24,094**	7,509
Impairment losses	5	**656**	808
Restructuring costs and termination benefits[1]		**—**	174
Fair value loss on derivative asset – capital support	14	**347**	569
Fair value losses/(gains) on derivative financial instruments	14	**3,207**	(348)
Depreciation and amortisation	4	**1,197**	1,018
Share-based payment charges		**113**	87
Increase in provisions[2]		**1,730**	127
Loss/(profit) on sale of property, plant and equipment	4	**17**	(8)
Other adjustments		**15**	33
Movements in working capital		**(618)**	(3,154)
Increase in inventories		**(632)**	(1,352)
Increase in trade and other receivables		**(381)**	(960)
Increase/(decrease) in trade and other payables		**395**	(842)
Cash flows from operations		**30,758**	6,815
Amounts applied to reduce environmental and other provisions[3]	17	**(846)**	(502)
Cash outflow on settlement of derivative financial instruments	14	**(3,561)**	–
Income tax paid	7	**(6,567)**	(197)
Net cash generated from operating activities		**19,784**	6,116
Cash flows from investing activities			
Expenditure on property, plant and equipment	3	**(1,923)**	(2,312)
Proceeds on sale of property, plant and equipment		**—**	9
Expenditure on intangible assets		**—**	(11)
Purchase of financial asset investments		**(443)**	(302)
Investment in insurance structure		**(1,224)**	–
Repayment of loans granted to investees		**31**	6
Loans granted to investees		**(8)**	(69)
Repayment of quasi-equity loans by associate		**20**	26
Investment income received		**707**	108
Acquired through internal restructure		**—**	158
Acquisition of joint operation		**—**	8
Net cash utilised in investing activities		**(2,840)**	(2,379)
Cash flows from financing activities			
Shares issued for cash	19	**—**	5,466
Interest expense paid		**(33)**	(58)
Capital repayment of lease liabilities		**(26)**	(32)
Repayment of loans and borrowings		**(9)**	(3,135)
Proceeds on loans from Anglo American		**—**	2,570
Purchase of shares by Group companies	19	**(165)**	(183)
Dividends paid to equity shareholders of the Group	20	**(10,483)**	–
Dividends paid to non-controlling interests	20	**(42)**	–
Net cash (utilised in)/generated from financing activities		**(10,758)**	4,628
Net increase in cash and cash equivalents		**6,186**	8,365
Cash and cash equivalents at the start of the reporting period		**8,736**	194
Net increase in cash and cash equivalents		**6,186**	8,365
Effects of changes in foreign exchange rates	6	**377**	177
Cash and cash equivalents at the end of the reporting period	12	**15,299**	8,736

1 Restructuring costs and termination benefits at 31 December 2021 of R174 million included the accelerated vesting of the Anglo American share awards on demerger and represented the non-cash portion of the expense.
2 Increase in provisions includes amounts recognised in the statement of profit or loss and other comprehensive income in respect of environmental and other provisions of R1,302 million (2021: R88 million) and contributions to the Nkulo Trust of R386 million (2021: R6 million). Refer to note 17 for further detail.
3 Amounts applied to reduce environmental and other provisions represent cash paid to settle these obligations which is not recognised through the statement of profit or loss and other comprehensive income.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. BASIS OF PREPARATION

A. Basis of preparation

The summarised consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with the requirements of IAS 34, the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa and the JSE Listings Requirements, as well as with the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

The summarised consolidated financial statements have been derived from the Annual Financial Statements for the year ended 31 December 2022. A copy of this document, and the independent external auditor's report on the consolidated and separate financial statements, including key audit matters is available for inspection at the Company's registered office and on the Group's website at www.thungela.com/investors/results, together with the Annual Financial Statements. These may be requested by contacting Thungela investor relations by email at ryan.africa@thungela.com and are also available for inspection at Thungela's registered office and at the offices of Thungela's sponsor, to investors and/or shareholders at no charge, on any business day between the hours of 08:00 – 17:00.

The summarised consolidated financial statements should be read in conjunction with the relevant sections of the Annual Financial Statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS.

The accounting policies applied in the preparation of the summarised consolidated financial statements are in accordance with IFRS, as disclosed in the Annual Financial Statements. These accounting policies are consistent with the accounting policies applied in the preparation of the consolidated and separate financial statements for the year ended 31 December 2021.

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

B. Going concern

The financial position of Thungela, its cash flows, net current asset position and net cash$^{\Delta}$ position are set out in the summarised consolidated financial statements. The Group's net cash$^{\Delta}$ at 31 December 2022 was R14,720 million (2021: R8,663 million). The Group's net current asset position of R18,449 million (2021: R12,113 million) continues to be robust, bolstered by the strong Benchmark coal price environment experienced throughout the year ended 31 December 2022, despite the poor rail performance from TFR impacting our ability to rail product to the RBCT for export. The Group has no significant external debt at 31 December 2022.

The directors have considered Thungela's cash flow forecasts for the period to the end of March 2024, under reasonably expected and stressed scenarios, with consideration given to the uncertainty of the current economic environment, as well as the Group's operations. In all of the scenarios assessed, the Group maintains sufficient liquidity throughout the period of assessment.

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

C. Judgements and estimates

Thungela has made judgements, estimates and assumptions that may affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical accounting judgements and key sources of estimation uncertainty are similar to those applied in preparing the consolidated and separate financial statements for the year ended 31 December 2021.

The critical accounting judgements and key sources of estimation uncertainty used in the preparation of the consolidated and separate financial statements are as follows:

- Internal restructure of the Thungela Group before demerger.
- Impairment of assets.
- Estimation of environmental provisions.
- Recognition of deferred tax assets.

Refer to note 2 of the Annual Financial Statements for the year ended 31 December 2022 for further details of the judgements and estimates used by the Group.

D. New, revised and amended accounting pronouncements

There were no new, revised and amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2022 that had a material impact on the summarised consolidated financial statements.

E. Independent external auditor's opinion

The summarised consolidated financial statements have been derived from the consolidated and separate financial statements for the year ended 31 December 2022, which have been audited by our independent external auditor PricewaterhouseCoopers Inc., who has expressed an unqualified opinion thereon. A copy of the independent external auditor's report on the consolidated and separate financial statements, including key audit matters, is available for inspection at the Company's registered office and on the Group's website at www.thungela.com/investors/results, together with the Annual Financial Statements.

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

2. INTERNAL RESTRUCTURE OF THE THUNGELA GROUP BEFORE DEMERGER

An internal restructuring process was undertaken to separate the SA Thermal coal operations and the various non-thermal coal operations within Anglo American in order to prepare the Group for the demerger, which was completed on 31 March 2021. This included consolidating all of the SA Thermal coal operations into a single group of companies and is referred to as the 'internal restructure'. As part of the internal restructure, a number of key steps were undertaken, which are fully described in the Thungela Annual Financial Statements for the year ended 31 December 2021.

After the internal restructure was completed on 31 March 2021, Thungela was demerged from the Anglo American Group with effect from 4 June 2021 through a series of independent steps, which resulted in the Thungela shares being distributed to Anglo American shareholders. Thungela listed on the JSE and the LSE on 7 June 2021.

The acquisition of SACO by Thungela with effect from 1 June 2021 is considered a group reorganisation as per IAS 27, rather than a business combination, and so the Group is presented as if Thungela has always owned SACO, rather than reflecting the acquisition of SACO by Thungela from 1 June 2021. The equity structure of the Group however reflects Thungela's capital structure, with shares issued in June 2021.

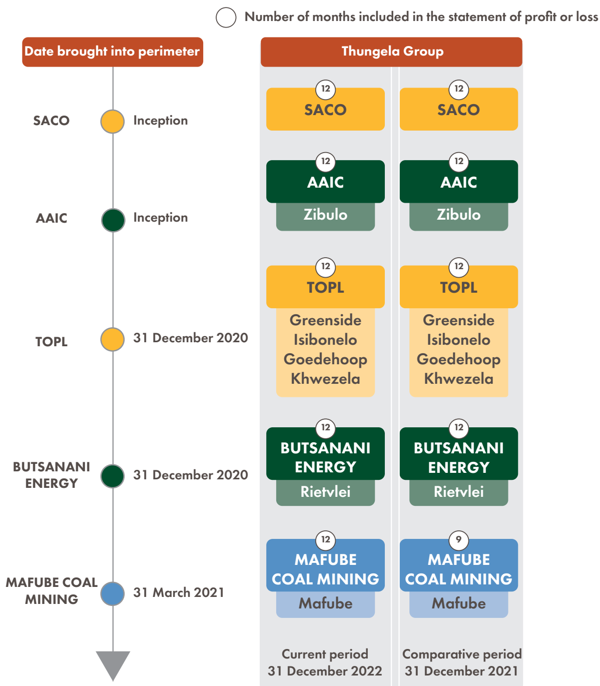
NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. INTERNAL RESTRUCTURE OF THE THUNGELA GROUP BEFORE DEMERGER CONTINUED

The acquisitions of TOPL, including Butsanani Energy, and Mafube Coal Mining on 31 December 2020 and 31 March 2021 respectively, were business combinations under common control. The Group has elected to account for both acquisitions by applying the predecessor accounting approach using the book values that were previously recognised in the Anglo American Group financial statements. The book values of the net assets of TOPL, Butsanani Energy and Mafube Coal Mining were recognised on the effective date of the business combinations and the comparative financial statements were not restated. The impact of the internal restructure is not material to the statement of profit or loss and other comprehensive income in the reporting periods presented.

The impact of the internal restructure on the summarised consolidated financial statements can be illustrated using the diagram below:



The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust

Thungela founded the Sisonke Trust (previously referred to as the EPP), and the Nkulo Trust (previously referred to as the CPP), (collectively the 'trusts') in June 2021. The trusts each purchased 5.0% of the issued ordinary share capital of SACO from Thungela immediately before the demerger. The purchase of the shares was funded by Thungela, with no repayment required of the contributed capital, meaning that the trusts were debt free from their inception. The trusts also subscribed for an E and C preference share in SACO respectively for a nominal amount.

The trusts are entitled to 10% collectively of the dividends declared on ordinary shares by SACO, which will be made available to beneficiaries in the same way as the dividends on the C and E preference shares. The preference dividends on the C and E preference shares will only be payable to the extent that the dividends declared by SACO on ordinary shares in a reporting period do not exceed the minimum amounts.

The trusts are controlled by the Group, and so are consolidated into the financial results as presented, with no non-controlling interests in relation to the trusts reflected in the summarised consolidated financial statements.

3. SEGMENTAL INFORMATION

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

Accounting policy

Reportable segments

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

The following summary describes each reportable segment:

Reportable segments	Operations
Opencast	Mining operations undertaken in an opencast mine where coal is extracted include the following mining operations: • Isibonelo • Khwezela • Mafube • Rietvlei
Underground	Mining operations undertaken in an underground mine where coal is extracted include the following mining operations: • Zibulo • Greenside • Goedehoop
Services	Operations providing various services to support the ongoing operations of the Group

Revenue

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

Revenue is comprised of export sales, being sales made to AAML in terms of the offtake agreement, and domestic sales made to various customers in the areas in which the Group mines. Revenue is measured at the fair value of consideration received or receivable, after deducting discounts and VAT. The Group has applied the practical expedient available in IFRS 15, and determined that no significant financing component is included in the consideration received. A sale is recognised when control has been transferred, which is usually when title and significant risks have passed to the customer and the thermal coal has been delivered.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

3. SEGMENTAL INFORMATION CONTINUED

Accounting policy continued

Revenue

Export sales

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

Domestic sales

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

The results of operations by reportable segment can be analysed as follows:

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

Rand million	Opencast	Underground	Services	2021 Total
Revenue	9,780	16,502	–	26,282
Operating costs excluding depreciation and amortisation[1]	(7,212)	(8,759)	(333)	(16,304)
Employee costs	(984)	(2,331)	(797)	(4,112)
Third-party purchases	(1,380)	–	–	(1,380)
Consumables used in production	(881)	(744)	(21)	(1,646)
Maintenance expenditure	(1,131)	(1,328)	(257)	(2,716)
Production input costs	(1,621)	(932)	(30)	(2,583)
Inventory production movement	437	785	–	1,222
Logistics costs	(980)	(2,255)	–	(3,235)
Royalties	(105)	(426)	137	(394)
Other	(567)	(1,528)	635	(1,460)
Adjusted EBITDAΔ	2,568	7,743	(333)	9,978
Depreciation and amortisation	(261)	(733)	(24)	(1,018)
Impairment losses	(757)	–	(51)	(808)
Fair value gains on derivative financial instruments	–	–	348	348
Fair value loss on derivative asset – capital support	–	–	(569)	(569)
Restructuring costs and termination benefits	(137)	(51)	(234)	(422)
Net finance costs[1]	(191)	(15)	206	–
Investment income	221	153	129	503
Interest expense	(412)	(168)	(100)	(680)
Other financing gains	–	–	177	177
Income tax expense	(163)	(391)	(17)	(571)
Profit/(loss) after tax	1,059	6,553	(674)	6,938

[1] Enhanced disclosure of operating costs and net finance costs has been presented to allow for greater understanding of the costs incurred by the Group. There is no change in the subtotals as previously disclosed. This disclosure does not impact any other lines in the summarised consolidated financial statements.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

3. SEGMENTAL INFORMATION CONTINUED

Capital expenditure

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

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

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

Rand million	Expansionary	Stay-in-business	Stripping and development	2021 Total capital expenditure
Property, plant and equipment	130	1,562	511	2,203
Opencast	31	659	2	692
Underground	97	730	509	1,336
Services	2	173	—	175
Intangible assets	—	11	—	11
Services	—	11	—	11
Expenditure on property, plant and equipment and intangible assets	130	1,573	511	2,214
Reconciliation to the statement of cash flows				
Movement in capital creditors	—	109	—	109
Capital expenditure[1]	130	1,682	511	2,323

[1] Capital expenditure consists of expenditure on property, plant and equipment of R2,312 million and expenditure on intangible assets of R11 million.

Revenue

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

Revenue by product and segment

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

Rand million	Opencast	Underground	2021 Total
Thermal export	6,490	16,323	22,813
Industrial and domestic	3,290	179	3,469
Total revenue	9,780	16,502	26,282

Revenue by destination

Rand million	2022	2021
United Kingdom	45,756	22,813
South Africa	4,997	3,469
Total revenue	**50,753**	26,282

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

Revenue by customer

Rand million	2022	2021
Sales to AAML	45,756	22,813
Other – domestic sales[1]	4,997	3,469
Total revenue	**50,753**	26,282

1 No individual domestic customer contributes more than 10% to the total revenue generated by the Group.

4. PROFIT BEFORE NET FINANCE COSTS AND TAX

Profit before net finance costs and tax represents the results of the ongoing normal operations of the Group.

Accounting policy

Operating costs incurred in the ongoing operations of the Group are recognised in the statement of profit or loss and other comprehensive income as incurred.

Exploration expenditure is the cost of exploring coal resources other than that occurring at existing operations and projects and comprises of various studies, drilling and developments. Evaluation expenditure includes the cost of conceptual and pre-feasibility studies and evaluation of coal resources at existing operations. Exploration and evaluation expenditure is expensed in the year in which it is incurred. Upon the studies proving that the projects are feasible and commercially viable, subsequent and directly attributable expenditures are capitalised within property, plant and equipment.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

4. PROFIT BEFORE NET FINANCE COSTS AND TAX CONTINUED

Profit before net finance costs and tax can be analysed as follows:

Rand million	Notes	2022	2021
Revenue	3	**50,753**	26,282
Employee costs		**(4,750)**	(4,112)
Depreciation	9	**(1,169)**	(989)
Amortisation		**(28)**	(29)
Third-party commodity purchases		**(2,114)**	(1,380)
Commodity purchases from Mafube Coal Mining[1]		**—**	(137)
Consumables used in production		**(1,995)**	(1,646)
Maintenance expenditure		**(3,040)**	(2,716)
Production input costs		**(3,940)**	(2,583)
Inventory production movement		**587**	1,222
Logistics costs		**(2,782)**	(3,235)
Demurrage and other expenses		**(216)**	(204)
Increase in provisions for expected credit losses	11	**(51)**	(67)
Royalties		**(1,955)**	(394)
Exploration and evaluation[2]		**(54)**	(124)
Exploration expenditure		**(28)**	(27)
Evaluation expenditure		**(26)**	(97)
Foreign exchange gains		**835**	214
(Loss)/profit on sale of property, plant and equipment		**(17)**	8
Audit fees		**(6)**	(9)
Audit services		**(6)**	(9)
Non-audit services[3]		**—**	*
Professional fees		**(144)**	(84)
Learnership and development expenses		**(254)**	(169)
Information management expenses		**(292)**	—
Temporary staff		**(173)**	(138)
Contributions to the Nkulo Trust		**(386)**	—
Recharged costs from Anglo American		**(256)**	(605)
Administration expenses		**(239)**	(331)
Operating expenses		**(17)**	(274)
Other administration expenses		**(128)**	(49)
Other operating expenses		**(92)**	(96)
Total operating costs		**(22,420)**	(17,322)
Impairment losses	5	**(656)**	(808)
Fair value (losses)/gains on derivative financial instruments	14	**(3,207)**	348
Fair value loss on derivative asset – capital support	14	**(347)**	(569)
Restructuring costs and termination benefits		**(29)**	(422)
Profit before net finance costs and tax		**24,094**	7,509

* Represents amounts less than R1 million.

1 Commodity purchases from Mafube Coal Mining for the year ended 31 December 2021 relate to purchases by TOPL in the ordinary course of business prior to the acquisition of Mafube Coal Mining through the internal restructure on 31 March 2021.

2 Exploration and evaluation expenditure excludes associated employee costs, which are considered immaterial.

3 Fees from the independent external auditor of R20 million for the year ended 31 December 2021 related to work performed to support the demerger are included in restructuring costs and termination benefits.

5. IMPAIRMENT LOSSES

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

Accounting policy

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

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

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

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

Subsequent changes to the CGU allocation, to the timing of the forecasted cash flows or to the assumptions used to determine the forecasted cash flows could impact the recoverable amounts of the respective CGUs. There have been no changes in the CGU allocation for the year ended 31 December 2022.

Impairment losses recognised

Impairment losses comprise an impairment in relation to the Isibonelo operation, as well as an appropriate allocation of centrally held assets.

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

Rand million	Notes	**2022**	2021
Property, plant and equipment	9	**648**	786
Intangible assets		**8**	22
Impairment losses		**656**	808
Tax impact	18	**(167)**	(224)
Net impairment losses		**489**	584

5. IMPAIRMENT LOSSES CONTINUED

Goodwill impairment testing

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

Assessing impairment indicators for CGUs without goodwill

Export operations

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

Domestic operations

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

Centrally held assets

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

Determining recoverable amounts

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

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

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

The discounted cash flow models are based on the approved financial budgets and LOM plans incorporating key assumptions which can be analysed as follows:

Coal prices

The estimated coal prices used are based on the latest internal forecasts, benchmarked with external sources of information, to ensure that they are within the range of available external forecasts. The estimated realised price for export operations is calculated using the forecasted Benchmark coal price, with adjustments to reflect the quality and calorific value of the product, to reflect the estimated realised price at each CGU. There has been significant volatility experienced in the Benchmark coal price in the year ended 31 December 2022 based on the conflict experienced in Ukraine and the resultant global energy security crisis. This volatility is likely to continue over the short to medium term. The forecasted Benchmark coal prices in real terms used in the estimation of cash flows over the forecast period range from USD210 per tonne in the short-term and USD91 per tonne in the medium to long-term (2021: USD85 per tonne to USD94 per tonne).

In estimating the forecasted cash flows, the Group also considers the expected realised prices from existing contractual arrangements for the domestic operations where relevant, ranging from R450 per tonne to R540 per tonne (2021: R380 per tonne to R540 per tonne) over the forecast period.

Foreign exchange rates

Foreign exchange rates are based on the latest internal forecasts, benchmarked with external sources of information. For the year ended 31 December 2022 the estimated foreign exchange rates were based on external forecasts in real terms, in line with the approved budget assumptions. The foreign exchange rates used in the estimation of cash flows over the forecast period range from R14.44:1USD to R15.81:1USD. For the year ended 31 December 2021, the estimated foreign exchange rates utilised were also based on internal forecasts and were kept flat in real terms at R14.75:1USD over the forecast period. Operations supplying solely into the domestic market are not directly exposed to fluctuations in the foreign exchange rate.

Discount rate

The discounted cash flow models used to determine the recoverable amounts are discounted based on a real post-tax discount rate, assessed annually, of 9.5% (2021: 9.5%). Adjustments to the discount rate are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the CGU.

Operating costs, capital expenditure and other operating factors

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

Climate change

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

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

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

The DFFE declaration of greenhouse gases as priority air pollutants in 2017 was followed by the promulgation of a regulatory framework for greenhouse gas emission reporting. This formed the basis and input for the promulgation of the Carbon Tax Act on 1 June 2019, which introduced a carbon tax on identified affected sectors based on their greenhouse gas emissions.

On 29 July 2022 National Treasury published the draft 2022 Taxation Laws Amendment Bill (the 'Draft 2022 TLAB'), alongside various other tax bills, which contains tax proposals made in the 2022 National Budget, for public comment. The Draft 2022 TLAB proposes amendments to the Carbon Tax Act to bring into effect the policy set out under South Africa's climate change response and carbon tax price path as released by National Treasury in February 2022. The proposed amendments include a progressive increase in the carbon tax rate from 2023 to a US dollar based tax of USD20 in 2026 increasing to USD30 by 2030 per tonne of CO_2. The proposed amendments seek to align South Africa's carbon tax rate with global carbon prices. The amendments contained in the Draft 2022 TLAB do not materially impact on the applied assumptions at 31 December 2022.

The Group has expensed a total of R4 million (2021: R3 million) in relation to carbon tax.

A carbon fuel levy was introduced under the Customs and Excise Act, as part of the current South African fuel levy regime. The carbon fuel levy now includes a carbon levy, which applies to stationary and non-stationary mobile emissions resulting from the use of liquid fuels, mostly petrol and diesel. The carbon fuel levy on diesel and petrol, which came into effect on 5 June 2019, is 10c per litre and 9c per litre respectively. In addition, a notice published in the South African Government Gazette on 31 May 2019 provided that the carbon fuel levy was excluded from the diesel refund regime.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

5. IMPAIRMENT LOSSES CONTINUED

Impairment loss assessments

Export operations

The mining operations carried out at Goedehoop, Khwezela, Greenside, Mafube and Zibulo represent the export operations of the Group. The export operations are largely dependent on the ability to rail coal to the RBCT in order to realise the sales forecast for each of the CGUs, and this has a concomitant impact on the forecasted production of the CGUs. We have not identified any impairment indicators for our export operations at 31 December 2022 based on the improved market conditions, particularly in relation to the increased Benchmark coal price.

Throughout 2021 and 2022 the export operations have encountered problems in railing coal to the RBCT due to the continued underperformance of TFR. The rail operator's performance challenges are attributable to theft of infrastructure, equipment failures mainly related to locomotives, and late in 2022 a strike by Transnet employees and a significant derailment. This has led to some of our operations becoming stock-bound, and impacting forecasted production to manage stockpile capacity. The impact of the rail constrained environment on our operations is expected to continue in the short to medium term.

All of our export operations have been affected by the constrained rail capacity, however our continued optimisation of the available rail capacity has ensured continued performance for these operations. As a result, the recoverable amounts of these CGUs are estimated to be higher than the carrying amounts of the non-current assets. The significantly improved Benchmark coal price environment has not led to impairment reversals at other previously impaired operations held within TOPL on the basis of the rail constrained environment, and the resultant risk to the Group's forecasted production.

At 31 December 2021, production at the Khwezela Colliery had been curtailed in response to the rail constrained environment which, combined with placing the Bokgoni pit on care and maintenance, led to an impairment loss of R317 million being recognised on the CGU.

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

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

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

			2021
Rand million	Reporting segment	Goodwill	Carrying amounts other than goodwill[1]
Zibulo	Underground	–	4,999
Greenside	Underground	9	2,132
Goedehoop	Underground	–	271
Mafube	Opencast	–	1,919
Total		9	9,321

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

Sensitivities

The recoverable amounts, based on the discounted cash flow models, are sensitive to changes in input assumptions, particularly in relation to forecasted Benchmark coal prices and foreign exchange rates. Given the continued impact of the rail constrained environment, the recoverable amounts have become more sensitive to forecasted saleable production in the short to medium term. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The most significant inputs to the discounted cash flow models are the short to medium-term forecasted Benchmark coal price used to calculate the estimated realised prices across the CGUs, discount rates applied and forecasted saleable production across the CGUs. Due to the volatility experienced in the Benchmark coal price throughout 2022 the sensitivity related to price has been adjusted to reflect a wider range of reasonably possible movement in the Benchmark coal price.

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

			2022			2021
Rand million	**10% decrease in saleable production**	**10% decrease in estimated prices**	**0.5% increase in discount rate**	5.0% increase in estimated prices	5.0% decrease in estimated prices	0.5% increase in discount rate
Zibulo	**(1,861)**	**(3,159)**	**(80)**	1,050	(1,053)	(65)
Greenside	**(1,139)**	**(1,886)**	**(18)**	518	(535)	(20)
Goedehoop	**(634)**	**(1,138)**	**(18)**	190	(216)	*
Khwezela	**(1,113)**	**(1,748)**	**28**	558	(581)	(10)
Mafube	**(1,251)**	**(1,931)**	**(35)**	357	(344)	(33)
Total	**(5,998)**	**(9,862)**	**(123)**	2,673	(2,729)	(128)

* Represents an amount less than R1 million.

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

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

For the year ended 31 December 2021, the impact of the sensitivities shown above is as follows:

- Increase in estimated prices of 5.0%: this sensitivity would result in no impairment being recognised at Khwezela.
- Decrease in estimated prices of 5.0%: this sensitivity would result in an impairment possibly being recognised at Greenside, and a reduction of headroom at the remaining CGUs. No additional impairment would be recognised at Khwezela as the CGU was fully impaired.
- Increase in discount rate of 0.5%: this sensitivity would not result in an impairment at any of the CGUs.

The recoverable amounts are the most sensitive to changes in the estimated prices and production used over the forecast period. The Group has prioritised our operations throughout 2022 to ensure that higher margin products are railed to the RBCT, which has increased the on-mine stockpiles of lower margin products. Should the rail constrained environment not improve, production may need to be further curtailed, which may impact the recoverable amounts of the CGUs. The rail constrained environment, coupled with supply constraints in thermal coal producing regions and the conflict in Ukraine, have led to significant volatility being experienced in the Benchmark coal price throughout the year ended 31 December 2022. On this basis we have determined that the estimated prices used in the determination of the recoverable amounts are appropriate.

5. IMPAIRMENT LOSSES CONTINUED

Impairment loss assessments continued

Domestic operations

The mining operations carried out at Isibonelo and Rietvlei represent the domestic operations of the Group.

Rietvlei has a fixed-term coal supply agreement in place with its customer, and throughout 2022 it delivered on its contractual commitment. Rietvlei is currently in the process of evaluating alternative markets for coal supply to supplement its fixed-term agreement and increase the optionality at the operation.

Isibonelo's sales are made under a fixed-term offtake agreement with committed production per year. Prices are contractually agreed and impacted by mining inflation and other inputs. Based on the approved budget for Isibonelo, there is a reduction in forecasted production based on the achieved rates of production throughout 2021 and 2022. The forecasted production is sufficient to meet the committed production per year, however, due to an increase in the cost profile of the mine based on geological factors continuing to influence production, there has been a further decrease in the recoverable amount of the CGU. Based on the impairment assessment performed, an impairment loss of R613 million has been recognised on the Isibonelo CGU (2021: R440 million).

The carrying amount of the CGU that is not impaired can be analysed as follows:

Rand million	Reporting segment	2022 Goodwill	2022 Carrying amounts other than goodwill[1]	2021 Goodwill	2021 Carrying amounts other than goodwill[1]
Rietvlei	Opencast	–	301	–	315
Total		**–**	**301**	–	315

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

Sensitivities

As domestic sales prices are largely fixed with annual input cost inflation adjustments, recoverable amounts are the most sensitive to production volumes and cost increases not catered for in the annual sales price adjustment. The sensitivities applied in 2022 have widened to reflect ongoing cost and production challenges at the CGUs.

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

Rand million	2022 10% increase in operating expenditure	2022 10% decrease in saleable production	2021 5.0% increase in operating expenditure	2021 5.0% decrease in saleable production
Isibonelo	(363)	(411)	(114)	(297)
Rietvlei	(261)	(327)	(154)	(179)
Total	**(624)**	**(738)**	(268)	(476)

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

- Increase in operating expenditure of 10%: This would have resulted in an additional impairment at Isibonelo, limited to the carrying amount of the CGU, and a potential impairment at Rietvlei.
- Decrease in saleable production of 10%: This would result in an additional impairment at Isibonelo, limited to the carrying amount of the CGU, and a potential impairment at Rietvlei.

For the year ended 31 December 2021, the impact of the sensitivities shown above is as follows:

- Increase in operating expenditure of 5.0%: This would have resulted in an additional impairment at Isibonelo as the CGU was carried at its recoverable amount, and a reduction of the headroom available at Rietvlei.
- Decrease in saleable production of 5.0%: This would have resulted in an additional impairment at Isibonelo as the CGU was carried at its recoverable amount, and a reduction in the headroom available at Rietvlei.

Centrally held assets

The assets held centrally by the Group are allocated to all CGUs on an appropriate proportionate basis. Due to the impairment recognised at Isibonelo, an impairment of R43 million (2021: R51 million) has been recognised on these centrally held assets.

6. NET FINANCE COSTS

The Group's net finance costs include various costs relating to the investing activities of the Group, as well as the unwinding of the discount on environmental and other provisions.

Accounting policy

Interest income is recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method.

Growth on the environmental rehabilitation trusts' assets and other environmental investments represents the growth on the unit trusts and other investments held in order to mitigate the Group's exposure to environmental provisions, and is recognised in the statement of profit or loss and other comprehensive income as it is earned.

Interest expenses, other than the unwinding of discount on environmental and other provisions, are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred. The unwinding of the discount on environmental and other provisions is recognised in the statement of profit or loss and other comprehensive income over the life of the relevant provision, based on the expected outflow of economic benefits in future periods.

Foreign exchange gains and losses relate to the translation of cash and cash equivalents held by the Group denominated in US dollars from the receipt of export revenue.

Fair value losses on derivative financial instruments relate to losses on FECs entered into in order to manage the Group's exposure to exchange rate volatility.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

6. NET FINANCE COSTS CONTINUED

The net finance costs can be analysed as follows:

Rand million	Notes	2022	2021
Investment income			
Interest income on cash and cash equivalents		**775**	114
Growth on environmental rehabilitation trusts' assets	17	**158**	385
Growth on other environmental investments	17	**16**	4
Growth on investment in insurance structure	15	**2**	–
Other interest income		**12**	–
Total investment income		**963**	503
Interest expense			
Interest and other finance expenses		**(35)**	(65)
Net interest costs on retirement benefit obligations		**(48)**	(43)
Interest expense on loans from Anglo American		**—**	(35)
Unwinding of discount on environmental and other provisions	17	**(655)**	(537)
Total interest expense		**(738)**	(680)
Other financing (losses)/gains			
Foreign exchange gains on cash and cash equivalents		**377**	177
Fair value losses on derivative financial instruments	14	**(553)**	–
Total other financing (losses)/gains		**(176)**	177
Net finance costs		**49**	–

7. INCOME TAX EXPENSE

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

Accounting policy

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

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

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

Analysis of income tax expense

Rand million	Note	**2022**	2021
Current tax expense		**(6,057)**	(521)
Charged in respect of the current reporting period		**(6,000)**	(504)
Charged in respect of prior reporting periods		**(57)**	(17)
Deferred tax credit/(expense)		**119**	(50)
Credited in respect of deferred tax assets	18	**156**	384
Charged in respect of deferred tax liabilities	18	**(37)**	(434)
Total income tax expense for the reporting period		**(5,938)**	(571)

Given the significantly higher average Benchmark coal price experienced throughout the reporting period, all entities in the Group have achieved a high level of taxable income. This has led to a significant increase in the income tax expense and resultant provisional tax payments in the year ended 31 December 2022. Refer to note 18 for further detail related to the deferred tax assets recognised as a result of the improved market conditions.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

7. INCOME TAX EXPENSE CONTINUED

Factors affecting income tax expense

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

Rand million	2022	2021
Profit before tax	**24,143**	7,509
Tax at the applicable rate (South African corporation tax rate) of 28%	**(6,760)**	(2,103)
Adjusted for the tax effects of:		
Items non-deductible for tax purposes	**(383)**	(226)
Depreciation of mineral rights	**(8)**	(4)
Impairment on mineral rights and land	**(10)**	(2)
Legal and professional fees	**—**	(3)
SARS penalties and interest	**—**	(3)
Royalty and carbon tax prior year adjustment	**(10)**	–
Fair value loss on biological assets	**(5)**	(1)
Fair value loss on derivative asset – capital support	**(97)**	(159)
Non-deductible items considered capital in nature	**(26)**	(38)
Expenses related to contributions to the Sisonke Trust and the Nkulo Trust	**(214)**	–
Expenses not incurred in the production of income	**(7)**	(4)
Acquisition of joint operation	**—**	(12)
Accounting adjustments not deductible	**(6)**	–
Items non-taxable for tax purposes	**15**	23
Contribution to other environmental investments	**1**	1
Accounting adjustments not taxable	**14**	–
Royalty and carbon tax prior year adjustment	**—**	22
Other items	**1,206**	1,594
Donations	**—**	30
Effect of higher tax rates for trusts	**(1)**	–
Tax rate change	**31**	–
Deferred tax assets previously not recognised	**1,177**	1,569
Other	**(1)**	(5)
Prior year adjustments	**(16)**	141
Current tax	**(57)**	(17)
Deferred tax	**41**	158
Total income tax expense	**(5,938)**	(571)

The effective tax rate for the year of 25% (2021: 7.6%) is lower than the applicable statutory rate of corporation tax in South Africa of 28%.

On 23 February 2022, the South African corporate tax rate was reduced from 28% to 27% with effect from 1 January 2023.

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

Tax amounts included in other comprehensive income/(loss)

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

Rand million	2022	2021
Tax (expense)/credit on items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	**(15)**	(7)
Fair value losses on financial asset investments	**—**	1
Total income tax expense recognised in other comprehensive income/(loss)	**(15)**	(6)

Current tax assets/(liabilities)

The current tax assets/(liabilities) are only offset to the extent that the Group has the ability and intention to settle these amounts simultaneously. The current tax assets/(liabilities) can be analysed as follows:

Rand million	2022	2021
Current tax assets	**231**	46
Current tax liabilities	**(25)**	(278)
Net current tax assets/(liabilities)	**206**	(232)

Income tax paid

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

Rand million	2022	2021
Balance at the start of the reporting period	**(232)**	122
Income tax – current tax charge	**(6,057)**	(521)
Acquired through internal restructure	**—**	(19)
Non-cash movements	**—**	(11)
Interest capitalised	**3**	—
Reclassifications	**(75)**	—
Balance at the end of the reporting period	**(206)**	232
Income tax paid	**(6,567)**	(197)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

8. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share has been calculated in line with the requirements of IAS 33. Headline earnings has been determined in line with SAICA Circular 1/2021 and the JSE Listings Requirements, and reconciled to the profit attributable to the equity shareholders of the Group in each reporting period.

Accounting policy

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

Headline earnings is calculated by adjusting the profit attributable to the equity shareholders of the Group for all separately identifiable remeasurements which are excluded from headline earnings as defined in SAICA Circular 1/2021, net of related tax (both current and deferred) and related non-controlling interests. The headline earnings is then divided by the WANOS to calculate headline earnings per share. Disclosure of headline earnings is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of an entity.

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

Number of shares

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

Number of shares	**2022**	2021
Net shares in issue at the start of the reporting period	**133,599,202**	62,110,182
Adjusted for the weighted average impact of shares:		
Issued in the reporting period	**366,534**	43,504,515
Acquired in the reporting period[1]	**(673,262)**	(354,358)
Vested in the reporting period	**392,354**	–
WANOS at the end of the reporting period	**133,684,828**	105,260,339
Adjusted for dilutive potential ordinary shares relating to:		
Conditional share awards	**1,547,889**	171,790
Forfeitable share awards	**812,771**	184,861
Diluted WANOS at the end of the reporting period	**136,045,488**	105,616,990
Number of shares in issue[2]	**140,492,585**	136,311,808
Treasury shares held by Group companies	**(2,943,136)**	(2,712,606)
WANOS[2]	**133,684,828**	105,260,339
Diluted WANOS[2]	**136,045,488**	105,616,990

1 Shares acquired in the reporting period relate to shares purchased in line with the requirements of the Thungela share plan.
2 Refer to note 19 for details of the stated capital issued, and judgement applied to the calculation of WANOS for the year ended 31 December 2021.

Earnings per share

Earnings per share can be analysed as follows:

Rand million (unless otherwise stated)	2022	2021
Profit attributable to the equity shareholders of the Group	**16,988**	6,429
Profit used in the calculation of diluted earnings per share[1]	**16,988**	6,429
Earnings per share		
Basic (cents/share)	**12,708**	6,108
Diluted (cents/share)	**12,487**	6,087

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

Headline earnings per share

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

Rand million (unless otherwise stated)	Notes	2022	2021
Profit attributable to equity shareholders of the Group		**16,988**	6,429
Adjusted for:			
Excluded remeasurements		**673**	800
Impairment of property, plant and equipment	5	**648**	786
Impairment of intangible assets	5	**8**	22
Loss/(profit) on sale of property, plant and equipment	4	**17**	(8)
Tax effects of excluded remeasurements		**(172)**	(222)
Impairment of property, plant and equipment	5	**(165)**	(218)
Impairment of intangible assets	5	**(2)**	(6)
(Loss)/profit on sale of property, plant and equipment		**(5)**	2
Headline earnings[1]		**17,489**	7,007
Headline earnings used in the calculation of diluted headline earnings per share[2]		**17,489**	7,007
Headline earnings per share			
Basic (cents/share)		**13,082**	6,657
Diluted (cents/share)		**12,855**	6,634

[1] There were no adjustments to headline earnings that had an impact for the non-controlling interests.
[2] There were no adjustments to headline earnings used in the calculation of diluted headline earnings per share relating to the potential ordinary shares.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

9. PROPERTY, PLANT AND EQUIPMENT

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

Accounting policy

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

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

Deferred stripping

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

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

Right-of-use assets

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

Depreciation

Mining properties and items of plant and equipment for which the consumption of economic benefits is linked to production are depreciated to their residual values using the unit of production method based on proved and probable coal reserves.

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

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

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

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

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

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

2022

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

Rand million	Mining properties	Land and buildings: Owned	Land and buildings: Right-of-use	Plant and equipment: Owned	Plant and equipment: Right-of-use	Capital work-in-progress	2021 Total
Cost							
Balance at the start of the reporting period	6,831	1,315	55	22,519	107	5,485	36,312
Acquired through internal restructure	730	57	–	1,445	–	480	2,712
Acquisition of joint operation	–	–	–	–	–	81	81
Additions	–	–	–	–	–	2,203	2,203
Disposals	(913)	(34)	–	(1,007)	–	–	(1,954)
Transfers of capital work-in-progress	190	–	–	2,386	–	(2,576)	–
Reclassifications	25	(33)	–	291	–	(67)	216
Adjustments to decommissioning assets	–	–	–	(57)	–	–	(57)
Other	–	–	3	–	–	–	3
Balance at the end of the reporting period	6,863	1,305	58	25,577	107	5,606	39,516
Accumulated depreciation and impairment losses							
Balance at the start of the reporting period	(5,129)	(831)	(23)	(18,313)	(21)	(3,559)	(27,876)
Acquired through internal restructure	(317)	(26)	–	(692)	–	–	(1,035)
Depreciation charge	(236)	(18)	(5)	(727)	(3)	–	(989)
Impairment losses	(62)	(12)	(3)	(709)	–	–	(786)
Disposals	913	34	–	1,007	–	–	1,954
Reclassifications	(25)	33	–	(291)	–	67	(216)
Balance at the end of the reporting period	(4,856)	(820)	(31)	(19,725)	(24)	(3,492)	(28,948)
Carrying amount							
Balance at the start of the reporting period	1,702	484	32	4,206	86	1,926	8,436
Balance at the end of the reporting period	2,007	485	27	5,852	83	2,114	10,568

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

10. INVENTORIES

Inventories comprise consumables to be used in the production process and finished products being processed coal stockpiled at the mine or awaiting export at the RBCT.

Accounting policy

Inventory is measured at the lower of cost and NRV. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following basis:

- Consumables are measured at cost on a FIFO basis.
- Finished products, being coal stock held at the mine or awaiting export at the RBCT, are measured at production costs and transport costs where relevant, on a weighted average cost basis.
- Inventory is not valued until it has been processed, and so ROM stockpiles are not included in the inventory value. This is due to the fact that the costs required to convert the ROM into finished products are significant, and the product is not saleable until these are incurred.

Inventory is recognised as a current asset as it is consumed within the normal business cycle.

The estimation of volumes of stock on hand, and the measurement of production costs are calculated by engineers using available industry, engineering and scientific data based on average costs in line with the production period. These are periodically reassessed considering ongoing technical analysis and historical performance.

The NRV per product is estimated using actual realised prices for the month, based on the quality, grade and calorific value of the finished products, and deducting costs to sell including transport costs from the mine to the RBCT, where relevant. Any write down to NRV is recognised in profit or loss in the month incurred.

Inventories can be analysed as follows:

Rand million	**2022**	2021
Consumables	**654**	593
Finished products	**2,527**	1,953
Total inventories	**3,181**	2,546

The cost of inventories recognised as an expense and included in operating costs amounted to R17,519 million (2021: R12,635 million).

The write-down of inventories to NRV recognised throughout the reporting period amounted to Rnil (2021: R60 million).

The Group's ability to rail coal to the RBCT continues to be severely hampered by the inconsistent and poor performance of TFR throughout the past two years. Throughout 2021 and 2022, the South African coal industry has continued to engage TFR in an effort to improve performance, however the availability of rail capacity remains constrained. Thungela continues to work closely with TFR in order to resolve these challenges.

The Group will continue to maintain our focus on utilising the available rail capacity as efficiently as possible to manage stockpile capacity across our operations, along with the higher costs incurred in relation to the management of these stockpiles.

11. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from Thungela's customers for the sale of thermal coal. Other receivables include amounts receivable for VAT and other indirect taxes, prepaid expenses and amounts receivable for other transactions not related to the sale of thermal coal.

Accounting policy

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost.

Expected credit losses

For trade receivables only, the simplified expected credit loss approach included in IFRS 9 is applied, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. Expected credit losses are in general recognised where there is a failure to make contractual payments for a period of greater than 60 days, along with an appropriate assessment of forward-looking information.

The Group will write-off trade and other receivables where there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery of the asset, for example, when the customer has been placed under liquidation or entered into bankruptcy proceedings. Trade receivables are written off at the earlier of management receiving legal confirmation that the outstanding amount is irrecoverable, or when a partial settlement has been reached with the customer, or where the cost of recovery procedures outweighs the benefit of recovering the outstanding amount.

Trade and other receivables can be analysed as follows:

Rand million	**2022**	2021
Net trade receivables	**3,216**	2,982
Trade receivables	**3,339**	3,081
Provision for expected credit losses	**(123)**	(99)
Other tax receivables[1]	**1,105**	966
Prepayments	**314**	325
Net other receivables	**273**	111
Other receivables	**359**	170
Provision for expected credit losses	**(86)**	(59)
Total trade and other receivables	**4,908**	4,384
Classified as:		
Current	**4,907**	4,320
Non-current	**1**	64

[1] Other tax receivables include VAT receivables and diesel rebates receivable from SARS.

The Group applies the simplified expected credit loss model to its trade receivables, and the lifetime expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for future observable data.

Trade receivables include R2,496 million (2021: R2,569 million) due from AAML, which represents 75% (2021: 83%) of the total trade receivables balance outstanding. As per the contractual terms with AAML, all trade balances should be settled within 15 days of invoicing. There have historically been no defaults on payments from AAML, hence it is assessed that the credit risk of the AAML trade receivable is low.

Given the nature of the domestic customers, the amounts due from these customers are considered recoverable. The historical level of customer default is low and as a result the credit quality of the trade receivables is considered to be high.

11. TRADE AND OTHER RECEIVABLES CONTINUED

Prepayments include, among other items, insurance premiums of R79 million (2021: R114 million), ordinary course deposits to secure supply of critical consumables of R128 million (2021: R47 million) and a payment made in relation to educational development activities in host communities of R7 million (2021: R61 million).

Other receivables include various amounts receivable by the Group which are not related to the sale of thermal coal. No items included in other receivables are considered individually material, however agreements with relevant counterparties are made in relation to repayment terms. A provision for expected credit losses has been recognised on these receivables as considered appropriate in relation to the specific circumstances applicable to each counterparty.

Trade receivables do not incur any interest, are principally short-term in nature and are measured at their nominal value, net of the appropriate provision for expected credit losses.

The provision for expected credit losses on trade receivables can be analysed as follows:

			2022
Rand million	**Gross carrying amount – trade receivables**	**Expected loss rate (%)**	**Provision for expected credit losses**
Current	**3,043**	**0.3**	**(9)**
Between 1 – 2 months	**157**	**8.3**	**(13)**
Between 3 – 4 months	**10**	**10**	**(1)**
Between 5 – 12 months	**84**	**68**	**(57)**
Greater than 12 months	**45**	**96**	**(43)**
Total trade receivables	**3,339**	**3.7**	**(123)**

			2021
Rand million	Gross carrying amount – trade receivables	Expected loss rate (%)	Provision for expected credit losses
Current	2,897	0.3	(10)
Between 1 – 2 months	85	13	(11)
Between 3 – 4 months	1	100	(1)
Between 5 – 12 months	54	61	(33)
Greater than 12 months[1]	44	100	(44)
Total trade receivables	3,081	3.2	(99)

[1] The increase in the expected loss rate on receivables greater than 12 months is on the basis of one customer being placed into business rescue in the year ended 31 December 2021.

The movement in the provisions for expected credit losses can be analysed as follows:

Rand million	**2022**	2021
Balance at the start of the reporting period	**(158)**	(91)
Increase in provisions for expected credit losses	**(51)**	(67)
Trade receivables	**(24)**	(8)
Other receivables	**(27)**	(59)
Balance at the end of the reporting period	**(209)**	(158)

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held in bank and short-term investments held with the primary purpose of managing the short-term liquidity requirements of the Group.

Accounting policy

Cash and cash equivalents comprise cash held in bank and short-term investments. Cash and cash equivalents are measured at amortised cost.

Cash and cash equivalents can be analysed as follows:

Rand million	**2022**	2021
Short-term investments	**11,918**	7,082
Cash held in bank	**2,862**	1,644
Cash held in the Sisonke Trust and the Nkulo Trust	**519**	10
Total cash and cash equivalents	**15,299**	8,736

Short-term investments

Short-term investments are held with the primary purpose of managing the short-term liquidity requirements of the Group. Liquidity is a key consideration when selecting appropriate investment options for the funds to ensure they can be readily accessed for operational activity.

The investments are held in low-risk interest bearing instruments, across three of the five largest South African banks, with an appropriate liquidity spread to support the Group's requirements. The spread of funds between banks was done in order to partially mitigate counterparty risk and the global credit ratings for these investments range between AA- and AA+. The investments earn interest at rates of between 6.8% – 7.9% (2021: 3.9% – 4.5%).

Cash held in bank

Included in cash held in bank is R2,202 million (2021: R1,247 million) held in US dollars, related to proceeds on export revenue which is settled in US dollars. This cash, along with the cash held in South African rand of R660 million (2021: R397 million) is held across two of the major South African banks with global credit ratings of AA+.

Cash held in Trusts

Cash held in the Sisonke Trust and the Nkulo Trust relates to cash held by the trusts, which is not available for the general use of the Group and so is considered restricted cash for the Group.

As described in note 2, the trusts are entitled to 10% collectively of the dividends declared on ordinary shares by SACO. For the year ended 31 December 2022, SACO declared ordinary dividends of R773 million to the trusts.

A total of R265 million was paid to the eligible employees through the Sisonke Trust in December 2022, excluding tax at the beneficiaries' marginal tax rates, and R519 million remains in the trusts at 31 December 2022.

The cash balances in the trusts are to be used at the discretion of the trustees, as specified in the underlying trust deeds, for the benefit of the relevant beneficiaries.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

13. TRADE AND OTHER PAYABLES

Trade and other payables include amounts owed to suppliers, tax authorities and other parties that are typically due to be settled within one year of the reporting date.

Accounting policy

Trade and other payables are initially measured at fair value. Trade and other payables are not interest bearing, are subsequently measured at nominal value, and are derecognised when the associated obligation has been discharged, cancelled or has expired.

Trade and other payables can be analysed as follows:

Rand million	**2022**	2021
Trade payables	**2,089**	1,713
Accruals	**946**	867
Other tax and employee related payables	**838**	749
Other payables[1]	**124**	170
Total trade and other payables	**3,997**	3,499

[1] No items included in other payables are considered individually material.

Included within other payables is deferred income of R23 million (2021: R25 million) which represents monies received from customers but for which the associated performance obligation has not yet been satisfied. These amounts will be recognised as revenue as the performance obligations are satisfied.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments consist of assets and liabilities related to the capital support agreement, forward coal swap transactions entered into with the intention for settlement net in cash and contracts for the forward sale of foreign currency.

Accounting policy

Derivative financial instruments are classified as at FVPL. The fair value gains and losses on subsequent measurement are recognised in profit or loss at each reporting date. All derivatives are held in the statement of financial position and they are classified as current or non-current depending on the contractual maturity of the derivative.

Capital support agreement

As part of Anglo American's commitment to provide financial assistance to Thungela over the post demerger period, on 6 March 2021 the Group and ASA entered into a capital support agreement. It was arranged as a free-standing contract to provide financial assistance by way of minimum price support for all export sales made to AAML from 1 June 2021 until 31 December 2022, up to a maximum amount of R1,500 million in 2021 and R2,500 million in 2022. The Group would only have been required to repay any capital support received should the price recover, and thus is not limited in the benefits to be received from the sustained recovery of the Benchmark coal price.

The derivative asset was fair valued using the Clewlow and Strickland pricing model for the valuation of average rate commodity options. The fair value movements were mainly impacted by differences between the Benchmark coal price forwards, the assumed Benchmark coal price volatility and the ZAR discount factor assumed for the purposes of determining the fair value of the derivative, as well as the realised price in South African rand over the duration of the capital support agreement. The fair value was determined by independent experts using external sources of information with reference to the forecasted quoted Benchmark coal prices and exchange rates.

A fair value loss of R347 million (2021: R569 million) on the derivative asset has been recognised in profit or loss on the basis of the recovery in the Benchmark coal price to 31 December 2022. No amount of the available capital support has been utilised by the Group and the contract came to an end on 31 December 2022.

Inputs into the Clewlow and Strickland pricing model for the valuation dates are as set out below:

	At 31 December 2022		At 31 December 2021		At initial recognition	
	2021	**2022**	2021	2022	2021	2022
Benchmark coal price forwards (Rand/tonne)	–	–	2,174	1,512	1,238	1,253
Benchmark coal price volatility (%)	–	–	47	47	24	24
ZAR discount factor	–	–	1.00	0.95	0.98	0.92

Forward coal swap transactions

The Group is exposed to volatility in the Benchmark coal price due to the significant volume of export sales made to AAML. In order to manage our exposure to the volatility in the Benchmark coal price, particularly at our higher-cost operations, the Group has continued our price risk management programme, consisting of forward financial coal swap transactions. The Thungela board approved a mandate in relation to this price risk management programme which commenced in November 2021 and specifies the volume allowed to be financially traded, the minimum margin to be targeted per transaction, and the type of instruments which can be used to manage our risk in this area. These transactions are settled net in cash, in US dollars, with no intention for the counterparty to take physical delivery of the coal.

The forward coal swap transactions are derivative instruments and are measured at FVPL. The fair value is determined on the basis of comparing the pre-determined price at which the forward coal swap transactions were entered into, and the forward curve of the Benchmark coal price at the reporting date. The fair value is determined in conjunction with the counterparties to the transactions, using external sources of information. Forward coal swap transactions have been entered into using both the Benchmark coal price, as well as a Secondary index price, which is closely correlated to the Benchmark coal price.

Fair value losses of R3,207 million (2021: fair value gains of R348 million) have been recognised on the forward coal swap transactions. These losses are based on fluctuations in the forward curve of the Benchmark coal price from the date the transactions were entered into, to the settlement date of the transactions or to the reporting date for open transactions.

Following the onset of the unfortunate conflict in Ukraine, the Benchmark coal price increased significantly, to an average of USD271 per tonne (2021: USD124 per tonne) leading to a significant loss being realised on the forward coal swap transactions. The forward coal swap transactions undertaken post the significant increase in the Benchmark coal price have been committed to at a higher average price, which has led to the fair value losses on these instruments reducing as they matured. The Thungela board continues to monitor the approved mandate in line with current market conditions, as well as production levels which have been impacted by the ongoing rail constraints.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

14. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Forward coal swap transactions continued

Details of the forward coal swap transactions settled in the year can be analysed as follows:

	Benchmark coal price swaps	Secondary index price swaps	Total
			2022
Volume settled (kt)	640	875	1,515
Weighted average committed price (US$/tonne)	155	151	153
Settlement dates (2022)	January – November	January – November	January – November
Weighted average actual price on settlement (US$/tonne)	277	296	288
Cash outflow on settlement (Rand million)	(1,209)	(1,774)	(2,983)

Details of the open forward coal swap transactions at the reporting date can be analysed as follows:

	Benchmark coal price swaps	Secondary index price swaps	Total
			2022
Volume committed (kt)	76	105	181
Weighted average committed price (US$/tonne)	269	204	231
Settlement dates	December 2022 – June 2023	December 2022 – March 2023	December 2022 – June 2023
Weighted average Benchmark coal price forward curve at the reporting date (US$/tonne)	181	199	192
Fair value gains on derivative financial instruments (Rand million)	118	6	124

	Benchmark coal price swaps	Secondary index price swaps	Total
			2021
Volume committed (kt)	194	725	919
Weighted average committed price (US$/tonne)	126	131	130
Settlement dates	January – June 2022	January – June 2022	January – June 2022
Weighted average Benchmark coal price forward curve at the reporting date (US$/tonne)	103	106	105
Fair value gains on derivative financial instruments (Rand million)	73	275	348

Forward sales of foreign currency

The Group is exposed to fluctuations in the US dollar exchange rate as our export revenue to AAML is settled in US dollars. The Group's expenses are predominantly in South African rand, meaning the US dollars are required to be converted to South African rand to fulfil our ongoing liquidity requirements. In order to manage our risk exposure on these conversions, various contracts are entered into to convert US dollars to South African rand at future dates.

The conversions are predominantly done through FECs which will settle at a future date. These contracts are considered to be derivative instruments and are measured at FVPL, with the fair value movements being recognised in net finance costs. The fair value is determined by comparing the contractual rate at which the transaction was entered into, to the forward exchange rate curve as at the reporting date for open positions, or at the settlement date. These contracts are short-term in nature, and may be extended before settlement date based on market conditions at the time.

A fair value loss of R553 million (2021: Rnil) has been recognised on these contracts based on the volatility of the South African rand against the US dollar throughout 2022.

Details of the forward sales of foreign currency settled in the year can be analysed as follows:

	2022
Total currency contracted (US$ million)	845
Contractual conversion rate (ZAR:US$)	15.71 – 18.54
Spot rate on settlement (ZAR:US$)	16.54 – 18.28
Settlement dates (2022)	July – November
Cash outflow on settlement (Rand million)	(578)

Details of the open forward sales of foreign currency at the reporting date can be analysed as follows:

	2022
Total currency contracted (US$ million)	55
Contractual conversion rate (ZAR:US$)	17.25 – 17.81
Forward exchange rate at the reporting date (ZAR:US$)	17.02
Settlement dates (2023)	January
Fair value gains on derivative financial instruments (Rand million)	25

Impact of derivative financial instruments

The amounts recognised in the statement of profit or loss and other comprehensive income in relation to the derivative financial instruments can be analysed as follows:

Rand million	2022	2021
Amounts included in profit before net finance costs and tax	(3,554)	(221)
Fair value loss on capital support agreement	(347)	(569)
Fair value (losses)/gains on forward coal swap transactions	(3,207)	348
Amounts included in net finance costs	(553)	–
Fair value losses on forward sales of foreign currency	(553)	–
Total fair value losses on derivative financial instruments	**(4,107)**	(221)

14. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Impact of derivative financial instruments continued

The amounts recognised in the statement of financial position in relation to the derivative financial instruments can be analysed as follows:

Rand million	**2022**	2021
Derivative financial asset - capital support	**–**	347
Derivative financial instruments	**149**	348
Forward coal swap transactions	**124**	348
Forward sales of foreign currency	**25**	–
Total derivative financial instruments	**149**	695

The amounts recognised in the statement of cash flows in relation to the derivative financial instruments can be analysed as follows:

Rand million	**2022**	2021
Cash outflow on settlement of forward coal swap transactions	**(2,983)**	–
Cash outflow on settlement of forward sales of foreign currency	**(578)**	–
Total cash outflow on settlement of derivative financial instruments	**(3,561)**	–

15. INVESTMENT IN INSURANCE STRUCTURE

The Group has invested in a self-insurance structure with an independent financial institution through a cell captive mechanism. This has been completed through an investment in preference shares in an identifiable cell captive with the financial institution.

Accounting policy

The Group does not have control of the insurance cell captive arrangement, referred to as the 'cell', based on the rights conferred by the preference shares and underlying agreements. The results of the cell have not been consolidated on this basis.

The terms of the agreements related to the cell do not result in the Group being exposed to insurance risk, as cover is limited to a maximum of the amount contributed, adjusted for movements in the fair value of the cell. The transaction is thus considered an investment in preference shares and is a financial asset measured at FVPL.

The investment in preference shares is measured at fair value at each reporting date, with changes in the fair value recognised within net finance costs.

Details of the investment in the insurance structure can be analysed as follows:

Rand million	2022
Balance at the start of the reporting period	—
Investment in the reporting period	1,224
Growth on investment	2
Balance at the end of the reporting period	**1,226**

In December 2022, Thungela, through its wholly owned subsidiary TTPL, entered into a self-insurance arrangement through an investment into the preference shares of a separately identifiable cell captive structure. The cell is managed by an external financial institution and provides insurance cover for first-party risks, up to a maximum amount of the initial contribution, adjusted for changes in the fair value of the underlying investment.

An amount of R1,224 million was contributed to the cell in December 2022, for a minimum period of insurance of three years, which can be extended at the end of the current term. Each year the Group, along with the financial institution, will assess the value of assets held in the cell against the required levels of insurance cover, and make additional contributions as needed. Additional contributions may also be required to the extent that claims are made. If the value of claims made exceed the total assets held in the cell, the Group will have the option to either recapitalise the cell, or to unwind the structure.

The investment into the cell was made to reduce the Group's exposure to the traditional insurance market, and to reduce the cost of insuring our operating assets in the long-term. The cell may enter into re-insurance agreements to cover potential losses, which will either impact the fair value of the investment, or be expensed as incurred by the Group.

The amount contributed by the Group into the cell is pooled by the financial institution with other available funds to maximise the return on investment. Fair value movements on the investment may comprise interest, dividends and capital growth, and are externally confirmed at the reporting date. These fair value movements are recognised within net finance costs as incurred.

Sensitivity analysis

The Group's investment in the insurance structure is exposed to interest rate fluctuations and other market factors linked to the contributed funds that are pooled by the financial institution. The initial contribution was made in December 2022, therefore a reasonably possible change in the inputs used to value the investment would not be considered to have a significant impact on the amounts recognised in the statement of financial position and the statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

16. FINANCIAL INSTRUMENTS

Accounting policy

Financial instruments held by the Group have been disclosed in notes 11 to 15 and 17 as well as in the note below.

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

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

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

						2022
		Financial assets				
Rand million	Notes	Amortised cost[1]	FVPL	FVOCI	Financial liabilities at amortised cost	Total
Financial assets						
Environmental rehabilitation trusts	17	–	3,446	–	–	3,446
Financial asset investments		95	658	33	–	786
Investment in insurance structure	15	–	1,226	–	–	1,226
Derivative financial instruments	14	–	149	–	–	149
Trade and other receivables[2]	11	3,489	–	–	–	3,489
Cash and cash equivalents	12	15,299	–	–	–	15,299
Total financial assets		18,883	5,479	33	–	24,395
Financial liabilities						
Lease liabilities		–	–	–	(93)	(93)
Loans and borrowings		–	–	–	(60)	(60)
Trade and other payables[3]	13	–	–	–	(3,136)	(3,136)
Total financial liabilities		–	–	–	(3,289)	(3,289)
Net financial assets		18,883	5,479	33	(3,289)	21,106

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

Rand million	Notes	Financial assets Amortised cost[1]	FVPL	FVOCI	Financial liabilities at amortised cost	2021 Total
Financial assets						
Environmental rehabilitation trusts	17	–	3,288	–	–	3,288
Financial asset investments		122	199	33	–	354
Derivative asset – capital support	14	–	347	–	–	347
Derivative financial instruments	14	–	348	–	–	348
Trade and other receivables[2]	11	3,093	–	–	–	3,093
Cash and cash equivalents	12	8,736	–	–	–	8,736
Total financial assets		11,951	4,182	33	–	16,166
Financial liabilities						
Lease liabilities		–	–	–	(121)	(121)
Loans and borrowings		–	–	–	(63)	(63)
Trade and other payables[3]	13	–	–	–	(2,725)	(2,725)
Total financial liabilities		–	–	–	(2,909)	(2,909)
Net financial assets		11,951	4,182	33	(2,909)	13,257

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

Fair value hierarchy

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

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

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

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

16. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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

Rand million	Level 2	Level 3	2021 Total
Financial assets			
Environmental rehabilitation trusts	3,288	–	3,288
Financial asset investments at FVOCI	–	33	33
Financial asset investments at FVPL	199	–	199
Derivative asset – capital support	347	–	347
Derivative financial instruments	348	–	348
Total financial assets carried at fair value	4,182	33	4,215

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

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

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

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

Rand million	2022	2021
Balance at the start of the reporting period	33	33
Additions	1,224	–
Fair value gain	2	–
Balance at the end of the reporting period	1,259	33

For the level 3 financial assets at FVOCI, changing certain estimated inputs to reasonably possible alternative assumptions does not change the fair value significantly in any of the reporting periods presented. For the investment in insurance structure, refer to note 15 for further detail.

17. ENVIRONMENTAL AND OTHER PROVISIONS

The Group has raised several provisions in relation to our exposure to legal or constructive obligations at the reporting date. These comprise environmental provisions in relation to our obligation to perform rehabilitation and decommissioning activities, restructuring provisions in relation to formal restructuring activities undertaken by the Group, and various other provisions in relation to contractual obligations.

Accounting policy

Environmental provisions

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

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

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

Environmental rehabilitation trusts

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

The trusts' assets are held through unit trusts through a reputable investment manager and are classified as at FVPL. Fair value gains and losses are recognised in the statement of profit or loss and other comprehensive income within net finance costs.

Other environmental investments

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

The other environmental investments are recognised in the statement of financial position within financial asset investments and fair value gains and losses are recognised in the statement of profit or loss and other comprehensive income within net finance costs.

Nkulo Community Partnership Trust

The Group founded the Nkulo Trust in June 2021 as disclosed in note 2, which subscribed for 5.0% of the ordinary shares, as well as a C preference share, issued by SACO. The C preference share entitles the trust to a preference dividend of a minimum of R6 million per annum up to 2024, subject to the availability of cash flows in SACO. The Nkulo Trust is also entitled to 5.0% of the dividends declared by SACO on ordinary shares. The Group recognises a provision for the constructive obligation it has to the beneficiaries of the Nkulo Trust at the point that the dividends on ordinary shares or preference dividends are declared by SACO.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Accounting policy continued

Restructuring provisions

Restructuring costs are recognised as a liability at the earlier of the date the costs are incurred or when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed restructuring plan to either terminate employment before normal retirement date, or as a result of an offer made to encourage voluntary redundancy. In the case of an offer to encourage voluntary redundancy, the restructuring costs are measured based on the number of employees expected to accept the offer. Restructuring costs that are expected to be wholly settled more than one year after the end of the reporting period are discounted to their present value.

Other provisions

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

Environmental and other provisions can be analysed as follows:

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

1 Contributions to the Nkulo Trust represent amounts contributed to the trust, but not yet distributed to beneficiaries.
2 Other provisions include provisions raised for contractual obligations.
3 Amounts charged to provisions relate to amounts recognised through the statement of profit or loss and other comprehensive income in relation to changes in the provisions in the reporting period.
4 Amounts applied to provisions relate to cash paid to settle these obligations which reduces the provision, but is not charged through the statement of profit or loss and other comprehensive income.

Rand million	Environmental provisions				2021
	Environmental rehabilitation	Decommissioning	Restructuring[1]	Other[2]	Total
Balance at the start of the reporting period	5,386	798	208	234	6,626
Acquired through internal restructure	228	40	–	–	268
Acquisition of joint operation	–	–	–	51	51
Amounts charged[3]	452	(146)	(204)	(20)	82
Adjustments to decommissioning assets	–	(57)	–	–	(57)
Unwinding of discount	463	67	–	7	537
Amounts applied[4]	(480)	–	–	(22)	(502)
Reclassifications	–	–	(4)	–	(4)
Balance at the end of the reporting period	6,049	702	–	250	7,001
Classified as:					
Current	265	22	–	105	392
Non-current	5,784	680	–	145	6,609

1 The restructuring provision relates to a decision taken to place the Bokgoni pit at the Khwezela Colliery on care and maintenance effective from the first quarter of 2021. The restructuring process has been completed and no further costs are expected.
2 Other provisions primarily relate to provisions raised for contractual obligations and servitudes.
3 Amounts charged to provisions relate to amounts recognised through the statement of profit or loss and other comprehensive income in relation to changes in the provisions in the reporting period.
4 Amounts applied to provisions relate to cash paid to settle these obligations which reduces the provision, but is not charged through the statement of profit or loss and other comprehensive income.

Environmental provisions

Thungela is obliged to undertake decommissioning, rehabilitation, remediation, closure and ongoing post-closure monitoring activities when environmental impacts are caused by the development or ongoing production of a mining property, as well as the decommissioning of infrastructure established on our operating sites. A provision is recognised for the present value of such costs, based on the Group's best estimate of the legal and constructive obligations that exist at the reporting date. It is anticipated that most of these costs will be incurred over a period of up to 20 years, with water treatment costs incurred up to 50 years, post closure of the mines. These provisions are collectively referred to as the 'environmental provisions.' The environmental provisions are determined per operating site, with the assistance of specialist independent environmental consultants, and taking account of the current land disturbances and the expected costs of rehabilitation. The disturbed areas and expected costs are reassessed in each year and any required change in the environmental provisions is recognised on the completion of the assessment. An amount of R1,093 million (2021: R306 million) has been recognised in the statement of profit or loss and other comprehensive income, and a credit to the decommissioning assets of R83 million (2021: R57 million) has been recognised related to the annual assessment performed by the independent consultants, and other factors influencing the provisions.

The increase in the environmental provisions in the year ended 31 December 2022 is as a result of the following key considerations:

- Increases in the expected costs to be incurred based on inflationary pressures, particularly related to energy complex costs, as well as a refinement of the required costs based on ongoing remediation activities.
- The impact of illegal mining on our sites, some of which had previously been rehabilitated, where additional work is now required.

17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

The environmental provisions have been determined based on the legal obligations under the existing MPRDA Regulations, as well as the Group's interpretation of the likely increase in costs required to transition to the NEMA Financial Provisioning Regulations, for example costs related to the ongoing pumping and treatment of polluted or extraneous water. The Group's environmental provisions are in line with currently enforceable laws and regulations. The 2015 NEMA Financial Provisioning Regulations have been subject to numerous amendments, and drafts of the replacement regulations were published in November 2017, May 2019, August 2021, and finally in July 2022 and the transition date has again been deferred until 19 September 2023. The fourth draft of the updated set of proposed replacement NEMA Financial Provisioning Regulations was published on 11 July 2022 for public comment, but no feedback has been received on comments submitted by industry.

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

It is important to note that financial provisioning as specified in the NEMA Financial Provisioning Regulations, as well as the existing MPRDA Regulations, does not translate into the environmental provisions as recognised by the Group, but rather the level of cash or other funding required to be made available to fund the closure of operations should the Group not be able to do so. The environmental provisions are calculated using the MPRDA Regulations, and the accompanying Guideline for Financial Provision (2005), as a base, adjusted for costs the Group is likely to incur over the period until closure is completed. The financial provisioning as required by the current MPRDA Regulations amounts to R4,413 million (2021: R4,108 million), compared to the total environmental provisions recognised by the Group of R7,566 million (2021: R6,751 million). This difference is due to additional costs which the Group believes we are likely to incur through a combination of our interpretation of the NEMA Financial Provisioning Regulations as well as actual costs to be incurred in the period up to, and post mine closure, most significantly in relation to water treatment costs.

The Group has provided for water treatment costs using a combination of active and passive water treatment methods, based on activities currently being performed at our operations. The NEMA Financial Provisioning Regulations require the treatment of water to be provided for using the costs of currently available technologies which the DMRE has approved, based on evidence that the technology to be implemented is able to consistently achieve the discharge requirements.

Thungela is actively working to prove the efficacy of passive water treatment technologies in collaboration with academia and the relevant government departments. In the year ended 31 December 2022, the Group commissioned a 50,000 litre per day demonstration plant to prove that passive treatment can effectively manage coal's water risks post-mine closure. The demonstration plant uses bacteria to remove sulphates, neutralise water and remove metals to create a fit-for-purpose end-product that can be used in agriculture. The process requires minimal, if any, electrical power, minimal chemicals and infrequent but regular operational input and maintenance. The study will continue to treat different water qualities to optimise process parameters and inform the design of a full-scale plant that will be constructed at our closed Kromdraai site and later expanded to other operations.

The Group's long-term post-closure water management strategy includes phytoremediation, a biological process that decontaminates soil or water using plants and trees to absorb or break down pollutants. The initiative has been rolled out at areas of the Goedehoop Colliery, and is the forerunner to a much larger initiative that will involve the planting of a million trees over the next three years.

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

Environmental rehabilitation trusts

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

Rand million	2022	2021
Investments in unit trusts	3,446	3,288
Total environmental rehabilitation trusts	**3,446**	3,288
Balance at the start of the reporting period	3,288	2,880
Acquired through internal restructure	—	23
Growth on assets	158	385
Balance at the end of the reporting period	**3,446**	3,288

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

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

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

Other environmental investments

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

The other environmental investments can be analysed as follows:

Rand million	2022	2021
Balance at the start of the reporting period	199	3
Contributions during the reporting period[1]	443	192
Growth on assets	16	4
Balance at the end of the reporting period	**658**	199

[1] Includes contributions to the green fund of R438 million (2021: R188 million).

The Group has invested an additional R438 million (2021: R188 million) in long-term investments, referred to as the green fund, through two financial institutions to secure the guarantees required to further fund the financial provisioning as required by the MPRDA Regulations. These investments are held as collateral in favour of the financial institutions for the guarantees provided to the Group. The green fund requires an investment of 5.8% and 6.7% of the guarantee amounts annually into the respective funds to reduce the value of the unfunded guarantees over the LOM. Of the annual investment amount required, 0.8% and 0.7% respectively is related to fees which are not considered part of the investment.

17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

Other environmental investments continued

The annual requirement for funding is expected to decrease as the investment value increases, however the Group is able to contribute to these funds in excess of the required annual investment amount in order to increase our financial provisioning held, and to maximise our return on these investments. In the year ended 31 December 2022, an additional R200 million was contributed to the green fund, above the required annual investment amount, in order to further fund the environmental provisions.

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

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

Rand million	2022	2021
Environmental provisions	(7,566)	(6,751)
Environmental rehabilitation trusts	3,446	3,288
Other environmental investments	658	199
Guarantees	3,102	3,153
Total financial provisioning available	7,206	6,640
Real pre-tax discount rate (%)	4.0 – 4.8	3.6 – 4.3

The guarantees of R3,102 million (2021: R3,153 million) are primarily in place to meet any immediate closure obligations under the existing MPRDA Regulations, and are issued in favour of the DMRE. Once Thungela has to comply with the NEMA Financial Provisioning Regulations by the current transition date of 19 September 2023, it is expected that the level of guarantees required to be held as financial provisioning will increase, which if required, may be sourced from the existing providers on the market at similar terms to the Group's current guarantees.

Sensitivity analysis

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

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

Rand million	2022	2021
5.0% increase in expected cash flows	411	468
0.5% increase in discount rate	(238)	(256)

Contingent liabilities

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

Total financial guarantees amounting to R3,128 million (2021: R3,268 million) have been issued in favour of the DMRE and other counterparties where relevant, including the amount identified for rehabilitation purposes noted above.

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

18. DEFERRED TAX

The Group has recognised deferred tax assets and liabilities based on the underlying nature of various transactions throughout the year and the related tax treatment, which may be different to the accounting treatment thereof.

Accounting policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in profit or loss, except when it relates to items recognised directly in OCI or in equity, in which case the deferred tax is recognised in the same way.

Deferred tax assets and liabilities are offset by legal entity.

Deferred tax assets

The movement in the deferred tax assets can be analysed as follows:

Rand million	Note	**2022**	2021
Balance at the start of the reporting period		**378**	*
Credited to profit or loss	7	**156**	384
Charged to other comprehensive income/(loss)	7	**(15)**	(6)
Reclassification		**(16)**	–
Balance at the end of the reporting period		**503**	378

* Represents an amount less than R1 million.

At 31 December 2021, only a portion of the available unredeemed capital expenditure was recognised as a deferred tax asset, on the basis of the expected utilisation thereof at old order mines, combined with the pairing back of production at our higher-cost operations. This resulted in the Group not recognising deferred tax assets of R1,177 million at 31 December 2021. The unrecognised deferred tax assets related to the Group's wholly owned subsidiary, TOPL. Given the sustained increase in the Benchmark coal price in 2022, the taxable income for TOPL has increased significantly, resulting in all of the available unredeemed capital expenditure being utilised at our old older mines. On this basis the Group has recognised the full impact of the previously unrecognised deferred tax assets. There is no available unredeemed capital expenditure for the Group at 31 December 2022.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

18. DEFERRED TAX CONTINUED

Deferred tax assets continued

The deferred tax assets at 31 December 2022 are primarily driven by deductible temporary differences arising from the environmental and other provisions. These deductible temporary differences are expected to reverse in the normal course of operations of the Group.

The recognition of the full deferred tax assets balance is supported by Thungela's budget process which included a detailed calculation of the estimated taxable income for each financial year up to 2024. The budget reflects a substantial taxable income being generated, and therefore sufficient future taxable temporary differences against which to utilise these deductible temporary differences. The budget tax calculation does not result in any capital expenditure being unredeemed over the next two years and no additional tax losses have been carried forward or created in the year ended 31 December 2022.

The deferred tax assets recognised in the statement of financial position can be analysed as follows:

Rand million	**2022**	2021
Environmental and other provisions	**2,177**	1,829
Retirement benefit obligations	**110**	127
Tax losses	**2**	1
Other temporary differences	**24**	(1)
Share-based payments	**(11)**	(1)
Fair value adjustments	**(24)**	(98)
Capital allowances in excess of depreciation	**(863)**	(577)
Environmental rehabilitation trusts	**(912)**	(902)
Total deferred tax assets	**503**	378

The deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	**2022**	2021
Environmental and other provisions	**298**	(65)
Retirement benefit obligations	**(2)**	7
Tax losses	**(1)**	1
Other temporary differences	**26**	(78)
Share-based payments	**(10)**	17
Fair value adjustments	**74**	(43)
Capital allowances in excess of depreciation	**(386)**	427
Environmental rehabilitation trusts	**(10)**	(106)
Impairment losses	**167**	224
Deferred tax credited to profit or loss	**156**	384
Deferred tax charged to other comprehensive income/(loss)	**(15)**	(6)
Deferred tax credited to total comprehensive income	**141**	378

Deferred tax liabilities

The movement in the deferred tax liabilities can be analysed as follows:

Rand million	Note	2022	2021
Balance at the start of the reporting period		(1,400)	(581)
Acquired through internal restructure		—	(385)
Charged to profit or loss	7	(37)	(434)
Reclassification		16	—
Balance at the end of the reporting period		**(1,421)**	(1,400)

The deferred tax liabilities recognised in the statement of financial position can be analysed as follows:

Rand million	2022	2021
Capital allowances in excess of depreciation	(1,788)	(1,788)
Other temporary differences	(25)	(68)
Environmental rehabilitation trusts	(19)	(19)
Tax losses	202	240
Environmental and other provisions	209	235
Total deferred tax liabilities	**(1,421)**	(1,400)

The deferred tax charged to the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	2022	2021
Capital allowances in excess of depreciation	22	(610)
Other temporary differences	8	(60)
Environmental rehabilitation trusts	—	(3)
Tax losses	(10)	(63)
Environmental and other provisions	(57)	2
Fair value adjustments	—	302
Share-based payments	—	(2)
Deferred tax charged to profit or loss	**(37)**	(434)
Deferred tax charged to total comprehensive income	**(37)**	(434)

On 23 February 2022 a change in the South African corporate tax rate from 28% to 27% was announced. The current tax impact of this rate change for the Group will only take effect from 1 January 2023. However deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date. Consequently, the impact of the change in the statutory tax rate on deferred tax has been recognised as a credit to profit or loss of R31 million.

19. STATED CAPITAL

Thungela has one class of authorised and issued shares, being ordinary shares. Thungela's ordinary shares were issued on completion of the demerger, and began trading on the JSE and LSE from 7 June 2021. In the year ended 31 December 2022, Thungela issued 4,180,777 additional ordinary shares.

Accounting policy

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

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

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

Number of shares	**2022**	2021
Authorised		
Ordinary no par value shares	**10,000,000,000**	10,000,000,000
Issued		
Ordinary no par value shares	**140,492,585**	136,311,808
Reconciliation of shares in issue		
Shares in issue at the start of the reporting period	**136,311,808**	–
Issue of ordinary no par value shares	**4,180,777**	136,311,808
Shares in issue at the end of the reporting period	**140,492,585**	136,311,808
Adjusted for:		
Treasury shares held by Group companies	**(2,943,136)**	(2,712,606)
Net shares in issue at the end of the reporting period	**137,549,449**	133,599,202
Rand million		
Balance at the start of the reporting period	**10,041**	–
Issue of ordinary no par value shares	**1,282**	10,041
Balance at the end of the reporting period	**11,323**	10,041
Adjusted for:		
Treasury shares held by Group companies	**(302)**	(183)
Net balance at the end of the reporting period	**11,021**	9,858

As detailed in note 2, and fully described in note 2A of the Thungela Annual Financial Statements for the year ended 31 December 2021, although Thungela is considered a continuation of the SACO Group, the Company was only incorporated in January 2021, and issued shares in June 2021. The capital structure of Thungela reflects the structure of the legal entity, and thus no shares are reflected as issued for the Group until 2021. The value of the SACO Group was reflected in the merger reserve until the date the shares were legally issued, when it was transferred into stated capital.

For the purpose of determining the WANOS in the year ended 31 December 2021, Thungela applied judgement in determining how many shares were issued in substance for no corresponding increase in the economic value of the Group. Of the total stated capital of R10,041 million issued in June 2021, R5,466 million was received in cash from ASA. The issue of these 74,201,626 shares (as a proportion of the total shares issued based on the proportion of cash consideration to total consideration received) reflect a direct increase in the economic value of the Thungela Group. The remaining stated capital issued amounting to R4,575 million (reflective of 62,110,182 shares, as a proportion of non-cash consideration to total consideration received) is considered in substance to have been issued in consideration for the pre-existing SACO Group. The WANOS at 31 December 2021 has been calculated to reflect the issue of these shares as if it occurred at the start of the earliest comparative period presented. This has not impacted the WANOS at 31 December 2022.

In the year ended 31 December 2022, 909,155 (2021: 2,712,606) treasury shares were purchased by subsidiaries of the Group at an average price of R181.49 per share (2021: R67.42 per share) in relation to share awards granted under the Thungela share plan. The purchase was made in terms of Thungela's MOI and the shares are held in separate broker accounts of the Group for employees in terms of the rules of the Thungela share plan until vesting date. A total of 678,625 share awards vested in the year ended 31 December 2022, which reduced the number of treasury shares held by the Group.

Of the treasury shares held by the Group, 1,955,113 (2021: 1,363,119) are held directly by subsidiaries and so do not carry voting rights.

The total number of ordinary shares in issue which carry voting rights amounts to 138,537,472 (2021: 134,948,689).

The shareholders, at the AGM held on 24 May 2022, approved that the unissued shares, limited to 5.0% of the number of shares in issue at that date, or 6,815,590 shares, be placed under the control of the board at their discretion. The approval is subject to compliance with the MOI, the Companies Act of South Africa, the JSE Listings Requirements and the UK Listing Rules, and this authority is valid for the shorter of 15 months or until the next AGM. For the year ended 31 December 2022, Thungela issued 4,180,777 shares in terms of this authority as fully described in note 21.

20. DIVIDENDS

Thungela declared and paid ordinary dividends to shareholders in the year ended 31 December 2022 from retained earnings.

Accounting policy

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

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

20. DIVIDENDS CONTINUED

Dividend policy

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

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

The Thungela board believes it is appropriate to maintain a liquidity buffer of between R5,000 million and R6,000 million during and following periods of stronger market conditions, and all else being equal, between R2,000 million and R3,000 million during and following periods of weaker market conditions. The board will continue to review the required level of liquidity in line with changes in the overall context of the Group, including the acquisition of the Ensham Business and continued infrastructure constraints.

Dividends paid

Dividends paid can be analysed as follows:

Rand million	**2022**	2021
Dividends paid to the shareholders of the Group	**10,483**	–
Dividend declared on 22 March 2022 of R18 per ordinary share	**2,448**	–
Dividend declared on 15 August 2022 of R60 per ordinary share	**8,035**	–
Dividends paid to non-controlling interests	**42**	–
Total dividends paid	**10,525**	–

Dividend declaration

A final ordinary cash dividend relating to the year ended 31 December 2022 of R40 per share (2021: R18 per share), was declared by the board on 27 March 2023. The dividend, amounting to a return of R5,620 million to shareholders has not been recognised as a liability in these summarised consolidated financial statements. The final dividend was declared from retained earnings and will be paid in April 2023 to shareholders on the South African register and May 2023 to shareholders on the UK register. Together with the interim dividend of R60 per share, this equates to a total dividend of R100 per share for the year ended 31 December 2022.

21. ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARY

The Group, through its wholly owned subsidiary TRH, acquired the remaining 27% shareholding in AAIC, an existing subsidiary of the Group, from Inyosi. The transaction resulted in AAIC becoming a wholly owned subsidiary of the Group, although it does not represent a change in control of AAIC. The acquisition was completed through the issue of 4,180,777 Thungela shares.

The 27% interest was previously held by Inyosi on the basis of an empowerment transaction undertaken in 2010. Thungela and Inyosi reached agreement on 30 November 2022 in relation to the purchase of the AAIC shares through the issue of Thungela shares, thereby allowing Inyosi to obtain an interest in Thungela while simultaneously transforming its interest into a more liquid position in a publicly traded entity. The transaction was undertaken through TRH, a direct subsidiary of Thungela. The Thungela shares were admitted to trading on the JSE and the LSE on the effective date of 30 November 2022.

A reference price of R306.76 per share issued was calculated using the closing Thungela share price on 29 November 2022, the day before the shares were admitted to trading on the JSE and the LSE. This represents purchase consideration for the transaction R1,282 million.

At the effective date of the transaction, the value of the non-controlling interest held by Inyosi was R3,191 million representing their historical proportion of earnings in AAIC, excluding the impact of equity loans from the Thungela Group.

The value of the non-controlling interest on the effective date of the transaction can be analysed as follows:

Rand million	**2022**
Balance at the start of the reporting period	**1,983**
Total comprehensive income attributable to non-controlling interest[1]	**1,247**
Dividends paid to non-controlling interest[1]	**(40)**
Movement in share-based payments reserve[1]	**1**
Balance at 30 November 2022	3,191

[1] Represents movements up to the effective date of 30 November 2022.

The difference between the carrying value of the non-controlling interest at the effective date of the transaction and the value of the consideration amounts to R1,909 million, which has been recognised directly in retained earnings. This results in the relative interest of the Group in AAIC being correctly reflected.

22. RELATED PARTY TRANSACTIONS

The Group has a number of related party relationships with other companies and individuals. The related party relationships which have been identified are noted below, and transactions with these related parties are assessed on a consistent basis.

Although the demerger was effective from 4 June 2021, and Anglo American no longer holds any interest in the Group, transactions with Anglo American were still considered to be related party transactions in the year ended 31 December 2021. A number of agreements were signed with Anglo American prior to the demerger in order to support the operations of Thungela in the medium-term post demerger, and transactional activity is continuing. However, Anglo American is no longer considered a related party for the year ended 31 December 2022, and transactions with Anglo American are no longer disclosed as related party transactions.

Direct subsidiaries

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

Indirect subsidiaries

Thungela Operations Proprietary Limited
Anglo American Inyosi Coal Proprietary Limited
Butsanani Energy Investment Holdings Proprietary Limited
Rietvlei Mining Company Proprietary Limited
Ingagane Colliery Proprietary Limited
Springfield Collieries Limited
Thungela Inyosi Coal Sercurityco Proprietary Limited
Newshelf 1316 Proprietary Limited
Main Street 1756 (RF) Proprietary Limited
Blue Steam Investments Proprietary Limited

Indirect associates

Richards Bay Coal Terminal Proprietary Limited
Colliery Training College Proprietary Limited

Indirect joint operations

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

Indirect trusts

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

Directors

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

Independent non-executive

Prescribed officers

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

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

Transactions and balances with related parties

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

Rand million	Notes	2022	2021
Loans to related parties			
Zimele[1]		–	29
Pamish[2]		30	18
RBCT[3]		23	43
Derivative asset – capital support			
Anglo American	14	–	347
Trading balances			
Trade and other receivables[4]	11	–	2,569
Trade and other payables[5]		–	(55)
Transactions recognised in the statement of profit or loss and other comprehensive income			
Anglo American			
Export revenue	3	–	22,813
Expenses for services provided	4	–	(605)
Fair value loss on derivative asset – capital support	14	–	(569)
RBCT			
Expenses for services provided		(414)	(391)
Pamish			
Expenses for services provided		(33)	–
Investment income		6	–

1 The loan to Zimele was granted for the purposes of funding small business enterprises. The loan was non-interest bearing and had no fixed repayment terms. This loan was partially settled, with the remaining amount being reclassified to trade and other receivables as Thungela will now be responsible for collection of these amounts directly from the small businesses rather than Zimele.
2 The loan to Pamish earns interest at prime plus 3.0% and has a repayment term of 18 months.
3 The loan to RBCT is deemed part of the equity investment in RBCT.
4 Trade and other receivables include trade receivables for export sales to AAML at 31 December 2021.
5 Trade and other payables at 31 December 2021 were due within one year, consistent with the external trade and other payables.

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

23. EVENTS AFTER THE REPORTING PERIOD

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

Accounting policy

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

Acquisition of controlling shareholding in the Ensham Coal Mine and related assets

On 3 February 2023, we announced that we have entered into an agreement with Audley Capital and Mayfair (collectively the 'co-investors') in terms of which, inter alia, Thungela, through its wholly owned subsidiary Thungela Australia, will acquire a controlling interest in Sungela Holdings and will loan fund a portion of the co-investors equity contributions (the 'transaction').

Sungela Holdings will, in turn, through its wholly owned subsidiary Sungela, acquire an 85% interest in the Ensham Joint Venture from Idemitsu, as well as Idemitsu's 85% shareholding in Ensham Coal Sales, its 100% shareholding in Ensham Resources (the operator of the Ensham coal mine) and its 85% shareholding in Nogoa Pastoral and Nogoa Pastoral Joint Venture (collectively, the 'Ensham Business') (the 'acquisition').

The transaction is subject to the fulfilment of a number of conditions precedent before becoming effective, including, among others:

- The Treasurer of the Commonwealth of Australia has exercised its powers in terms of the Foreign Acquisitions and Takeovers Act 1975 and has not objected to the acquisition.
- The Australian Competition Consumer Commission has not objected to the acquisition or provided notification of its intent to restrain or prevent completion of the acquisition.
- Approval of the acquisition by the relevant regulatory authority in terms of the Queensland Mineral Resources Act 1989 and the Queensland Mineral and Energy Resources (Common Provisions) Act 2014.
- Receipt of a notification from the scheme manager in terms of section 33(2) of the Queensland Mineral and Energy Resources (Financial Provisioning) Act 2018.
- Waiver of pre-emptive rights by the co-shareholder in Bowen of its pre-emptive right to acquire Idemitsu's interest in the Ensham Business.
- The receipt of all necessary governmental and regulatory approvals or consents including the Financial Surveillance Department of the South African Reserve Bank.

Securing of banking facilities

In February 2023 Thungela secured access to banking facilities of R3.2 billion with two leading South African banks. The facilities have not been drawn on at the date of authorisation of the Summarised Annual Financial Statements for issue.

Dividend declaration

The board declared a final ordinary cash dividend of R40 per share, or R5,620 million, from retained earnings on 27 March 2023. Combined with the interim dividend for 2022, this represents a total dividend payment of R13,799 million to shareholders, amounting to 76% of the adjusted operating free cash flow$^{\Delta}$ generated in the year ended 31 December 2022.

The dividend will be paid in April 2023 to shareholders on the South African register, and in May 2023 to shareholders on the UK register.

ANNEXURES 2 – 4

ANNEXURE 2

BOARD AND AUDIT COMMITTEE MEMBERS UP FOR RE-ELECTION

Kholeka Winifred Mzondeki
Independent non-executive director

BCom, FCCA (UK)

Age: 55
Nationality: South African
Appointed: 12 February 2021

Kholeka has over 20 years' experience in governance and senior financial management. She has served as financial director and chief financial officer in several organisations, including the Fortune 500 company, 3M. In addition, she has served and is serving on several boards and was chairperson of Trudon (Yellow Pages), a subsidiary of Telkom. Kholeka was part of the team that pioneered Trudon's digital journey. She has been a finalist in the Nedbank/BWA Businesswoman of the Year Award and has also served as an audit member at the United Nations World Food Programme, on a pro-bono basis.

Skills brought to Thungela:
Management, risk management, retail/consumer, sustainability, IT/tech/digital, governance, finance, accounting, strategy, board experience, leadership.

Thero Micarios Lesego Setiloane
Independent non-executive director

BSc, BEng

Age: 63
Nationality: South African
Appointed: 7 March 2021

Thero currently serves as a non-executive director on the board of Foskor and is also a director and board member of the Oppenheimer Memorial Trust. He previously held the positions of chief executive officer for Business Leadership South Africa, and executive vice president of business sustainability at AngloGold Ashanti Limited. Thero was also an executive director at Real Africa Holdings Limited and the deputy chief executive officer for the commercial division of Transtel and has held various board positions which included chairmanship of Rand Refinery Proprietary Limited, Nuclear Fuels Corporation of South Africa, the Agricultural Research Council and Swiss Re Africa.

Skills brought to Thungela:
Governance, mining, leadership, retail, fund management, sustainability, large scale industrial, agriculture, education, research, IT/tech/digital, board experience.

Yoza Noluyolo Jekwa
Independent non-executive director

MBChB, MBA

Age: 47
Nationality: South African
Appointed: 12 August 2022

Yoza is the chief executive officer and founder of Thrive Capital Partners, an investment firm focused on infrastructure and impact investing in South Africa and Sub-Saharan Africa. Prior to this, Yoza was the chief executive officer of Mergence Investment Managers, a mid-sized diversified asset management company with circa R35 billion of assets under management. She also has extensive investment banking experience as an originator and structurer of acquisition financing/investments for mid to large cap corporates as a dealmaker within RMB and as a principal in acquisition and leverage finance at Nedbank. She currently serves as an independent non-executive director on the boards of Brait plc and of Northam Platinum.

Skills brought to Thungela:
Corporate finance, risk management, investment banking, fund management, sustainability, health care, infrastructure, impact investing, executive management, leadership, board experience.

Benjamin Monaheng (Ben) Kodisang
Independent non-executive director

BCom, Hons BCompt, CA(SA)

Age: 52
Nationality: South African
Appointed: 16 March 2021

Ben is the founder and chief executive officer of ALT Capital Partners and has over 25 years of investment and business experience across asset classes throughout the African continent. He serves on several boards including Absa Bank Botswana Limited, Fortress REIT Limited, Barloworld Khula Sizwe Property Holdings and Sphere Holdings. Prior to this, he was chairman of the South African Property Owners Association (SAPOA) and Wesgro. In addition, Ben was CEO of Sanlam Alternatives, a managing director of STANLIB Asset Management Limited and Old Mutual Property.

Skills brought to Thungela:
Operations, finance, business development, risk management, investment banking, fund management, sustainability, asset and investment property management, and governance.

Audit committee
Remuneration and nomination committee
Social and ethics committee
Risk and sustainability committee

REMUNERATION REPORT

REMUNERATION AND NOMINATION COMMITTEE

Chairperson
Ben Kodisang
Members
Sango Ntsaluba
Seamus French
Kholeka Mzondeki

The purpose of the Thungela remuneration and nomination committee (RemCo) is to support the board in executing its duties. Through the RemCo, the board ensures that an appropriate remuneration policy is implemented to support the delivery of the Group's strategy on fair, responsible and transparent remuneration and to approve the elements of remuneration for executive directors and prescribed officers.

The RemCo confirms that it has complied with its obligations as reflected in the terms of reference, a copy of which is available at www.thungela.com. The committee has also complied with the provisions of the guidance contained in King IV related to remuneration governance and the applicable JSE Listings Requirements.

The RemCo is pleased to provide the remuneration report for Thungela for the year ended 31 December 2022. The report is presented in three parts, in line with the relevant best practice as outlined in King IV and the JSE Listings Requirements.

Section 1: Background statement	Section 2: Remuneration philosophy and policy	Section 3: Implementation report
Providing the overall context of the report and highlighting specific matters of particular significance for remuneration decisions.	Describing the Group's overall remuneration policy with a particular focus on executive directors and prescribed officers.	Outlining the details of the remuneration of the executive directors and prescribed officers for the year under review.

SECTION 1: BACKGROUND STATEMENT

CONTINUING OUR REMUNERATION JOURNEY

In 2022, Thungela charted its own path in relation to remuneration reflecting the RemCo taking full responsibility to ensure that our decisions on remuneration continue to create value responsibly for all of our stakeholders.

Thungela has faced multiple challenges which have not made this a straightforward process. These challenges exist at local, regional and global levels and we have considered this context as part of our decision making as the RemCo.

This report outlines how Thungela drives fair and responsible remuneration and drives the delivery of value for all its shareholders.

ANNEXURE 3

REMUNERATION REPORT CONTINUED

DELIVERING IN A YEAR OF COMPLEXITY AND VOLATILITY

Thungela has once again delivered exceptional results while executing its strategic priorities across several fronts. These results are reflected in the review of financial performance as disclosed in the Integrated Annual Report. The key financial and operational outcomes that were considered by the RemCo in relation to the remuneration decisions set out in this report are the following:

- Adjusted EBITDA[Δ] of R29.5 billion (2021: R10.0 billion)
- Adjusted operating free cash flow[Δ] of R18.1 billion (2021: R3.9 billion)
- FOB cost per export tonne[Δ] of R1,079 (2021: R830)
- Export saleable production of 13.1Mt (2021: 14.5Mt)

Following the environmental incident at Khwezela's Kromdraai site in February 2022, Thungela has driven a comprehensive programme with multiple stakeholders to remedy the affected area and put additional controls in place. TRCFR has increased to 1.41 (2021: 1.35), and the Group continues to drive multiple programmes to support continuous improvement in its safety culture and practices. Furthermore, it has delivered an annual reduction in our carbon intensity of 8.3% (2021: 0.9%).

Thungela continued to operate within a very uncertain environment during the year with several factors influencing results, namely:

- The continued poor rail performance resulting from the operational issues experienced by TFR.
- Unusual levels of inflation largely driven by the Russian invasion of Ukraine in February 2022 and its continuation throughout the year.
- Elevated coal prices driven by various external market factors.

These factors are external and non-controllable, but Thungela has managed the impacts through the continued focus on the delivery of our strategic priorities. The Group's level of delivery, despite these challenges, has been considered by the RemCo in relation to the outcomes of the short-term incentives (STI) for 2022.

THE EVOLUTION OF OUR REMUNERATION POLICY

The RemCo and the board are acutely aware of the requirement for fairness and transparency in corporate remuneration policies, especially given the volatility of the markets and the ongoing increases in inflation and interest rates in South Africa and beyond. We aim to diligently evolve our remuneration policy to provide the correct balance between various stakeholder interests and Thungela's ability to attract, retain and engage people with the skills and talent to power the delivery of our purpose.

Balancing these various interests was key for us in the process of evolving our remuneration policy in 2022.

Key remuneration decisions by the RemCo in 2022:

- Approved the updated remuneration policy for the Group.
- Approved specific policies governing retention awards, sign-on awards, and minimum shareholding requirements (MSR).
- Approved the updated performance management process and subsequent adjustments to our STI structure for middle management employees.
- Approved retention payments for highly critical employees and ensured that proposals remain in line with approved policy.
- Awarded annual increases to the executive directors, prescribed officers, the company secretary, and management personnel as of 1 January 2023.
- Granted our second conditional share award under the approved remuneration policy which will vest in 2025 based on performance for the period 1 January 2022 to 31 December 2024.
- Approved the 2021 performance outcomes, STIs and deferred bonus share (DBS) awards for executive directors, prescribed officers, and other applicable employees.
- Recommended for board support and shareholder approval the proposed non-executive director fees.

Our commitment to fair and responsible remuneration practice was a key focus area in 2022. During the year we initiated a detailed review of the vertical pay gap between our highest and lowest paid employees. We are monitoring our vertical pay gap by tracking three different measures, namely:

- The Gini coefficient: A measure of the distribution of income across a population, which uses coefficient ranges from 0 to 1 as an index, with 0 representing perfect equality and 1 representing perfect inequality. It compares the cumulative proportions of the population against the cumulative proportions of income they receive;
- The Palma ratio: Ratio of all income received by the 10% of people with highest income divided by the share of income received by the 40% of people with the lowest income; and
- The 5:5 ratio: Total or average earnings of the top 5% of the workforce, divided by the total or average earnings of the 5% of the workforce that earns the least.

All of these are measured using the total on-target remuneration of the employees. Currently Thungela's vertical pay gap is lower than the South African general market and the South African mining average, but we will continue to focus on these metrics.

We are also continuing to analyse various other measures of fair and responsible remuneration by tracking them through ongoing analyses of income differentials, horizontal pay gaps and pay equity outliers, while investigating how to drive and track fair and responsible remuneration as part of our sustainability strategy.

Focus areas for the RemCo in 2023:

- Further enhancing our current STI structure through detailed review of the impact of the new performance management process and STI calculation.
- Monitoring the potential governance implications of the draft Companies Act bill.
- Driving closer alignment between the strategic pillars of the business and remuneration.
- Continued assessment and expansion of pay gap measures to review and understand the level of pay fairness and equality.

VOTING ON REMUNERATION AND SHAREHOLDER ENGAGEMENT

At Thungela's most recent AGM, the Group's shareholders took part in a non-binding advisory vote on the remuneration policy, its implementation and non-executive directors' fees.

The results of the non-binding advisory votes received for Thungela's inaugural remuneration report last year are as follows:

AGM voting outcomes	(%)
Remuneration policy	94.00
Implementation report	91.11
Non-executive directors' fees	98.25

Although the voting outcomes were favourable, we have taken the opportunity to constructively engage with our shareholders to understand some of the reasons for the dissenting votes.

The two key issues that were raised by some investors in these engagements were:

Issue raised	Response
General lack of detail in some aspects of the remuneration report	In this remuneration report we have included more detail specifically on the long-term incentive (LTI) and STI metrics to ensure higher levels of transparency.
Inclusion of dividend yield as a metric in our long-term incentive plan	On 15 November 2022, the RemCo decided to remove dividend yield as a metric for the long-term incentive plan (LTIP) in the updated remuneration policy. This will be effective for awards granted in 2023.

We will present our remuneration policy and implementation report, contained respectively in section 2 and section 3 of this remuneration report, for two separate, non-binding votes at the AGM on 31 May 2023. If 25% or more of shareholders vote against either or both of these sections, Thungela will include a note as such in the announcement reflecting the results of the AGM.
Any dissenting shareholders will also be invited to engage with Thungela. The method of shareholder engagement will be decided by the RemCo, and could include:

- E-mails and video conferencing
- Investor roadshows
- One-on-one meetings with shareholders

A summary of concerns and the RemCo response will be included in the remuneration report for the year ending 31 December 2023.

REMUNERATION REPORT CONTINUED

ACCESS TO INFORMATION AND ADVISORS

Members of the RemCo have access to various sources of information and advice to inform their independent judgement on remuneration and related matters. This assists them to better understand trends within the executive remuneration environment related to regulations, compliance and stakeholder perceptions, and risks associated with the current structure of remuneration.

The RemCo has received advice from Bowmans, a leading African law firm, related to the development of the remuneration policy and governance framework, and Bowmans have also independently advised the RemCo in relation to the benchmarking of executive and non-executive remuneration. Additional benchmarking data was received from RemChannel. The company's auditor, PwC, has not provided advice to the committee. Bowmans will continue as the RemCo advisor until 31 December 2023.

We are satisfied that this advice was independent and objective.

CONCLUSION

The past year has been one in which Thungela continued to deliver value in a complex and highly volatile environment. It has also seen Thungela really establishing itself as a value creating company for all of its stakeholders. We are of the opinion that the remuneration policy achieved its objectives in 2022 and we look forward to engaging with our stakeholders to ensure we continue evolving and that our approach to remuneration enables the effective delivery of our purpose and strategy.

Ben Kodisang
Remuneration and nomination committee chairperson

26 April 2023

SECTION 2: REMUNERATION PHILOSOPHY AND POLICY

REMUNERATION PHILOSOPHY

Thungela's reward philosophy underpins the Group's strategy by focusing on delivering a high-performance culture. This culture allows our employees to continually reinforce our purpose and values through their ongoing performance.

We have adopted a remuneration philosophy that is designed to attract, retain and incentivise individuals to support the development and realisation of the Group's business strategy, thereby creating sustainable value for all stakeholders.

APPLICATION OF THE REMUNERATION POLICY

Our remuneration policy applies to the whole of Thungela and all subsidiaries on an organisation-wide basis, unless otherwise agreed. In instances where Thungela does not have effective management control, this policy will apply as far as it has been agreed with the other shareholders.

REMUNERATION PRINCIPLES

The Group's remuneration policy has been aligned with the recommendations of King IV and is based on the following principles, with the aim of delivering fair and responsible remuneration.

1	**Alignment with Group strategy and culture**	Remuneration practices are constantly re-assessed to ensure that they are aligned with the Group's strategy and support the entrenchment of its values and leadership behaviours.
2	**Competitive pay levels**	Reward is set at a competitive level within the relevant market to ensure that the Group attracts, motivates and retains highly talented individuals.
3	**Internal equity**	Reward is managed to adhere to the principle of responsible, equal, fair, and competitive pay.
4	**Link with stakeholder interests**	Incentive-based rewards are linked to achieving excellence and aligned with stakeholder interests over the short, medium and long term.
5	**Risk-based approach**	LTI schemes are designed and applied to minimise stakeholder exposure to unreasonable risk.
6	**Relevance**	Performance measures and targets for incentive plans are structured to operate effectively throughout the business cycle and support the business strategy. These are also continually reviewed to ensure that they remain aligned to market trends, stakeholder and any legislative or regulatory requirements.
7	**Communication**	Transparent communication of the reward policy and implementation to all our stakeholders through ongoing engagement using various channels.

REMUNERATION ELEMENTS

The RemCo, in collaboration with management and advisors, actively conducts a total remuneration benchmarking analysis on an annual basis to ensure that our remuneration aligns with and enables the delivery of the Group's strategy. This includes an analysis of all remuneration elements (being fixed remuneration, STIs and LTIs) for the executive directors, prescribed officers and non-executive directors. These elements are benchmarked against an appropriate comparator group and external survey data representative of the Group's size and complexity.

The elements of remuneration included in the policy are:
- Fixed remuneration, including basic salary and benefits.
- STIs comprised of cash payments and DBS awards.
- LTIs.

Fixed remuneration

The Group's fixed remuneration is currently structured on a "basic salary plus benefits" basis.

Basic salary

Executive and management employees
The basic salary of employees is reviewed on an annual basis with increases effective from 1 January. As part of the annual review process the Group is positioned competitively against peers that are comparable in size, sector and business complexity. Group performance, affordability, prevailing consumer inflation and average industry and sector increases are considered in determining the annual adjustments.

Annual increases are generally inflation-linked but where affordable, additional budget is allocated for adjusting remuneration levels that are not appropriately aligned to internal pay ranges and/or market rates for a specific job.

These market adjustments are informed by positioning current salaries within a tolerance pay range and comparative ratio for a specific discipline, job or grade. Pay levels that are not within the tolerance pay range are adjusted for closer alignment to the market's 50^{th} percentile.

Bargaining unit employees
In the case of bargaining unit employees, basic salary levels depend on the outcome of wage negotiations with representative unions.

Benefits

Core benefits are offered as a condition of service, with some elective flexible offerings for employees in our management group. Core benefits primarily comprise retirement, risk, and medical scheme participation. The Group regularly reviews these benefits for affordability, flexibility, and perceived value to employees. Currently, management employees are only allowed to belong to one recognised closed medical scheme, but this is continually monitored to identify opportunities for adding additional flexibility. Retirement benefits are provided through defined contribution funds, with contribution levels aligned to market best practice and the rules of the fund.

Short-term incentives

The original structure and process of our STI was inherited from Anglo American. At the end of 2021, we embarked on a process to redesign our performance management process as well as reconsidering the structure of our STI.

Based on support from external parties, engagement with internal stakeholders and considering market views related to performance management, we reintroduced the concept of individual results into our performance management process and our STI calculation. We have kept the additive approach, but the STI calculation now comprises business results and individual results as the two legs of performance measurement.

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

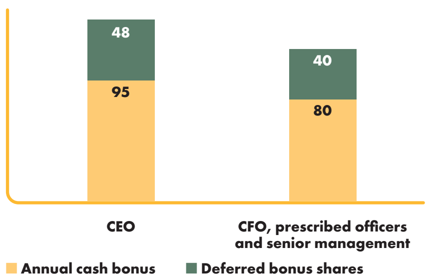
Business results are measured by an overall scorecard approved by the RemCo on an annual basis. The scorecard is split into four performance categories with 10 overarching metrics, namely:

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

Our annual STI is designed to encourage and reward taking responsibility for the success of Thungela by continually delivering with an owner's mindset. Based on the design principles of the new performance management process we also worked with our external reward advisor to redesign the STI structure for our middle management employees to:

- Ensure that our STIs are distributed more fairly across our different bands.
- Create an ownership culture.
- Attract and retain talent.
- Align with market best practice.

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



More details of the composition of the STI performance conditions are provided in the implementation report, together with the outcomes for the 2022 financial year as it relates to executive remuneration.

Long-term incentives

Thungela's LTI plans have a time horizon of more than a year and are divided into two categories: conditional and forfeitable share awards.

Conditional share awards

Annual awards of shares in Thungela which will vest after a three-year period subject to the continuous employment of the individual and the achievement of key performance conditions that are aimed at delivering value to all stakeholders. Dividends paid on underlying shares are rolled up into the award and are settled as dividend equivalent shares on the vesting date, if and to the extent the awards vest.

Maximum awards of conditional shares expressed as a percentage of basic salary are as follows:

CEO **100%**	CFO **80%**
Prescribed officers **80%**	Senior management (E Upper) **80%**

Forfeitable share awards

Annual or ad hoc awards of shares in Thungela, the vesting of which will be determined by the employee fulfilling the applicable employment condition. These shares are held by an escrow agent on behalf of the employee until the vesting date. These shares attract voting and dividend rights for the period they are held in escrow but can only be traded once they have vested. Thungela's remuneration policy makes provision for four types of forfeitable shares:

Deferred bonus shares	These make up a portion of the employee's STI. Governance: remuneration policy
Sign-on shares	Used to compensate new employees for share values forfeited as a result of joining Thungela. Governance: remuneration policy and sign-on award policy
Retention shares	Used in limited instances to retain key talent below the executive committee level. Governance: remuneration policy and retention award policy
Milestone shares	Used to award senior employees achieving agreed milestones i.e. delivery of key projects or corporate finance events. Governance: remuneration policy

BENCHMARKING

We make use of reputable surveys i.e., RemChannel to provide points of comparison for determining external equity within our remuneration environment. Macroeconomic factors for example, CPI, are taken into consideration when comparing remuneration to the external market, and survey information is always adjusted to take both the assumed movement in salaries and the time elapsed between the date of the survey and the date when the analysis is performed.

MARKET REFERENCE FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

For our executive directors and prescribed officers, our external reward advisor assists us by proposing a requisite comparator group that is used for the purposes of performing remuneration benchmarks. In future, the comparator group will be assessed for appropriateness every two to three years, but given our current operating environment, this is currently assessed on an annual basis.

We have made two changes in our comparator group in 2022 to reflect our substantially increased market capitalisation and revenue compared to those originally considered on listing. The comparator group comprises of eight JSE-listed mining companies with primarily South African resident executives.

External remuneration comparator group

Tharisa plc
Pan African Resources plc
DRD Gold Limited
Harmony Gold Mining Co Limited
Royal Bafokeng Platinum Limited
African Rainbow Minerals Limited
Northam Platinum Limited
Exxaro Resources Limited

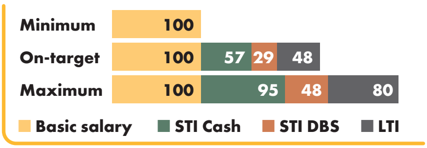
REMUNERATION MIX SCENARIOS

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

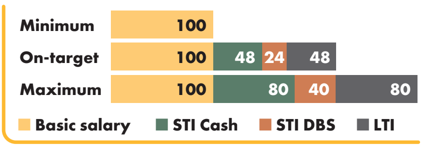
The maximum award values for the cash and the DBS portions of the STI, and the annual conditional share award are aligned with the policy percentages provided above.

The 'on-target' values are determined as 60% of the maximum for the STI and LTI. The LTI value excludes share price movements and is disclosed based on the award value for the current year multiplied by the applicable vesting percentage.

CEO (%)



CFO AND PRESCRIBED OFFICERS (%)



CONDITIONAL SHARE AWARDS

The second award of conditional shares was made in March 2022 and will be measured over the period 1 January 2022 to 31 December 2025. We have previously noted that our executive directors and prescribed officers will have an additional two-year holding period following the initial three-year performance and employment period. While this additional holding period is common practice in UK listed companies for their executive directors, none of our JSE listed comparators impose such a further holding period.

Our MSRs will also ensure an adequate level of holdings by prescribed officers following the vesting of the awards. For consistency with the commitment for an additional holding period in respect of our executive directors, but to align with local practice for our prescribed officers, the RemCo decided that the two-year holding period will remain for the executive directors but will no longer be imposed for the prescribed officers.

The performance conditions for this award were kept the same as those applicable to the inaugural award in 2021 as it continues to create the right balance between the interests of various stakeholders. We have adjusted some of the targets by considering our current levels of performance and the changes in the environment in which we are remunerating.

REMUNERATION REPORT CONTINUED

The performance conditions for the 2022 conditional award are as follows:

Performance category	Performance area	Weighting (%)	Performance measure	Threshold	On-target	Stretch
Shareholders (25%)	Relative TSR (local)	7.5	Performance against index return of local competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
	Relative TSR (global)	7.5	Performance against index return of global competitors	Index return	Index return + 3% p.a.	Index return + 6% p.a.
	Dividend yield	10	Performance against index yield	Index yield –1%	Index yield	Index yield +1%
Financial (20%)	Cash margin per export saleable tonne	20	% change in cash margin from 2020 base (price and foreign exchange neutral)	(3%)	–%	3%
Production Sustainability (25%)	Life of business	15	% life extended as a result of resource to reserve conversion (additional LOM saleable tonnes/base LOM saleable tonnes) (adjusted for reserve depletion)	–%	10%	20%
	Lifex capital intensity	10	Capex per incremental saleable tonne from lifex projects relative to most recent projects (Mafube and Navigation weighted) (relative %)	(3%)	–%	5%
ESG (30%)	Carbon emissions	10	% reduction in GHG emissions (2016 baseline)	11%	12%	13%
	Fresh water import	2.5	ML reduction	137	152	167
	Potable water usage	2.5	ML reduction	269	299	329
	Water treatment	2.5	% change against a 40% target	(5%)	–%	5%
	Water reuse/recycle	2.5	% change against a 75% target	(8%)	–%	5%
	Inclusion and diversity	10	% HDP representation in middle management and up against a 65% target	(3%)	–%	5%

The TSR peer groups for the local and global metrics are outlined below:

Local TSR peer group
Salungano Group Limited
MC Mining Limited
Exxaro Resources Limited (excluding earnings and dividend per share from iron ore)

Global TSR peer group
Arch Resources Inc.
New Hope Corp Limited
Peabody Energy Corp
Whitehaven Coal Limited
Yankuang Energy Group Company Limited
Banpu Power Public Company Limited
PT Adaro Energy Tbk

From 2023, the dividend yield metric will no longer be used for the conditional share awards. Based on market benchmarking we have identified that dividend yield is not a common performance condition within comparator LTI measures. It was originally included based on our understanding, prior to listing, that dividend yield would be an important investor requirement, however the post listing growth in the share price has changed this perception. We will be maintaining the 25% for the shareholder performance category. This means that the TSR metrics will in future be weighted at 12.5% each.

MINIMUM SHAREHOLDING REQUIREMENTS

Executive directors and prescribed officers are required to accumulate and hold a predetermined and market-aligned minimum shareholding. The MSR must be accumulated from LTI and DBS awards on an elective basis before these awards vest.

These individuals are required to accumulate and hold an appropriate percentage of their share incentive awards to meet the target. The extent to which targets have been met is calculated by multiplying the closing share price at year end by the number of shares held and expressing this as a percentage of their annual fixed remuneration at the time, with the following target holdings set for executives:

- **200%** for the CEO.
- **100%** for the CFO and prescribed officers.

Current members of the Group executive committee will be required to build up the target shareholding over the five years from 7 June 2021. Members of the Group executive committee who are appointed in the future will be required to build up the target shareholding over the five years following their date of Group executive committee appointment.

We have completed a market benchmarking exercise in 2022 on the MSR percentages for our executive directors and prescribed officers and have found them to be line with peer groups in the mining industry. No changes have therefore been made to the overarching MSR percentages that need to be achieved. We have introduced a formalised policy which governs and sets out the requirements related to the MSR and the impact of not achieving these requirements by the fulfilment date.

CONTRACTUAL COMMITMENTS

All executive directors and prescribed officers have permanent employment contracts with Thungela or its subsidiaries. The contracts prescribe a notice period of six months for the executive directors and three months for the prescribed officers. Executive directors and prescribed officers are subject to a restraint-of-trade period of six months from the date of termination of their contract.

Our service contracts and the associated contractual commitments were reviewed by Bowmans as part of our listing process to ensure that they are aligned with market practice and related governance and legislative requirements. These contracts will be regularly reviewed to ensure that they remain aligned with all requirements.

REMUNERATION REPORT CONTINUED

OTHER POLICY PROVISIONS

Termination benefits		STI	LTI
There are no contractual obligations to effect payment on termination, other than in respect of payment for the notice period and accrued leave balances. The STI and LTI will be dealt with based on the nature of the termination and at the RemCo's discretion.	**Ineligible termination** Resignation, dismissal.	Not eligible for any STI cash and unvested DBS awards will be fortified.	The right to receive any shares or cash awards will immediately be forfeited.
	Eligible termination Death, retirement, disability, dismissal for operational reasons.	STI cash payments will be pro-rated for the year, and the vesting of all unvested DBS awards will be accelerated the termination date.	All awards will be accelerated, but will be pro-rated to reflect the time served of the applicable vesting periods and the RemCo's estimate of the level of achievement of performance conditions.

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

NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees are based on an annual retainer for board and board committee roles. The board chairperson and the lead independent director's fees are determined on an 'all-inclusive' basis and additional fees are not paid for board committee membership. The other non-executive directors receive fees for their board roles in addition to the fees for their roles as chairpersons or members of board committees.

The current fee policy, details of actual fees paid per non-executive director and the fees proposed for the 2023 financial year are included in the implementation report. The proposed fees will be included in the notice of the AGM for approval through a special resolution by the shareholders.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

The remuneration policy, as described in section 2 of the remuneration report, excluding those arrangements specifically applicable to the Group's listing and that do not form part of the ongoing remuneration policy, as noted above, is subject to a non-binding advisory vote by shareholders at the AGM. In the event that more than 25% (of those shareholders voting) vote against the policy, the RemCo will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the RemCo when considering changes for the subsequent year. A summary of the concerns and the RemCo's response thereto will be included in the following year's remuneration report.

SECTION 3: IMPLEMENTATION REPORT

SCOPE

This section outlines the remuneration received by Thungela's executive directors, prescribed officers and non-executive directors for the year under review. It covers the remuneration elements and awards that were made and settled during 2022 in the following two categories:

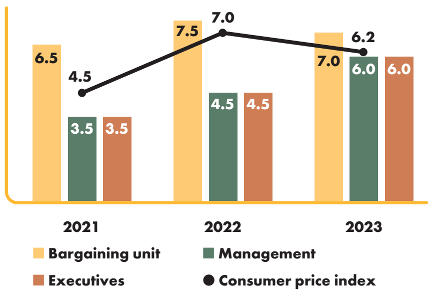
1	Awards approved by Anglo American to support and reward the successful listing of Thungela and retain talent to ensure stability during the transition.	• Retention and milestone awards (forfeitable shares) • Retention awards (cash)
2	Awards that were made in line with Thungela's remuneration policy.	• 2022 STI (cash) • 2022 DBS (forfeitable shares) • 2022 LTIP (conditional shares)

The implementation report highlights the level of delivery within our first full year of performance as an independent, listed company and how this has translated into the remuneration outcomes of the executive directors and prescribed officers.

BASE SALARY ADJUSTMENTS

Based on market insights and benchmarking from Bowmans and RemChannel, supported by an analysis of the historical and forecasted CPI environment, a 4.5% increase on basic salary was approved by the RemCo for executive directors, prescribed officers and management employees as of 1 January 2023. Increases for bargaining unit employees are affected in the middle of the calendar year and these have been successfully negotiated with our recognised union for the next three years from 2022 to 2024. The figure below provides a comparative view of increases between executive, management, and bargaining unit employees against CPI.

Base salary adjustments (%)[1]



[1] For 2023, increases are as approved by the RemCo, and CPI as per IMF forecast.

No other adjustments were made to the base salaries for executive directors or prescribed officers during 2022.

2022 SHORT-TERM INCENTIVE OUTCOMES

As indicated in section 2 of the report, the structure and calculations used to calculate the performance outcomes related to the Group's STI were updated during 2022 to better reflect the requirements of Thungela.

As part of the determination of the performance outcomes for 2022, the RemCo considered the impact of both the continued underperformance of TFR, and the unusual inflation experienced on Thungela's ability to deliver on production and financial performance targets. The processes followed to normalise the outcomes resulting from these challenges were independently reviewed to ensure that they are reflective of Thungela's performance agnostic of non-controllable external factors.

The calculation of the STI was outlined in section 2, but the actual outcomes are presented in this section.

The figure below outlines the four performance categories which comprise the business results (70%) component of the STI with the proportional weighting thereof. It further includes the outcome of the business results when compared to the 'on-target' percentage.

BUSINESS RESULTS PERFORMANCE CATEGORIES AND OVERALL RESULT (%)

Performance category	Metric | Measure	Weighting (%)	Result (%)
Safety and Health 10/70	TRCFR	5	0
	HIV % treatment	5	100
ESG 10/70	Level 4 – 5 environmental incidents	2.5	25
	Energy intensity	2.5	100
	Inclusive procurement	2.5	100
	Inclusion and diversity	2.5	100
Production 30/70	Export saleable production	20	100
	FOB cost per export tonne[Δ]	10	84
Finance 20/70	Adjusted EBITDA[Δ]	10	33
	Adjusted operating free cash flow[Δ]	10	55
		70	**72**

The remaining portion of the STI (30%) is determined by individual results for each executive director and prescribed officer. For the executive directors, the RemCo approves a balanced scorecard on an annual basis. The balanced scorecard is comprised of three sections, namely:

- Key priorities
- Top risks
- Our pillars of sustainable value

The pillars of sustainable value are shared, but the key priorities are specific outcomes required by the individual executive director and therefore comprise the individual deliverables. The tables below outline the individual results for each executive director against their balanced scorecard.

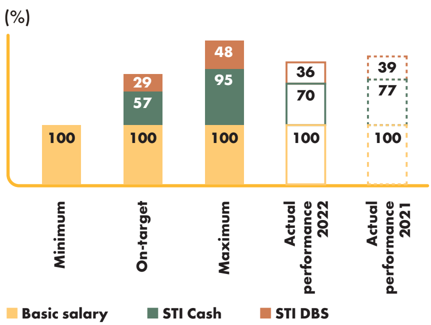
Chief executive officer

July Ndlovu

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Eliminate all fatalities	5	Although we have seen a slight decline in TRCFR, the Group has continued to build on the foundational safety programmes we have put in place.	Target met
Drive our ESG aspirations	5	Published our first Climate Change Report as per the requirements of the TCFD. Developing new programmes like our renewable energy strategy to assist in reducing our energy and carbon intensity.	Target exceeded
Maximise the full potential of existing assets	10	Approval was granted for the implementation of Elders in 2022 and further studies have been successfully progressed. Supported the business by driving ongoing engagement and management of TFR.	Target exceeded
Create future diversification options	5	Reviewed multiple merger and acquisition opportunities and have executed our geographic diversification strategy through the acquisition of the Ensham Business.	Target exceeded
Optimise capital allocation	5	Delivered a consistent approach to capital allocation with capital expenditure remaining in line with guidance, while also delivering the value-accretive acquisition of the remaining 27% shareholding in AAIC.	Target exceeded
Overall performance	30		Target exceeded

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

The performance outcomes for the CEO for 2022 compared to minimum, on-target and stretch remuneration levels and 2021 performance is illustrated alongside:



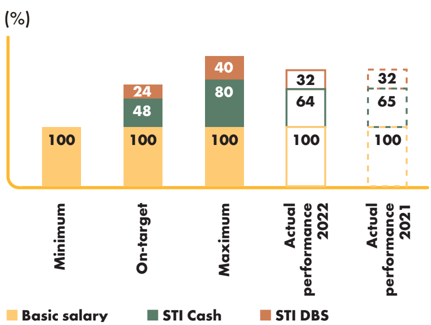
Chief financial officer

Deon Smith

Individual deliverable category	Weighting (%)	Performance description	Level of achievement
Eliminate all fatalities	2	Although we have seen a slight decline in TRCFR, the risk of fatalities is under continued focus and mitigation strategies are given a lot of focus by the CFO.	
Drive our ESG aspirations	3	Took a leading role in investigating the commercial components of delivering on our ESG commitments and has also ensured the delivery of a structured governance framework for Thungela.	
Maximise the full potential of existing assets	10	Led the delivery of the commercial construct which led to the approval of Elders and further enhanced the commercial elements of the Zibulo North Shaft project.	
Create future diversification options	10	Assumed the responsibility for leading this strategic pillar and has delivered a pipeline of merger and acquisition opportunities, the close out of the acquisition of the Ensham Business, and the progression of the commercial construct for accessing our gas resource.	
Optimise capital allocation	5	Developed a comprehensive capital allocation policy, which includes a strong consideration of social elements. This strategy has delivered value-accretive outcomes with the implementation of a self-insurance programme and closing out of the purchase of the remaining AAIC shareholding.	
Overall performance	30		

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

The performance outcomes for the CFO for 2022 compared to minimum, on-target and stretch remuneration levels and 2021 performance is illustrated alongside:



REMUNERATION OUTCOMES FOR OUR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The disclosures that follow set out the details of the 2022 remuneration outcomes for the executive directors and prescribed officers of Thungela. The disclosures cover the following three components:

1 **Total single figure of remuneration**	The schedules are aligned with the total single figure of remuneration disclosure requirements of King IV and set out the total remuneration for the years ended 31 December 2022 and 31 December 2021.
2 **Statement of unvested awards and cash flows**	The schedules of unvested awards and cash flows are aligned with King IV disclosure requirements, which state that the value of awards at year end represents the face value of shares after adjusting for share price movements since award date and the targeted vesting level. The cash on settlement represents the cash value of all awards that were settled during 2022.
3 **Minimum shareholding requirements**	The MSR achievement tables outline the percentage fulfilment of the MSR policy level at 31 December 2022.

REMUNERATION OUTCOMES FOR JULY NDLOVU – CEO

1 Schedule of total single figure of remuneration

Rand thousand	**2022**	2021
Basic salary	**7,671**	7,340
Retirement and benefits[1]	**1,203**	1,152
Other[2]	**30**	30
Guaranteed pay	**8,904**	8,522
STI cash[3,4]	**5,414**	5,059
STI DBS[5,6]	**2,736**	2,556
Thungela LTIPs[7]	**–**	–
Total current policy	**8,150**	7,615
Anglo American LTIPs[8]	**–**	24,846
Thungela retention and milestone awards[9,10]	**112,403**	33,737
Other LTIs[11]	**–**	100
Total Anglo American policy and demerger	**112,403**	58,683
Total remuneration	**129,457**	74,820

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as UIF, leave encashments and long service awards.
3 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Thungela milestone awards granted on 11 November 2021. Tranche 1 of these awards vested in full on 4 June 2022 based on the achievement of the employment condition.
10 Anglo American retention awards granted in June 2021, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
11 The value of the Thungela shares provided to individuals that owned Anglo American shares under the rules of the demerger.

REMUNERATION REPORT CONTINUED

2 Statement of unvested awards and cash flows for the 2022 financial year

Award type	Award date	Vesting date	Award price Rand/share
Milestone shares[2]			
Milestone awards 2021 (1)	11-Nov-21	04-Jun-22	25.00
Milestone awards 2021 (2)	11-Nov-21	04-Jun-23	25.00
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

1 The 30-day volume-weighted average price (VWAP), for determining the fair value of unvested awards on 31 December 2026 is R267.75 per share.
2 Milestone shares are special awards of forfeitable shares related to the listing and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

3 Minimum shareholding requirements at 31 December 2022

MSR fulfilment date[1]	2026
Number of MSR shares	963,587
Value of MSR shares[2]	R258,000,419
Fulfilment of MSR (%)[3]	**2,898**

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The 30-day VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 per share.
3 The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (200% of annual fixed remuneration) to be held.

Share movement						
Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
449,829	—	—	(449,829)	—	112,403,271	—
449,829	—	—	—	449,829	—	120,441,715
899,658	—	—	(449,829)	449,829	112,403,271	120,441,715
201,962	59,168	—	—	261,130	—	41,950,535
—	73,172	—	—	73,172	—	11,755,082
—	5,306	—	—	5,306	—	1,420,682
—	5,306	—	—	5,306	—	1,420,682
—	5,307	—	—	5,307	—	1,420,949
201,962	148,259	—	—	350,221	—	57,967,930

REMUNERATION OUTCOMES FOR DEON SMITH – CFO

1 Schedule of total single figure of remuneration

Rand thousand	2022	2021
Basic salary	4,953	4,368
Retirement and benefits[1]	799	709
Other[2]	26	27
Guaranteed pay	5,778	5,104
STI cash[3,4]	3,182	2,537
STI DBS[5,6]	1,591	1,268
Thungela LTIPs[7]	—	—
Total current policy	4,773	3,805
Anglo American LTIPs[8]	—	10,695
Thungela retention and milestone awards[9,10]	56,202	17,039
Other LTIs[11]	—	53
Total Anglo American policy and demerger	56,202	27,787
Total remuneration	66,753	36,696

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as UIF, leave encashments and long service awards.
3 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Thungela milestone awards granted on 11 November 2021. Tranche 1 of these awards vested in full on 4 June 2022 based on the achievement of the employment condition.
10 Anglo American retention awards granted in June 2021, as set out in the PLS. These are reflected in full on award at the listing price because no company performance conditions are applicable.
11 The value of the Thungela shares provided to individuals that owned Anglo American shares under the rules of the demerger.

REMUNERATION REPORT CONTINUED

2 Statement of unvested awards and cash flows for the 2022 financial year

Award type	Award date	Vesting date	Award price Rand/share
Milestone shares[2]			
Milestone awards 2021 (1)	11-Nov-21	04-Jun-22	25.00
Milestone awards 2022 (2)	11-Nov-21	04-Jun-23	25.00
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2026 is R267.75 per share.
2 Milestone shares are special awards of forfeitable shares related to the listing and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

3 Minimum shareholding requirements at 31 December 2022

MSR fulfilment date[1]	2026
Number of MSR shares	425,136
Value of MSR shares[2]	R113,830,164
Fulfilment of MSR (%)[3]	**1,970**

1 The MSR fulfilment date is the financial year by which the executive is required to meet 100% of the MSR requirements.
2 The 30-day VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 per share.
3 The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (100% of annual fixed remuneration) to be held.

Share movement						
Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
224,914	—	—	(224,915)	—	56,201,510	—
224,915	—	—	—	224,915	—	60,220,991
449,829	—	—	(224,915)	224,915	56,201,510	60,220,991
84,668	24,805	—	—	109,473	—	17,586,837
—	37,802	—	—	37,802	—	6,072,891
—	2,647	—	—	2,647	—	708,734
—	2,647	—	—	2,647	—	708,734
—	2,647	—	—	2,647	—	708,734
84,668	70,548	—	—	155,216	—	25,785,932

REMUNERATION REPORT CONTINUED

REMUNERATION OUTCOMES FOR PRESCRIBED OFFICERS

1 Schedule of total single figure of remuneration

	JPD van Schalkwyk		L Martin	
Rand thousand	**2022**	2021	**2022**	2021
Basic salary	**3,862**	3,406	**3,354**	3,070
Retirement and benefits[1]	**628**	612	**559**	519
Other[2]	**46**	24	**25**	43
Guaranteed pay	**4,536**	4,042	**3,938**	3,632
STI cash[3,4]	**2,110**	1,995	**1,833**	1,782
STI DBS[5,6]	**1,055**	998	**916**	891
Thungela LTIPs[7]	**–**	–	**–**	–
Total current policy	**3,165**	2,993	**2,749**	2,673
Anglo American LTIPs[8]	**–**	6,736	**–**	10,695
Thungela retention and milestone awards[9]	**1,484**	–	**1,381**	–
Other LTIs[10]	**–**	2,926	**–**	31
Total Anglo American policy and demerger	**1,484**	9,662	**1,381**	10,726
Total remuneration	**9,185**	16,697	**8,068**	17,031

1 Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
2 Other payments such as UIF, leave encashments and long service awards.
3 Thungela cash component of the STI which is attributable to the 2022 financial year, but to be paid in the 2023 financial year.
4 Thungela cash component of the STI which is attributable to the 2021 financial year, but to be paid in the 2022 financial year.
5 Thungela deferred bonus component of the STI which is attributable to the 2022 financial year, but awarded in the 2023 financial year.
6 Thungela deferred bonus component of the STI which is attributable to the 2021 financial year, but awarded in the 2022 financial year.
7 Thungela LTIP awards will be reflected in the final year of the performance period and therefore those awarded in 2021 and 2022 will only be reflected in the 2023 and 2024 financial year.
8 The value of the Anglo American LTIPs which vested in the 2021 financial year due to the demerger from Anglo American.
9 Anglo American cash-based retention awards granted in June 2020, as set out in the PLS.
10 The value of the Thungela shares provided for Anglo American shares held under the BSP under the rules of the demerger. It also includes the vesting of a retention award for Johan van Schalkwyk and a sign-on award to Bernard Dalton.
11 Appointed as of 1 April 2021.

	LE Mataboge		N Sithole		C Venter		BM Dalton[11]	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	2,383	2,228	**2,383**	2,217	**2,383**	2,184	**2,856**	2,045
	410	384	**389**	360	**369**	346	**488**	330
	24	22	**150**	122	**72**	130	**35**	16
	2,817	2,634	**2,922**	2,699	**2,824**	2,660	**3,379**	2,391
	1,416	1,294	**1,416**	1,287	**1,302**	1,268	**1,698**	1,195
	708	647	**708**	644	**651**	634	**849**	598
	–	–	**–**	–	**–**	–	**–**	–
	2,124	1,941	**2,124**	1,931	**1,953**	1,902	**2,547**	1,793
	–	4,370	**–**	4,370	**–**	–	**–**	–
	1,042	–	**1,018**	–	**990**	–	**–**	–
	–	28	**–**	25	**–**	5	**–**	3,999
	1,042	4,398	**1,018**	4,395	**990**	5	**–**	3,999
	5,983	8,973	**6,064**	9,025	**5,767**	4,567	**5,926**	8,183

REMUNERATION REPORT CONTINUED

2 Table of unvested awards and cash flows for the 2022 financial year

JOHAN VAN SCHALKWYK

Award type	Award date	Vesting date	Award price Rand/share
Retention award[2]			
Retention award	01-Jun-20	07-Jun-22	n/a
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

LESLIE MARTIN

Award type	Award date	Vesting date	Award price Rand/share
Retention award[2]			
Retention award	01-Jun-20	07-Jun-22	n/a
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 Prescribed officers received a cash-based incentive that is aimed at retaining key employees to ensure the stabilisation of Thungela as a separate entity. These are special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

Share movement						
Opening	Awarded	Forfeited	Vested	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
—	—	—	—	—	1,483,896	—
—	—	—	—	—	1,483,896	—
67,613	19,809	—	—	87,422	—	14,044,344
—	29,476	—	—	29,476	—	4,735,319
—	2,082	—	—	2,082	—	557,456
—	2,082	—	—	2,082	—	557,456
—	2,083	—	—	2,083	—	557,723
67,613	55,532	—	—	123,145	—	20,452,298

Share movement						
Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
—	—	—	—	—	1,381,344	—
—	—	—	—	—	1,381,344	—
63,247	18,530	—	—	81,777	—	13,137,475
—	25,600	—	—	25,600	—	4,112,640
—	1,860	—	—	1,860	—	498,015
—	1,860	—	—	1,860	—	498,015
—	1,860	—	—	1,860	—	498,015
63,247	49,710	—	—	112,957	—	18,744,160

REMUNERATION REPORT CONTINUED

LESEGO MATABOGE

Award type	Award date	Vesting date	Award price Rand/share
Retention award[2]			
Retention award	01-Jun-20	07-Jun-22	n/a
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

MPUMI SITHOLE

Award type	Award date	Vesting date	Award price Rand/share
Retention award[2]			
Retention award	01-Jun-20	07-Jun-22	n/a
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 Prescribed officers received a cash-based incentive that is aimed at retaining key employees to ensure the stabilisation of Thungela as a separate entity. These are special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

	Share movement						
	Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
	—	—	—	—	—	1,041,582	—
	—	—	—	—	—	1,041,582	—
	47,458	13,904	—	—	61,362	—	9,857,805
	—	18,183	—	—	18,183	—	2,921,099
	—	1,350	—	—	1,350	—	361,463
	—	1,350	—	—	1,350	—	361,463
	—	1,350	—	—	1,350	—	361,463
	47,458	36,137	—	—	83,595	—	13,863,293

	Share movement						
	Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
	—	—	—	—	—	1,017,768	—
	—	—	—	—	—	1,017,768	—
	46,872	13,732	—	—	60,604	—	9,736,033
	—	18,183	—	—	18,183	—	2,921,099
	—	1,343	—	—	1,343	—	359,588
	—	1,343	—	—	1,343	—	359,588
	—	1,344	—	—	1,344	—	359,856
	46,872	35,945	—	—	82,817	—	13,736,164

REMUNERATION REPORT CONTINUED

CARINA VENTER

Award type	Award date	Vesting date	Award price Rand/share
Retention award[2]			
Retention award	01-Jun-20	07-Jun-22	n/a
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

BERNARD DALTON

Award type	Award date	Vesting date	Award price Rand/share
Conditional shares[3]			
LTIP 2021	16-Nov-21	16-Nov-24	36.34
LTIP 2022	07-Mar-22	07-Mar-25	135.54
Forfeitable shares – Deferred bonus shares[4]			
DBS 2022 (1)	22-Mar-22	22-Mar-23	159.72
DBS 2022 (2)	22-Mar-22	22-Mar-24	159.72
DBS 2022 (3)	22-Mar-22	22-Mar-25	159.72

1 The 30-day VWAP, for determining the fair value of unvested awards on 31 December 2022 is R267.75 per share.
2 Prescribed officers received a cash-based incentive that is aimed at retaining key employees to ensure the stabilisation of Thungela as a separate entity. These are special awards related to the demerger and do not form part of the ongoing remuneration policy of the Group.
3 Conditional shares were granted under our remuneration policy. Conditional shares were calculated on a vesting rate of 60% which is the 'on target' percentage as stated in section 2 of this remuneration report.
4 Deferred bonus shares are forfeitable shares that are granted under our remuneration policy as part of our annual STI process.

	Share movement						
	Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
	—	—	—	—	—	990,000	—
	—	—	—	—	—	990,000	—
	45,109	13,216	—	—	58,325	—	9,369,911
	—	18,183	—	—	18,183	—	2,921,099
	—	1,323	—	—	1,323	—	354,233
	—	1,323	—	—	1,323	—	354,233
	—	1,324	—	—	1,324	—	354,501
	45,109	35,369	—	—	80,478	—	13,353,977

	Share movement						
	Opening	Awarded	Forfeited	Settled	Closing	Cash on settlement Rand	Year-end fair value[1] Rand
	60,162	17,626	—	—	77,788	—	12,496,642
	—	21,797	—	—	21,797	—	3,501,688
	—	1,247	—	—	1,247	—	333,884
	—	1,247	—	—	1,247	—	333,884
	—	1,248	—	—	1,248	—	334,152
	60,162	43,165	—	—	103,327	—	17,000,250

REMUNERATION REPORT CONTINUED

3 Minimum shareholding requirements at 31 December 2022

Prescribed officer	MSR fulfilment date[1]	Number of MSR shares	Value of MSR shares[2]	Fulfilment of MSR (%)[3]
JPD van Schalkwyk	2026	7,347	R1,967,159	**43**
L Martin	2026	40,654	R10,885,109	**276**
LE Mataboge	2026	4,644	R1,243,431	**37**
N Sithole	2026	4,680	R1,253,070	**44**
C Venter	2026	4,530	R1,212,908	**42**
BM Dalton	2026	3,742	R1,001,921	**35**

1 The MSR fulfilment date is the financial year by which the prescribed officer is required to meet 100% of the MSR requirements.
2 The 30-day VWAP for determining the fair value of MSR shares on 31 December 2022 is R267.75 per share.
3 The fulfilment percentage is the value of the MSR shares as a percentage of the target MSR value (100% of annual fixed remuneration) to be held.

TERMINATION OF OFFICE PAYMENTS

King IV recommends that the implementation report should contain details of payments made as a result of the termination of employment of executive directors or prescribed officers. During 2022, there have been no such termination payments made.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration of non-executive directors is inclusive of board attendance fees, board committee attendance fees and ad hoc board fees for any additional work and meetings conducted.

The fees paid to non-executive directors during the year under review are set out as follows:

Director	Chairing	Appointment date	2022 fees Rand thousand	2021 fees Rand thousand
SS Ntsaluba[1]	Board	1 January 2021	**1,568**	1,602
KW Mzondeki[2]	Audit committee	12 February 2021	**1,181**	1,138
TML Setiloane[3]	Social and ethics committee	7 March 2021	**1,097**	943
BM Kodisang[4]	Remuneration and nomination committee	16 March 2021	**1,097**	909
SG French[5]		4 June 2021	**1,040**	571
YN Jekwa[6]		12 August 2022	**268**	–

1 The board chairperson's fee is inclusive of all committee appointments. The board chairperson also chairs the risk and sustainability committee.
2 Kholeka Mzondeki also serves on the remuneration and nomination committee, as well as the risk and sustainability committee.
3 Thero Setiloane also serves on the audit committee and the risk and sustainability committee.
4 Ben Kodisang also serves on the audit committee and risk and sustainability committee.
5 Seamus French serves on the social and ethics committee, remuneration and nomination committee, and the risk and sustainability committee.
6 Yoza Jekwe serves on the social and ethics committee, and the risk and sustainability committee.

PROPOSED NON-EXECUTIVE DIRECTORS FEES

The following table outlines the non-executive directors' fees for each committee chairperson and member, along with the proposed non-executive directors' fees for 2023:

Position	Proposed fees for the year ending 31 December 2023	**Fees for the year ended 31 December 2022**
Board		
Chairperson[1]	1 661 550	**1,567,500**
Lead independent director[1]	1 187 200	**1,120,000**
Member	553,850	**522,500**
Audit committee		
Chairperson	332,310	**313,500**
Member	182,797	**172,450**
Remuneration and nomination committee[3]		
Chairperson	–	**229,900**
Member	–	**172,450**
Social and ethics committee[3]		
Chairperson	–	**229,900**
Member	–	**172,450**
Risk and sustainability committee[3]		
Chairperson[1]	–	**–**
Member	–	**172,450**
Investment committee[3]		
Chairperson[1]	243,694	**–**
Member	172,450	**–**
Social, ethics and transformation committee[3]		
Chairperson	243,694	**–**
Member	172,450	**–**
Remuneration and human resources committee[3]		
Chairperson	243,694	**–**
Member	172,450	**–**
Nominations and governance committee[3]		
Chairperson	243,694	**–**
Member	172,450	**–**
Safety, health, environment and risk committee[3]		
Chairperson[2]	243,694	**–**
Member	172,450	**–**
Ad hoc meeting fees[4]	24,000	**–**

1 The board chairperson and the lead independent director's fees are inclusive of all committee appointments.
2 The board chairperson is also the chairperson of the risk and sustainability committee.
3 An updated governance structure has been proposed for the board in 2023, which will be approved in due course. The proposed fees have been presented for the updated structure.
4 Proposed introduction of ad hoc meeting fees to deal with time critical matters limited to four additional meetings per annum. The amount is a per meeting fee.

The 2022 fees were benchmarked against a comparator group of companies, and all were found to be in the relevant tolerance range, except for the member fees for all committees other than the audit committee. As a result, we have proposed that the non-executive director fees are increased in line with the 6% increase approved by the RemCo for executive directors on 15 November 2022, apart from those member fees which were outside the tolerance range. The proposed governance structure was aligned to the principles of the benchmarking outlined above.

The proposed non-executive directors' fees for 2023 were recommended by the RemCo and were approved by the board on 24 March 2023. These fees will be voted on by the shareholders at the AGM on 31 May 2023 by special resolution.

DIRECTORS' INTERESTS IN SHARES

According to the register of director's interests, maintained by Thungela in accordance with the provisions of section 30(4)(d) of the Companies Act of South Africa, the directors of Thungela have disclosed their interests in the ordinary shares of Thungela as of 31 December 2022.

REMUNERATION POLICY COMPLIANCE

The disclosure outlined in the implementation report is based on rewards made in compliance with the Thungela remuneration policy. There have been no deviations from the Thungela policy in 2022.

NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT

The implementation report, as disclosed in Section 3 of the remuneration report is subject to a non-binding advisory vote by shareholders at the AGM. In the event that more than 25% (of those shareholders voting) vote against the implementation report, the RemCo will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the RemCo when considering changes for the subsequent year. A summary of the concerns and the RemCo's response thereto will be included in the following year's remuneration report.

ANNEXURE 4

SHAREHOLDER INFORMATION

For the year ended 31 December 2022

THUNGELA'S PUBLIC AND NON-PUBLIC SHAREHOLDING 2022

Ordinary shares

The Thungela share register at 31 December 2022 can be analysed as follows:

				2022
Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
1 to 1,000 shares	50,696	93.81	3,898,788	2.78
1,001 to 10,000 shares	2,391	4.42	7,359,333	5.24
10,001 to 100,000 shares	741	1.37	23,242,509	16.54
100,001 to 1,000,000 shares	193	0.36	49,931,076	35.54
1,000,001 shares and above	24	0.04	56,060,879	39.90
Total	54,045	100.00	140,492,585	100.00

				2021
Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
1 to 1,000 shares	48,932	95.32	3,757,716	2.76
1,001 to 10,000 shares	1,743	3.40	5,156,013	3.78
10,001 to 100,000 shares	473	0.92	15,549,949	11.41
100,001 to 1,000,000 shares	157	0.31	48,095,543	35.28
1,000,001 shares and above	27	0.05	63,752,587	46.77
Total	51,332	100.00	136,311,808	100.00

				2022
Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Banks and nominee accounts	273	0.51	7,450,265	5.30
Brokerage accounts	168	0.31	24,657,056	17.55
Individuals and private trusts	49,983	92.49	18,459,988	13.14
Insurance and assurance companies	153	0.28	2,659,089	1.89
Investment companies	93	0.17	2,972,460	2.12
Mutual funds	721	1.33	43,306,976	30.82
Other corporations	368	0.68	517,470	0.37
Pension and provident funds	1,177	2.18	29,325,142	20.87
Private corporations	1,097	2.03	10,827,532	7.71
Sovereign wealth funds	12	0.02	316,607	0.23
Total	54,045	100.00	140,492,585	100.00

ANNEXURE 4

SHAREHOLDER INFORMATION CONTINUED

For the year ended 31 December 2022

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	2021 % of issued share capital
Banks and nominee accounts	187	0.37	9,392,513	6.89
Brokerage accounts	138	0.27	27,766,133	20.37
Individuals and private trusts	48,431	94.35	18,514,209	13.58
Insurance and assurance companies	299	0.58	1,973,946	1.45
Investment companies	71	0.14	1,388,204	1.02
Mutual funds	556	1.08	41,872,288	30.72
Other corporations	406	0.79	359,306	0.26
Pension and provident funds	799	1.56	18,710,431	13.72
Private corporations	438	0.85	15,536,386	11.40
Sovereign wealth funds	7	0.01	798,392	0.59
Total	51,332	100.00	136,311,808	100.00

Shareholding type	**Number of shareholders**	**% of total shareholders**	**Number of shares**	**2022 % of issued share capital**
Non-public shareholders				
Directors and prescribed officers	**11**	**0.02**	**1,483,237**	**1.06**
Treasury shares held by Group companies	**1**	**0.00**	**1,955,113**	**1.39**
Public shareholders	**54,033**	**99.98**	**137,054,235**	**97.55**
Total	**54,045**	**100.00**	**140,492,585**	**100.00**

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	2021 % of issued share capital
Non-public shareholders				
Directors and prescribed officers[1]	9	0.02	1,808,261	1.33
Treasury shares held by Group companies	1	0.00	1,363,119	1.00
Public shareholders	51,322	99.98	133,140,428	97.67
Total	51,332	100.00	136,311,808	100.00

1 Seamus French was awarded 40,868 Thungela shares as part of the demerger scheme of arrangement in 2021 which are indirectly held in a nominee account. The comparative information has been amended to reflect the indirect interest not previously disclosed.

Major shareholders

According to Thungela's share register at 31 December, the following shareholders held shares equal to or in excess of 5.0% of the issued ordinary share capital of the Company:

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

		2021
Beneficial shareholdings of more than 5.0%	Number of shares	% of issued share capital
Anglo American[1]	10,855,155	7.96
Government Employees Pension Fund	10,520,984	7.72
Total	21,376,139	15.68

1 Anglo American's interest in Thungela is held through Tarl Investment Holdings (RF) Proprietary Limited, Epoch Two Investment Holdings (RF) Proprietary Limited and Epoch Investment Holdings (RF) Proprietary Limited.

FORM OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS

Thungela Resources Limited (Thungela)
(Incorporated in the Republic of South Africa)

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

For use and completion by registered shareholders of Thungela at the annual general meeting (AGM) of the Company to be held as a hybrid meeting at the Radisson Blu Hotel in Sandton, Johannesburg, South Africa, and by electronic communication at 12:00 (CAT) on Wednesday 31 May 2023.

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

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

Please note the following:

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

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

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

I/We (please print name in full)

of (address) contact number

being the holder/s or custodians of ______ ordinary shares in the Company, do hereby appoint:

1. or failing him/her

2. or failing him/her

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

Continued overleaf

FORM OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS CONTINUED

Number of votes (one vote per share)

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

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

Signed at on 2023

Signature Assisted by me (where applicable)

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

NOTES TO THE FORM OF PROXY

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

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

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

Explanatory notes

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

NOTES TO THE FORM OF PROXY CONTINUED

Instructions on signing and lodging the proxy form

- A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the AGM, but any such deletion must be initialled by the member.
- Should this space be left blank, the chairperson of the AGM will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
- A member's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by the member in the appropriate box provided. An "X" in the appropriate box provided indicates the maximum number of votes exercisable by that member. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the member's votes exercisable thereat.
- A member or his/her proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
- Forms of proxy are requested, for administrative purposes only, to be lodged at, or posted to the SA Transfer Secretaries at the address below, to be received by 12:00 on Monday, 29 May 2023. Any forms of proxy not received by this time and date may be emailed to the SA Transfer Secretaries (who will provide same to the chairperson of the AGM) at any time prior to the AGM, prior to your proxy exercising any of your voting rights as a shareholder at the AGM.
- The completion and lodging of this form of proxy will not preclude the relevant member from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the SA Transfer Secretaries or waived by the chairperson of the AGM.
- Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
- Notwithstanding the foregoing, the chairperson of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
- If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is present at the AGM, either in person or by proxy, the person whose name appears first in the register shall be entitled to vote.

For shareholders on the South African register, details of the SA Transfer Secretaries are as follows:

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

Private Bag X9000, Saxonwold, 2132
Email: proxy@computershare.co.za
www.computershare.com
Tel: +27 11 370 5000

VIRTUAL MEETING GUIDE

Computershare

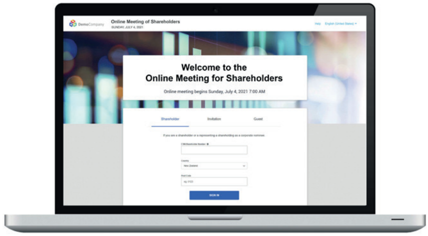
HOW TO PARTICIPATE IN VIRTUAL/HYBRID MEETINGS

Attending the meeting online

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

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

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



Visit https://meetnow.global/za

Access

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

If you are a shareholder:

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

If you are a guest:

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

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

If you are a proxy holder:

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

Contact

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

Navigation

Broadcast Vote Q & A Documents

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

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

Voting

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

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

Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.

Q&A

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

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

THUNGELA RESOURCES LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2021/303811/06
JSE share code: TGA
LSE share code: TGA
ISIN: ZAE000296554
Tax number: 9111917259
('Thungela' or the 'Group' or the 'Company')

REGISTERED OFFICE

Thungela Resources Limited
25 Bath Avenue
Rosebank
Johannesburg
2196
South Africa
Tel: +27 11 638 9300

POSTAL ADDRESS

PO Box 1521
Saxonwold
2132

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

DIRECTORS

Executive

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

Independent non-executive

Sango Siviwe Ntsaluba (chairperson)
Kholeka Winifred Mzondeki
Thero Micarios Lesego Setiloane
Benjamin Monaheng (Ben) Kodisang
Seamus Gerard French (Irish)[1]
Yoza Noluyolo Jekwa (appointed 12 August 2022)

[1] Seamus Gerard French resigned from Anglo American on 31 December 2021 and is independent from 1 January 2022.

PREPARED UNDER THE SUPERVISION OF

Gideon Frederick (Deon) Smith CA (SA)

GROUP COMPANY SECRETARY

Francois Klem

INVESTOR RELATIONS

Ryan Africa
Email: ryan.africa@thungela.com

MEDIA CONTACTS

Tarryn Genis
Email: tarryn.genis@thungela.com

SA TRANSFER SECRETARIES

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15 Biermann Avenue
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Saxonwold, 2132
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UK TRANSFER SECRETARIES

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
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SPONSOR

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Email: sponsorteam@rmb.co.za

UK FINANCIAL ADVISER AND CORPORATE BROKER

Liberum Capital Limited
Tel: +44 20 3100 2000

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