

THUNGELA RESOURCES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2021/303811/06)
JSE Share code: TGA
LSE Share code: TGA
ISIN: ZAE000296554
(‘Thungela’ or the ‘Company’ and, together with its affiliates, the ‘Group’)

ACQUISITION OF REMAINING 15% INTEREST IN THE ENSHAM BUSINESS

1. Introduction

Thungela is pleased to announce that, subject to the receipt of regulatory approvals and to the fulfilment or waiver (where capable of waiver) of the conditions precedent set out in paragraph 2 below, it has, on 20 December 2024, entered into a share sale and purchase agreement with Bowen Investment (Australia) Proprietary Limited (“Bowen”) in terms of which, *inter alia*, Thungela, through its wholly-owned subsidiary Thungela Resources Australia Proprietary Limited (“Thungela Australia”), will acquire Bowen’s 15% interest in the Ensham Joint Venture, Ensham Coal Sales Proprietary Limited, the Nogoia Pastoral Joint Venture and Nogoia Pastoral Proprietary Limited (collectively, the “Ensham Business”) for a total purchase consideration of AUD48 million (“the Transaction”).

Thungela assumed operational control of the Ensham Business, in Australia, from 1 September 2023, following an initial share and asset sale agreement signed in February 2023 for the acquisition of an 85% interest in the Ensham Business, through its 73.5% held subsidiary, Sungela Holdings Proprietary Limited. Thungela Australia will now acquire the remaining 15% interest in the Ensham Business.

2. Conditions precedent

The Transaction is subject to the fulfilment or waiver (where capable of waiver) of the following conditions precedent:

2.1 Foreign Investment Review Board approval

Thungela Australia obtaining approval for the Transaction under the Foreign Acquisitions and Takeovers Act 1975 or pursuant to Australia’s Foreign Investment Policy.

2.2 Ministerial approval

Thungela Australia obtaining approval from the relevant government Minister under the Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld), the Mineral and Energy Resources (Common Provisions) Act 2014 (Qld) and/or the Mineral Resources Act 1989 (Qld) (as applicable), for the transfer by Bowen of the mining tenements of the underlying Ensham Business pursuant to the Transaction.

2.3 South African Reserve Bank approval

To the extent legally required, Thungela Australia having obtained all necessary South African exchange control approvals, authorisation, consents or exemptions for the Transaction under the South African Exchange Control Regulations, 1961, made in terms of the South African Currency and Exchanges Act, No. 9 of 1933, and all directives and rulings issued thereunder, from the South African Reserve Bank.

3. Rationale for the Transaction

Our geographic diversification strategy into Australia continues to enhance the Group’s production profile. The Transaction enables us to further execute on our strategy by diversifying geographically in a commodity where we are able to utilise our technical and marketing capabilities to create further value for the Group. In line with our strategic priorities, this opens up new markets in Japan and Malaysia, diversifying our customer base and providing exposure to the Newcastle Benchmark coal price. The Ensham Business continues to benefit from our operational expertise as it extracts coal using mechanised underground bord and pillar mining methods, similar to those used in our South African operations.

We are pleased with the operational performance of the Ensham Business, which is expected to contribute approximately 35% of the Group’s profit before net finance income and tax (on an 85% basis) by the end of the financial year ending 31 December 2024. The Transaction galvanises our economic participation in the Ensham Business. The Transaction will streamline administrative processes and it is expected that synergies will arise from the technical and operational services offered to the Ensham Business from our shared services in South Africa. The Transaction will further enable us to optimise the flow of coal through Thungela Marketing International.

4. Other

The intention is to fund the total purchase consideration payable in terms of the Transaction from the Group’s existing net cash resources. The Company will continue to have sufficient headroom to provide the necessary liquidity to continue to fund the completion of existing life extension projects.

5. Categorisation of the Transaction

The Transaction is not a categorisable transaction for purposes of Section 9 of the JSE Limited Listings Requirements and, as such, this announcement is published voluntarily, for information purposes.

Disclaimer

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

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