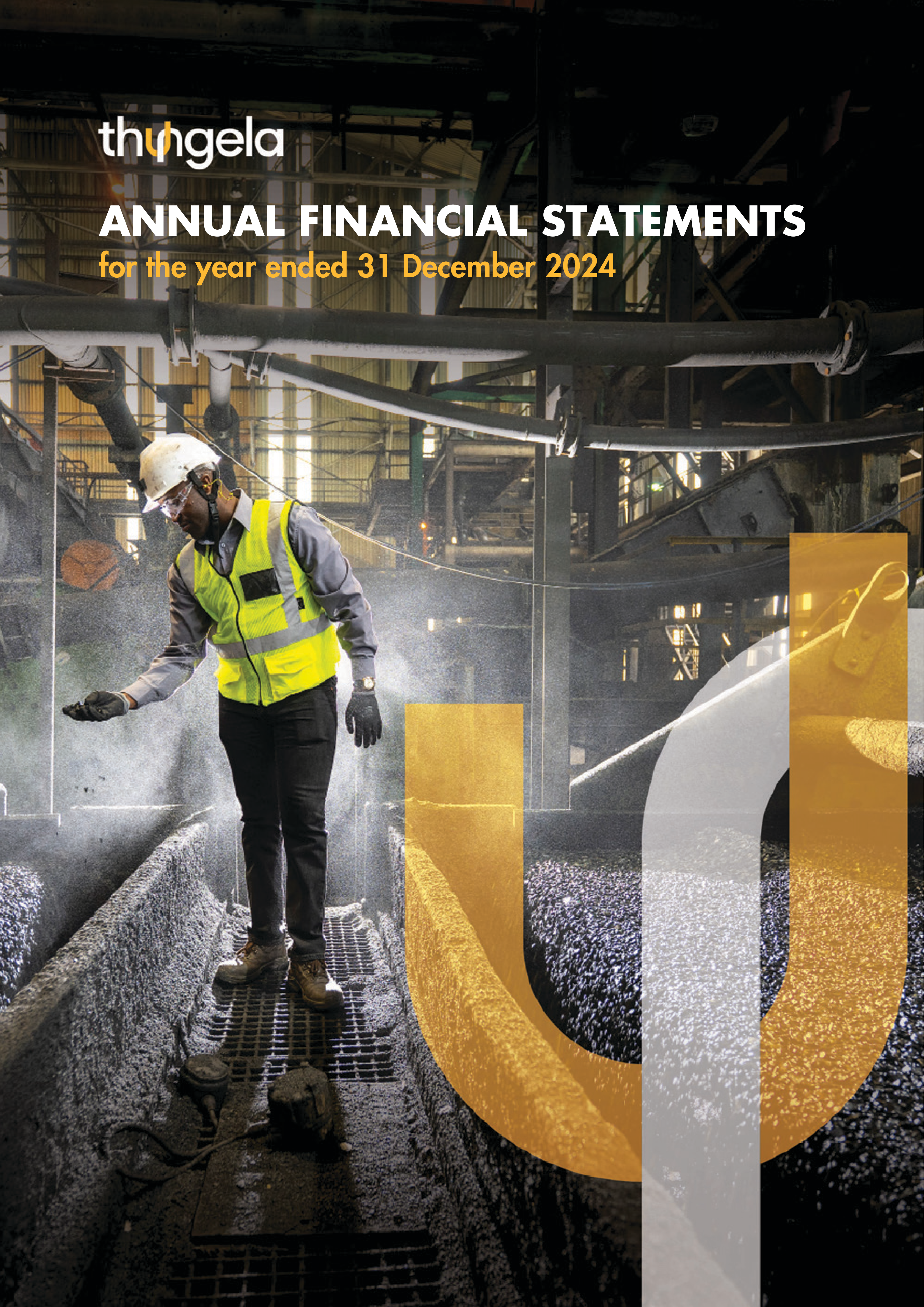
thungela

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024



thungela

Responsibly creating value together for a shared future

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GROUP PERFORMANCE IN 2024

Delivering on our purpose of **responsibly creating value together for a shared future**

SAFETY

Fatality
None
(2023: One)

TRCFR Group
1.93
(2023: 2.80)

South Africa
1.07
(2023: 1.40)

Australia[1]
13.21
(2023: 22.63)

CREATING SHARED VALUE

Nkulo Community Partnership Trust
R102 million contribution
(2023: R156 million)

Sisonke Employee Empowerment Scheme
R102 million contribution
(2023: R156 million)

FINANCIAL[2]

Adjusted EBITDA△
R6.3 billion
(2023: R8.5 billion)

Dividends per share
R13.00
(2023: R20.00)

Share buybacks
R460 million
(2023: R442 million)

Earnings per share
R26.76
(2023: R37.66)

Headline earnings per share
R25.59
(2023: R34.97)

OPERATIONAL SOUTH AFRICA

Export saleable production
13.6Mt
(2023: 12.2Mt)

Export equity sales
12.6Mt
(2023: 11.9Mt)

FOB cost per export tonne△
R1,151
(2023: R1,134)

OPERATIONAL AUSTRALIA[2]

Export saleable production
4.1Mt (100% basis)
(2023: 1.0Mt)

Export equity sales
4.1Mt (100% basis)
(2023: 0.9Mt)

FOB cost per export tonne△
R1,674
(2023: R1,886)

[1] The total recordable case frequency rate (TRCFR) for Australia in 2023 reflects the performance for 12 months.
[2] The Group financial results and operational performance for Australia in 2023 include the results of the Ensham Business for the four months from the acquisition date of 31 August 2023 to 31 December 2023.
△ As per annexure 1, this symbol denotes alternative performance measures.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2024

The directors are pleased to present the Annual Financial Statements of Thungela Resources Limited (Thungela or the Group or the Company) for the year ended 31 December 2024.

The directors are ultimately responsible for the preparation, fair presentation and integrity of the consolidated financial statements and related financial information of the Group, as well as the separate financial statements of the Company, and the alternative performance measures (APMs) disclosed in annexure 1. This includes providing oversight of the preparation, fair presentation and integrity of the consolidated and separate financial statements and related financial information of the Group, as included in these Annual Financial Statements.

The consolidated and separate financial statements have been prepared in accordance with the following guidelines and regulations:
- the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (collectively, the 'IFRS® Accounting Standards')
- the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (collectively, the 'South African Financial Reporting Requirements')
- the requirements of the Companies Act 71 of 2008 (as amended) (the Companies Act of South Africa)
- the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules

The consolidated and separate financial statements are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable judgements and estimates. The consolidated and separate financial statements comprise the statements of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, the notes to the financial statements, and other information.

The audit committee meets quarterly with the internal and independent external auditors as well as senior management, as appropriate, to evaluate matters concerning their responsibilities as set out in the report of the audit committee on pages 42 to 45.

The Group's internal auditors independently evaluate the internal controls and co-ordinate their audit coverage with the independent external auditor. The Group's independent external auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS Accounting Standards. The independent external auditor's report to the shareholders is set out on pages 46 to 52.

The Group's internal auditors and independent external auditor have unrestricted access to all records, property and personnel, as well as to the audit committee.

The directors are ultimately responsible for the process of risk management and the internal financial controls established by the Group, and place a strong emphasis on maintaining a robust control environment. Based on the information and explanations given by management, the internal auditors, the independent external auditor and the Group's risk, compliance and other reporting processes, the directors are not aware of any material breakdown in the functioning of these controls during the year ended 31 December 2024. The directors are of the opinion that the risk management processes and internal financial controls provide reasonable assurance that the financial records may be relied upon for the preparation of these Annual Financial Statements.

The directors consider additional financial and operational measures to assess the results of the operations of the Group, referred to as APMs. These APMs can be identified throughout this document using the △ symbol, and are fully described in annexure 1.

The directors are satisfied that the Group's forecasts, taking into account reasonably possible changes in performance, show that Thungela will continue to operate for the foreseeable future. For this reason, Thungela has adopted the going concern basis in preparing the consolidated and separate financial statements for the year ended 31 December 2024.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The board of directors confirm that they have collectively reviewed the content of the Thungela Annual Financial Statements for the year ended 31 December 2024, and approved the same at their meeting on 14 March 2025, for presentation to shareholders at the next annual general meeting (AGM).

The Annual Financial Statements on pages 3 to 204 were approved by the board of directors and are signed on behalf of the directors' by:

Sango Ntsaluba

Sango Ntsaluba
Chairman

July Ndlovu

July Ndlovu
Chief executive officer

17 March 2025

RESPONSIBILITY STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 December 2024

Each of the directors whose names are stated below, being the chief executive officer and chief financial officer, hereby confirm the following:

- The Annual Financial Statements set out on pages 54 to 184 fairly present, in all material respects, the financial position, financial performance and cash flows of Thungela in terms of IFRS Accounting Standards.
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading.
- Internal financial controls have been put in place to ensure that material information relating to Thungela and its consolidated subsidiaries has been provided to effectively prepare the consolidated financial statements of Thungela.
- The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated financial statements, having fulfilled our role and function as executive directors with primary responsibility for the implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.
- We are not aware of any fraud involving directors.

July Ndlovu
July Ndlovu
Chief executive officer

Deon Smith
Deon Smith
Chief financial officer

17 March 2025

CERTIFICATE BY THE COMPANY SECRETARY

For the year ended 31 December 2024

In terms of section 88(2)(e) of the Companies Act of South Africa, I, Tovi Ellis, in my capacity as company secretary, confirm that, to the best of my knowledge and belief, Thungela has filed with the Companies and Intellectual Property Commission all such returns and notices for the year ended 31 December 2024, as required of a public company in terms of the Companies Act of South Africa, and that all such returns and notices appear to be true, correct and up to date.

Tovi Ellis
Tovi Ellis
Company secretary

17 March 2025

ABOUT THIS REPORT

ABOUT THUNGELA

Thungela, which means 'to ignite' in isiZulu, is a global pure-play producer and exporter of high-quality, low-cost thermal coal, with operations in South Africa and Australia. Our quality coal reserves and marketable production position us as a key player in the global energy market as we deliver coal through world-class ports, powering nations.

The Group owns interests in and produces its thermal coal from six mining operations located in Mpumalanga, South Africa, which consist of both underground and opencast mines, namely Goedehoop, Greenside, Isibonelo, Khwezela, Zibulo and Mafube. Thungela disposed of its controlling interest in the Rietvlei Colliery on 30 November 2024.

In 2023, Thungela acquired 85% of the Ensham Mine in Queensland, Australia, marking a significant move towards executing one of the Group's strategic pillars of geographic diversification. On 28 February 2025, a further 15% interest of the Ensham Mine was acquired.

The establishment of Thungela Marketing International in Dubai underscores the Group's commitment to capturing the full margin on its products and engaging with the international commodities market as a global coal producer.

In other parts of the value chain, Thungela holds a 50% interest in Phola Coal Processing Plant, and a 23.56% direct interest in Richard's Bay Coal Terminal (RBCT). The terminal 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 responsible way to ignite value for a shared future. We want to ensure that our mining activities positively impact our employees, shareholders and the communities where we operate.

THUNGELA'S 2024 ANNUAL REPORTING SUITE

This report is for the financial year ended 31 December 2024 and reflects the financial and operating results of Thungela, its subsidiaries, joint operations and associates.

The consolidated and separate financial statements have been prepared in line with the requirements of IFRS Accounting Standards and the South African Financial Reporting Requirements, and audited in compliance with the requirements of the Companies Act of South Africa.

This report is supplemented by additional disclosures and reporting included in our annual reporting suite, which includes the Integrated Annual Report and the Environmental, Social and Governance Report. These reports, which will be published on 23 April 2025, should be read together with the Annual Financial Statements for a complete understanding of our business and performance. The reports will be made available on our website at www.thungela.com/investors/annual-reports.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Our 2024 results demonstrate continued operational excellence and underscore the disciplined execution of our strategic priorities. Full-year export saleable production exceeded guidance in both South Africa and Australia. Notably, South African production grew for the first time in three years due to increased productivity and improved rail performance. The higher production and a focus on cost efficiencies resulted in a free-on-board (FOB) cost per export tonne$^{\triangle}$ below guidance. Our two key life extension projects, Elders and Zibulo North Shaft, remain on schedule and on budget. Safety remains our first value and we are unconditional about protecting the lives of our people. We are proud to report that we have been operating a fatality-free business for 25 consecutive months.

Our increased focus on accountability and our safety culture is delivering meaningful safety improvements. The Group total recordable case frequency rate (TRCFR) was 1.93, compared to 2.80 in 2023. South Africa achieved a historic low TRCFR of 1.07, compared to 1.40 in the prior year. In Australia, the TRCFR improved significantly to 13.21, compared to 22.63 in the full year 2023, reflecting a strong focus on improving conditions, leadership visibility and critical controls.

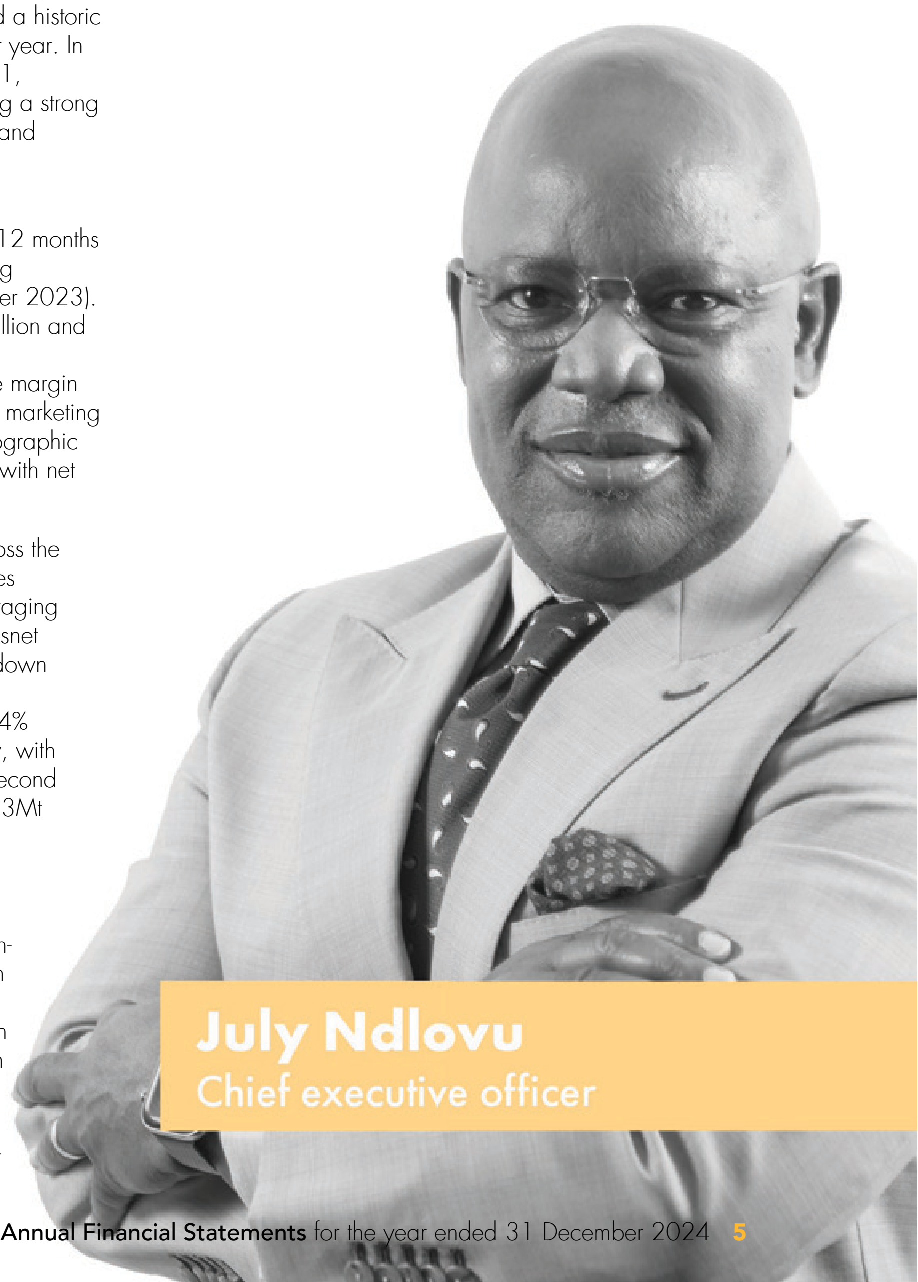
Group revenue increased by 16% year-on-year to R35.6 billion, as Ensham was included for the full 12 months in 2024, in comparison to the four months following acquisition in the prior year (September to December 2023). The Group generated adjusted EBITDA$^{\triangle}$ of R6.3 billion and net profit of R3.5 billion, with the Ensham Business contributing R676 million to net profit in 2024. The margin contribution from our operation in Australia and the marketing business in Dubai showcase the benefits of our geographic diversification strategy. The Group ended the year with net cash$^{\triangle}$ of R8.7 billion.

While the impact of a softer price environment across the Richards Bay and Newcastle Benchmark coal prices continues to impact our financial results, it is encouraging to note the improvement in the performance of Transnet Freight Rail (TFR) post the annual maintenance shutdown period, which was completed in July 2024. TFR achieved a run rate of 51.9Mtpa for 2024, an 8.4% increase in performance from 2023 for the industry, with an average annualised run rate of 56.2Mt in the second half of the year, from an annualised run rate of 47.3Mt in the first half of the year.

In South Africa, export saleable production of 13.6Mt ended above the guidance range of 11.5Mt to 12.5Mt, and increased by 11% year-on-year, from 12.2Mt in 2023. The higher production output in 2024 was particularly notable given that three underground mining sections were removed in 2023 in response to the rail constraints. In line with the improved rail performance, our South African operations ramped up production without adding additional capacity or material cost to the business.

FOB cost per export tonne excluding royalties$^{\triangle}$ of R1,130 was below the low end of the guidance range of R1,170, mainly due to higher production volumes.

In Australia, Ensham recorded strong export saleable production of 4.1Mt (on a 100% basis), an increase of 52% from the annualised run rate of 2.7Mt at the date of acquisition. The improvement is mainly attributable to productivity projects and the reconfiguration of the mine to include a fault development crew dedicated to traversing geological faults, while the remaining sections mine in productive areas. FOB cost per export tonne excluding royalties$^{\triangle}$ of R1,433 was below the low end of the guidance range of R1,590, mainly driven by higher production and cost initiatives implemented during the year.



July Ndlovu
Chief executive officer

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER CONTINUED

Global thermal coal market landscape

The softer thermal coal price environment continued throughout the year. Milder winter conditions in the Northern Hemisphere led to subdued demand in Europe, where coal and gas stock levels remained elevated, impacting the South African coal market. The market for high calorific value product from Australia was shaped by high stock levels brought upon by sluggish seaborne demand in the main Asian coal markets, such as China, India, Japan and South Korea.

We remain confident in the long-term fundamentals of the role of coal in the energy mix in support of global energy demand. The International Energy Agency confirmed in its '*World Energy Outlook 2024*' report published in October 2024, that the outlook for coal demand remains firm. There is strong energy demand from emerging markets, with countries such as China and India continuing to invest in new coal-fired power stations to meet the energy needs required to sustain economic growth, as well as demand that is maintained due to delays in projected closure dates for existing coal-fired power stations. Seaborne traded thermal coal demand is expected to remain close to one billion tonnes in 2025. It is important to note that the higher coal demand in these regions more than offsets the decline in the use of coal in developed economies.

Ongoing geopolitical tensions and uncertainties continue to impact the energy markets, leading to coal and gas supply volatility. Seaborne thermal coal market supply may be impacted by in-country supply in key emerging markets, such as China and India.

Progress on our strategic priorities

We have made significant progress in 2024 towards building a sustainable and long-life business across our geographies. In South Africa, our two life extension projects, Elders and Zibulo North Shaft, are key to improving our life of mine and long-term competitiveness, and remain on schedule and within budget. Total expansionary capital expenditure for these two projects since commencement is R3.6 billion. The construction phase of the Elders project is complete, and the ramp-up is progressing well, with the deployment of two production sections to date. The mine is anticipated to produce at a run rate of 4Mt of run of mine coal per annum, upon reaching steady state in early 2026. The Zibulo North Shaft project is ongoing with completion expected in 2026, which will extend the current underground operation's life to 2038. The mine is expected to produce at a run rate of up to 8Mt of run of mine coal per annum on completion of the project.

The Lephalale Coal Bed Methane (LCBM) project, situated in the Waterberg coal field in Limpopo in South Africa, is a significant methane gas resource that we are evaluating for development opportunities. A capital investment of approximately R400 million will be made in 2025 for the acquisition of a modular liquefied natural gas plant and associated site infrastructure, which will demonstrate the value in use of the gas.

The Rietvlei coal mine was established to develop a domestic-focused coal project with a direct benefit to local communities through an equity shareholding. The intention of Thungela, with an effective 34% shareholding, was to ensure the sustainability of the operation while our black economic empowerment partners developed the project, and at the appropriate time to exit our position. With the mine now fully operational and a domestic contract in place, Thungela resolved to sell its interest to the existing partners for a total cash consideration of R186 million. The transaction demonstrates economic inclusion and our partners, together with the local communities, participate in the full economic benefits of the operation.

In December 2024, we announced our intention to acquire a further 15% interest in the Ensham Mine for a total consideration of AUD48 million. We are pleased to advise that the relevant conditions precedent have been met, and the transaction was completed on 28 February 2025. On 14 March 2025, we also announced that we had entered into an agreement with Audley Capital and Mayfair to acquire their 27.5% interest in Sungela Holdings, for an upfront cash consideration of USD1.7 million, as well as contingent deferred consideration of up to USD15.5 million payable over a period of up to six years. Upon completion of this transaction, the Group will own 100% of the Ensham Business. These transactions enable us to further execute our geographic diversification strategy in Australia, enhancing the Group's production profile and earnings, as well as maximising value through Thungela Marketing International.

The resource development plan at Ensham, which was initiated post acquisition, is progressing well. This will assist us to identify the full potential of the asset and the related capital required to extract value from brownfield opportunities.

Shareholder returns and capital allocation

In 2024, we completed two share buybacks for a total consideration of R601 million, or 3.2% of issued share capital. The share buybacks acknowledge the diverse preferences of our shareholder base and reflect our confidence in the Group's attractive long-term outlook and robust financial position.

The Group generated cash flows from operating activities of R5.3 billion for the year. After investing R1.7 billion in sustaining capital expenditure[△], this resulted in an adjusted operating free cash flow[△] of R3.6 billion for the year. We remain committed to building a long-life competitive business with an expansionary capital spend of R1.7 billion during 2024.

Driving our ESG aspirations informs our approach to our existing business, how we plan future projects and how we evaluate potential acquisitions. In Australia, we contributed R970 million into an investment vehicle, similar to the green fund in South Africa, to secure the necessary financial surety for the Ensham rehabilitation liabilities, while we pursue acceptance into the Queensland Financial Provisioning Scheme. In South Africa, we contributed a further R204 million into the green fund in 2024. Including these investment contributions, as well as the ongoing spend on rehabilitation activities, the Group environmental liability coverage[△] has increased to 54%, compared to 40% in 2023.

At 31 December 2024, the Group’s net cash[△] position was R8.7 billion. We continue to reserve R900 million to fund our life extension projects to completion and R400 million for the LCBM project. Given the current weak market conditions, the board considers it appropriate to maintain a cash buffer of R5.4 billion. The Group holds undrawn credit facilities of R3.2 billion.

The board reaffirms its commitment to the dividend policy, which is to distribute a minimum of 30% of adjusted operating free cash flow[△] to shareholders. A final dividend of R11 per share has been declared, taking total dividend to R13 per share. The board has also approved a share buyback of up to R300 million. Total returned to shareholders, including share buybacks of R460 million, is 64% of adjusted operating free cash flow[△] for 2024.

Since listing the business in 2021, the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust have together received R1.7 billion, including R204 million relating to 2024, demonstrating Thungela’s ability to deliver strong returns to all of our stakeholders.

Looking ahead

In line with our purpose - to responsibly create value together for a shared future - we are confident that our disciplined capital allocation approach will ensure that Thungela delivers value for our people, communities and stakeholders over the long term.

In particular, our focus remains on operating a fatality-free business and delivering operational excellence by controlling the controllables. As we position the business to take advantage of the long-term fundamentals supporting coal demand globally, we remain committed to productivity improvements and to enhancing the cost competitiveness of our operations, driven by the Elders and Zibulo North Shaft projects. We are confident that executing our strategic priorities will create meaningful shareholder value.

July Ndlovu

July Ndlovu
Chief executive officer

17 March 2025

MARKET IN CONTEXT

MACROECONOMIC ENVIRONMENT

Thermal coal markets had a turbulent start to the year, with prices reaching multi-year lows during the first half of 2024. However, the second half of 2024 saw a modest recovery in energy commodity prices, including coal, on the back of heightened geopolitical risks. Several factors impacted thermal coal prices, including a milder than expected winter in the Northern Hemisphere, which led to elevated coal and gas stock levels and healthy inventory reserves as Asian import hubs entered the summer season. Once the Northern Hemisphere summer was in full effect, a robust restocking campaign emerged in North and Southeast Asia due to increased energy demand. This activity supported the Richards Bay and Newcastle Benchmark coal prices in the second half of the year.

Australian coal markets were impacted by high stocks at the start of the year due to a delayed La Niña effect and a reduction in demand from Northeast Asian markets. This was due to the earthquakes in Japan and the extended coal plant maintenance period following the events. In addition, the increased usage of nuclear and gas-fired power further curbed coal demand. This, coupled with Northeast Asia's diversification of its import base, introduced new coal regions into the market.

While the South African coal market was on the positive end of Asia's import base diversification strategy, which had a positive effect on demand, the second half of the year felt the impact of a weakened steel market.

The lull in infrastructure development and the depressed property market in China resulted in an oversupplied steel market, which led to cheap exports to other Asian markets, including India, where domestic steel production was already under pressure. India had strong domestic coal output in 2024 which increased competition for seaborne coal imports. Improved coal availability, coupled with sluggish demand in the second half of 2024, resulted in wider discounts to the index.

Continued geopolitical tensions and uncertainties weighed on strategic energy security in 2024, which led to overall price volatility. Adequate gas storage levels and continued Russian gas supply in the first half of the year, coupled with the mild European winter, resulted in reduced coal demand and lower prices. In the second half of the year, Europe saw a warmer summer, gas supply interruptions and the end of the piped gas transit deal from Russia, culminating in support for coal indices. The prolonged tensions in the Middle East, which threatened to overflow into Iran, piqued concerns around both oil and gas supplies, which in turn elevated energy commodity prices and firmed up coal prices.

According to McCloskey's January 2025 seaborne trade outlook, expectations for seaborne coal demand over the next five years are that it will marginally reduce, but remain above one billion tonnes per annum. Emerging economies in Southeast Asia are likely to drive demand for thermal coal in the near future as the more developed economies pursue renewable energy goals. China and India will continue to dominate as the largest importers of seaborne coal.

PERFORMANCE IN SOUTH AFRICA

Thermal coal price and exchange rate	**2024**	2023
Richards Bay Benchmark coal price (US$/tonne)	**105.30**	121.00
Average realised export price (US$/tonne)	**91.56**	103.67
Average realised export price (Rand/tonne)	**1,679**	1,913
Realised price as a % of Richards Bay Benchmark coal price	**86.9**	85.7
ZAR:US$ average exchange rate	**18.34**	18.45

The Richards Bay Benchmark coal price averaged USD109.56 per tonne during the second half of the year, compared to USD101.05 per tonne in the first half of the year. The average Richards Bay Benchmark coal price for 2024 was USD105.30 per tonne, compared to USD121.00 per tonne in 2023.

The discount to the Richards Bay Benchmark coal price in the first half of the year was 15.2%, attributable mainly to the need to reduce high stocks of our low-grade coal. The discount in the second half of the year narrowed to 11.1% with a key focus on high grade market placement. The average discount for the full year was 13.1%, compared to 14.3% in 2023. Our focus in 2025 will be on the continued prioritisation of the highest margin coal on rail given the ongoing rail constraints.

Following the establishment of Thungela Marketing International, the Group has additionally benefited from the 1% commission which was previously paid to Anglo American Marketing Limited (AAML) as well as premiums achieved on certain coals from South Africa.

PERFORMANCE IN AUSTRALIA

Thermal coal price and exchange rate	2024	2023
Newcastle Benchmark coal price (US$/tonne)	**134.85**	172.79
Average realised export price[1] (US$/tonne)	**124.00**	155.85
Average realised export price[1] (Rand/tonne)	**2,274**	2,929
Realised price as a % of Newcastle Benchmark coal price[1]	**92.0**	110.6
ZAR:US$ average exchange rate[1]	**18.34**	18.79

[1] Figures presented for 2023 include the Ensham Business for the four months from acquisition date of 31 August 2023 to 31 December 2023.

The Newcastle Benchmark coal price had a comparable trend to the Richards Bay Benchmark coal price, recording a first half average of USD130.66 per tonne, compared to USD139.03 per tonne in the second half of the year. The average Newcastle Benchmark coal price for 2024 was USD134.85 per tonne, compared to USD172.79 per tonne in 2023.

The discount achieved against the Newcastle Benchmark coal price in 2024 was 8.0%, compared to a 10.6% premium achieved for the four months from acquisition date to 31 December 2023. The premium achieved in 2023 was attributed to a higher proportion of fixed price contracts at the time of the acquisition of the Ensham Business. The discount in 2024 was mainly due to lower demand in the traditional Asian markets, which resulted in higher spot sales and buyers sourcing greater volumes from new suppliers.

THUNGELA MARKETING INTERNATIONAL

Following the expiration of the agreement with AAML in June 2024, Thungela assumed full marketing rights for our South African coal. This provided us with an opportunity to leverage our equity coal both in South Africa and Australia, by maximising value from the extraction of the resource to the delivery of the product to the market.

Thungela Marketing International is based in the Dubai Multi Commodity Centre (DMCC) in the United Arab Emirates (UAE), one of the leading international commodity trading hubs. We have successfully recruited a diverse and experienced marketing team, and we have also built strong banking relationships with various banks in the UAE to further enhance our ability to transact in the region and with our customers.

TRANSNET FREIGHT RAIL PERFORMANCE

TFR's performance showed significant improvement, resulting in 51.9Mt being railed for the industry in 2024, compared to 47.9Mt in 2023. This improvement was mainly as a result of the performance in the second half of the year, which coincided with the completion of the annual maintenance shutdown period in July 2024. During the second half of the year, TFR railed at an annualised run rate of 56.2Mt for the industry, up from an annualised run rate of 47.3Mt in the first half of the year.

The improvement in rail performance seen in the second half of the year has been due to collaborative efforts between TFR, the coal industry and the National Logistics Crisis Committee. These efforts include the fitment of critical spares and the introduction of additional locomotives on the North Corridor line. The ongoing line maintenance, which included improvements to the signalling system that was hard-hit by crime, among other challenges, resulted in improved train cycle times. Significant efforts are still required to restore the line to its historical performance levels, and Thungela, together with industry, remains dedicated to supporting TFR in addressing these critical challenges.

The mutual cooperation agreement remains a key enabler to ensure that security efforts remain effective, with a key focus on decreasing crime-related incidents. This agreement has also provided great value when major incidents, such as derailments, occur on the line, ensuring that resolution time is swift. The agreement will remain in place in 2025 to provide continuous support to TFR.

Rail performance remains the most significant risk to our South African business, and achieving a consistent and continued improvement in TFR performance is a priority for Thungela.

We are pleased to report that we have signed an extension of the long-term agreement with TFR, up to March 2028. This allows TFR time to focus on continuing to improve and stabilise the rail performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Key performance indicators	2024	2023
Safety and health		
Fatalities	—	1
Total recordable case frequency rate (TRCFR) – Group	1.93	2.80
TRCFR – South Africa	1.07	1.40
TRCFR – Australia[1]	13.21	22.63
Environment		
Total energy consumed (million GJ) – Group[1]	3.74	3.37
Total energy consumed (million GJ) – South Africa	3.13	3.14
Total energy consumed (million GJ) – Australia[1]	0.61	0.23
Energy intensity (MJ/total tonne moved)[2]	14.79	15.33
Total scope 1 and 2 emissions ($ktCO_2e$) – Group[1]	1,065	845
Total scope 1 and 2 emissions ($ktCO_2e$) – South Africa[3]	741	743
Total scope 1 and 2 emissions ($ktCO_2e$) – Australia[1]	324	102
Carbon intensity (kg CO_2/total tonne moved)[2,3]	3.50	3.63
Freshwater abstraction (ML) – Group	1,170	718
Freshwater abstraction (ML) – South Africa	373	369
Freshwater abstraction (ML) – Australia[1]	797	349
Water efficiency (reuse/recycle) (%)[2]	96	96
Water treatment (%)[4]	40	56
Number of level 3 – 5 environmental incidents	1	2
People		
Historically disadvantaged people in senior management (%)[2,5]	67	65
Women in senior management (%)[2,5]	36	34

1 Energy and emission data and freshwater abstraction for Ensham for the period from 1 September 2023 to 31 December 2023 has been included in the Group totals for 2023 and reflected in the Australian data. The TRCFR for Australia in 2023 reflects the performance for 12 months.
2 These indicators are for South Africa only.
3 Total scope 1 and 2 emissions and carbon intensity for 2023 have been restated due to updated fuel use emission factors to improve accuracy of reporting.
4 The water treatment metric for 2023 has been restated due to a calculation error that was corrected.
5 These metrics reflect employees in senior management, including the Group executive committee.

SAFETY

In 2024, we elevated safety to a standalone strategic pillar, reinforcing its significance to our business. This sent a clear message to all levels of leadership that the elimination of fatalities comes before all else.

More specific safety performance metrics were included in each leaders' performance contract, while we continued with frontline leadership development to improve safety culture and undertook an intensive review of our critical controls, which was supported by an independent third party.

We are pleased to report that these actions contributed to an improved safety performance and at 31 December 2024, we had been fatality free for 22 months. The Group TRCFR improved to 1.93 in 2024 from 2.80 in 2023.

Group total recordable injuries fell to 26 in 2024, from 48 in 2023. In South Africa, the TRCFR improved to 1.07, from 1.40 in the previous year.

Ensham achieved a significant improvement in its TRCFR, achieving a rate of 13.21 in 2024, from 22.63 in 2023.

ENVIRONMENTAL STEWARDSHIP

All milestones associated with the rehabilitation process following the incident at the Khwezela Kromdraai site on 14 February 2022 have been completed. Biomonitoring shows that the Wilge River, apart from macro-invertebrate populations, has returned to pre-incident condition. The fish breeding facility at Loskop Dam Nature Reserve continues to operate, with 6,500 fish released into the river system to date. This will continue until the biomonitoring indicates that fish varieties and abundance have returned to pre-incident levels.

We reported one level 3 environmental incident in 2024 (2023: two level 3 incidents). No level 4 or 5 incidents occurred and no regulatory stoppages or pre-directives were issued.

WATER MANAGEMENT

After achieving a 52% reduction in freshwater abstraction in 2023 to 369 Megalitres (ML), abstraction remained stable at 373ML in 2024. Freshwater abstraction at Ensham was 797ML, in line with their permitted allocation. We are investigating options to reduce this abstraction. We have consistently achieved our target of 75% water reuse and recycling for the last four years, achieving 96% in 2024, and we also achieved our water treatment target of 40%.

We provide for post-closure water treatment costs using a combination of active and passive water treatment methods, based on research and development activities at our operations. We are actively working to prove the efficacy of passive water treatment technologies in collaboration with academia and the relevant government departments. The biological sulphate reduction passive treatment plant, commissioned in 2022, continues to yield positive results and a techno-economic assessment of the feasibility of scaling the plant for field application will be carried out in 2025.

Other nature-based post-closure water management solutions include phytoremediation, a process that uses trees to stabilise water levels. We have planted over 250,000 trees across our South African sites to date.

GREENHOUSE GAS EMISSIONS REDUCTION AND BASELINE UPDATE

In 2023, we published our target to reduce our scope 1 and 2 emissions by 30% by 2030 (from a 2021 baseline), and our pathway to achieve net zero by 2050.

In line with the Greenhouse Gas Protocol and ISO 14064, we have updated our baseline to include Ensham's 2021 emissions. We have also updated liquid fuel combustion emission factors to improve the accuracy of our reporting.

The 2021 baseline has increased from 819kt carbon dioxide equivalent (ktCO_2e) to 1,331ktCO_2e. Ensham contributes 496ktCO_2e, while the emission factor update contributes 16ktCO_2e to the increase.

Total scope 1 and 2 emissions for the Group in 2024 were 1,065ktCO_2e, 20% lower than the 2021 adjusted baseline. In South Africa, scope 1 and 2 emissions were 741ktCO_2e, relatively stable from 743ktCO_2e in 2023. Carbon intensity was 3.6% lower at 3.50kg CO_2e per total tonne moved compared to 3.63kg CO_2e per total tonne moved in 2023.

Scope 1 and 2 emissions at Ensham were 324ktCO_2e in 2024 compared to 496ktCO_2e in 2021. The reason for the 34% decrease is that the mine moved into a methane-rich area in 2021, and was only able to commence with pre-draining and flaring the methane towards the end of 2021. The mine has since implemented a system of pre-drainage and flaring of the methane ahead of mining in each section, resulting in the sustained reduction of these emissions.

Energy intensity in South Africa decreased by 3.5% to 14.79 Gigajoules (GJ) per total tonne moved, down from 15.33GJ per total tonne moved in 2023. Total energy consumption for the Group in 2024 was 3.74 million GJ compared to 3.37 million GJ in 2023. The increase is a result of the addition of the energy consumption of the Australian business from 1 September 2023 to 31 December 2023, compared to the full year of 2024, to the Group total.

We continue to drive efficiency across our operations and to work towards our 2030 target. Central to our pathway to net zero is the incorporation of a minimum of 19 megawatts (MW) of renewable electricity by 2030. The 4MW solar plant at the Zibulo Colliery was commissioned in October 2024. In addition, a feasibility study for a 4MW plant at Elders is complete and the necessary permit applications have been made.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

CREATING VALUE FOR A SHARED FUTURE

We are committed to being a trusted social partner by building positive relationships and upholding our responsibility to leave a legacy that lasts beyond the life of our mines.

The Nkulo Community Partnership Trust (the trust) handed over its first two projects in 2024. The trust donated approximately R6 million worth of essential medical equipment and supplies to the Witbank Tertiary Hospital for use in the care of critically ill patients. It also donated a 16,000 litre honeysucker truck to the Steve Tshwete Local Municipality. These vacuum trucks are used to drain septic tanks, unblock sewage pipes and empty pit latrine systems in rural areas.

We contributed R204 million to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, collectively, based on our performance in 2024.

In South Africa, our socio-economic development strategy identifies four impact goals. These are improving access to quality education and skills development, improving access to income generation opportunities, improving the quality of community services, and reducing communities' and suppliers' reliance on mines. By focusing our efforts on these impact goals, we can achieve measurable improvements in the quality of the lives of people living in host communities.

One of these projects is the R160 million, five-year education initiative, which we developed and launched in January 2024. The programme will improve access to quality education for learners in 45 no-fee schools in Mpumalanga, supporting learners from grade R to grade four, as well as their dedicated educators.

Our enterprise and supplier development (ESD) programme, Thuthukani, is the primary vehicle through which we drive small, medium and micro enterprise development in South Africa, which contributes to our impact goals. It offers business skills training, mentorship and support, technical enablement and loan funding from a financial institution at preferential rates to improve access to income-generating opportunities and reduce communities' reliance on the mines. A significant milestone in 2024 was the signing of a R200 million co-funding agreement with Absa to support entrepreneurial development and economic growth in host communities. During 2024, we spent R32 million on ESD initiatives. This benefited 11 suppliers, 22 enterprise development beneficiaries and 35 businesses that were aided through the programme's technical enablement initiative.

In 2024, three operations submitted updated Social and Labour Plans (SLPs) to the Department of Mineral and Petroleum Resources (DMPR) for approval as part of the five-year cycle. Recognising the potential risks during the 2024 election year, characterised by civil unrest, a proactive decision was made to temporarily suspend the execution of some projects for the safety of our employees and contractors. Consequently, a restricted number of corporate social investment and SLP projects were executed, including: the renovation and expansion of the Zamelani Abadala Old Age Group Centre in the Govan Mbeki Local Municipality by the Zibulo Colliery, the official opening and handover of an art studio for the world-renowned Ndebele artist, Dr Esther Mahlangu and several infrastructure improvement projects at schools by Goedehoop and Mafube.

OUR PEOPLE

We achieved Top Employer certification for the third consecutive year. We continue to make considerable improvements in key areas such as leadership and career development, diversity, equity and inclusion and wellbeing.

We depend on agile, highly-motivated individuals and teams who are equipped with the knowledge, skills and insights needed to excel in an ever-changing business environment. Learning and development plays a crucial role in our people strategy as it contributes to the overall efficiency, safety, and sustainability of our operations. In 2024, we spent R195 million on training, or 4.6% of our wage bill, compared to R186 million, or 4.4% of our wage bill, in 2023.

We saw an increase in the percentage of historically disadvantaged people in senior management, from 65% in 2023 to 67% for the year, while the representation of women in senior management improved to 36% from 34% in 2023.

GOVERNANCE

We honour the memory of Thero Setiloane, a valued board member, who sadly passed away on 1 May 2024. Thero served as chairman of the social, ethics, and transformation committee, and a member of the audit and the health, safety, environment, and risk committees. We welcome Tommy McKeith to the board of directors. Tommy was appointed as an independent non-executive director, assuming the roles of chairman of the social, ethics, and transformation committee, and member of both the audit and the health, safety, environment and risk committee, effective 1 October 2024.

Furthermore, we are pleased to share that ESG metrics related to the Ensham Mine have been integrated into the 2024 report where possible. While progress has been made, some areas require further attention to ensure accurate data collection and alignment. As we navigate these changes, we remain committed to upholding our governance standards and advancing our sustainability efforts.

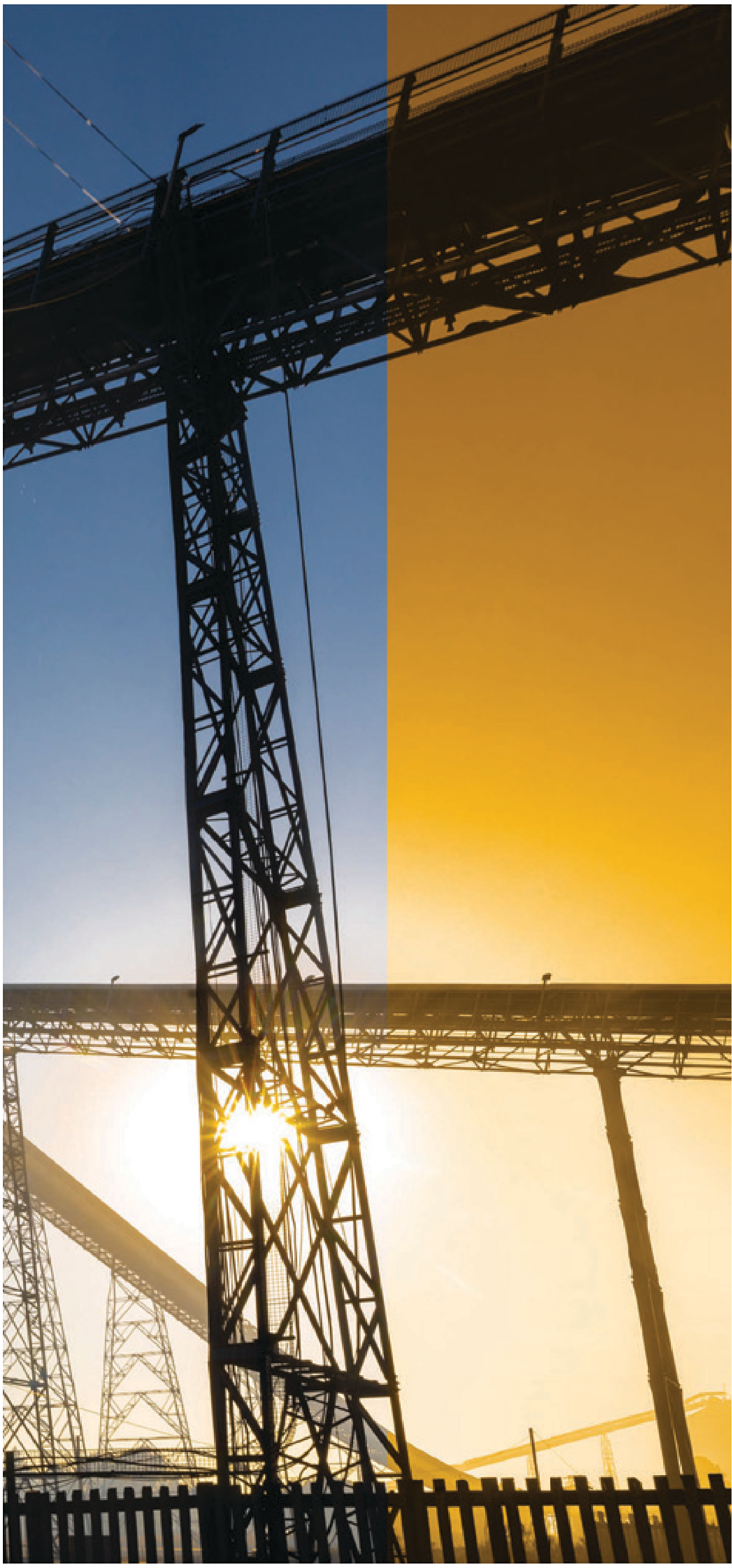
PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a variety of risks and uncertainties, which may have a financial, operational, or reputational impact on Thungela, and may also impact the achievement of our social, economic and environmental objectives.

Principal risks and uncertainties relate to:

- coal transport networks;
- community relations;
- relocations and resettlements;
- employee safety and health;
- ESG and climate change;
- strata and geotechnical failure;
- legislative exposure;
- commodity price and foreign exchange rate fluctuations;
- cyber and information security;
- environmental management; and
- event risks, including underground fires, gas and explosion, and shaft conveyance failure.

Like any business, the Group is subject to changes in the economic and geopolitical environment.



RESOURCES AND RESERVES

As at 31 December 2024

INTRODUCTION

For the reporting of South African Coal Resources, Coal Reserves and Gas Resources, Thungela conforms to the South African Codes for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 (the SAMREC Code) and the Reporting of Oil and Gas Resources, 2015 (the SAMOG Code) adopted by the JSE. These codes are accepted as the minimum standards, recommendations and guidelines for the public reporting of Coal Resources, Coal Reserves and Gas Resources. The reporting of the Australian Coal Resource is based on the SAMREC Code (2016 Edition) and the Coal Reserve is based on the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (the JORC Code). The JORC Code conforms to the standards of the Committee for Mineral Reserves International Reporting Standards, accepted by the JSE as compliant. The Group also conforms to the JSE Listings Requirements Section 12, Part 1.

The estimates (tonnes and qualities) for individual assets are reported on a 100% basis and the attributable ownership is stipulated in the Coal Resources and Coal Reserves statement. Resources are reported on an exclusive basis.

STATEMENT BY THE LEAD COMPETENT PERSON

By signing this statement, the lead competent person, Bart Van de Steen, confirms that the information disclosed in this section is compliant with the various codes and the relevant JSE Listings Requirements Section 12, Part 1. The Coal Resources, Coal Reserves and Gas Resources are published in the form and context in which they are intended. The lead competent person has not been unduly influenced by Thungela or any person. The lead competent person has more than 30 years of relevant experience in the main commodity under consideration and is registered as a professional engineer with the Engineering Council of South Africa (ECSA).

COMPETENCY

Pursuant to the requirements of the JSE Listings Requirements Section 12, Part 1, clause 8 of the SAMREC Code, clause 5 of the SAMOG Code and clause 9 of the JORC Code, a written consent statement by the coal competent person has been signed in the individual asset competent person's report. A written consent statement by the qualified reserves evaluator for Gas Resources has also been received. They have consented to the inclusion of their estimates in the form and context in which they appear in this section.

A list of the competent persons and qualified reserves evaluator, their affiliation and relevant years of experience will be available in the Thungela Integrated Annual Report to be published in April 2025.

Bart Van de Steen

Bart Van de Steen
Head of resource development and operational excellence
PhD
ECSA, Registration No: 20050122

The full report detailing the resources and reserves for Thungela in line with the various codes will be available in the Thungela Integrated Annual Report to be published in April 2025.

RESOURCE AND RESERVE RECONCILIATION

2023 vs 2024

The 2024 Coal Resources and Coal Reserves estimations are derived from first principle competent person's reports. Only significant and material changes to the resource and reserve base between 2023 and 2024 are recorded. These changes are tracked by the various reconciliation categories in the graphs below.

For the LCBM project, the resources are as reported in 2023. Since these resources are reported as unchanged, no reconciliation graph is required.

The comparison between the total Coal Reserves, including mineral residue deposits (MRDs) of 31 December 2023 and 31 December 2024, is illustrated in Figure 1.

Production includes the tonnes mined and adjustments for the over/underestimations of mining from the previous reporting period and the mining gains/losses during the reporting period.

Conversions from resources to reserves are mainly due to the extension of the Isibonelo contract with Sasol Limited (Sasol) and the change in mine design at Ensham. In addition, resources to reserves conversions cater for the 2024 production outside of mine plan at various operations and to fulfil the contractual commitments at Goedehoop South MRD and Greenside MRD.

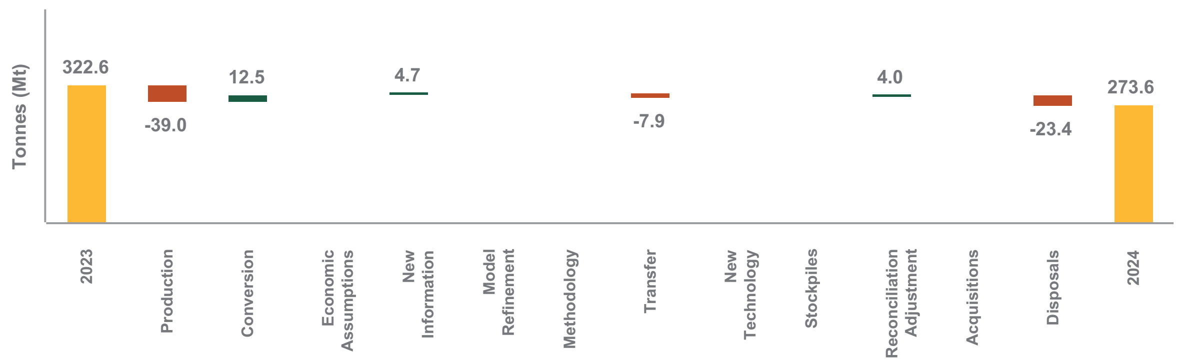
New information pertains to additional drilling information at Mafube and Khwezela, upgrading the classification.

Transfer refers to the reallocation of reserves to resources outside the mine plan, mainly due to geological conditions at Zibulo underground and due to prioritising higher yielding areas at Goedehoop before the move to Elders. For Mafube, the 4 Seam parting previously reported, is excluded.

Reconciliation adjustments account for reserve losses due to coal sterilised at Greenside and Zibulo opencast as well as a reserve gain due to the change in the reported moisture percentage base from 2023 to 2024 at Mafube.

Disposal of Coal Reserves at the Rietvlei Colliery following the sale of the Company's interest in the operation.

FIGURE 1: OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESERVES 2023 vs 2024



The comparison between the total Coal Resources (excluding projects) of 31 December 2023 and 31 December 2024 is illustrated in Figure 2.

Conversion from resources to reserves are mainly due to the extension of the Isibonelo contract with Sasol and the change in mine design at Ensham. In addition, resources to reserves conversions cater for the 2024 production outside of mine plan at various operations and to fulfil the contractual commitments at Goedehoop South MRD.

New information pertains to the additional drilling information upgrading the classification and/or improved modelling techniques at Ensham, Isibonelo, Khwezela North, Mafube and Zibulo underground.

Methodology includes the resource estimation refinement at Mafube and at Ensham, the application of geological losses to the reportable resources.

Transfer refers to the reallocation of reserves to resources outside the mine plan due to geological conditions, mainly at Zibulo underground and at Goedehoop North because of prioritising higher yielding areas before the move to Elders. For Mafube, the 4 Seam parting previously reported in resources, is also excluded. At Ensham, sparse borehole spacing, resulted in the reallocation of resources to reconnaissance inventory.

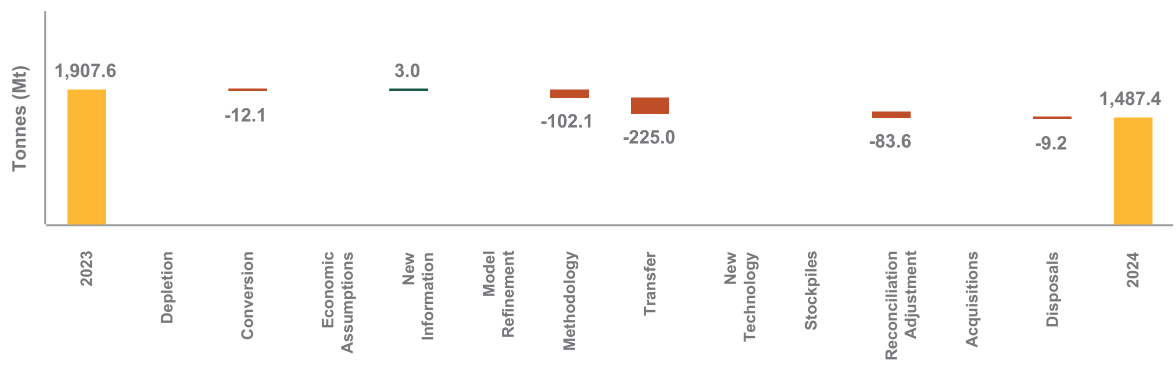
Reconciliation adjustment accounts for resources previously reported at Ensham that are now excluded due to structures, sealed panels and remnants between mined out panels.

Disposal of Coal Resources at the Rietvlei Colliery following the sale of the Company's interest in the operation.

RESOURCES AND RESERVES CONTINUED

As at 31 December 2024

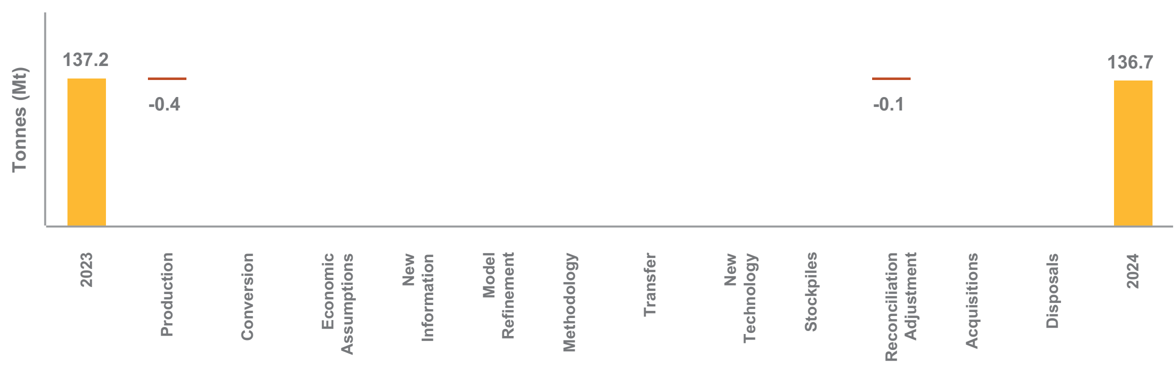
FIGURE 2: OPERATIONS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES OUTSIDE MINE PLAN 2023 vs 2024



The comparison between the total Coal Reserves (Projects) of 31 December 2023 and 31 December 2024 is illustrated in Figure 3.

Zondagsfontein West is reported on an unchanged basis as the life of mine was not updated. At Elders, the first coal was mined and any reserve under the boxcut has now been excluded.

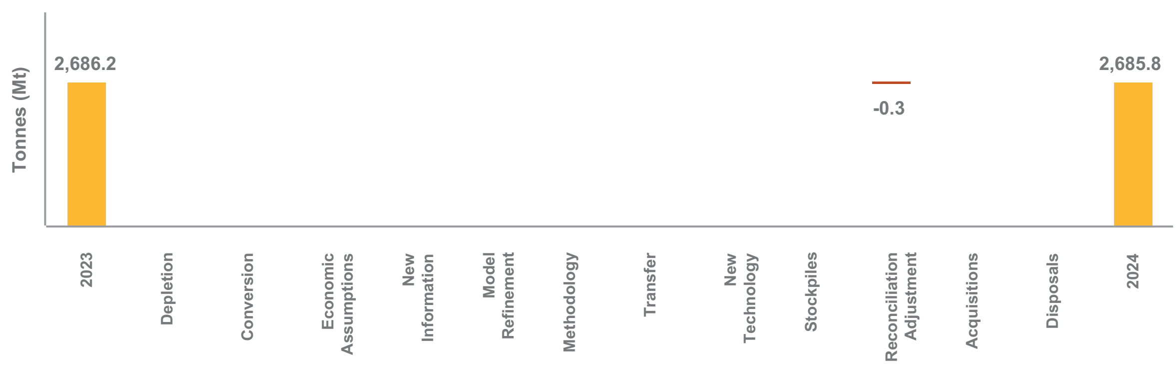
FIGURE 3: PROJECTS – YEAR-ON-YEAR CHANGES IN COAL RESERVES 2023 vs 2024



The comparison between the total Coal Resources (Projects) of 31 December 2023 and 31 December 2024 is illustrated in Figure 4.

Zondagsfontein West is reported on an unchanged basis as the life of mine was not updated. At Elders, the resource under the boxcut has now been excluded.

FIGURE 4: PROJECTS – YEAR-ON-YEAR CHANGES IN COAL RESOURCES 2023 vs 2024



OUR PERFORMANCE

REVIEW OF FINANCIAL PERFORMANCE

For the year ended 31 December 2024

Net profit for the year **R3.5 billion** (2023: R5.0 billion)	Headline earnings per share **R25.59** (2023: R34.97)	Adjusted EBITDA△ **R6.3 billion** (2023: R8.5 billion)
Net cash△ **R8.7 billion** (2023: R10.2 billion)	Total dividend per share **R13.00**	Total dividend of **R1.8 billion** to shareholders

We are pleased with our full-year performance, which demonstrates the importance of remaining focused on managing the elements within our control. During the first six months of 2024, our business was impacted significantly by weak prices and poor rail performance, but our consistent focus on operational excellence and productivity improvements meant that we were well positioned to respond when these external factors improved in the second half. Ultimately, this operational readiness enabled us to outperform on volume and cost guidance for the full year. We continued to deliver on the disciplined execution of our strategic priorities, including our capital projects, which remain on schedule and within the spend previously guided.

TFR performance improved markedly in the second half of 2024, resulting in a total of 51.9Mt railed for the industry, compared to 47.9Mt in 2023. After a very weak first half, with a run rate of 47.3Mtpa, the annual maintenance shutdown period in July was successful and the ramp-up in performance following the shutdown was faster and more sustained than in recent years. The average run rate in the second half of the year was 56.2Mtpa.

The improved rail run rate enabled us to deliver stronger than anticipated production, with our South African operations delivering 13.6Mt of export saleable production, exceeding the guidance range of between 11.5Mt and 12.5Mt. This performance was driven mainly by productivity improvements at Zibulo and Khwezela, without reintroducing previously decommissioned sections. The higher achieved production somewhat countered the impact of inflation on unit costs, and we achieved an FOB cost per export tonne△ of R1,151 (R1,130 per tonne excluding royalties).

Ensham produced 4.1Mt (on a 100% basis), exceeding the revised guidance range of between 3.5Mt and 3.8Mt, as the mine navigated fault zones more effectively than expected. As a result of the increased production, FOB cost per export tonne△ was R1,674 (R1,433 per tonne excluding royalties).

Export equity sales from our South African operations amounted to 12.6Mt, compared to 11.9Mt in the previous year. This improvement materialised mainly in the second half of 2024, corresponding to the improved rail performance. At Ensham, we realised 4.1Mt of export equity sales, on a 100% basis, in line with the production.

Seaborne thermal coal prices softened in 2024, with the Richards Bay Benchmark coal price averaging USD105.30 per tonne, down from USD121.00 per tonne in 2023. Prices were especially soft in the first half of the year due to a milder than expected winter in the Northern Hemisphere, and higher coal and gas stockpile levels across Europe. The second half of the year saw a partial recovery in energy prices, including coal, on the back of geopolitical uncertainty.

Thungela Marketing International commenced with the marketing of coal from our South African operations in July 2024. The average discount to the Richards Bay Benchmark coal price narrowed to 13.1% in 2024, compared to 14.3% in 2023, on the back of direct market access and the saving of the 1% marketing fee previously paid to AAML.

The Newcastle Benchmark coal price averaged USD134.85 per tonne in 2024, compared to USD172.79 per tonne in 2023. The discount to the Newcastle Benchmark coal price in 2024 was 8.0%, compared to a premium of 10.6% for the period from acquisition on 31 August 2023 to 31 December 2023. The 2023 premium was driven by a relatively higher proportion of fixed price contracts in the sales book, which were concluded based on a higher Newcastle Benchmark coal price at the start of that year.

Thungela generated a net profit of R3.5 billion in 2024, comprising R2.9 billion generated in South Africa (including the margin earned by Thungela Marketing International) and R676 million generated in Australia. The net profit was supported by net finance income of R894 million, with net financing gains of R658 million earned from positive movements on cash held in foreign currency as well as derivatives held over future conversions of foreign currency. Profit was negatively impacted by impairment losses of R278 million recognised at Goedehoop as the mine nears the end of its life during 2025.

Capital expenditure for the Group was R3.4 billion. At our South African operations, sustaining capital expenditure$^{\triangle}$ amounted to R1.1 billion, while expansionary capital expenditure totalled R1.7 billion, which pertains to our two ongoing life extension projects. Sustaining capital expenditure$^{\triangle}$ at Ensham was R605 million (on an 85% basis). Both sustaining and expansionary capital expenditure were in line with our guidance.

The Group generated adjusted operating free cash flow$^{\triangle}$ of R3.6 billion for the year and at 31 December 2024 had a net cash$^{\triangle}$ balance of R8.7 billion.

ADVANCING OUR STRATEGIC PRIORITIES

Long-term value creation goes beyond the financial performance of our business, and we are pleased with the improvement in the Group's TRCFR during the period to 1.93, compared to 2.80 in 2023.

We also continue to make good progress in driving our ESG aspirations. In South Africa, we contributed a further R204 million to the green fund (as required by the providers of the financial guarantees) as we continue to set aside funds to cover future environmental liabilities.
We contributed R970 million to an investment vehicle in Australia, similar to the green fund, to be used as cash collateral for the Ensham rehabilitation liability, while we continue to pursue acceptance into the Queensland Financial Provisioning Scheme. We also spent R625 million on ongoing rehabilitation in South Africa, mainly at the Kromdraai and Bokgoni sites at Khwezela, as well as R292 million on rehabilitation activities at Ensham.

As a result of these activities, our environmental liability coverage$^{\triangle}$ for our South African operations increased to 69% and, when combined with the Ensham Mine, our Group coverage increased to 54%, compared to 40% at 31 December 2023.

The Elders and Zibulo North Shaft projects are progressing well, and are on schedule and within budget. The successful completion of these projects is crucial as they will enhance our cost competitiveness, extend the life of our South African business and support host communities through sustaining jobs and local suppliers.

Elders delivered first coal in March 2024, and ramp-up activities continue towards steady state capacity, which is expected to be reached in early 2026. We have incurred capex of R1.8 billion on the project up to the end of December, of which R1.7 billion has been paid in cash. R519 million was spent in 2024, predominantly on developing the portal into the coal reserve and on surface infrastructure. We expect to spend a further R100 million to complete the project in 2025. The mine is expected to produce at a run rate of 4Mt of run of mine coal per annum when it reaches steady state.

Deon Smith
Chief financial officer

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the year ended 31 December 2024

The Zibulo North Shaft project is progressing well and we expect completion in 2026, which will extend the life of Zibulo's underground operation through to 2038. The mine is expected to produce at a run rate of 8Mt of run of mine coal per annum when it reaches steady state. To date, we have spent R1.8 billion, including R1.1 billion in 2024. We are expecting to spend a further R800 million in 2025 and 2026.

During 2024, we obtained the necessary licences to develop a demonstration plant at the LCBM project. The aim of this plant is to demonstrate the marketability of the gas. Once commissioned, the modular liquefied natural gas plant will supply gas to a power generation facility to be deployed at one of our existing operations, partially substituting the Eskom electricity usage. We expect to spend approximately R400 million on the demonstration plant and related infrastructure in 2025.

We continue to progress towards our objective of geographic diversification, with further advancements at both Ensham and Thungela Marketing International in 2024.

Thungela assumed operational control of Ensham in 2023, following the acquisition of an 85% interest in the Ensham Business through our 72.5% held subsidiary, Sungela Holdings. The improvement in operational performance at Ensham since the acquisition has resulted in Ensham contributing significantly to the Group's profit. In December 2024, Thungela Resources Australia signed an agreement to acquire the remaining 15% of the Ensham Mine and related companies for a total consideration of AUD48 million. The conditions precedent relating to this transaction have been met and the transaction was completed on 28 February 2025. This increases the Group's effective participation in the earnings generated by Ensham to 92.5%.

Thungela Resources Australia also entered into an agreement with our co-investors on 14 March 2025 to acquire their 27.5% interest in Sungela Holdings, for an upfront cash consideration of USD1.7 million, as well as contingent deferred consideration of up to USD15.5 million payable over a period of up to six years. Upon the completion of this transaction, the Group will own 100% of the Ensham Business.

The marketing team in the UAE was fully established during the year, and Thungela Marketing International has taken over the marketing activities for our South African coal from AAML. Thungela Marketing International is now responsible for the marketing of all of our South African and Australian export coal.

DISCIPLINED CAPITAL ALLOCATION

Prioritising shareholder returns through a combination of dividends and share buybacks is a cornerstone of Thungela's capital allocation framework.

Demonstrating our commitment to shareholder returns, the board has declared a final ordinary cash dividend of R1.5 billion, or R11 per share. This represents 58% of adjusted operating free cash flow[△] generated in the second half of the year.

Furthermore, the board announced a share buyback of up to R300 million, to be completed before the next AGM on 5 June 2025. The share buyback will be subject to ongoing favourable market conditions.

Together with the interim dividend of R281 million and share buyback of R160 million already completed, this brings total shareholder returns relating to 2024 performance to R2.3 billion in aggregate, representing 64% of adjusted operating free cash flow[△] for 2024.

The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will receive R172 million in total in relation to our performance for the second half of the year, taking the full-year contribution to the trusts to R204 million.

CONCLUSION

Our full-year performance underscores the importance of maintaining focus on the elements under our control. Our commitment to operational excellence and productivity enhancements enabled us to navigate the price and rail weakness experienced in the first half, while setting us up for a better performance in the second half of the year.

We continued to execute on our strategic priorities, including the acquisition of a further 15% in the Ensham Mine. This acquisition, together with our life extension projects in South Africa, demonstrates our commitment to disciplined capital allocation through investments that enhance long-term value creation.

This focus on controlling the controllables has allowed us to successfully navigate a challenging year, while enabling strong shareholder returns and delivering on our purpose to responsibly create value together for a shared future.

FINANCIAL OVERVIEW

Rand million (unless otherwise stated)	2024	2023
Revenue	35,554	30,634
Operating costs	(31,751)	(23,737)
Profit for the reporting period	3,544	4,970
Attributable to non-controlling interests	(48)	(192)
Attributable to the equity shareholders of the Group	3,592	5,162
Earnings per share (cents/share)	2,676	3,766
Headline earnings per share (cents/share)	2,559	3,497
Dividends per share (cents/share)	1,300	2,000
APMs△		
Adjusted EBITDA	6,255	8,454
Adjusted EBITDA margin (%)	18	28
FOB cost per export tonne (Rand/tonne) – South Africa	1,151	1,134
FOB cost per export tonne excluding royalties (Rand/tonne) – South Africa	1,130	1,084
FOB cost per export tonne (Rand/tonne) – Ensham Business[1]	1,674	1,886
FOB cost per export tonne excluding royalties (Rand/tonne) – Ensham Business[1]	1,433	1,544
Adjusted operating free cash flow	3,589	6,806
Net cash	8,671	10,176
Capital expenditure	(3,396)	(3,288)
Environmental liability coverage (%)	54	40
OPERATIONAL OVERVIEW		
kt		
South Africa		
Run of mine	25,235	24,095
Export saleable production	13,595	12,214
Domestic saleable production	6,500	8,087
Total saleable production	20,095	20,301
Export equity sales	12,551	11,926
Third-party export sales	468	—
Domestic sales from thermal export stockpiles	1,095	1,491
Other industrial and domestic sales	5,476	7,271
Total sales	19,590	20,688
Ensham		
Run of mine (85%)[1]	3,423	839
Export equity saleable production (85%)[1]	3,458	860
Commodity purchases from Bowen (15%)[1,2]	610	152
Total saleable production	4,068	1,012
Export equity sales (100%)[1,3]	4,068	884
Total sales	4,068	884

1 Results for the Ensham Business presented for the year ended 31 December 2023 reflect the results for four months from the acquisition date of 31 August 2023.
2 Commodity purchases from Bowen reflect 15% of the operations of the Ensham Mine, to align with the sales made through Ensham Coal Sales.
3 The sales volume reflects 100% of the coal sold from the Ensham Mine. This includes tonnes sold in Australia at export parity prices, which are considered export equity sales.

The table above reflects the financial results as disclosed in the consolidated financial statements for the year ended 31 December 2024, including the APMs as included in annexure 1 of this document. The Group acquired a controlling interest in the Ensham Business on 31 August 2023, and the consolidated results for the year ended 31 December 2023 include the results of the Ensham Business for the four months from the acquisition date to 31 December 2023. Refer to note 2A and note 15 of the consolidated financial statements for further detail.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the year ended 31 December 2024

REVENUE

Revenue increased by 16% to R35.6 billion (2023: R30.6 billion). Revenue in South Africa declined by R1.7 billion due to a 13% year-on-year decrease in the Richards Bay Benchmark coal price. Revenue in Australia increased to R9.3 billion, compared to R2.6 billion for the four months to 31 December 2023, as the Group accounted for a full 12 months of Ensham's performance, although this was partly offset by the impact of a weaker Newcastle Benchmark coal price.

Our South African operations achieved an average realised export price of USD91.56 per tonne in 2024 compared to USD103.67 per tonne in 2023. The realised export price as a percentage of the Richards Bay Benchmark coal price averaged 86.9% for 2024 (2023: 85.7%).

The Ensham Business achieved an average realised export price of USD124.00 per tonne, compared to USD155.85 per tonne achieved in the four months to 31 December 2023. The realised export price as a percentage of the Newcastle Benchmark coal price averaged 92.0% for 2024, a discount of 8.0%, compared to a premium of 10.6% realised in 2023. The premium realised last year resulted from the composition of the sales book, which included a higher proportion of fixed price contracts that were concluded above the benchmark price.

The stronger average exchange rate of the South African rand to the US dollar of R18.34 (2023: R18.45) had a negative impact on reported revenue, as the majority of export sales are undertaken in US dollars.

OPERATING COSTS

Operating costs increased by R8.1 billion to R31.8 billion from R23.7 billion in 2023, mainly as a result of the Group accounting for a full 12 months of the operations of the Ensham Business.

The Ensham Business recognised operating costs of R8.2 billion in 2024, an increase of R6.0 billion over the amount recognised in 2023 for the four months from the acquisition date.

Operating costs in South Africa increased from R21.6 billion in 2023 to R23.5 billion in 2024. The movements in operating costs detailed in the remainder of this section relate to costs incurred in South Africa only.

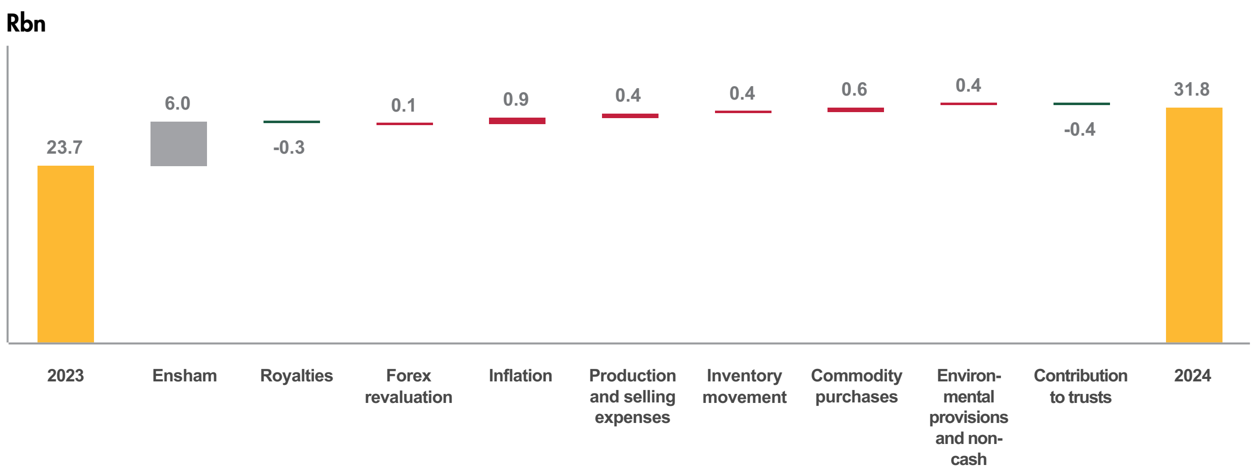
Royalties decreased by R322 million, from R603 million in 2023, due to the lower realised prices in the year.

Our operations were impacted by inflation of 4.9%, contributing to the higher operating costs. The costs incurred to produce the incremental export saleable production of 1.4Mt amounted to R1.2 billion, which was offset by a reduction in costs of approximately R700 million due to lower domestic production. Selling expenses reduced year-on-year.

Stockpiles were utilised to meet our sales obligations, resulting in an increase in the inventory production movement cost of R389 million.

The increase in commodity purchases of R558 million relates primarily to volumes bought from third parties in order to fulfil our sales obligations when port stocks were affected by poor rail performance at the start of the year.

Environmental provisions were impacted by the annual independent cost assessment, as well as changes in the planned timing of rehabilitation work. The resultant non-cash charge for 2024 was R310 million higher than in 2023.

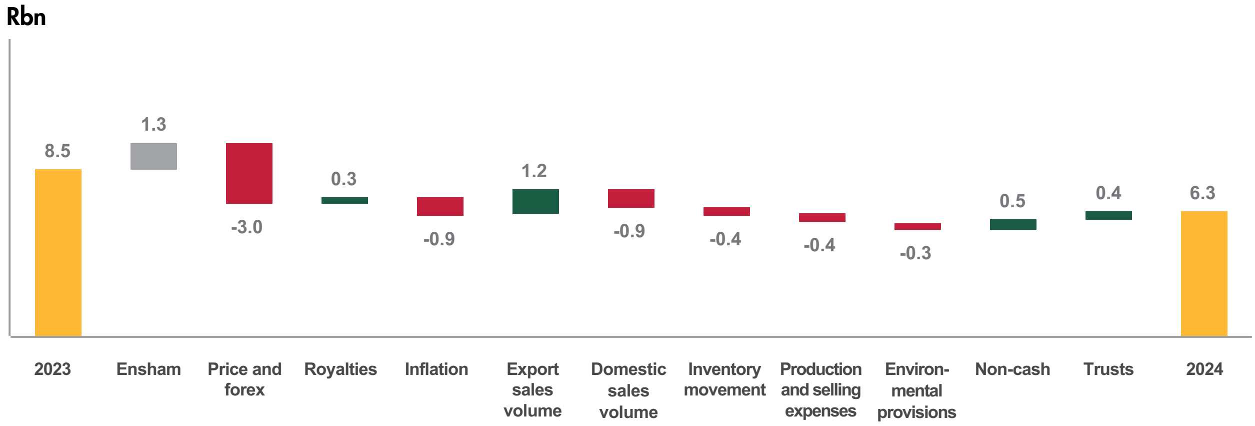


ADJUSTED EBITDA△

The Group generated adjusted EBITDA△ of R6.3 billion (2023: R8.5 billion) at an adjusted EBITDA margin△ of 18%, compared to 28% in 2023. The decline in earnings was mainly driven by lower benchmark coal prices and a stronger average exchange rate of the South African rand to the US dollar.

The impact of inflation on operating costs in South Africa remains elevated, although it was lower than in the previous year (4.9% compared to 7.1% in 2023). The positive impact from the higher export volumes sold was countered by the lower domestic sales and the costs associated with the variances in production.

The South African business, including the margin earned by Thungela Marketing International, contributed R4.2 billion to adjusted EBITDA△, while the remainder was contributed by Ensham.



PROFIT

Profit for the reporting period decreased to R3.5 billion (2023: R5.0 billion), primarily driven by weaker benchmark coal prices in the year.

Profit attributable to the equity shareholders of the Group was R3.6 billion (2023: R5.2 billion). In 2024, non-controlling interests were allocated a loss of R48 million (2023: R192 million) based on losses incurred at the underlying statutory entities.

Profit was positively impacted by the disposal of the Group's interest in Rietvlei Mining Company Proprietary Limited (RMC). Total cash received for the disposal was R186 million, with a non-cash profit of R601 million recognised due to historical losses incurred in the entity.

The Group entered into and settled several contracts for the sale of foreign currency in 2024. Net finance income of R894 million incudes R658 million from positive movements on cash held in foreign currency as well as derivatives held over future conversions of foreign currency.

The Group recognised impairment losses of R278 million at Goedehoop, as the mine approaches the end of its life during 2025.

The Group incurred an income tax expense of R1.5 billion for 2024, which resulted in an effective tax rate of 29% (2023: 31%). This was higher than the statutory tax rate in South Africa of 27%, primarily due to non-deductible expenses incurred across the Group and an increase in the deferred tax asset that was not recognised in RMC, based on ongoing losses in that entity until its disposal.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Profit attributable to the equity shareholders of the Group of R3.6 billion is equivalent to R26.76 per share, compared to R37.66 per share in 2023.

Headline earnings attributable to the equity shareholders of the Group of R3.4 billion are equivalent to R25.59 per share, compared to R34.97 per share in 2023.

To determine the headline earnings for the year, the earnings attributable to the equity shareholders of the Group were adjusted by the after tax impact of the profit on disposal of RMC, offset by the impairment losses recognised in our South African operations.

These per share figures are based on a weighted average number of shares outstanding (WANOS) of 134,238,447 (2023: 137,056,628), with the decrease largely attributable to the impact of the share buybacks undertaken in 2024.

ADJUSTED OPERATING FREE CASH FLOW△ AND CASH AND CASH EQUIVALENTS

The Group generated adjusted operating free cash flow△ of R3.6 billion (2023: R6.8 billion).

The difference between the adjusted EBITDA△ and the adjusted operating free cash flow△ generated is mainly attributable to sustaining capital expenditure△, tax payments, cash spent on environmental and other provisions and the impact of derivatives.

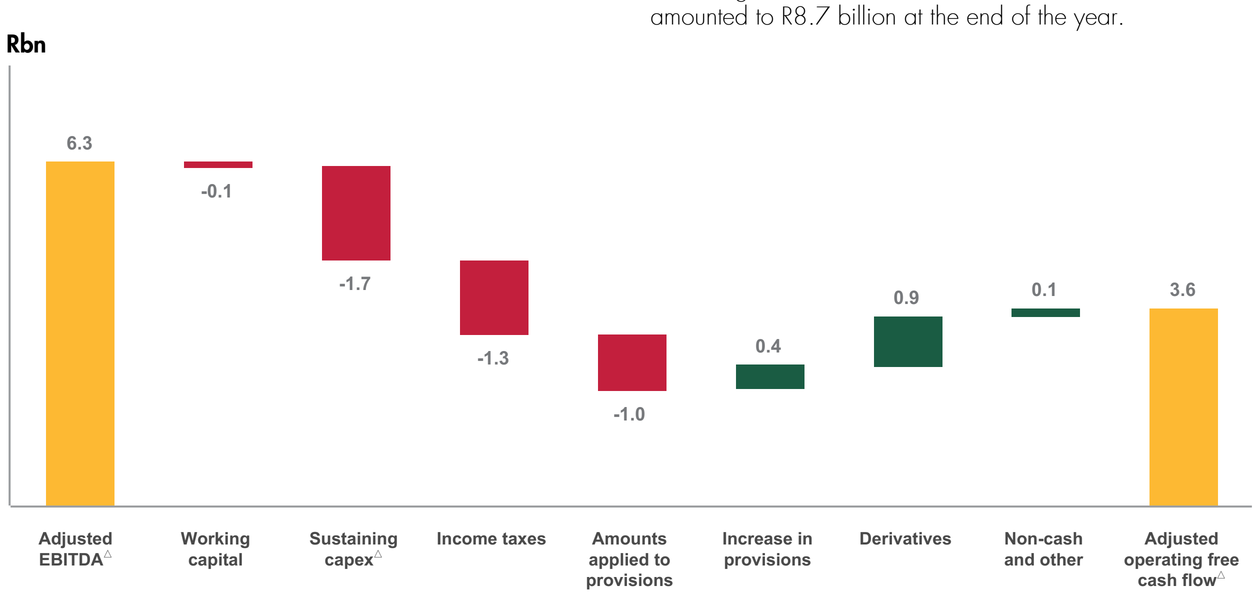
Sustaining capex△ reduced adjusted operating free cash flow△ by R1.7 billion (including sustaining capex△ of R605 million at Ensham).

The Group paid income taxes of R1.3 billion.

Amounts applied to reduce environmental and other provisions of R1.0 billion mainly relate to the continued rehabilitation work focused on the Khwezela Colliery and at Ensham. This is offset by a non-cash increase in provisions of R443 million, resulting mainly from the annual assessment of the environmental provisions.

Adjusted operating free cash flow△ was positively impacted by the cash inflows from the settlement of derivative contracts related to the sale of foreign currency, amounting to R905 million.

The Group ended the year with cash and cash equivalents of R10.1 billion. After deducting the cash held in the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust of R872 million, and R560 million held in escrow for the acquisition of the remaining 15% interest in the Ensham Mine, net cash△ amounted to R8.7 billion at the end of the year.



ENVIRONMENTAL PROVISIONS

Environmental provisions are comprehensively assessed on an annual basis and determined with assistance from specialist independent environmental consultants. The environmental provisions recognised at 31 December 2024 amounted to R12.0 billion (2023: R11.7 billion).

Investments ringfenced in the environmental rehabilitation trusts and the green funds in South Africa and Australia equated to R6.4 billion (2023: R4.7 billion).

In South Africa, in line with our commitment to the providers of financial guarantees, we contributed R204 million to the green fund in 2024. In Australia, we contributed R970 million to an investment vehicle, similar to the green fund, to secure the financial surety required by the Queensland Financial Provisioning Scheme.

Our environmental liability coverage$^{\triangle}$ for the South African operations has increased to 69%. When combined with the Ensham Mine, Group coverage has increased to 54% (2023: 40%), as we continue our efforts to cash collateralise our rehabilitation obligations.

In South Africa, our environmental provisions are based on our interpretation of the currently enforceable environmental laws. On 1 February 2024, the Minister in the Department of Forestries, Fisheries and the Environment published a notice deferring the transition date of the 2015 NEMA Financial Provisioning Regulations, but a revised date has not yet been published. We await confirmation of a revised transition date.

In Australia, mining companies in Queensland are required to contribute to the Queensland Financial Provisioning Scheme in relation to their regulatory environmental rehabilitation costs. This contribution can be made by way of a payment into a pooled fund (pool) or the provision of a financial surety, as determined by the scheme manager. Ensham is required to obtain financial surety for the environmental rehabilitation costs, while acceptance into the pool is actively pursued.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the year ended 31 December 2024

SOUTH AFRICAN OPERATIONS

OPERATIONAL PERFORMANCE

Run of mine increased by 4.7% to 25,235kt (2023: 24,095kt). This was achieved through focused productivity improvement drives at Khwezela, Mafube and Zibulo. These volumes were partially offset by volumes lost as the Rietvlei Colliery transitioned to care and maintenance during the year, before being sold.

The strong run of mine performance drove export saleable production, which increased by 11% to 13,595kt (2023: 12,214kt). Export saleable production was further enhanced by higher yields from Zibulo, and the resumption of a secondary production operation at Greenside.

Export equity sales increased by 5.2% to 12,551kt (2023: 11,926kt), enabled to a degree by the improved rail performance of TFR in the second half of the year. This is evident when considering sales volumes of 6,033kt in the first six months, compared to 6,518kt in the second half of the year.

We continued to mitigate the risk of breaching on-mine stockpile capacity through the sale of lower quality export coal into the domestic market through free-on-truck sales of 1,095kt (2023: 1,491kt).

Domestic saleable production decreased by 20% to 6,500kt (2023: 8,087kt). Higher production from Isibonelo, as it recovered from operational challenges in the previous year, was offset by a decline at the other operations as a result of reduced domestic demand. Domestic sales decreased by 25% to 5,476kt (2023: 7,271kt).

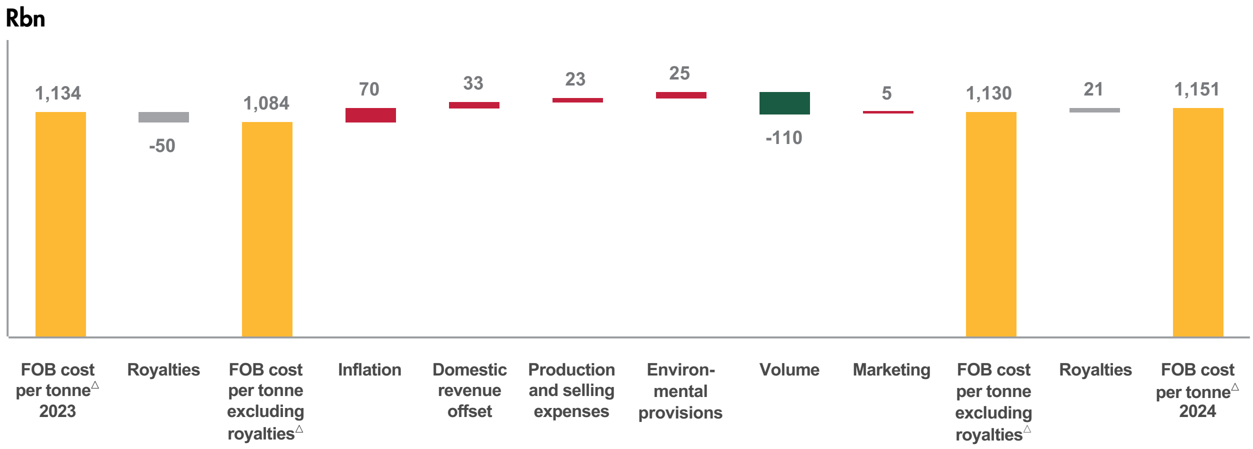
FOB COST PER EXPORT TONNE△

The FOB cost per export tonne excluding royalties△ was R1,130 in 2024, compared to R1,084 in the previous year.

FOB cost△ was below the low end of the 2024 full-year guidance, mainly due to the positive impact of higher production volumes. The FOB cost△ was impacted by inflation and a lower domestic revenue offset.

The non-cash charge related to the annual assessment of the environmental provisions and costs relating to supplementary operating activities further increased the FOB cost△.

The FOB cost per tonne△ increased by 1.5% to R1,151, compared to R1,134 in 2023.



CAPITAL EXPENDITURE

The South African business incurred capital expenditure of R2.8 billion (2023: R3.0 billion) comprising both sustaining capex△ and expansionary capex (mainly from life extension projects).

Stay-in-business capex of R903 million (2023: R1.1 billion) was spent mainly on machine overhauls.

Stripping and development capex was R192 million (2023: R250 million) and was spent on accessing life-of-mine reserves at Zibulo, Khwezela and Mafube.

Expansionary capex of R1.7 billion in 2024 included R519 million spent on the Elders project and a further R1.1 billion on the Zibulo North Shaft project.

ENSHAM BUSINESS

OPERATIONAL PERFORMANCE

In 2024, Ensham produced 4,068kt of export saleable production on a 100% basis, or 3,458kt on an 85% basis. This compares to 860kt (on a 85% basis) for the last four months of 2023, following the acquisition of Ensham.

Ensham recognised 4,068kt (2023: 884kt for the four months from acquisition) of export equity sales, which includes sales made in Australia at export parity prices or better. The sales included 610kt tonnes (2023: 152kt for four months) purchased from Bowen in line with its 15% ownership of the Ensham Mine.

OPERATING COSTS AND FOB COST PER EXPORT TONNE△

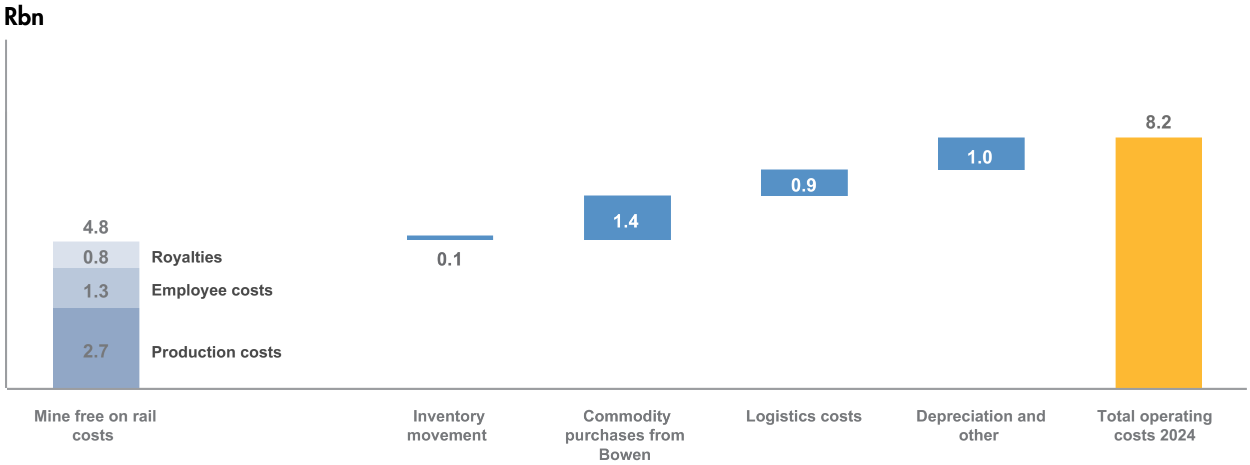
The Ensham Business incurred total operating costs of R8.2 billion, of which R2.7 billion related to production costs.

As Ensham Coal Sales manages all coal sales from the Ensham Mine, 100% of revenue from the mine is recognised and the cost for the proportion of coal sales reflecting Bowen's 15% participation in the Ensham Mine is accounted for as a commodity purchase. The Ensham Business therefore incurred R1.4 billion relating to coal purchases from Bowen.

The mine incurred R915 million in logistics costs, consisting mainly of rail and port costs to sell its product, and depreciation for the year amounted to R1.0 billion.

The FOB cost excluding royalties△ in 2024 decreased by 7.2% to R1,433 per tonne (2023: R1,544 per tonne), despite an increase in the non-cash charge related to the annual assessment of environmental provisions. The unit cost improvement was largely due to the improved production rates achieved.

Including royalties, the FOB cost per tonne△ was R1,674 (2023: R1,886 per tonne).



CAPITAL EXPENDITURE

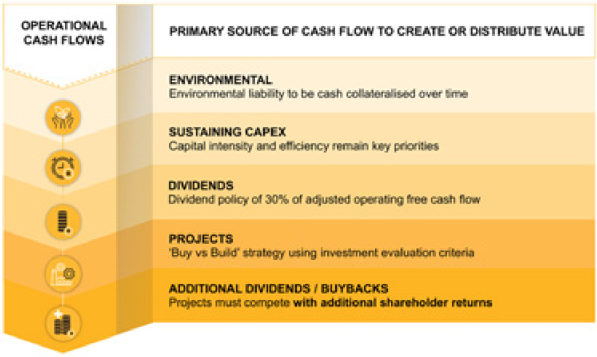
The Ensham Business incurred capital expenditure of R605 million (on an 85% basis) in 2024.

Stay-in-business capex was spent mainly on machinery overhauls and building new mining equipment to address operational requirements.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the year ended 31 December 2024

CAPITAL ALLOCATION



Thungela's capital allocation framework remains the cornerstone of our strategy and prioritises returns to shareholders. Our approach acknowledges the diverse preferences of our shareholder base and we are accordingly committed to provide returns to our shareholders through a combination of dividends and share buybacks. We also ensure that we are able to maintain balance sheet flexibility during periods of weaker prices, while remaining agile to take advantage of supportive market conditions.

In 2024, we purchased 4,510,667 ordinary shares, or 3.2% of the issued share capital, through two share buybacks announced at our 2023 annual results and 2024 interim results, respectively. The total consideration for these shares was R601 million. These shares are held as treasury shares by a subsidiary of the Group.

The capital allocation framework also seeks to cash collateralise our environmental liabilities over time. In South Africa, we contributed a further R204 million to the green fund, as required by the providers of the financial guarantees. In Australia, we contributed R970 million into an investment vehicle, similar to the green fund in South Africa, to be used as cash collateral for the Ensham rehabilitation liability, while we pursue acceptance into the Queensland Financial Provisioning Scheme.

The Group generated cash flows from operating activities of R5.3 billion for the year. After investing R1.7 billion in sustaining capex△, this resulted in an adjusted operating free cash flow△ of R3.6 billion for 2024.
At 31 December 2024, the Group's net cash△ position was R8.7 billion.

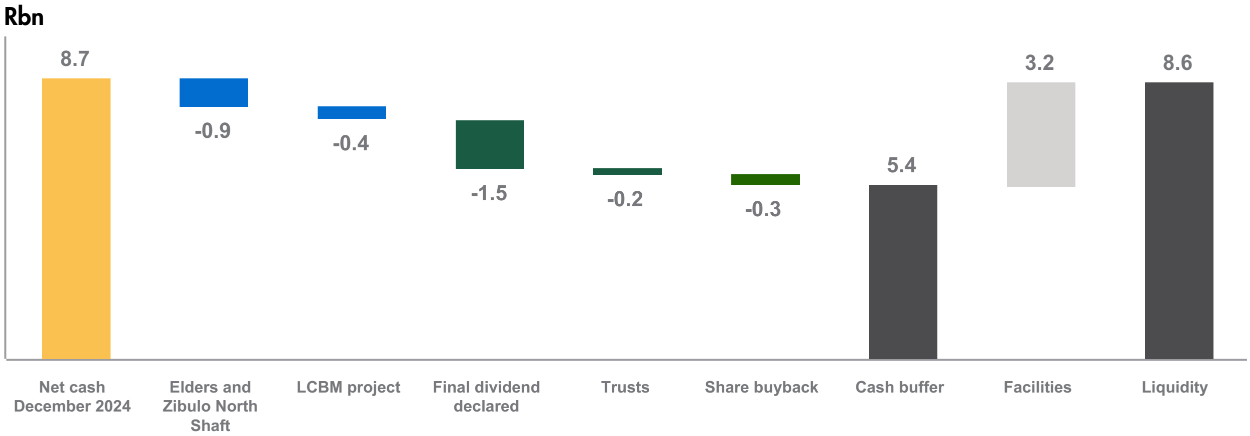
Thungela has consistently delivered on, and surpassed, our commitment to distribute a minimum of 30% of adjusted operating free cash flow△ to shareholders. In line with past practice, recognising the strength of our balance sheet, the board has declared a final dividend of R11 per share, or R1.5 billion. The board has also approved a further share buyback of up to R300 million, to be completed by the date of the next AGM, subject to favourable market conditions.

Together with the interim dividend of R281 million and a share buyback of R160 million already completed, this brings total shareholder returns relating to 2024 performance up to R2.3 billion in aggregate, representing 64% of adjusted operating free cash flow△ generated in 2024.

The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will also receive a further R172 million collectively, adding to the R32 million they received based on our interim results.

The board continues to reserve R900 million for the completion of the Elders and Zibulo North Shaft projects, and R400 million for the LCBM project.

The softer coal price environment experienced in 2024 has continued to deteriorate, and we expect energy prices to further weaken in the near term. This is a result of coal and gas inventories that remain elevated, and constrained economic activity in our export markets. Accordingly, the board considers it appropriate to maintain a cash buffer of R5.4 billion at this time. The Group also holds undrawn credit facilities of R3.2 billion.



This graph does not reflect historical financial information, other than the net cash△ balance at 31 December 2024. This is accordingly a conceptual representation of the intended utilisation of the net cash△ on hand at the reporting date.

OPERATIONAL GUIDANCE – 2025

	South Africa	Ensham
Export saleable production (Mt) (Ensham on a 100% basis)	12.8 – 13.6	3.7 – 4.1
FOB cost per export tonne△ (Rand/tonne)	1,220 – 1,300	1,650 – 1,780
FOB cost per export tonne excluding royalties△ (Rand/tonne)	1,210 – 1,290	1,470 – 1,580
Capital – sustaining△ (Rand million) (Ensham on a 100% basis)	1,400 – 1,700	700 – 950
Capital – expansionary (Rand million)	1,100 – 1,200	nil

Royalties are calculated using an assumed Richards Bay Benchmark coal price of USD102.00 per tonne and an assumed Newcastle Benchmark coal price of USD125.00 per tonne.

SOUTH AFRICAN OPERATIONS

Export saleable production guidance for 2025 of 12.8Mt to 13.6Mt is informed by improved productivity and performance of TFR. The range is based on expected rail performance of between 54Mtpa, at the lower end of the guidance, and 58Mtpa at the upper end. The midpoint of the guidance is aligned with the improved annualised run rate observed in the second half of 2024.

Our production footprint is entering a period of transition as the Goedehoop mine and Zibulo opencast operations reach end of life in 2025. The Elders and Zibulo North Shaft projects will continue to ramp up to full production during 2026.

FOB cost per export tonne excluding royalties△ is expected to be between R1,210 and R1,290. Including royalties, the range is between R1,220 and R1,300 per tonne, based on an assumed Richards Bay Benchmark coal price of USD102 per tonne.

Sustaining capital expenditure△ is expected to range between R1,400 million and R1,700 million. Expansionary capital expenditure is expected to be between R1,100 million and R1,200 million, which includes ongoing spend primarily on the Zibulo North Shaft project, and R400 million related to the LCBM project.

ENSHAM

Export saleable production guidance for 2025 is between 3.7Mt and 4.1Mt (on a 100% basis). The guidance is consistent with 2024 production as it allows for the mine to traverse known geological faults during the year. We have made good progress on improving productivity and will seek further opportunities as our South African and Australian operations continue to share best practices.

FOB cost per export tonne excluding royalties△ is expected to be between R1,470 and R1,580. Including royalties, the range is between R1,650 and R1,780 per tonne, based on an assumed Newcastle Benchmark coal price of USD125 per tonne. We have already started to review opportunities for further productivity improvement and cost savings at Ensham.

Sustaining capital expenditure△ is expected to be between R700 million and R950 million (on a 100% basis). This includes once-off capital expenditure of approximately R250 million, predominantly on land in order to secure outstanding mining licences.

REVIEW OF OPERATIONAL PERFORMANCE

For the year ended 31 December 2024

UNDERGROUND OPERATIONS

GOEDEHOOP COLLIERY

	2024	2023
Fatalities	—	—
TRCFR	1.10	0.38
Total saleable production (kt)	3,378	4,087
Export saleable production (kt)	2,258	2,458
Domestic production (kt)	1,120	1,629
FOB cost per tonne△ (Rand/tonne)	1,420	1,309
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,388	1,238
Capex (Rand million)	—	18

Safety

Goedehoop recorded a TRCFR of 1.10, compared to 0.38 for the prior period as three recordable incidents were reported in 2024, compared to one in 2023.

Performance

Export saleable production of 2,258kt for the year was 8.1% lower than the comparative period, largely due to adverse geological conditions as the mine nears end of life.

Domestic saleable production decreased by 31% to 1,120kt as demand from domestic customers reduced.

FOB cost per tonne excluding royalties△ of R1,388 was 12% higher than the comparative period due to the lower production.

GREENSIDE COLLIERY

	2024	2023
Fatalities	—	—
TRCFR	1.11	2.27
Total saleable production (kt)	2,312	1,940
Export saleable production (kt)	2,312	1,940
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	1,177	1,317
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,143	1,271
Capex (Rand million)	21	87

Safety

Greenside recorded a TRCFR of 1.11, compared to 2.27 in the prior period as three recordable incidents were reported in 2024, compared to six in 2023. This improvement is the result of focused safety initiatives on site.

Performance

Export saleable production of 2,312kt for the year was 19% higher than the comparative period. This increase was driven by the resumption of an additional production and processing unit.

FOB cost per tonne excluding royalties△ of R1,143 was 10% lower than the comparative period, mainly as a result of the higher production.

ZIBULO COLLIERY

	2024	2023
Fatalities	—	1
TRCFR	0.79	1.44
Total saleable production (kt)	5,004	4,247
Export saleable production (kt)	5,004	4,247
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	1,054	1,088
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,049	1,077
Capex (Rand million)	1,508	1,017

Safety

Zibulo recorded a TRCFR of 0.79, compared to 1.44 in the prior year as three recordable incidents were reported in 2024, compared to eight in 2023, driven by an increased focus on critical controls.

Performance

Export saleable production of 5,004kt in 2024 was 18% higher than the prior period, driven by productivity improvements resulting in a 15% increase in run of mine year-on-year, as well as improved yields in the underground operation, despite challenging geological conditions.

FOB cost per tonne excluding royalties△ of R1,049 was 2.6% lower than the comparative period, mainly as a result of the higher production levels.

ENSHAM MINE

	2024	2023[1]
Fatalities	—	—
TRCFR	13.21	22.63
Total saleable production (kt)	4,068	1,012
Export saleable production (kt) (85%)	3,458	860
Commodity purchases from Bowen (kt) (15%)	610	152
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	1,674	1,886
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,433	1,544
Capex (Rand million)	605	289

[1] The 2023 figures reflect the results for the last four months of the year following the acquisition of Ensham on 31 August 2023.

Safety

The business has implemented a focused approach, aligned with Thungela's standards and best practice. This has yielded early results, reducing TRCFR to 13.21 in 2024, compared to 22.63 for the comparative period.

Performance

Ensham produced 4,068kt of export saleable production on a 100% basis in 2024. This represents a significant improvement over the run rate of 2.7Mtpa at the time when Ensham was acquired. Total saleable production includes 610kt of commodity purchases from Bowen, compared to 152kt in the four months from acquisition in 2023.

The FOB cost per tonne△ was R1,674 per tonne, or R1,433 per tonne excluding royalties. The lower cost compared to the prior year is attributable to an improved productivity focus as well as the introduction of an additional production unit in 2024.

REVIEW OF OPERATIONAL PERFORMANCE

CONTINUED

For the year ended 31 December 2024

OPENCAST OPERATIONS

KHWEZELA COLLIERY

	2024	2023
Fatalities	—	—
TRCFR	0.46	0.49
Total saleable production (kt)	2,239	1,642
Export saleable production (kt)	2,239	1,627
Domestic production (kt)	—	15
FOB cost per tonne△ (Rand/tonne)	1,130	1,371
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,112	1,373
Capex (Rand million)	133	422

Safety

Khwezela maintained a solid safety performance and recorded a TRCFR of 0.46 in 2024, compared to 0.49 in the prior period with one recordable incident reported in each year.

Performance

Export saleable production increased by 38% to 2,239kt due to productivity improvements and a higher yield in the current period. Khwezela produced 1,258kt of run of mine in the second half of 2024, representing a 28% improvement from the first half.

The FOB cost per tonne excluding royalties△ of R1,112 has decreased by 19% compared to the prior period, mainly due to the higher production levels and a favourable movement on the non-cash cost relating to the environmental provisions.

MAFUBE COLLIERY (ATTRIBUTABLE)

	2024	2023
Fatalities	—	—
TRCFR	1.92	2.15
Total saleable production (kt)	1,700	1,510
Export saleable production (kt)	1,700	1,510
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	970	964
FOB cost per tonne excluding royalties△ (Rand/tonne)	949	921
Capex (Rand million)	145	127

Safety

Mafube recorded an improved TRCFR of 1.92 in 2024, compared to 2.15 in the prior period driven by higher hours in 2024, with four recordable incidents reported in both years.

Performance

Export saleable production at 1,700kt was 13% higher than the prior period as a result of improved equipment performance and fewer operational challenges compared to 2023.

FOB cost per tonne excluding royalties△ of R949 increased by 3.0%, mainly due to the impact of above-inflationary costs relating to maintenance.

ISIBONELO COLLIERY

	2024	2023
Fatalities	—	—
TRCFR	1.67	2.86
Total saleable production (kt)	4,194	4,050
Domestic production (kt) (incl. coal purchases)	4,194	4,050
FOR cost per tonne (Rand/tonne)	556	516
Capex (Rand million)	45	63

Safety

Isibonelo recorded an improved TRCFR of 1.67 in 2024, compared to 2.86 in the prior year as three recordable incidents were reported in 2024, compared to five in 2023. Focused safety initiatives delivered the improvement.

Performance

Domestic saleable production was 3.6% higher at 4,194kt in 2024. Productivity improvement in 2024 was attributed to improved equipment performance and the impact of lower rainfall compared to the prior year.

The free-on-rail (FOR) cost per tonne of R556 increased by 7.8% mainly due to higher maintenance, fuel, and transportation costs.

FINAL ORDINARY CASH DIVIDEND DECLARATION AND SHARE REPURCHASE

Final ordinary cash dividend declaration

The Thungela board of directors approved the declaration of a final gross ordinary cash dividend of 1,100.00 cents per share (South African rand). The dividend has been declared from retained earnings accrued during the year ended 31 December 2024. The Company's issued share capital at the declaration date is 140,492,585 ordinary shares.

The salient dates pertaining to the cash dividend are as follows:

	JSE	LSE
Declaration of ordinary cash dividend and currency conversion rate announced	Monday, 17 March 2025	Monday, 17 March 2025
Last day for trading to qualify and participate in the dividend	Tuesday, 22 April 2025	Wednesday, 23 April 2025
Trading ex-dividend commences	Wednesday, 23 April 2025	Thursday, 24 April 2025
Record date to participate in the dividend	Friday, 25 April 2025	Friday, 25 April 2025
Payment date to shareholders	Tuesday, 29 April 2025	Monday, 12 May 2025

No transfers of shareholdings to and from the South African or the United Kingdom (UK) register will be permitted between Tuesday, 22 April 2025 and Friday, 25 April 2025 (both dates inclusive). Share certificates may not be dematerialised or rematerialised between Wednesday, 23 April 2025 and Friday, 25 April 2025 (both dates inclusive).

The salient dates have been set as above in order to allow non-South African resident shareholders sufficient time to apply for a reduced rate of dividend withholding tax in the event that they may qualify for this.

The dividend is payable in South African rand to shareholders recorded as such on the register on the record date and whose shares are held through Central Securities Participants and brokers traded on the JSE.

Shareholders on the UK register of members will be paid in Pound sterling. The Pound sterling cash equivalent will be calculated using the following exchange rate: GBP1:ZAR23.66630, being the five-day (business days) average GBP:ZAR exchange rate (as quoted by Bloomberg) up to Thursday, 13 March 2025.

Shareholders are encouraged to ensure that their bank mandates or international payment instructions have been recorded by their service provider or registrars before the last day to trade for this dividend. Electronic payments ensure more efficient and timely payment. It should be noted that cheques are no longer permitted to be issued or processed by South African banks; in the UK, registrars will still issue and post cheques in the absence of specific mandates or payment instructions.

Share repurchase

The Group will implement a share repurchase (share buyback), subject to favourable market conditions, in the period commencing 18 March 2025 and, unless revised or terminated earlier, ending 4 June 2025, being the last trading day prior to the Group's next AGM that will take place on 5 June 2025. The aggregate purchase price of all shares repurchased will be no greater than R300 million.

The repurchase of Thungela shares will take place on the JSE through the order book operated by the JSE trading system and is being undertaken pursuant to the general authority from Thungela shareholders by way of a shareholders' special resolution passed at the Company's AGM on 4 June 2024, allowing the Group to repurchase up to 10% of the issued share capital of the Company in any one financial year, subject to certain limitations ("Authority"). The repurchases will be made by Thungela Operations Proprietary Limited (TOPL) (a subsidiary of the Group).

Pursuant to the JSE Listings Requirements, the maximum price which may be paid for any repurchase under the Authority may not exceed a price which is 10% above the volume weighted average trading price of the shares on the JSE for the five business days immediately preceding the date of such repurchase.

In compliance with paragraph 11.27 of the JSE Listings Requirements, the Group will announce when share repurchases cumulatively reach 3% of the number of shares in issue as at the date of the Authority, and any 3% increments thereafter.

Tax treatment for shareholders on the South African register

The dividend will have no tax consequences for Thungela, but will be subject to 20% withholding tax for shareholders who are not exempt from dividends tax, or who do not qualify for a reduced rate of withholding tax in terms of any applicable agreement for the avoidance of double taxation concluded between South Africa and the shareholder's country of residence.

Should dividend withholding tax be withheld at a rate of 20%, the net dividend amount due to shareholders is 880.00 cents per share (South African rand) – 1,100.00 cents gross dividend per share less 220.00 cents dividend withholding tax per share.

Tax treatment for shareholders on the UK register

Thungela has retained Computershare UK as an intermediary to receive and process the relevant prescribed declarations and forms as set out below. Any reference below to documentation, which is required to be submitted to Thungela, should therefore be submitted to Computershare UK.

Non-South African tax resident shareholders will be paid the dividend subject to 20% withholding tax for shareholders. However, non-South African tax resident shareholders may be entitled to a reduced rate of dividends tax due to the provisions of an applicable tax treaty.

Shareholders who qualify for an exemption from dividends tax in terms of section 64F of the South African Income Tax Act 58 of 1962 must provide the following:

- A declaration that the dividend is exempt from dividends tax.
- A written undertaking to inform the regulated intermediary should the circumstances affecting the exemption change or if the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service (SARS) to the regulated intermediary prior to the required date in order to benefit from the exemption. The prescribed form has been transposed onto the Computershare UK format.

Shareholders on the UK register will be sent the required documentation for completion and return to Computershare UK. Qualifying shareholders on the UK register are advised to arrange for the above mentioned documents to be submitted to Computershare UK by Friday, 25 April 2025.

Should dividend withholding tax be withheld at a rate of 20%, the net dividend amount due to shareholders is 37.18 pence per share (Pound sterling) – 46.48 pence gross dividend per share less 9.30 pence dividend withholding tax per share.


SERVICE BAY 1

REPORTS

DIRECTORS' REPORT

For the year ended 31 December 2024

The directors have pleasure in presenting the Annual Financial Statements of Thungela for the year ended 31 December 2024.

NATURE OF BUSINESS

Thungela is a public company incorporated in South Africa. Thungela is a leading South African thermal coal business, focused exclusively on thermal coal production. It is one of the largest producers and exporters of thermal coal in South Africa, based on aggregate coal reserves and marketable coal production.

Thungela acquired a controlling interest in the Ensham Business in Queensland, Australia on 31 August 2023, as a key milestone towards achieving our strategic objective of geographic diversification.

The offtake agreement with AAML came to an end in June 2024. The Group, through Thungela Marketing International Holdings Limited (Thungela Marketing International), assumed full responsibility for marketing our coal directly to third parties from that date, with a dedicated team based in Dubai.

ACQUISITION OF THE ENSHAM BUSINESS

The acquisition of the Ensham Business in Australia was effective on 31 August 2023. From 1 September 2023, Thungela assumed operational control over the Ensham Business. We continue to integrate the Ensham Business into the Group, and the related mining tenements were legally transferred to us in 2024.

In December 2024, Thungela announced that we have entered into a share sale and purchase agreement to acquire the remaining 15% interest in the Ensham Mine and related entities for a total purchase consideration of R560 million (AUD48 million). The transaction was not yet effective at the reporting date, however, all conditions precedent have subsequently been met, and the effective date of the transaction is 28 February 2025.

Refer to note 2A and note 15 for details of the acquisition of the Ensham Business.

FINANCIAL RESULTS AND ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared in line with all relevant regulatory requirements, and can be found on pages 54 to 204. A detailed analysis of the financial and operational performance of the Group can be found on pages 18 to 32.

The accounting policies used in the preparation of the consolidated and separate financial statements have been consistently applied and are supported by reasonable judgements and estimates.

A number of amendments to accounting standards were effective for the first time for financial years beginning on or after 1 January 2024. None of these amendments had a material impact on the Group. Refer to note 3 for detail of the new accounting standards adopted during the year.

REGULATORY COMPLIANCE

Thungela was duly incorporated on 5 January 2021 in compliance with the provisions of the Companies Act of South Africa, and has been operating in conformity with the Thungela memorandum of incorporation (MOI) and all relevant regulatory requirements since incorporation.

The Thungela board is responsible for ensuring that the Group complies with all of its statutory obligations as specified in the Thungela MOI, the Companies Act of South Africa, the JSE Listings Requirements, the UK Listing Rules, as applicable to a Standard Listing, the UK Disclosure Guidance and Transparency Rules, and all other regulatory requirements relevant to the jurisdictions where it operates.

The directors endorse the King IV Report on Corporate Governance™ for South Africa of 2016 (King IV) and recognise the need to conduct the affairs of the Group with integrity and in accordance with generally accepted international corporate governance practices. In discharging this responsibility, the board applies the principles of King IV in both letter and spirit.

The directors recognise that they are ultimately responsible and accountable for the financial performance of the Group. The directors have proactively taken steps to ensure full compliance with all relevant regulatory requirements.

INVESTMENTS IN OTHER ENTITIES

A detailed analysis of the investments Thungela holds in other entities is disclosed in note 38.

AUTHORISED AND ISSUED SHARES AND STATED CAPITAL

There has been no change in the authorised or issued shares of Thungela, being 10,000,000,000 shares and 140,492,585 shares, respectively, in the years presented.

Detail on the stated capital of Thungela is disclosed in note 32.

GOING CONCERN

The financial position of Thungela, its cash flows, net current asset position and net cash$^{\triangle}$ position are set out in the consolidated financial statements. The Group's net cash$^{\triangle}$ at 31 December 2024 is R8,671 million (2023: R10,176 million). The Group's net current asset position of R10,579 million (2023: R10,955 million) continues to be robust. The Group has no significant external debt at 31 December 2024.

The directors have considered Thungela's cash flow forecasts for the period to the end of March 2026, 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 continue to operate for the foreseeable future. For this reason, Thungela has adopted the going concern basis in preparing the consolidated and separate financial statements.

RETURNS TO SHAREHOLDERS

The board recognises the importance of maintaining a consistent dividend policy and clear capital allocation framework, which prioritises the delivery of superior returns to shareholders in the long term, including through dividends and share buybacks.

Returns to shareholders, whether through a dividend or share buyback, 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$^{\triangle}$ and life extension opportunities without resorting to excessive leverage, recognising the nature of the Group's assets and single commodity price exposure.

Refer to note 34 for detail related to the dividends declared by the Group.

The board has announced a share buyback of up to R300 million, in addition to the declaration of a final gross ordinary cash dividend of R11 per share from retained earnings. The dividend will be paid in April 2025 to shareholders on the South African register and May 2025 to shareholders on the UK register.

EVENTS AFTER THE REPORTING PERIOD

All events occurring after the reporting date, which are considered material to the consolidated and separate financial statements, have been considered in note 39.

COMPANY SECRETARY

The company secretary of Thungela is Tovi Ellis who was appointed on 1 November 2024, following the retirement of Francois Klem. Due to her recent appointment, the formal annual review of her performance, required by paragraph 3.84(h) of the JSE Listings Requirements, has not yet been conducted. The Company however confirms that an annual review for Francois Klem was conducted, with the board being satisfied with his competence, qualifications and experience.

Tovi Ellis' annual performance review will be conducted in the ensuing year, however, the board believes she has the requisite competence, skills, qualifications and experience which were considered at the time of her appointment.

The business and postal address of the company secretary are set out on the inside back cover.

INDEPENDENT EXTERNAL AUDITOR

PricewaterhouseCoopers Inc. (PwC) was reappointed as the Group's independent external auditor at the AGM held on 4 June 2024, in accordance with section 90 of the Companies Act of South Africa, for the year ended 31 December 2024.

In accordance with the Companies Act of South Africa, it will be proposed at the next AGM that PwC be reappointed as auditor for the year ending 31 December 2025.

ANNUAL GENERAL MEETING

Thungela's 2024 AGM was held on 4 June 2024 and key outcomes from the meeting were announced in line with the JSE Listings Requirements.

Thungela's next AGM will be held on 5 June 2025.

DIRECTORS

The composition of the board remains consistent with the previous year, with six independent non-executive directors and two executive directors. Following the unfortunate passing of Thero Setiloane, Tommy McKeith was appointed as an independent non-executive director on 1 October 2024.

At the date of the Annual Financial Statements, the names and positions of the directors of the Group are listed in the table below. There have been no changes to the board between the reporting date and the date of this document.

Director	Position
Sango Ntsaluba	Chairman
July Ndlovu	Chief executive officer
Deon Smith	Chief financial officer
Ben Kodisang	Independent non-executive director
Kholeka Mzondeki	Independent non-executive director
Seamus French	Independent non-executive director
Tommy McKeith	Independent non-executive director
Yoza Jekwa	Independent non-executive director

DIRECTORS' INTERESTS IN THUNGELA SHARES

The directors' beneficial interests in Thungela's issued ordinary shares are shown below:

			2024
Director	**Direct**	**Indirect**	**Total**
Sango Ntsaluba	**3,710**	**—**	**3,710**
July Ndlovu[1]	**596,550**	**—**	**596,550**
Deon Smith[2]	**219,130**	**—**	**219,130**
Kholeka Mzondeki	**788**	**—**	**788**
Seamus French	**—**	**30,816**	**30,816**
Total	**820,178**	**30,816**	**850,994**

[1] At the reporting date, a discrepancy was noted between July Ndlovu's shareholding and the share register. This discrepancy is due to a collar hedge transaction, as announced on the Stock Exchange News Services (SENS) and Regulatory News Services (RNS) on 5 June 2024. This strategy can cause temporary differences in reported shareholdings, which will be rectified upon the transaction's expiration on 3 June 2026.

[2] At the reporting date, a discrepancy was noted between Deon Smith's shareholding and the share register. This discrepancy is due to a collar hedge transaction, as announced on SENS and RNS on 29 April 2024. This strategy can cause temporary differences in reported shareholdings, which will be rectified upon the transaction's expiration on 28 April 2026.

			2023
Director	Direct	Indirect	Total
Sango Ntsaluba	3,710	—	3,710
July Ndlovu[1]	772,764	—	772,764
Deon Smith[1]	330,868	—	330,868
Kholeka Mzondeki	788	—	788
Seamus French	—	26,487	26,487
Total	1,108,130	26,487	1,134,617

[1] This shareholding accounts for shares sold for tax purposes on the vesting of the milestone shares on 4 June 2023 - these trades were correctly disclosed through an announcement on SENS and RNS on 8 June 2023. The shares were erroneously sold from the Thungela treasury account instead of the directors' individual managed accounts. The allocation was corrected in January 2024.

The movements in the directors' beneficial interests are as follows:

						2024
Number of shares	Sango Ntsaluba	July Ndlovu	Deon Smith	Kholeka Mzondeki	Seamus French	Total
Balance at the start of the reporting period	3,710	772,764	330,868	788	26,487	1,134,617
Disposal of vested shares[1]	—	(4,487)	(2,413)	—	—	(6,900)
Off-market collar hedge exercised[2,3]	—	(500,000)	(250,000)	—	—	(750,000)
Share awards vested[4]	—	302,589	126,853	—	—	429,442
Demerger scheme of arrangement[5]	—	—	—	—	4,329	4,329
Share awards granted[6]	—	25,684	13,822	—	—	39,506
Balance at the end of the reporting period	**3,710**	**596,550**	**219,130**	**788**	**30,816**	**850,994**

1 The disposal of vested shares related to the on-market disposal of shares from Tranche 2 of the 2022 deferred bonus shares (DBS) award, which vested on 22 March 2024, and Tranche 1 of the 2023 DBS awards, which vested on 27 March 2024. The shares were sold in order to settle the tax obligations of the directors in relation to the vesting. Refer to note 40 for further detail.
2 At the reporting date, a discrepancy was noted between July Ndlovu's shareholding and the share register. This discrepancy is due to a collar hedge transaction, as announced on SENS and RNS on 5 June 2024. This strategy can cause temporary differences in reported shareholdings, which will be rectified upon the transaction's expiration on 3 June 2026.
3 At the reporting date, a discrepancy was noted between Deon Smith's shareholding and the share register. This discrepancy is due to a collar hedge transaction, as announced on SENS and RNS on 29 April 2024. This strategy can cause temporary differences in reported shareholdings, which will be rectified upon the transaction's expiration on 28 April 2026.
4 The Thungela 2021 long-term incentive plan (LTIP) awards vested on 16 November 2024, based on the achievement level of the performance conditions approved by the remuneration and human resources committee, as reported in the 2023 Integrated Annual Report. The shares allocated to the executive directors are subject to a two-year holding period and remain restricted until 16 November 2026.
5 These shares were allocated to Seamus French as part of the demerger scheme of arrangement. They were released from the shares previously held by Anglo American plc (Anglo American).
6 Share awards granted related to the Thungela 2024 DBS awards, which carry dividend and voting rights. Participants will be entitled to dividends paid on the ordinary shares underlying their awards prior to the vesting date. Refer to note 40 for further detail. The Thungela 2024 DBS awards are forfeitable shares and will vest in equal tranches from 18 March 2025 to 18 March 2027.

						2023
Number of shares	Sango Ntsaluba	July Ndlovu	Deon Smith	Kholeka Mzondeki	Seamus French	Total
Balance at the start of the reporting period	1,642	963,587	425,136	788	26,487	1,417,640
Disposal of vested shares[1,2]	—	(204,812)	(102,404)	—	—	(307,216)
Acquisitions[3]	2,068	—	—	—	—	2,068
Share awards granted[4]	—	13,989	8,136	—	—	22,125
Balance at the end of the reporting period	3,710	772,764	330,868	788	26,487	1,134,617

1 The disposal of vested shares related to the on-market disposal of the Thungela milestone share awards that vested on 4 June 2023 and the Thungela 2022 DBS awards that vested on 22 March 2023. The shares were sold in order to settle the tax obligations of the directors in relation to the vesting. Refer to note 40 for further detail.
2 This shareholding accounts for shares sold for tax purposes on the vesting of the milestone shares on 4 June 2023 - these trades were correctly disclosed through an announcement on SENS and RNS on 8 June 2023. The shares were erroneously sold from the Thungela treasury account instead of the directors' individual managed accounts. The allocation was corrected in January 2024.
3 The acquisitions represent on-market acquisitions of Thungela shares.
4 Share awards granted related to the Thungela 2023 DBS awards, which carry dividend and voting rights. Participants will be entitled to dividends paid on the ordinary shares underlying their awards prior to the vesting date. Refer to note 40 for further details. The Thungela 2023 DBS awards are forfeitable shares and will vest in equal tranches from 22 March 2024 to 22 March 2026.

Details of the awards made to directors and prescribed officers in Thungela shares in terms of the Thungela share plan are disclosed in note 33 and note 40.

There were no changes in the directors' shareholding between the reporting date and the date of approval of the Annual Financial Statements.

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Refer to note 40 for detail of the remuneration paid to directors and prescribed officers.

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2024

The Thungela audit committee (committee) is pleased to present its report for the year ended 31 December 2024, in line with the Companies Act of South Africa, the JSE Listings Requirements, and King IV.

The committee has the requisite balance of skills and experience, with a strong emphasis on financial literacy. It upholds the integrity and transparency of our financial reporting by monitoring controls and accounting policies. Additionally, it provides oversight of all audit functions and ensures ongoing excellence within our finance function, enabling the committee to discharge its duties effectively.

All committee members are independent non-executive directors.

COMPOSITION

- Kholeka Mzondeki (chairperson)
- Ben Kodisang
- Thero Setiloane (passed away 1 May 2024)[1]
- Tommy McKeith (appointed 1 October 2024)[1]

Brief biographies of the members can be found on the Thungela website at www.thungela.com/about-us/who-we-are.

The chairman of the board, chief executive officer (CEO), chief financial officer (CFO) and senior management attend committee meetings by invitation, together with representatives of the independent external auditor.

[1] Yoza Jekwa was appointed to the committee on an interim basis, following the passing of Thero Setiloane, and was replaced by Tommy McKeith, who serves as a permanent member of the committee, effective 1 October 2024.

COMMITTEE MEETING ATTENDANCE

During the year, the committee met six times, the details of which are set out below:

Member	8 March	10 April	21 May	5 June	12 August	11 November
Kholeka Mzondeki (chairperson)	√	√	√	√	√	√
Ben Kodisang	√	√	√	√	√	√
Thero Setiloane	√	√	–	–	–	–
Yoza Jekwa	–	–	–	–	√	–
Tommy McKeith	–	–	–	–	–	√

Performance evaluation

During the year, in accordance with King IV recommendations, the board conducted an independent external evaluation of the committee’s performance and effectiveness.

The evaluation aimed to identify and document areas needing strengthening or refinement, taking into account internal and external dynamics and factors that could impact the committee’s performance and effectiveness. The assessment concluded that the committee functions effectively, but that the board should consider appointing a fourth member, given the geographic expansion of the Group.

ROLE AND RESPONSIBILITIES

The committee discharged all of its responsibilities as contained in its terms of reference including, but not limited to:

- determining the independent external auditor's fees and terms of engagement
- ensuring that the appointment of the independent external auditor complies with the provisions of the Companies Act of South Africa and any other relevant legislation
- determining, from time to time, the nature and extent of non-audit services to be provided by the independent external auditor
- overseeing the independent external audit process and evaluating the effectiveness thereof
- assessing the effectiveness and independence of the independent external auditor
- overseeing the scope and performance of the internal audit process through the risk and assurance function
- assessing the effectiveness and objectivity of the risk and assurance function
- ensuring that our risk and assurance function is appropriately resourced and equipped
- preparing a report to be included in the annual financial statements, in compliance with the Companies Act of South Africa
- managing audit-related inquiries and complaints
- making submissions to the board on any matter concerning our accounting policies, internal financial controls, records, and reporting
- ensuring that appropriate financial reporting procedures are established and functional for all entities
- ensuring access to the necessary financial information to allow for effective preparation and reporting on the annual financial statements
- independently reviewing and monitoring the integrity of our annual financial statements
- managing financial and other risks that affect the integrity of our reports and the effectiveness of our governance and risk management systems and internal financial controls, to the extent delegated by the board
- reporting to shareholders, through this report, that the committee has executed the responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements
- ensuring compliance with the statutory duties of the committee as contained in relevant legislation and the JSE Listings Requirements
- performing such oversight functions as may be determined by the Thungela board
- reviewing the JSE proactive monitoring reports and applying the findings, where applicable

KEY FOCUS AREAS IN 2024

Key focus areas and objectives included:

- considering the appropriateness of the expertise and experience of the CFO and the finance function
- considering the appropriateness of the expertise and experience of the risk and assurance function, including the internal assurance plan, reports and resources
- reviewing the Group's significant accounting matters
- reviewing the Interim Financial Statements, the Annual Financial Statements, the Integrated Annual Report, along with other required documents for publication, and recommending these documents for board approval
- reviewing quarterly financial performance against set targets and the impact of decisions on the annual financial statements
- reviewing, for board approval, the solvency, liquidity and going concern assessments
- considering the key audit matters included in the independent external auditor's report on the consolidated and separate financial statements
- ensuring that appropriate accounting records are kept
- considering risk and assurance reports on the Group's internal controls and business risk management
- reviewing the treasury policy and other relevant policies for board recommendation
- considering the quarterly tax, treasury, accounting and insurance updates, and making recommendations where necessary
- reviewing the ongoing tax matters, and considering the impact on financial reporting
- reviewing non-audit services performed by the independent external auditor
- reviewing the 2025 budget process, assumptions and outcomes ahead of board approval
- reviewing and recommending for board approval the independent auditor's report for inclusion in the annual financial statements
- reviewing changes to the Group structure, including entities in other jurisdictions, and the impact on financial reporting
- reviewing the governance structures in place in our foreign subsidiaries, and recommending improvements as identified

The objectives of the committee were adequately met for the year ended 31 December 2024.

INTERNAL AUDIT AND INTERNAL CONTROLS

The committee has established that the risk and assurance function, undertaking the internal audit of the Group, is appropriately resourced. The head of risk and assurance engages with the committee chairperson and has a standing invitation to the committee meetings. The risk and assurance function reviews and provides assurance on the adequacy and effectiveness of internal controls, including the internal financial controls.

This year, the committee:
- reviewed and approved the 2025 internal audit plan
- monitored progress against the 2024 internal audit plan
- reviewed the Thungela risk register for appropriateness
- ensured that proper and adequate accounting records are being maintained
- reviewed the CEO and CFO attestation process related to the system of internal financial controls
- considered the internal audit reports on internal controls and business risk management systems
- assessed the adequacy of the internal audit function's performance

The committee found nothing to indicate a breakdown in internal financial controls in the audits conducted by the risk and assurance function, nor was there an indication that the internal controls were inadequate in design or implementation.

Meetings, at which concerns could be raised, were held with the head of risk and assurance in the absence of management.

INDEPENDENT EXTERNAL AUDITOR

The committee:
- notwithstanding the provisions of section 90(6) of the Companies Act of South Africa, ensured that the appointment of the auditor was presented and included as a resolution at the AGM pursuant to section 61(8) of the Companies Act of South Africa
- satisfied itself that PwC and Vuyiswa Khutlang, in their individual capacities as the appointed independent external audit firm and lead audit partner, respectively, were both accredited and independent
- assessed the independence of the external audit firm
- approved the PwC terms of engagement and fees for the audit for the year ended 31 December 2024, including the review of the Interim Financial Statements for the six months ended 30 June 2024, in consultation with management, including the audit fees for foreign subsidiaries
- provided oversight of the external audit process
- approved and monitored compliance with the external auditor independence policy
- reviewed the quality and effectiveness of the external audit process and performance against the external audit plan
- reviewed the findings and recommendations by the independent external auditor and confirmed there were no material matters to report
- considered the independent external auditor's suitability assessment in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements

Meetings, at which concerns could be raised, were held with the independent external auditor in the absence of management.

COMMENTS ON THE KEY AUDIT MATTERS INCLUDED IN THE INDEPENDENT EXTERNAL AUDITOR'S REPORT

The independent external auditor has reported on two key audit matters in respect of their audit for the year, being:
- impairment of property, plant and equipment and intangible assets (including goodwill)
- environmental provisions

These matters relate to material items in the consolidated financial statements, which required judgement and estimates to be applied by management. The committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matters. Furthermore, the committee discussed the key audit matters with the independent external auditor to understand their related audit processes and views.

Following this assessment, the committee is comfortable with the conclusions reached by management and the independent external auditor in relation to the key audit matters.

KEY FOCUS AREAS FOR 2025

Key areas of focus for the committee in 2025 will be, among others:

- reviewing financial performance against targets, including the impact on financial statements
- exercising oversight of the external and internal audit processes
- assessing the robustness of the internal financial control framework over financial reporting
- tracking and resolution of outstanding tax matters
- monitoring the operations of the Group in foreign jurisdictions, including the application of Thungela internal control and financial reporting standards
- monitoring compliance with relevant exchange control regulations
- monitoring the appropriateness of the Group's balance sheet structure and liquidity, recognising ongoing market volatility

EXPERTISE OF THE CFO AND FINANCE FUNCTION

The committee has reviewed the current performance and future requirements of the financial management of the Group and concluded that the current CFO and finance team have the appropriate skills, experience and expertise required to fulfil their function.

GOING CONCERN

The committee reviewed and assessed the basis of the going concern assumption applied by management and concurred with the assessment that Thungela is a going concern. The committee recommended that the Thungela board approve the consolidated and separate financial statements being prepared on this basis.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE THUNGELA BOARD

The Annual Financial Statements have been prepared using appropriate accounting policies, which conform to IFRS Accounting Standards and other related pronouncements governing financial reporting. The audit committee has recommended the Annual Financial Statements for the year ended 31 December 2024 to the board for approval.

On behalf of the audit committee

Kholeka Mzondeki

Kholeka Mzondeki
Audit committee
chairperson

17 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THUNGELA RESOURCES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Thungela Resources Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Thungela Resources Limited's consolidated and separate financial statements set out on pages 54 to 184 comprise:
- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

OUR AUDIT APPROACH

Overview

<table>
<tr><td rowspan="3">
</td>
<td>Final materiality
Final materiality (consolidated financial statements): R355 million which represents 1.0% of consolidated revenue.

Final materiality (separate financial statements): R80 million which represents 1.0% of the Company's total assets.</td></tr>
<tr><td>Group audit scope
We conducted full scope audits on 23 components that were considered to be financially significant. Analytical review procedures were performed over the remaining components that were considered to be financially inconsequential.</td></tr>
<tr><td>Key audit matters
• Impairment of property, plant and equipment and intangible assets (including goodwill); and
• Environmental provisions.</td></tr>
</table>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In terms of the *IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities*, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report final materiality and group audit scope below.

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the consolidated and separate financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated and separate financial statements as a whole.

	Consolidated financial statements	Separate financial statements
Final materiality	R355 million	R80 million
How we determined it	*1.0% of consolidated revenue*	*1.0% of the Company's total assets*
Rationale for the materiality benchmark applied	*We have selected consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group can be consistently measured when year-on-year profit before tax is volatile.* *We chose 1.0%, which is consistent with quantitative materiality thresholds used for profit-oriented companies, where profit/loss before tax is not considered the appropriate benchmark, in this sector.*	*We chose the total assets benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark.* *We chose 1.0%, which is consistent with qualitative materiality thresholds used for investment holding companies.*

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

For the purposes of our group audit scope, we have identified each of the reporting units within the Group as a component. In determining the type of work that needed to be performed for purposes of the group audit, we identified those components that were of financial significance to the Group based on the respective component's contribution to key financial statement line items (consolidated profit/loss before taxation, consolidated revenue or consolidated total assets), risk associated with the respective component and known accounting matters related to the component. We conducted full scope audits on 23 components that were considered to be financially significant to the Group. Analytical review procedures were performed over the remaining components that were considered to be financially inconsequential.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the Group engagement team and component auditors from other firms and other PwC network firms, operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

In terms of ISA 701 *Communicating key audit matters in the independent auditor's report* / the EAR Rule (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter

Impairment of property, plant and equipment and intangible assets (including goodwill)
 	
Refer to notes 2B, 7, 12 and 13 of the consolidated financial statements for disclosures in relation to this key audit matter.
 	
The Group assesses property, plant and equipment (PPE) and intangible assets (including goodwill) for impairment when indicators are identified.
 	
In the current year, the decrease in benchmark coal prices was identified as an impairment indicator for export operations. Management performed impairment assessments to determine the recoverable amounts of the Goedehoop, Greenside, Isibonelo, Khwezela, Mafube, Zibulo and Ensham cash-generating units (CGUs).
 	
The recoverable amounts of the respective CGUs were determined on a fair value less costs to sell basis with reference to the life of mine forecasted cash flows per the approved financial budgets and, where relevant, a valuation of mineral resources beyond the current life-of-mine.
 	
Management recognised an impairment of R278 million, of which R231 million related to PPE and R47 million related to intangible assets. The assumptions (inputs), which were used for the cash flow forecasts and the valuations of mineral resources beyond approved mine plans were based on forecasted results and expected market and economic conditions.
 	
The most significant inputs in these forecasts and valuations are: production volumes, costs of production, capital expenditure, forecasts for coal prices, exchange rates and discount rates.
 	
We considered the impairment of PPE and intangible assets to be a matter of most significance to the current year audit due to the significant judgement applied in determining the recoverable amounts of the CGUs.
	Our audit addressed this key audit matter as follows:
	• Through discussions with management, we obtained an understanding of their processes for assessing impairment indicators across PPE and intangible assets, as well as the methodologies and models used in making their assessments.
	• We assessed the reasonableness of the impairment indicators identified by management by analysing the financial results of the respective CGUs, paying particular attention to factors that have negatively impacted the Group's operations. We found management's assessment to be reasonable.
	• We assessed the reasonableness of the mineral resources beyond the approved mine plan valuations by comparing them to the competent person's report and found them to be reasonable.
	• We assessed the reasonableness of the budgeting process adopted in deriving the strategic plan, by comparing the current year actual results to the 2024 financial year figures included in the prior year forecast to consider whether the forecasts included assumptions that, with hindsight, had been optimistic. We found management's cash flow forecasts to be mainly consistent with the historical actual results and obtained corroboration from management where the budgeted numbers differed from actuals.
	
	In assessing the reasonableness of future cash flows applied in the models, our audit procedures included:
	• Testing the accuracy of the models used by management by performing an independent recalculation and comparing the results of our calculation with that of management. No material exceptions were noted.
	• The significant assumptions used by management in the model were subjected to audit procedures as follows:
	  ◦ With the assistance of our valuations expertise, we assessed the reasonableness of the coal price forecasts (Richards Bay Benchmark coal price and Newcastle Benchmark coal price and domestic coal contracted selling price) used to benchmark the price and exchange rates against analysts' forecasts. Based on the work performed, we found management's assumptions to be within a reasonable range for each respective CGU.
	  ◦ We agreed long-term coal supply agreement prices used in the models to the underlying agreements. No material exceptions noted.
	  ◦ With the assistance of our valuation expertise, we independently recalculated the discount rates used in performing the impairment assessments. These calculations included inspection of relevant third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios and the beta of comparable companies. We found the discount rates applied in the models to be within a reasonable range.
	  ◦ We compared the production volumes per the life-of-mine plan assumption to the reserves signed off by the Group's competent person, and to existing production volumes and approved budgets. We found this to be within a reasonable range for each CGU.
	  ◦ We compared the life-of-mine plan operating costs, capital costs and unit costs to budget for reasonableness. No material exceptions were noted.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
Environmental provisions **Refer notes 2C and 28 of the consolidated financial statements for disclosure as it relates to this key audit matter.** As of 31 December 2024, the Group had recognised environmental provisions amounting to R11,950 million. These provisions are recognised based on the Group's obligation to incur environmental restoration, rehabilitation and decommissioning costs as a result of environmental disturbances caused by the development or ongoing production of mining assets. Significant judgement and estimation were applied by management in determining the environmental provisions to be recognised. These judgements relate to the estimated rehabilitation, closure and required post-closure monitoring costs per operation at the reporting date, inflation and discount rates relevant to the calculation, and the expected date of closure of mining activities. We considered the determination of the environmental provisions recognised to be a matter of most significance to our current year audit due to: • the significant judgement and estimation applied by management in the determination of the provisions; and • the magnitude of the environmental provisions in relation to the consolidated financial statements as a whole.	Our audit addressed this key audit matter as follows: • Through discussions with management, we obtained an understanding of management's process of determining the environmental provisions. With the assistance of our sustainability and climate change expertise, we performed the following procedures: • We assessed the reasonableness of the process applied by management to determine the closure costs by comparing it to industry practice. We found the process followed by management to be reasonable. • We assessed the objectivity, competence and experience of management's experts by obtaining evidence relating to their qualifications and professional membership. In doing so, we inspected their academic qualifications, service history and field of experience and considered whether the management experts, where applicable, were in good standing with the relevant professional bodies. No aspects requiring further consideration were noted. • We assessed whether the closure costs used by management's experts considered the requirements of the relevant laws and regulations, such as water treatment costs, in order to identify potential environmental liabilities that were not provided for and process-related omissions on the closure costs estimation that could be of material significance. No material exceptions were noted. We independently recalculated management's discount rates applied with reference to relevant third-party sources. Where discount rates determined by us differed from that used by management, the impact of the differences was assessed to be immaterial. We tested the mathematical accuracy of the models used by management by performing an independent recalculation and comparing the results of our calculation with management's calculations. We noted no material differences.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Thungela Annual Financial Statements 2024", which include(s) the directors' report, the report of the audit committee and the certificate by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the documents titled "Thungela Integrated Annual Report 2024" and "Thungela Environmental, Social and Governance Report 2024", which are expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Thungela Resources Limited for four year(s). Prior to the incorporation of Thungela Resources Limited, its operations formed part of the Anglo Coal SA operations of Anglo American plc, of which PricewaterhouseCoopers Inc. has been the auditor for one year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V Khutlang
Registered Auditor
Johannesburg, South Africa

17 March 2025

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

Rand million	Notes	2024	2023
Revenue	4	35,554	30,634
Operating costs	5	(31,751)	(23,737)
Transactions arising from the acquisition of the Ensham Business		(9)	(171)
Gain on bargain purchase	15	—	565
Acquisition and integration costs	15	—	(454)
Expenses for conditional shares granted to non-controlling interests	15	(9)	(123)
Fair value adjustments to acquisition-related derivatives	15	—	(159)
Profit on disposal of investment in subsidiary	16	601	—
Impairment losses	7	(278)	(266)
Fair value gains on derivative financial instruments	24	—	97
Restructuring costs and termination benefits	8	(13)	(51)
Profit before net finance income and tax		4,104	6,506
Net finance income		894	696
Investment income	9	1,393	1,394
Interest expense	9	(1,157)	(1,024)
Other net financing gains	9	658	326
Profit before tax		4,998	7,202
Income tax expense	10	(1,454)	(2,232)
Profit for the reporting period		3,544	4,970
Attributable to:			
Non-controlling interests	35	(48)	(192)
Equity shareholders of the Group		3,592	5,162
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Foreign exchange translation (losses)/gains		(373)	155
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations	30	(9)	25
Fair value losses on financial asset investments	22	—	(3)
Related tax	10	2	(6)
Other comprehensive (loss)/income for the reporting period		(380)	171
Total comprehensive income for the reporting period		3,164	5,141
Attributable to:			
Non-controlling interests	35	(69)	(186)
Equity shareholders of the Group		3,233	5,327
Earnings per share			
Basic (cents/share)[1]	11	2,676	3,766
Diluted (cents/share)	11	2,642	3,692

[1] The earnings per share has been calculated using a weighted average number of ordinary shares outstanding (WANOS) of 134,238,447 (2023: 137,056,628).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

Rand million	Notes	2024	2023
Assets			
Non-current assets			
Intangible assets	12	300	313
Property, plant and equipment	13	19,722	19,477
Environmental rehabilitation trusts	28	4,266	3,740
Investment in associate	14	199	78
Deferred tax assets	31	770	471
Financial asset investments	22	2,259	1,054
Investment in insurance structure	25	1,489	1,445
Trade and other receivables	19	229	194
Other non-current assets	17	66	72
Total non-current assets		29,300	26,844
Current assets			
Inventories	18	3,444	4,011
Trade and other receivables	19	4,977	4,284
Current tax assets	10	235	298
Financial asset investments	22	18	24
Derivative financial instruments	24	—	66
Cash and cash equivalents	20	10,103	10,959
Total current assets		18,777	19,642
Total assets		48,077	46,486
Equity			
Stated capital	32	11,323	11,323
Contributed capital		965	965
Merger reserve		2,606	2,606
Treasury shares	32	(980)	(493)
Share-based payments reserve		246	214
Other reserves		(49)	308
Retained earnings		11,449	9,686
Equity attributable to the shareholders of the Group		25,560	24,609
Non-controlling interests	35	544	(13)
Total equity		26,104	24,596
Liabilities			
Non-current liabilities			
Lease liabilities	29	19	32
Retirement benefit obligations	30	400	399
Deferred tax liabilities	31	1,567	1,637
Environmental and other provisions	28	11,789	11,135
Total non-current liabilities		13,775	13,203
Current liabilities			
Trade and other payables	21	6,093	6,537
Loans and borrowings	23	—	66
Lease liabilities	29	31	34
Environmental and other provisions	28	1,130	1,948
Derivative financial instruments	24	462	—
Current tax liabilities	10	482	102
Total current liabilities		8,198	8,687
Total liabilities		21,973	21,890
Total equity and liabilities		48,077	46,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Rand million	Notes	Stated capital	Contributed capital	Merger reserve
Balance at 1 January 2023		11,323	965	2,606
Purchase of shares by Group companies	32	—	—	—
Total comprehensive income/(loss) for the reporting period		—	—	—
Dividends paid	34	—	—	—
Movements in share-based payments reserve[2]		—	—	—
Conditional shares granted to non-controlling interests in the Ensham Business	15	—	—	—
Non-controlling interests arising from the acquisition of the Ensham Business	15	—	—	—
Change in ownership of the Ensham Business	15	—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 31 December 2023		**11,323**	**965**	**2,606**
Purchase of shares by Group companies	32	—	—	—
Total comprehensive (loss)/income for the reporting period		—	—	—
Dividends paid	34	—	—	—
Movements in share-based payments reserve[2]		—	—	—
Conditional shares granted to non-controlling interests in the Ensham Business	15	—	—	—
Change in ownership of the Ensham Business	15	—	—	—
Disposal of investment in subsidiary	16	—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 31 December 2024		**11,323**	**965**	**2,606**

[1] Includes the retirement benefit obligation reserve of R153 million (2023: R160 million) and the foreign currency translation reserve with a debit of R202 million (2023: R148 million credit).

[2] Includes movements as a result of share-based payment expenses of R145 million (2023: R127 million), as per note 33, reduced by the impact of the vesting of shares of R113 million (2023: R71 million) under the Thungela share plan.

Treasury shares	Share-based payments reserve	Other reserves[1]	Retained earnings	Total equity attributable to share-holders of the Group	Non-controlling interests	Total equity
(302)	83	145	11,453	26,273	(114)	26,159
(259)	—	—	—	(259)	—	(259)
—	—	165	5,162	5,327	(186)	5,141
—	—	—	(6,920)	(6,920)	(1)	(6,921)
—	56	—	71	127	—	127
—	123	—	—	123	—	123
—	—	—	—	—	226	226
—	(48)	(2)	(12)	(62)	62	—
68	—	—	(68)	—	—	—
(493)	214	308	9,686	24,609	(13)	24,596
(724)	—	—	—	(724)	—	(724)
—	—	(359)	3,592	3,233	(69)	3,164
—	—	—	(1,630)	(1,630)	(44)	(1,674)
—	32	—	113	145	—	145
—	9	—	—	9	—	9
—	(9)	2	(75)	(82)	82	—
—	—	—	—	—	588	588
237	—	—	(237)	—	—	—
(980)	246	(49)	11,449	25,560	544	26,104

CONSOLIDATED STATEMENT OF CASH FLOWS

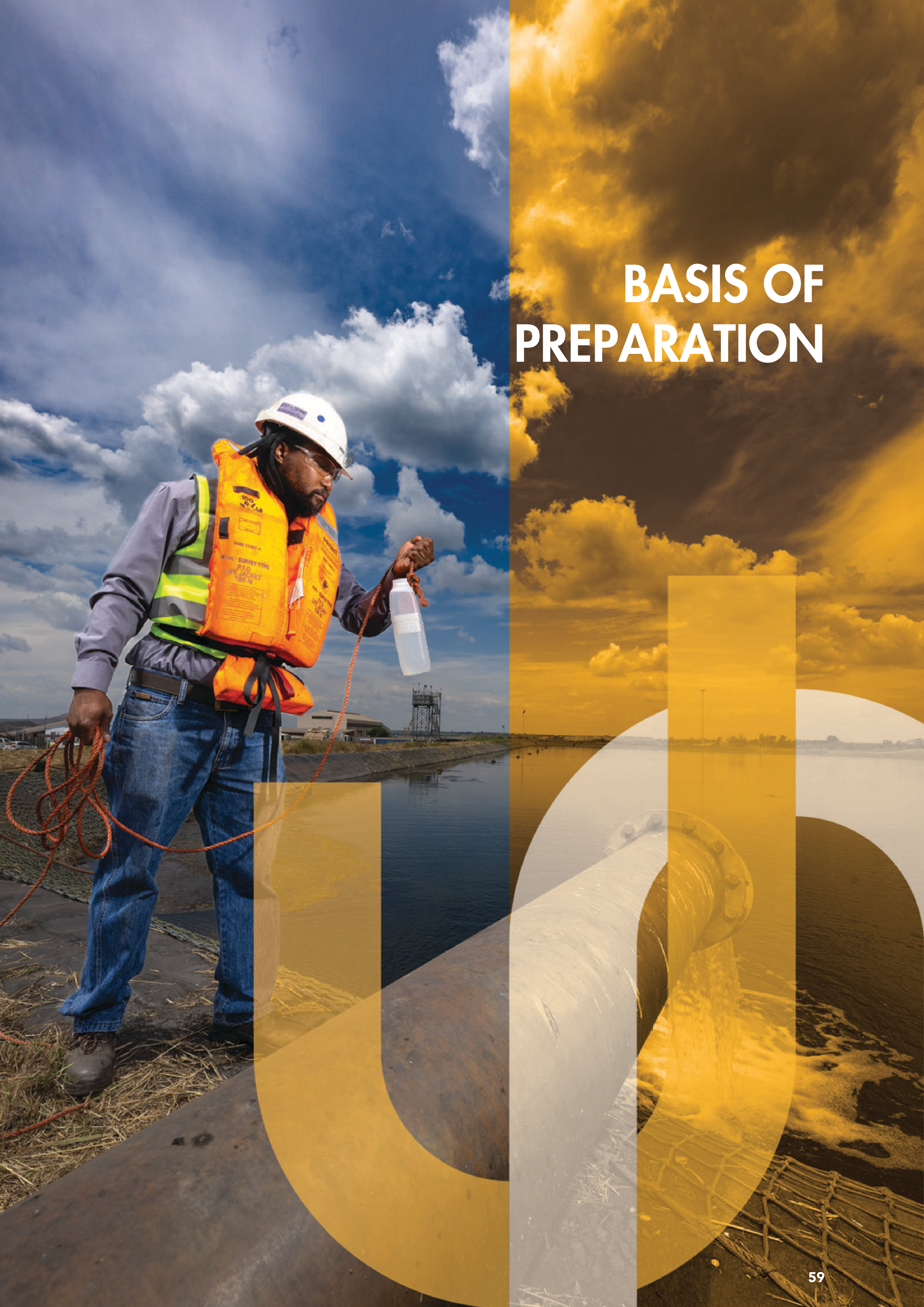
For the year ended 31 December 2024

Rand million	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		4,998	7,202
Net finance income	9	(894)	(696)
Profit before net finance income and tax		4,104	6,506
Non-cash movements relating to the acquisition of the Ensham Business[1]	15	9	(283)
Profit on disposal of investment in subsidiary	16	(601)	—
Impairment losses	7	278	266
Fair value gains on derivative financial instruments	24	—	(97)
Depreciation and amortisation	4	2,452	1,557
Share-based payment charges	33	145	127
Increase in provisions[2]		443	270
Loss on sale of property, plant and equipment	5	14	8
Other adjustments		(3)	47
Movements in working capital		(99)	2,737
Decrease in inventories		452	212
(Increase)/decrease in trade and other receivables		(1,055)	1,581
Increase in trade and other payables		504	944
Cash flows from operations		6,742	11,138
Amounts applied to reduce environmental and other provisions	28	(1,016)	(860)
Settlement of derivative financial instruments	24	905	344
Income tax paid	10	(1,342)	(2,119)
Net cash generated from operating activities		5,289	8,503
Cash flows from investing activities			
Expenditure on property, plant and equipment	4	(3,333)	(3,116)
Purchase of right-of-use assets		(130)	(48)
Expenditure on intangible assets	12	(63)	(172)
Cash outflow on the acquisition of the Ensham Business	15	—	(2,770)
Purchase of financial asset investments	22	(1,179)	(210)
Investment in insurance structure	25	—	(200)
Repayment of loans granted to investees	22	35	25
Loans granted to investees	22	—	(280)
Advance of quasi-equity loans to associate	14	(121)	(35)
Investment income received		685	1,026
Proceeds received on disposal of investment in subsidiary	16	186	—
Net cash utilised in investing activities		(3,920)	(5,780)
Cash flows from financing activities			
Interest expense paid		(76)	(43)
Capital repayment of lease liabilities	29	(47)	(31)
Advance/(repayment) of loans and borrowings	23	113	(1)
Settlement of derivative related to the acquisition of the Ensham Business	15	—	(55)
Purchase of shares by Group companies	32	(724)	(259)
Dividends paid to the equity shareholders of the Group	34	(1,630)	(6,920)
Dividends paid to non-controlling interests	34	(44)	(1)
Issue of shares by subsidiary to non-controlling interests	15	—	61
Net cash utilised in financing activities		(2,408)	(7,249)
Net decrease in cash and cash equivalents		(1,039)	(4,526)
Cash and cash equivalents at the start of the reporting period		10,959	15,299
Net decrease in cash and cash equivalents		(1,039)	(4,526)
Effects of changes in foreign exchange rates[3]		183	186
Cash and cash equivalents at the end of the reporting period	20	10,103	10,959

1 Non-cash movements relating to the acquisition of the Ensham Business in the year ended 31 December 2024 related to the expenses for conditional shares granted to non-controlling interests. In the year ended 31 December 2023, these movements consisted of the gain on bargain purchase of R565 million, offset by the expenses for the conditional shares granted to non-controlling interests of R123 million and the fair value adjustments to acquisition-related derivatives of R159 million. Refer to note 15 for further detail.

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 R419 million (2023: R32 million) and contributions to the Nkulo Community Partnership Trust of R94 million (2023: R276 million). Refer to note 28 for further detail.

3 Effects of changes in foreign exchange rates consists of foreign exchange gains on cash and cash equivalents of R281 million (2023: R163 million) recognised in net finance income, and losses on the revaluation of the cash balances held in foreign subsidiaries of R98 million (2023: R23 million gains) recognised in other comprehensive income.



BASIS OF PREPARATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

The material accounting policy information relating to specific underlying transactions and balances has been disclosed in their respective notes.

A. Statement of compliance

The accounting policies applied by the Group and Company comply with IFRS Accounting Standards effective for the Group's reporting period as well as the South African Financial Reporting Requirements, as applicable, the Companies Act of South Africa, the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

B. Basis of measurement

The consolidated and separate financial statements for the year ended 31 December 2024 have been prepared on the historical cost basis, except for certain assets and liabilities that are measured at fair value. The consolidated and separate financial statements are prepared on the going concern basis and are presented in South African rand, which is the presentation currency of Thungela.

The functional currencies of the different operations of the Group are the South African rand, the Australian dollar and the Arab Emirate dirham in these respective countries.

The preparation of the consolidated and separate financial statements in conformity with IFRS Accounting Standards requires the use of estimates and also requires us to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements, are disclosed in note 2.

C. Basis of consolidation

The consolidated financial statements include the results and financial position of Thungela, its subsidiaries, joint operations and associates.

Subsidiaries are entities which the Group controls through its power over the entities, and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities, and has the ability to affect those returns through its power over those entities.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. The joint arrangements of the Group are accounted for as joint operations. The Group accounts for joint operations by recognising its share of the joint operations' assets, liabilities, revenue and expenses, including its share of such items held or incurred jointly. Refer to note 38 for further detail.

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Investments in associates are equity accounted and represent the cost of the investment, the post-acquisition share of any profits or losses and other changes in equity, and the long-term debt interests which, in substance, form part of the Group's net investment in the associate.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of an acquiree is the fair value of the assets transferred, liabilities assumed and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the fair value of the acquiree's net assets.

The results of subsidiaries, joint operations and associates acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group gaining or losing control of the subsidiary are equity transactions. In order to reflect the change in the relative interests in the subsidiary, the carrying amount of the non-controlling interests is adjusted with a corresponding change in equity attributable to the shareholders of the Group. No gain or loss is recognised in the statement of profit or loss and other comprehensive income related to these transactions.

Where necessary, adjustments are made to the results of subsidiaries, joint operations and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate. Unrealised profits or losses that arise between group entities are also eliminated.

For subsidiaries which are not wholly owned, non-controlling interests are presented in equity separately from the equity attributable to the shareholders of the Group. Profit or loss and other comprehensive income are attributed to the shareholders of the Group and to non-controlling interests, even if this results in the non-controlling interests having a negative balance.

D. Foreign currency transactions and translation

Transactions and balances

Foreign currency transactions undertaken by the Group are recognised in the functional currencies of the relevant underlying entities at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Gains or losses arising on translation are included in the statement of profit or loss and other comprehensive income and are classified according to the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Consolidation of foreign subsidiaries

On consolidation, the assets and liabilities of the foreign subsidiaries of the Group are translated into South African rand at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year, where these approximate the rates at the dates of the transactions.

The resultant exchange differences on consolidation are recognised within other comprehensive income and transferred to the Group's foreign currency translation reserve.

The accumulated foreign currency translation reserve will be recycled from equity and recognised in profit or loss on disposal of the foreign subsidiary to which it relates.

E. Financial assets

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial assets and are initially recognised at fair value. The Group's financial assets are classified into the following measurement categories: debt instruments at amortised cost, equity instruments designated at fair value through other comprehensive income (FVOCI) and instruments at fair value through profit or loss (FVPL).

Financial assets are classified as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest. At subsequent reporting dates, financial assets at amortised cost are measured at amortised cost less a provision for expected credit losses, if appropriate.

The Group assesses, on a forward-looking basis, the expected credit losses, being the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk of the asset at the reporting date. Increases in the provisions for expected credit losses are recognised in the statement of profit or loss and other comprehensive income. When a subsequent event causes the amount of the provisions for expected credit losses to decrease, the decrease is reversed in the same way.

Financial assets at FVPL are measured at fair value at each reporting date, with changes in the fair value recognised in profit or loss.

The Group has elected to measure equity instruments, which are not held for trading, at FVOCI as this better reflects the strategic nature of the Group's equity investments. For equity instruments at FVOCI, changes in fair value are recognised in other comprehensive income and there is no subsequent reclassification of the fair value gains and losses to profit or loss. Impairment losses relating to equity instruments at FVOCI are recognised in profit and loss.

2. ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated and separate financial statements in conformity with IFRS Accounting Standards requires us to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. These judgements, estimates and assumptions may affect the carrying amounts of assets and liabilities at the date of the consolidated and separate financial statements, and the reported amounts of income and expenses during the year, as set out below. In addition to these items, further detail on other judgements and estimates is provided, where applicable, in the relevant notes.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

A. Acquisition of the Ensham Business

Understanding of the transaction

Thungela, through its wholly owned subsidiary Thungela Resources Australia Pty Limited (Thungela Resources Australia), acquired a 75% interest in Sungela Holdings Pty Ltd (Sungela Holdings). The remaining 25% interest in Sungela Holdings was acquired by Audley Energy Limited (Audley Capital) and Mayfair Corporations Group Pty Ltd (Mayfair), (collectively, the 'co-investors') in equal parts. Sungela Holdings, through its wholly owned subsidiary Sungela Pty Ltd (Sungela), then purchased an 85% interest in the Ensham Mine from Idemitsu Australia Pty Ltd and its subsidiary, Bligh Coal Limited (collectively, 'Idemitsu'), with the remaining 15% stake in the mine held by LX International, through its subsidiary Bowen Investment Australia Pty Ltd (Bowen).

The co-investors were also granted long-term incentive plan (LTIP) shares, which currently carry no voting or dividend rights, but could vest and become ordinary shares on the achievement of specific milestones, each of which will enhance the value of the Ensham Business. Should all of the LTIP shares vest, the legal ownership held by the co-investors in Sungela Holdings would increase to 30%, on a fully diluted basis. The co-investors will only have rights to earnings and distributions relating to the LTIP shares from 31 December in the year that the milestones are met, and as approved by the Sungela Holdings board. At 31 December 2024, LTIP shares amounting to 2.5% (2023: 1.5%) of Sungela Holdings have vested. The remaining LTIP shares available to vest reflect 2.5% (2023: 3.5%) of the shares of Sungela Holdings. As a result of the vesting of the LTIP shares, Thungela owns 72.5% (2023: 73.5%) of the shares issued by Sungela Holdings at the reporting date.

The share and asset sale agreement (SASA) was signed with Idemitsu in February 2023, but included several conditions precedent that impacted the effective date of the transaction. The conditions precedent were either met or waived by all parties by 31 August 2023, which was the effective date of the transaction, and the results of the Ensham Business were consolidated into the Thungela Group results from that date. Thungela assumed operational control of the Ensham Business from 1 September 2023. The results of the Thungela Group for the year ended 31 December 2023 include the results of the Ensham Business for four months, from the acquisition date until the reporting date.

The Ensham Mine, which is operated by Ensham Resources Pty Limited (Ensham Resources), is the primary asset of the Ensham joint venture, and comprises several tenements located in the southern Bowen Basin in Queensland, Australia. The Group secured the transfer of the Ensham mining tenements in 2024, following the acceptance of the financial surety obtained by Sungela by the mechanism established under the Mineral and Energy Resources (Financial Provisioning) Act 2018, requiring a security deposit from the holders of an environmental authority to cover potential rehabilitation costs in the event such holders fail to comply with their environmental management and rehabilitation obligations (Queensland Financial Provisioning Scheme), however, took beneficial ownership thereof from the effective date of the transaction.

The entities acquired are collectively referred to as the 'Ensham Business', which includes several separate statutory entities, as described below:

Entity	Legal shareholding[1] (%)	Effective economic interest[2] (%)	Description
Sungela Holdings[3]	72.5	92.5	Sungela Holdings is an investment holding company, which was registered in Australia in 2023. Thungela Resources Australia holds 72.5% of the shares issued by Sungela Holdings, with the remaining 27.5% being held by the co-investors.
Sungela	100	92.5	Sungela was registered in Australia in 2023, and purchased the 85% interest in the Ensham Mine from Idemitsu. Sungela is required to fund the operations of the Ensham Mine on an ongoing basis, in proportion to its ownership interest. Thungela has an effective economic interest of 92.5% in Sungela, held through Sungela Holdings.
Ensham Resources	100	78.6	Ensham Resources is the operator of the Ensham Mine, an unincorporated joint venture between Sungela and Bowen, which hold 85% and 15% thereof, respectively. Thungela has an effective economic interest of 78.6% in Ensham Resources, being 92.5% of the 85% interest in the Ensham Mine held through Sungela.
Ensham Coal Sales	85	78.6	Ensham Coal Sales Pty. Ltd. (Ensham Coal Sales) manages the sale of all coal extracted from the Ensham Mine, and the net receipts from customers are paid back to Sungela and Bowen in line with their ownership of the joint venture. Thungela has an effective economic interest of 78.6% in Ensham Coal Sales, being 92.5% of the 85% interest held through Sungela.
Nogoa Pastoral	85	78.6	Nogoa Pastoral Pty. Ltd. (Nogoa Pastoral) undertakes small-scale agricultural activity on the surface land owned by the Ensham Business, and is the operator of the Nogoa joint venture, the participants of which are also Sungela and Bowen. Thungela has an effective economic interest of 78.6% in Nogoa Pastoral, being 92.5% of the 85% interest held through Sungela.

1 The legal shareholding represents Thungela's legal shareholding in the relevant statutory entity, at the reporting date, either directly or through a subsidiary. This shareholding may change based on the repayment of the loan as described in this note.

2 The effective economic interest represents Thungela's effective economic interest in the earnings of the relevant statutory entity, either directly or through a subsidiary. The economic interest has been determined based on the accounting treatment described in this note. This effective economic interest may change based on the repayment of the loan as described in this note.

3 Thungela Resources Australia subscribed for 75% of the ordinary shares of Sungela Holdings on 31 August 2023. Two milestones related to the LTIP shares have been met, meaning the co-investors have been allocated an additional 2.5% of the ordinary shares of Sungela Holdings. Shares representing 1.0% of ordinary shares vested on 31 December 2024, and 1.5% of shares vested on 31 December 2023. The co-investors only have voting and dividend rights related to the LTIP shares that have vested from the respective vesting dates.

The initial purchase price payable, as included in the SASA, amounted to R4,115 million (AUD340 million), which was paid in advance of the effective date of 31 August 2023. The SASA also included other elements which impacted the total consideration, as defined by IFRS 3: Business Combinations (IFRS 3), for the Ensham Business, being:

- The economic benefit deed, which provided for a contractually determined portion of the economic benefit earned in the Ensham Business from 1 January 2023 to the acquisition date to be for the benefit of Sungela. The economic benefit received amounted to R815 million (AUD67 million), which was received by Sungela in December 2023.
- Various adjustments to working capital based on balances at 31 August 2023, as is customary in transactions of this nature. The total amount related to these adjustments, which reduced the initial purchase price, was R128 million (AUD11 million).
- The royalty deed, which provided for a royalty to be paid to Idemitsu on sales of Ensham coal up to 31 December 2024, subject to certain coal price thresholds. At 31 August 2023, the expected value to be paid to Idemitsu related to the royalty deed was R123 million (AUD10 million), based on the forecasted coal prices at that date. An amount of R55 million related to the royalty deed was paid to Idemitsu in December 2023 based on realised coal sales from the acquisition date. No further amount has been paid to Idemitsu in the year ended 31 December 2024 in relation to the royalty deed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

2. ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

A. Acquisition of the Ensham Business continued

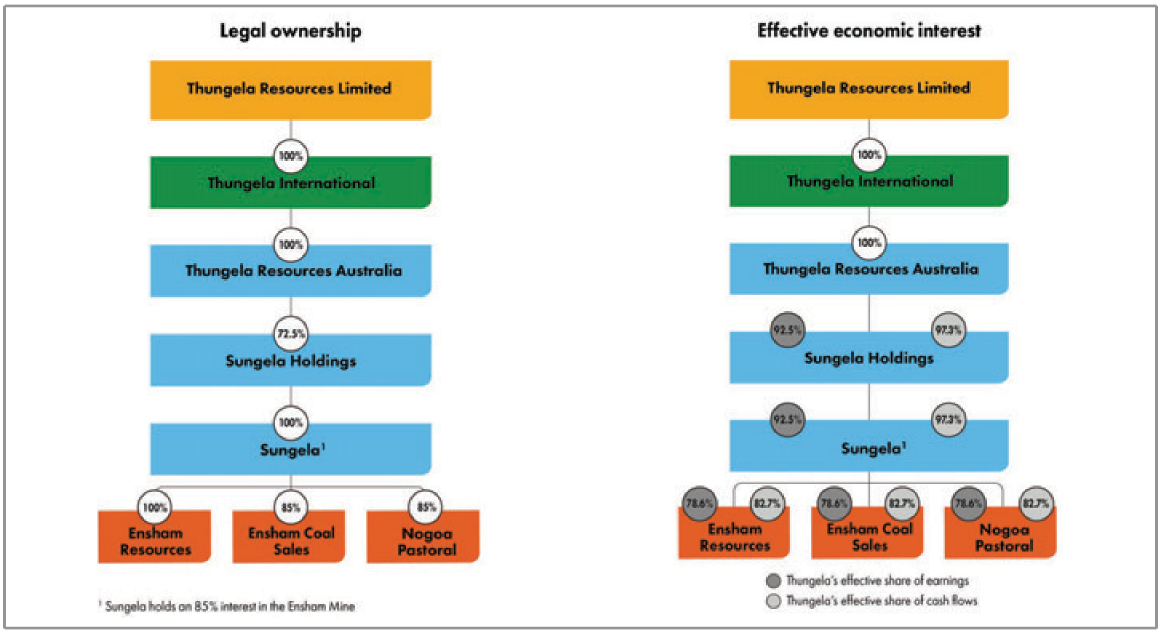
Understanding of the transaction continued

The co-investors acquired a 25% shareholding in Sungela Holdings as part of the acquisition of the Ensham Business. The portion of the purchase price attributable to the shareholding purchased by the co-investors was R1,035 million (25%), of which R809 million (20%) was funded through a loan provided by Thungela International Proprietary Limited (Thungela International) (the loan). The loan is interest-bearing and is repayable 18 months after the effective date of the transaction, mainly through distributions received by the co-investors from Sungela Holdings. The co-investors are required to apply 90% of all distributions they receive from Sungela Holdings to the repayment of the loan.

The loan is secured by shares owned by the co-investors, representing 20% of the shares of Sungela Holdings in issue at the acquisition date (the secured shares). Once 50% of the loan has been repaid, 50% of the secured shares may be released to the co-investors. To the extent that the loan is not repaid by its final repayment date, some of the secured shares may be called as security by Thungela International. Should the loan not be repaid in full, and a portion of the secured shares called, the capital amount of the loan will be considered fully repaid, even if the value of the secured shares called is lower than the value of the outstanding debt at the repayment date, in which case Thungela International may become the legal owner of the shares called as security. No amount has been repaid by the co-investors against the loan in the year ended 31 December 2024.

Understanding of the Ensham Business

The structure of Thungela's ownership in the Ensham Business is shown in the diagram below. Thungela is considered to control all of the entities within this structure.



The remaining 15% interests in Ensham Coal Sales and Nogoa Pastoral, as well as 15% of the Ensham Mine, are held by Bowen.

Ensham Resources is the operator of the Ensham Mine, which is an unincorporated joint venture between Sungela and Bowen (collectively, the 'JV participants'), which hold the unincorporated joint venture in proportions of 85% and 15%, respectively. The mining tenements and underlying mining assets are owned by the JV participants directly, and are not owned by Ensham Resources. The operations of Ensham Resources are funded by Sungela and Bowen directly in relation to their participation in the Ensham Mine, being 85% and 15%, respectively.

Ensham Coal Sales manages the sale of all coal extracted from the Ensham Mine, and the net receipts from customers are paid back to Sungela and Bowen in accordance with their contributions to the Ensham Mine.

Nogoa Pastoral undertakes small-scale agricultural activity on the surface land owned by the Ensham Business, and is the operator of the Nogoa joint venture, the participants of which are also Sungela and Bowen.

Accounting treatment

Thungela is considered to control all of the entities within the Ensham Business, and these entities are consolidated into the operating and financial results of the Group, with the appropriate recognition of non-controlling interests, with specific considerations as noted below.

Ensham Resources is the operator of the Ensham Mine, and recognises all assets, liabilities, income and expenses related to the operation of the mine. However, the underlying assets are owned by the JV participants in proportion to their ownership of the mining tenements. Notably, Ensham Resources does not own any assets in its own right. On this basis, Sungela only has rights to, and obligations for, 85% of the assets and liabilities of the Ensham Mine, and the results of Ensham Resources are thus reflected at 85% on a line-by-line basis in the consolidated financial statements.

Ensham Coal Sales is fully consolidated, with non-controlling interest recognised, representing 15% of the net assets of this entity. As Ensham Coal Sales manages all coal sales from the Ensham Mine, 100% of the revenue from the mine is recognised within the Thungela Group's revenue. The cost for the proportion of coal sales reflecting Bowen's 15% participation in the Ensham Mine is accounted for as a commodity purchase within Ensham Coal Sales, at the realised sales price less specific selling costs incurred.

Nogoa Pastoral is the operator of the Nogoa Pastoral agricultural operation, which is managed, on a contractual basis, in the same way as Ensham Resources, and so the accounting treatment has been considered in the same way. The results of Nogoa Pastoral are consolidated at 85% on a line-by-line basis.

The loan has been used by the co-investors to fund the acquisition of the majority of their initial 25% shareholding in Sungela Holdings. As described in this note, the loan is secured by shares representing 20% of the shares in Sungela Holdings, and the capital amount of the loan will be considered fully repaid should the secured shares be called, even if the value of the shares called is less than the principal outstanding. As such, for accounting purposes, while the loan has not been repaid, the shares are not considered to have been issued. Thungela is instead considered, for accounting purposes only, to have granted the co-investors an option to acquire 20% of the shares in Sungela Holdings, which is exercisable to the extent that the loan is repaid by the repayment date. The option granted is treated as an equity-settled share-based payment, as it will be settled in Sungela Holdings shares.

As a result of the accounting treatment and recognition of the option issued to them, the co-investors have enjoyed rights to only 5.0% of the earnings generated by the Ensham Business from the acquisition date up to 31 December 2023, and 6.5% of the earnings generated in the year ended 31 December 2024, following the vesting of a portion of the LTIP shares. The proportion of earnings allocated to the non-controlling interests will be adjusted at the loan repayment date to reflect the shares considered to be issued for accounting purposes, having regard to the extent to which the loan has been repaid.

The LTIP shares are treated as an equity-settled share-based payment, as they will be settled with shares in Sungela Holdings. Should the LTIP shares vest, Thungela will recognise a decrease in its share of Sungela Holdings at the vesting date, and a corresponding increase in the non-controlling interests attributable to the co-investors. There is no requirement for earnings related to the LTIP shares to be attributed to the non-controlling interests before the vesting date, and the change in ownership will be accounted for prospectively from the date of vesting.

2. ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

A. Acquisition of the Ensham Business continued

Flow of economic benefits

Thungela is entitled to 78.6% (2023: 79.5%) of the earnings of the Ensham Mine, through the legal ownership of 72.5% (2023: 73.5%) of Sungela Holdings, and based on the treatment of the non-controlling interests described in this note.

The co-investors are required to apply 90% of any distributions received from Sungela Holdings to the repayment of the loan, and accordingly, until the loan is repaid, Thungela has an effective economic interest of 82.7% (2023: 82.8%) in the cash flows generated by the Ensham Mine. If the loan is repaid in full, the economic and cash flow participation for Thungela will more closely reflect the legal ownership structure as described in this note. Should the loan not be repaid by February 2025, the secured shares may be called, increasing the legal ownership of Thungela in the Ensham Business.

In this context, the effective economic interest of Thungela in the Ensham Mine at the reporting date has been determined as follows:

%	2024 Effective economic share of earnings	2024 Effective economic share of cash flows	2023 Effective economic share of earnings	2023 Effective economic share of cash flows
Legal ownership (A)	72.5	72.5	73.5	73.5
Option provided to the co-investors for accounting purposes (B)	20.0	—	20.0	—
Repayments on the loan due to Thungela (reflecting 90% of 27.5% (2023: 26.5%) distributions to be received by the co-investors) (C)	—	24.8	—	23.9
Effective economic interest in Sungela Holdings (D) = (A + B) I (A + C)	**92.5**	**97.3**	93.5	97.4
Legal ownership of the Ensham Mine (E)	85.0	85.0	85.0	85.0
Effective economic interest in the Ensham Mine (D x E)	**78.6**	**82.7**	79.5	82.8

Fair value of the identifiable net assets acquired

The acquisition of the Ensham Business is considered to be a business combination in line with IFRS 3, and the acquisition method of accounting was applied at the effective date. The fair value of the identifiable net assets acquired was determined using a discounted cash flow model, based on the life-of-mine valuation of the Ensham Mine.

The key assumptions used in the determination of the fair value of the Ensham Business, as well as other elements required to be considered in terms of the acquisition method per IFRS 3, were finalised in the year ended 31 December 2023 and are detailed in note 15.

Acquisition of the remaining interest in the Ensham Mine

In December 2024, Thungela announced that we have entered into a share sale and purchase agreement with Bowen in terms of which Thungela Resources Australia will acquire Bowen's 15% interest in the Ensham Mine and related entities. The transaction is subject to a number of conditions precedent, which have not been met or waived at the reporting date. The transaction is not yet considered to be effective at the reporting date.

B. Impairment of assets

The Group assesses at each reporting date whether there are any indicators that our assets or CGUs may be impaired, or that an impairment previously recognised may need to be reversed. Operating and economic assumptions, which could affect the valuation of assets using discounted cash flow models, are updated regularly as part of the Group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal. The judgement also considers the Group's long-term economic forecasts, market analyst views and sensitivity analyses of the discounted cash flow models used to value our assets for the purposes of assessing the impairment thereof.

Assets (other than goodwill) that have been previously impaired must be assessed for indicators of both impairment and impairment reversal at the reporting date. Such assets are generally carried on the statement of financial position at a value close to their recoverable amount at the last assessment. Therefore, in principle, any change to operational plans or assumptions or economic parameters could result in further impairment or impairment reversal if an indicator is identified.

For CGUs where indicators of impairment or impairment reversal are identified, the Group performs impairment reviews to assess the recoverable amounts of our operating assets principally with reference to their fair value less costs of disposal, assessed using discounted cash flow models. Mining operations are large, complex assets requiring significant technical and financial resources to operate, and their value may be sensitive to a range of characteristics.

The Group applies judgement in determining the assumptions that are reasonable and consistent with those that would be applied by market participants as outlined in note 7.

C. 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. These provisions are collectively referred to as the 'environmental provisions'.

Estimates are made in determining the liability in relation to the environmental provisions required as per various environmental regulations and legislation in both South Africa and Australia. These provisions are based on the estimated rehabilitation, closure and required post-closure monitoring costs per operation at the reporting date, inflation and discount rates relevant to the calculation, and the expected date of closure of mining activities in determining the present value of the total environmental provisions.

Because of the long-term nature of the environmental provisions, the greatest uncertainties in estimating the liabilities are the costs that will be incurred and the discount rates applied.

Environmental provisions have been recognised based on the current environmental disturbances caused at the reporting date and for our current assessment of the risk of latent or residual environmental impacts that may become known in the future. Assessments are annually updated by an independent third party for changes in the environmental footprint across our operations, rates used to determine the costs required for closure, regulations, technology and approaches to conduct rehabilitation.

These costs have been discounted to present value over the period that they are expected to be incurred, which ranges up to 20 years post-closure of the operation. In South Africa, water treatment costs are provided for up to 50 years post-closure of the operation. Discounting of the costs relating to closure at the reporting date is calculated over the expected closure and rehabilitation plan of each mine, including the impact of concurrent rehabilitation undertaken while mining is ongoing. The closure plan is determined based on the remaining coal reserves per operation, which is assessed on an annual basis.

2. ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

C. Environmental provisions continued

The Group has provided for water treatment costs at our South African operations using a combination of active and passive water treatment methods, based on activities currently being performed at these operations. The Financial Provisioning Regulations, 2015, published under the National Environmental Management Act 107 of 1998 (NEMA Financial Provisioning Regulations), require the treatment of water to be provided for using the costs of currently available technologies which the DMPR 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 treatment technologies in collaboration with academia and the relevant government departments.

On 1 February 2024, the Minister in the Department of Forestries, Fisheries and the Environment (the Minister) gazetted a notice to defer the transition date of the NEMA Financial Provisioning Regulations, however a revised date was not published. Mining companies will not be required to comply with the NEMA Financial Provisioning Regulations until a new transition date, which is yet to be published by the Minister. The Group has continued to provide for our interpretation of the increase in costs required as a result of these regulations, mostly in relation to the pumping and treatment of polluted or extraneous water.

Refer to note 28 for further detail related to the environmental provisions.

D. Recognition of deferred tax assets

The deferred tax assets reflected at 31 December 2024 are primarily driven by deductible temporary differences arising in the normal course of business. The recognition of the deferred tax assets balance is supported by Thungela's forecasting process which included a detailed calculation of the estimated annual taxable income of each statutory entity owned by the Group for each financial year up to 2027, combined with the impairment assessment performed for the relevant CGUs. There is expected to be a substantial taxable income generated in each year, and therefore sufficient future taxable temporary differences against which to utilise these deductible temporary differences.

There are no deductible temporary differences and unused tax losses (2023: R139 million) for which no deferred tax asset had been recognised in the statement of financial position at the reporting date, based on our assessment of available future taxable temporary differences at the underlying statutory entities owned by the Group.

The appropriateness of the deferred tax assets recognised will be assessed at each reporting date and updated as required.

Refer to note 31 for further detail on the deferred tax assets recognised.

OTHER ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

E. Estimating the useful life of property, plant and equipment

The estimation of the useful life of an asset is a matter of judgement, based on the experience of the Group with similar assets. In determining the useful life of items of property, plant and equipment that are depreciated, we consider the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights, as well as obsolescence.

The estimate is further impacted by our best estimation of coal resources and coal reserves, and the expected future life of each of the mines within the Group. The forecast production could be different from the actual coal mined, which may impact the future life of each mine.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Impact of standards issued and effective on 1 January 2024 and adopted by the Group

The following amendments to IFRS Accounting Standards have been adopted by the Group from 1 January 2024, with no material impact on the Group's operating results, financial position or disclosures:

Amendments to IAS 1 – non-current liabilities with covenants, to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability
Amendments to IFRS 16 – lease liability in a sale and leaseback, with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale
Amendments to IAS 7 and IFRS 7 – supplier finance arrangements, to add disclosure requirements to provide qualitative and quantitative information about these arrangements

Impact of standards and interpretations not yet adopted

At the reporting date, the following relevant new accounting standards were in issue but not yet effective:

	Effective for annual periods commencing on or after
Amendments issued by the International Sustainability Standards Board to the Sustainability Accounting Standards Board standards – to enhance their international applicability	1 January 2025
Amendments to IAS 21 – lack of exchangeability, with amendments to provide guidance on when a currency is exchangeable and how to determine the exchange rate when exchangeability is lacking	1 January 2025
Amendments to IFRS 7 and IFRS 9 – new exceptions for the recognition and derecognition of financial assets and financial liabilities for settlement via electronic payment systems	1 January 2026
Amendments to IFRS 7 and IFRS 9 – power purchase agreements, to address the application of own use and hedge accounting requirements for agreements which meet specified criteria	1 January 2026
Amendments to IAS 7, IFRS 1, IFRS 7, IFRS 9 and IFRS 10 – annual improvements to IFRS Accounting Standards, with changes that either clarify the wording or correct relatively minor unintended consequences, oversights or conflicts between the requirements in IFRS Accounting Standards	1 January 2026
IFRS 18 – detailed presentation and base disclosure requirements for financial statements, which will replace the requirements currently described in IAS 1	1 January 2027
IFRS 19 – simplified disclosure for entities without public accountability, but whose parents prepare consolidated financial statements under IFRS Accounting Standards (voluntary standard)	1 January 2027

The above standards and amendments are not expected to have a material impact on the consolidated and separate financial statements in future periods, other than as below, however, the Group will continue to assess the potential impacts thereof.

The IFRS International Sustainability Standards Board (ISSB) Standards have been issued to create a standard framework for reporting sustainability-related information and its impact on the Group's future financial and operating results. Although these standards have an effective date of 1 January 2025, they are not yet mandatorily applicable in terms of the regulations to which Thungela has to comply. We are in the process of determining the changes that may be required to the consolidated and separate financial statements for these standards. Significant detail of our sustainability-related information will be disclosed in our Environmental, Social and Governance Report to be published in April 2025.

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, and will apply retrospectively. We are in the process of determining the impact of the new standard on the consolidated and separate financial statements.

FINANCIAL PERFORMANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

4. SEGMENTAL INFORMATION

Thungela's segments are aligned with those operations that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The Group executive committee is identified as the chief operating decision maker of Thungela.

Accounting policy

Reportable segments

Operating segments with similar economic characteristics are aggregated into reportable segments. The economic characteristics considered include the geographic location, 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 and Australia. 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.

In 2023, the Group acquired a controlling interest in the Ensham Business, as fully described in note 2A and note 15. After applying the qualitative and quantitative thresholds as described in IFRS 8: Operating Segments, the Australian business has been identified as a reportable segment.

The Elders project has not yet reached commercial production, however first coal was extracted in March 2024, with limited sales activity taking place from that date. The results of the Elders project, including related capital expenditure, form part of the South African underground segment.

The Group, through Thungela Marketing International, assumed full responsibility for marketing our coal directly to third parties, with a dedicated business in the UAE. Revenue related to the sale of our products through Thungela Marketing International is shown within the relevant reportable segment, including the margins retained by that entity. Operating costs from the marketing activities undertaken by the marketing business are presented within the services segment, as these activities support the ongoing operations of the Group.

The following summary describes each reportable segment:

Reportable segments	Operations
South Africa	
Opencast	Mining operations undertaken in an opencast mine where coal is extracted include the following mining operations in South Africa: • Isibonelo • Khwezela • Mafube • Rietvlei
Underground	Mining operations undertaken in an underground mine where coal is extracted include the following mining operations in South Africa: • Zibulo • Greenside • Goedehoop • Elders project
Services	Operations providing various services to support the ongoing operations of the Group, including marketing activities in the UAE
Australia	
Underground	Mining operations undertaken in an underground mine where coal is extracted at Ensham, as well as the operations providing various services to support the mining operations in Australia

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, exclusive of related discounts and sales taxes. 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 in South Africa is comprised of export sales, either to AAML through the offtake agreement, up to the expiry thereof, or to various customers through Thungela Marketing International, as well as domestic sales based on contracts signed with various customers in the areas where the Group mines.

Revenue in Australia includes export sales, predominately to Asian markets, as well as specific domestic sales contracts. The domestic sales in Australia are of export quality coal, and at export parity prices or better. On this basis, all revenue in Australia is disclosed as export revenue.

The Group has applied the practical expedient available in IFRS 15: Revenue from Contracts with Customers, 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.

South Africa

Export sales

Revenue derived from South African export sales is recognised when the thermal coal is loaded onto the vessel at the RBCT. The transaction price is determined with reference to the average Richards Bay 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, until the expiry thereof. Revenue is not impacted by changes in the Richards Bay Benchmark coal price subsequent to the month of loading during which control transfers. This revenue is generated in US dollars, and payments received for export revenue are in US dollars.

Domestic sales

Domestic sales are made to various customers in the areas in which the Group operates in South Africa 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 Richards Bay Benchmark coal price.

Australia

Revenue in Australia is derived from export sales into Asian markets or sales to customers in Australia. Revenue for exported volumes is recognised when coal is loaded onto the vessel at the Port of Gladstone, while revenue for sales railed locally is recognised as the coal is delivered to the customers' premises.

The transaction price is determined with reference to the average Newcastle Benchmark coal price for the month of loading, with various adjustments for quality, grade and calorific value. Revenue is not impacted by changes in the Newcastle Benchmark coal price subsequent to the month of loading. The revenue is generated either in US dollars or Australian dollars, and payments are received from customers in these currencies. Sales contracts with specific customers include fixed prices for sales, which are negotiated based on the Newcastle Benchmark coal price at the start of the year. Revenue for these sales is recognised at the agreed fixed price, and is not impacted by changes in the Newcastle Benchmark coal price throughout the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

4. SEGMENTAL INFORMATION CONTINUED

Profit for the reporting period

The profit for the reporting period by reportable segment can be analysed as follows:

					2024
	South Africa			Australia	
Rand million	Opencast	Underground	Services	Underground	Total
Revenue	10,826	15,478	—	9,250	35,554
Operating costs excluding depreciation and amortisation	(9,240)	(10,856)	(1,992)	(7,211)	(29,299)
Employee costs	(1,282)	(2,844)	(1,245)	(1,289)	(6,660)
Commodity purchases	(1,609)	—	—	(1,374)	(2,983)
Consumables used in production	(1,544)	(964)	(53)	(604)	(3,165)
Maintenance expenditure	(1,469)	(1,830)	(384)	(432)	(4,115)
Production input costs	(1,574)	(1,791)	(104)	(1,491)	(4,960)
Inventory production movement	(172)	(368)	—	(60)	(600)
Logistics costs	(931)	(2,278)	—	(915)	(4,124)
Royalties	(106)	(174)	—	(834)	(1,114)
Other	(553)	(607)	(206)	(212)	(1,578)
Adjusted EBITDA△	1,586	4,622	(1,992)	2,039	6,255
Transactions relating to the acquisition of the Ensham Business	—	—	—	(9)	(9)
Expenses for conditional shares granted to non-controlling interests	—	—	—	(9)	(9)
Profit on disposal of investment in subsidiary	601	—	—	—	601
Depreciation and amortisation	(290)	(1,096)	(60)	(1,006)	(2,452)
Impairment losses	—	(278)	—	—	(278)
Restructuring costs and termination benefits	—	—	(13)	—	(13)
Net finance (costs)/income	(207)	60	1,118	(77)	894
Investment income	385	244	672	92	1,393
Interest expense	(592)	(184)	(136)	(245)	(1,157)
Other financing gains	—	—	582	76	658
Income tax expense	(354)	(476)	(353)	(271)	(1,454)
Profit/(loss) for the reporting period	1,336	2,832	(1,300)	676	3,544

Rand million	South Africa Opencast	South Africa Underground	South Africa Services	Australia Underground[1]	2023 Total
Revenue	10,269	17,776	—	2,589	30,634
Operating costs excluding depreciation and amortisation	(7,447)	(10,200)	(2,682)	(1,851)	(22,180)
Employee costs	(1,238)	(2,797)	(963)	(385)	(5,383)
Commodity purchases	(954)	(97)	—	(389)	(1,440)
Consumables used in production	(1,165)	(804)	(15)	(234)	(2,218)
Maintenance expenditure	(1,205)	(1,731)	(324)	(49)	(3,309)
Production input costs	(1,659)	(1,110)	(569)	(222)	(3,560)
Inventory production movement	(63)	(89)	—	(150)	(302)
Logistics costs	(723)	(2,529)	—	(335)	(3,587)
Royalties	(84)	(519)	—	(294)	(897)
Other	(356)	(524)	(811)	207	(1,484)
Adjusted EBITDA△	2,822	7,576	(2,682)	738	8,454
Depreciation and amortisation	(179)	(1,022)	(46)	(310)	(1,557)
Transactions relating to the acquisition of the Ensham Business	—	—	(80)	(91)	(171)
Gain on bargain purchase	—	—	—	565	565
Acquisition and integration costs	—	—	(5)	(449)	(454)
Expenses for conditional shares granted to non-controlling interests	—	—	(75)	(48)	(123)
Fair value adjustments to acquisition-related derivatives	—	—	—	(159)	(159)
Impairment losses	(81)	(185)	—	—	(266)
Fair value gains on derivative financial instruments	—	—	97	—	97
Restructuring costs and termination benefits	—	—	(51)	—	(51)
Net finance (costs)/income	(354)	(74)	1,186	(62)	696
Investment income	330	142	904	18	1,394
Interest expense	(684)	(216)	(75)	(49)	(1,024)
Other financing gains/(losses)	—	—	357	(31)	326
Income tax expense	(775)	(1,363)	(58)	(36)	(2,232)
Profit/(loss) for the reporting period	1,433	4,932	(1,634)	239	4,970

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

4. 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	2024 Total
Property, plant and equipment	1,696	1,445	192	3,333
South Africa	1,696	840	192	2,728
Opencast	—	273	66	339
Underground	1,670	444	126	2,240
Services	26	123	—	149
Australia	—	605	—	605
Underground	—	605	—	605
Intangible assets	—	63	—	63
South Africa	—	63	—	63
Services	—	63	—	63
Total capital expenditure	1,696	1,508	192	3,396
Movement in capital creditors	120	(67)	(12)	41
South Africa	120	(24)	(12)	84
Australia	—	(43)	—	(43)
Total additions[1]	1,816	1,441	180	3,437

[1] Total additions consist of additions to property, plant and equipment of R3,374 million and additions to intangible assets of R63 million.

Rand million	Expansionary	Stay-in-business	Stripping and development	2023 Total
Property, plant and equipment	1,603	1,230	250	3,083
South Africa	1,603	941	250	2,794
Opencast	—	608	7	615
Underground	1,596	309	243	2,148
Services	7	24	—	31
Australia[1]	—	289	—	289
Underground	—	289	—	289
Intangible assets	—	172	—	172
South Africa	—	172	—	172
Services	—	172	—	172
Total additions	1,603	1,402	250	3,255
Movement in capital creditors	(12)	45	—	33
South Africa	(12)	35	—	23
Australia[1]	—	10	—	10
Total capital expenditure[2]	1,591	1,447	250	3,288

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.
[2] Total capital expenditure consists of expenditure on property, plant and equipment of R3,116 million and expenditure on intangible assets of R172 million.

Revenue

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

Revenue by product and segment

				2024
	South Africa		Australia	
Rand million	Opencast	Underground	Underground	Total
Thermal export	6,668	15,191	9,250	31,109
Industrial and domestic	4,158	287	—	4,445
Other industrial and domestic	3,897	37	—	3,934
Domestic sales from thermal export stockpiles	261	250	—	511
Total revenue	10,826	15,478	9,250	35,554

				2023
	South Africa		Australia	
Rand million	Opencast	Underground	Underground[1]	Total
Thermal export	5,463	17,353	2,589	25,405
Industrial and domestic	4,806	423	—	5,229
Other industrial and domestic	4,271	68	—	4,339
Domestic sales from thermal export stockpiles	535	355	—	890
Total revenue	10,269	17,776	2,589	30,634

1 Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

Revenue by destination

Rand million	2024	2023
United Kingdom	14,240	22,816
India[1]	5,375	326
South Africa	4,445	5,229
Taiwan[1]	3,503	1,256
Japan[1]	1,781	233
Australia[1]	409	611
Other export destinations[1,2]	5,801	163
Total revenue	35,554	30,634

1 Information presented for 31 December 2023 reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.
2 No individual destination contributes more than 10% to the total revenue generated by the Group in the years presented.

Revenue by customer

Rand million	2024	2023
Sales to AAML	15,449	22,816
Other – South African export sales[1]	7,276	—
Other – Australian export sales[1,2]	8,384	2,589
Other – South African domestic sales[1]	4,445	5,229
Total revenue	35,554	30,634

1 No individual customer contributes more than 10% to the total revenue generated by the Group in the years presented.
2 Information presented for 31 December 2023 reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

5. OPERATING COSTS

Operating costs represent the costs incurred in the normal ongoing 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.

Operating costs can be analysed as follows:

Rand million	Notes	2024	2023
Employee costs	6	(6,660)	(5,383)
Depreciation	13	(2,423)	(1,532)
Amortisation	12	(29)	(25)
Commodity purchases		(2,983)	(1,440)
Consumables used in production		(3,165)	(2,218)
Maintenance expenditure		(4,115)	(3,309)
Production input costs		(4,960)	(3,560)
Inventory production movement		(600)	(302)
Logistics costs		(4,124)	(3,587)
Demurrage and other expenses		(277)	(270)
Movement in provisions for expected credit losses	19	(17)	(12)
Royalties		(1,114)	(897)
Exploration and evaluation[1]		(87)	(63)
Exploration expenditure		(32)	(29)
Evaluation expenditure		(55)	(34)
Foreign exchange gains		229	266
Loss on sale of property, plant and equipment		(14)	(8)
Audit fees		(25)	(17)
Fees paid to PwC for audit services		(18)	(10)
Fees paid to PwC for non-audit services		(2)	(6)
Fees paid to other auditors for audit services[2]		(5)	(1)
Professional fees		(258)	(286)
Learnership and development expenses		(278)	(268)
Information management expenses		(369)	(299)
Temporary contractor fees		(249)	(187)
Contributions to the Nkulo Community Partnership Trust	28	(94)	(276)
Recharged costs from Anglo American		(72)	(207)
Administration expenses		(47)	(159)
Operating expenses		(25)	(48)
Other administration income		41	180
Other operating expenses		(108)	(37)
Total operating costs		**(31,751)**	(23,737)

[1] Exploration and evaluation expenditure excludes associated employee costs, which are considered immaterial.
[2] Fees paid to other auditors for audit services represents fees paid to the independent external auditors of the Group's subsidiaries.

6. EMPLOYEE COSTS

The Group incurs various costs in relation to our employees, including various long-term and short-term benefits.

Accounting policy

The cost of short-term employee benefits, including allocations made through the Sisonke Employee Empowerment Scheme Trust (Sisonke Employee Empowerment Scheme), is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

Employee costs can be analysed as follows:

Rand million	Notes	2024	2023
Wages and salaries		5,881	4,529
Social security costs		125	105
Post-employment benefits		525	429
Share-based payment expenses	33	145	127
Allocations made through the Sisonke Employee Empowerment Scheme		93	283
Total employee costs		**6,769**	5,473
Less – employee costs capitalised		(109)	(90)
Employee costs included in operating costs	5	**6,660**	5,383

Post-employment benefits include contributions to defined contribution pension and medical aid plans, current and past service costs related to medical aid plans and other benefits provided to certain employees during retirement. Refer to note 30 for further detail.

Employee costs capitalised relate to costs incurred for employees dedicated to work performed on capital projects.

Sisonke Employee Empowerment Scheme

The Group founded the Sisonke Employee Empowerment Scheme (also referred to as the trust) in June 2021, which subscribed for 5.0% of the ordinary shares, as well as an E preference share, issued by South Africa Coal Operations Proprietary Limited (SACO). The trust is managed by a board of trustees comprised of both employer and employee representatives.

The E preference share entitles the participating employees of the Sisonke Employee Empowerment Scheme to receive a fixed minimum payment of R4,000 per employee per year over the first three years of the plan, a variable payment over the full term of the plan and a potential lump-sum payment at the end of the life of mine of the current SACO asset portfolio, at which point the trust will likely be wound up. Eligible employees are defined in the trust deed as permanent employees at specific levels who are employed by one of the specified employer companies on the first day of the month in which SACO declares a dividend to the trust. The trust deed includes rules in relation to good and bad leavers, which may impact the payment of allocations.

The variable payment to eligible employees is dependent on the value of the dividends declared by SACO on its ordinary shares, given the shareholding that the trust has in SACO. Allocations to the trust are paid to eligible employees within three months of the SACO dividend payment date.

At a Thungela Group level, the grants made to employees are considered to be part of their remuneration, and recognised within employee costs as they are incurred, in relation to the amount of the allocation that is expected to vest.

In the year ended 31 December 2024, SACO declared ordinary dividends amounting to R93 million (2023: R276 million) to the Sisonke Employee Empowerment Scheme. Combined with amounts remaining in the trust from previous dividend declarations, employees were paid total allocations, including the associated tax, of R93 million (2023: R283 million).

7. 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 various 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, we estimate 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, centrally held assets, which do not generate independent cash flows, are allocated to the CGUs on an appropriate basis.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use, 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. In the years presented, the following changes to our CGUs have been identified:

- The Rietvlei Colliery was disposed of on 30 November 2024, as detailed in note 16, and is no longer considered a CGU at 31 December 2024.
- Elders is currently in the project phase and has not yet commenced production, however, due to the progression of the project and the expected timing of the commencement of production, the CGU was separately identified at 31 December 2023 and assessed for impairment.
- The Ensham Business was identified as a single CGU on the acquisition thereof in 2023 as detailed in note 15, and has been assessed for impairment.

Impairment losses recognised

The impairment losses recognised in the current year relate to the Goedehoop operation. In the year ended 31 December 2023, the impairment losses comprised of impairments in relation to the Greenside, Khwezela and Rietvlei operations.

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

Rand million	Notes	2024	2023
Property, plant and equipment	13	231	257
Intangible assets	12	47	9
Impairment losses		**278**	266
Tax impact	31	(62)	(62)
Net impairment losses		**216**	204

Goodwill impairment testing

Goodwill arose through various historical transactions, and was fully impaired in previous years.

Assessing impairment indicators

Export operations – South Africa

The mining operations carried out at Goedehoop, Khwezela, Greenside, Mafube, Zibulo and Elders represent the export operations of the Group in South Africa. Export sales were made to AAML through the offtake agreement up to the expiry thereof, and are now made directly to third-party customers through Thungela Marketing International. The price realised on export sales is determined using the Richards Bay 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.

Export operations – Australia

The mining operations carried out at Ensham represent the export operations of the Group in Australia. The price realised on export sales is determined using the Newcastle Benchmark coal price as a base, with specific adjustments made for quality, grade, volume and content. The Ensham Business has negotiated fixed price contracts with limited customers, and these prices are negotiated at the start of each year in line with market conditions at the time. These fixed price contracts can be reasonably valued using the Newcastle Benchmark coal price as a base.

Domestic operations – South Africa

The mining operations carried out at Isibonelo and Rietvlei (up to the disposal thereof) represent the domestic operations of the Group in South Africa. 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 Richards Bay Benchmark coal price therefore do not directly impact the life-of-mine 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, where appropriate.

Determining recoverable amounts

The recoverable amounts are determined on a fair value less costs of disposal basis with reference to the life-of-mine forecasted cash flows per the approved financial budgets and, where relevant, a valuation of in-situ coal resources beyond the current life-of-mine 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 forecasted benchmark coal prices, 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: Fair Value Measurement (IFRS 13), as they depend to a significant extent on unobservable valuation inputs.

Where in-situ coal resources beyond the current life-of-mine 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 incorporate a number of 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 prices, with adjustments to reflect the quality and calorific value of the product, to reflect the estimated realised price at each CGU. The forecasted Richards Bay Benchmark coal prices, in real terms, used in the estimation of cash flows over the forecast period range from USD100 per tonne to USD107 per tonne (2023: USD94 per tonne to USD109 per tonne). The forecasted Newcastle Benchmark coal prices, in real terms, used in the estimation of cash flows over the forecast period range from USD115 per tonne to USD130 per tonne (2023: USD85 per tonne to USD143 per tonne).

In estimating the forecasted cash flows, the Group also considered the expected realised prices from existing contractual arrangements for the domestic operations, where relevant, ranging from R618 per tonne to R780 per tonne (2023: R580 per tonne to R680 per tonne) over the forecast period.

7. IMPAIRMENT LOSSES CONTINUED

Determining recoverable amounts continued

The discounted cash flow models incorporate a number of key assumptions which can be analysed as follows continued:

Foreign exchange rates

Foreign exchange rates are based on the latest internal forecasts, benchmarked with external sources of information. Export sales from South Africa are undertaken in US dollars only, and export sales from Australia are undertaken in both US dollars and Australian dollars. For the year ended 31 December 2024, 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 R17.02:USD1 to R18.20:USD1 and AUD1.45:USD1 to AUD1.55:USD1.

For the year ended 31 December 2023, the estimated foreign exchange rates utilised ranged from R17.45:USD1 to R18.24:USD1 and AUD1.43:USD1 to AUD1.52:USD1 over the forecast period. Operations supplying solely into the domestic market are not directly exposed to fluctuations in the foreign exchange rate.

Discount rates

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% (2023: 9.5%) for South Africa. The discounted cash flow model used to determine the recoverable amount of the Ensham Mine is based on a real post-tax discount rate of 9.3% (2023: 12%), based on risks specific to the business and the Australian economic environment. The discount rate applied in Australia has reduced from the acquisition date valuation as this CGU has now been priced into the Thungela risk profile. 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.

Saleable production

The forecasted saleable production used in the discounted cash flow models is based the approved financial budgets, including any risks related to rail capacity and ongoing production challenges. The assumptions used in determining the forecasted saleable production take into account various factors, including coal resources and coal reserves, life-of-mine plans, rail capacity and the approved sales profiles based on the Group’s experience and expectations.

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 life-of-mine 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 including carbon pricing, in addition to physical risks caused by climate change.

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

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.

Impairment loss assessments

Export operations – South Africa

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. Based on the ongoing interventions at TFR, there has been an improvement in the rail performance achieved in the year, which has been taken into account in the forecasted saleable production used to determine the recoverable amounts in the current year.

There has been continued pressure on the Richards Bay Benchmark coal price in the year based on increased global gas exports and strong coal supply from all export hubs. As a result, coal inventories worldwide and, in particular Europe, remained high, readily absorbing any change in the demand profile. This impacted the forecasted coal prices utilised in the discounted cash flow models. In the year ended 31 December 2024, the coal prices used, as well as the short remaining life of mine at the Goedehoop operation, led to an impairment of R278 million being recognised at that operation.

In the year ended 31 December 2023, impairment losses of R60 million and R185 million were recognised at Khwezela and Greenside, respectively, as a result of the pressure on the Richards Bay Benchmark coal price and the constrained rail capacity.

The carrying amounts of our CGUs can be analysed as follows:

Rand million	Reporting segment	2024 Carrying amounts[1]
Zibulo	Underground	**6,584**
Elders	Underground	**2,138**
Greenside	Underground	**1,302**
Khwezela	Opencast	**708**
Mafube	Opencast	**1,761**
Total carrying amount		**12,493**

[1] The carrying amounts comprise other intangible assets and property, plant and equipment.

Rand million	Reporting segment	2023 Carrying amounts[1]
Zibulo	Underground	5,617
Goedehoop	Underground	307
Elders	Underground	1,245
Greenside[2]	Underground	1,585
Khwezela[2]	Opencast	630
Mafube	Opencast	1,628
Total carrying amount		11,012

[1] The carrying amounts comprise other intangible assets and property, plant and equipment.
[2] This CGU is reflected at its recoverable amount, determined as its fair value less costs of disposal. Enhanced disclosure of the carrying amounts has been presented in the current year. This disclosure does not impact any other lines in the consolidated financial statements.

7. IMPAIRMENT LOSSES CONTINUED

Impairment loss assessments continued

Export operations – South Africa continued

Sensitivities

The recoverable amounts, based on the discounted cash flow models, are sensitive to changes in input assumptions. The most significant inputs to the discounted cash flow models are the short to medium-term forecasted Richards Bay Benchmark coal price used to calculate the estimated realised prices across the CGUs, the discount rates applied and the forecasted saleable production across the CGUs. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in these assumptions.

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:

			2024			2023
Rand million	5.0% decrease in saleable production	5.0% decrease in estimated prices	0.5% increase in discount rate	5.0% decrease in saleable production	5.0% decrease in estimated prices	0.5% increase in discount rate
Zibulo	(1,601)	(1,993)	(267)	(1,734)	(2,713)	(145)
Goedehoop	(99)	(144)	—	(186)	(251)	—
Elders	(891)	(1,276)	(124)	(628)	(631)	(145)
Greenside	(316)	(550)	(20)	(359)	(660)	(22)
Khwezela	(443)	(696)	(8)	(470)	(734)	(11)
Mafube	(601)	(1,116)	(138)	(545)	(1,122)	(119)
Total	**(3,951)**	**(5,775)**	**(557)**	(3,922)	(6,111)	(442)

For the year ended 31 December 2024, the impact of the sensitivities shown above would result in an impairment possibly being recognised at Khwezela and Greenside, and a reduction of headroom at the remaining CGUs. No further impairment would be required at Goedehoop as all assets have been fully impaired.

For the year ended 31 December 2023, the impact of the sensitivities shown above is as follows:
- Decrease in saleable production of 5.0%: This sensitivity would result in an impairment possibly being recognised at Zibulo and Goedehoop, and an increase in the impairment recognised for Greenside and Khwezela.
- Decrease in estimated prices of 5.0%: This sensitivity would result in an impairment possibly being recognised at Zibulo and Goedehoop, and an increase in the impairment recognised for Greenside and Khwezela (limited to its carrying amount).
- Increase in discount rate of 0.5%: This sensitivity would result in an increase in the impairment recognised for Greenside and Khwezela.

The recoverable amounts are the most sensitive to changes in the estimated prices and saleable production used over the forecast period. The Group has continued to prioritise higher margin production across our operations throughout 2024, to ensure that higher margin products are railed to the RBCT. We are comfortable that the judgements used to determine the recoverable amounts are reasonable and appropriate in terms of the current market conditions.

Export operations – Australia

The Newcastle Benchmark coal price has remained relatively resilient despite the consistent pressure of strong supply in the year ended 31 December 2024. The performance of the Ensham Mine has consistently improved throughout 2024 and this strong performance is expected to continue over the forecast period. Based on the assessment performed, there has been no impairment recognised for Ensham in the year ended 31 December 2024.

The carrying amount of the Ensham CGU at 31 December 2024 amounts to R6,578 million (2023: R7,413 million), on an 85% basis.

Sensitivities

The recoverable amount, based on the discounted cash flow model, is sensitive to changes in input assumptions. The most significant inputs to the discounted cash flow model are the short to medium-term forecasted Newcastle Benchmark coal price used to calculate the estimated realised prices, the discount rates applied and the forecasted saleable production. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in these assumptions.

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

			2024
Rand million	**5.0% decrease in saleable production**	**5.0% decrease in estimated prices**	**0.5% increase in discount rate**
Ensham	**(900)**	**(939)**	**(77)**
Total	**(900)**	**(939)**	**(77)**

The impact of the sensitivities shown above would result in a possible impairment of Ensham related to the decreases in saleable production and estimated prices, and a decrease in available headroom in relation to the increase in the discount rate.

Domestic operations – South Africa

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. The forecasted production is sufficient to meet the committed production per year. We have not identified any impairment indicators for the Isibonelo CGU for the years presented.

Rietvlei has a fixed-term coal supply agreement in place with its customer, and in 2024 there was a brief reduction in the coal production due to the renegotiation of that agreement. Operations recommenced during the last quarter of 2024 ahead of the disposal of our interest in this operation. Based on the resource multiple valuation applied, no impairment indicators were identified before the sale of this operation. Refer to note 16 for further detail.

In the year ended 31 December 2023 the Rietvlei coal supply agreement was still being evaluated, and a conservative view was applied. The CGU was valued at its resource value at the reporting date, assuming no further mining was going to take place until a contract was signed. This resulted in an impairment of R21 million being recognised in that year.

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

		2024		2023
Rand million	**5.0% increase in operating expenditure**	**5.0% decrease in saleable production**	5.0% increase in operating expenditure	5.0% decrease in saleable production
Isibonelo	**(116)**	**(138)**	(100)	(125)
Total	**(116)**	**(138)**	(100)	(125)

For the year ended 31 December 2024, the impact of the sensitivities shown above would be a decrease in the available headroom, but no impairment of Isibonelo.

For the year ended 31 December 2023, the impact of the sensitivities shown above would result in a possible impairment of Isibonelo.

Centrally held assets

The assets held centrally by the Group are allocated to all CGUs on an appropriate proportionate basis. No impairment losses were recognised on the centrally held assets in the years presented based on the allocation performed to the appropriate CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

8. RESTRUCTURING COSTS AND TERMINATION BENEFITS

The Group incurs various costs in relation to restructuring costs and termination benefits, based on changes in the underlying structure of the Group.

Accounting policy

Restructuring costs are recognised as an expense at the earlier of the date that the costs are incurred or when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed restructuring plan. Benefits that are expected to be wholly settled more than one year after the end of the reporting period are discounted to their present value.

Expenses related to the demerger are incurred directly in relation to the ongoing transition of services away from Anglo American, and are recognised as expenses as incurred.

Restructuring costs and termination benefits can be analysed as follows:

Rand million	2024	2023
Demerger-related costs	13	51
Total restructuring costs and termination benefits	**13**	51

Demerger-related costs relate to the ongoing transition of services away from Anglo American in line with the transitional services agreements signed in preparation for the demerger.

9. NET FINANCE INCOME

The Group's net finance income includes investment income relating to the investing activities of the Group, the unwinding of the discount on environmental and other provisions, as well as foreign exchange gains and other financing costs.

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 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 relate to the translation of cash and cash equivalents held by the Group, which are denominated in foreign currencies.

Fair value movements on derivative financial instruments relate to realised and unrealised movements on various instruments entered into in order to manage the Group's exposure to exchange rate volatility.

Net finance income can be analysed as follows:

Rand million	Notes	2024	2023
Investment income			
Interest income on cash and cash equivalents		673	1,000
Growth on environmental rehabilitation trusts' assets	28	526	294
Growth on other environmental investments	22	103	65
Fair value movement on investment in insurance structure	25	44	19
Other interest income		47	16
Total investment income		1,393	1,394
Interest expense			
Interest and other finance expenses		(97)	(66)
Net interest costs on retirement benefit obligations	30	(46)	(47)
Unwinding of discount on environmental and other provisions	28	(1,014)	(911)
Total interest expense		(1,157)	(1,024)
Other net financing gains			
Foreign exchange gains on cash and cash equivalents		281	163
Fair value movements on derivative financial instruments	24	377	163
Total other financing gains		658	326
Net finance income		894	696

10. 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: Income Taxes (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 other comprehensive income or in equity.

Current tax and deferred tax is recognised in other comprehensive income or in equity if the taxation relates to items that are recognised, in the same or a different period, in other comprehensive income 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	2024	2023
Current tax expense		(1,813)	(2,128)
Charged in respect of the current reporting period		(1,824)	(2,093)
Credited/(charged) in respect of prior reporting periods		11	(35)
Deferred tax credit/(expense)		359	(104)
Credited/(charged) in respect of deferred tax assets	31	367	(26)
Charged in respect of deferred tax liabilities	31	(8)	(78)
Total income tax expense		(1,454)	(2,232)

The South African corporate tax rate is 27% and the Australian corporate tax rate is 30%. The UAE treats the qualifying income of businesses recognised as a qualifying free zone person at a 0% corporate tax rate.

10. INCOME TAX EXPENSE CONTINUED

Analysis of income tax expense continued

Australia has a tax consolidation regime that, when elected, allows wholly owned groups of companies operating within Australia to be taxed as one entity. We have elected to apply the tax consolidation regime, with the head company being Sungela Holdings and the wholly owned group of companies being Sungela and Ensham Resources.

Factors affecting income tax expense

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

Rand million	2024	2023
Profit before tax	**4,998**	7,202
Tax at the applicable rate (South African corporation tax rate) of 27%	**(1,349)**	(1,945)
Adjusted for the tax effects of:		
Items non-deductible for tax purposes	**(165)**	(403)
Depreciation of mineral rights	**(8)**	(9)
Impairment losses	**(13)**	(5)
SARS penalties and interest	**(3)**	—
Royalty and carbon tax prior year adjustment	**(15)**	(2)
Fair value losses on biological assets	**(3)**	(3)
Non-deductible items considered capital in nature	**(25)**	(61)
Expenses related to contributions to the trusts[1]	**(52)**	(152)
Expenses not incurred in the production of income	**(9)**	(11)
Transactions related to the acquisition of the Ensham Business[2]	**(37)**	(154)
Accounting adjustments not deductible	**—**	(6)
Items non-taxable for tax purposes	**231**	226
Contribution to other environmental investments	**1**	1
Accounting adjustments not taxable	**74**	57
Disposal of investment in subsidiary[3]	**137**	—
Exempt income	**19**	15
Gain on bargain purchase	**—**	153
Other items	**(168)**	(127)
Effect of different tax rates in foreign jurisdictions	**7**	(4)
Deferred tax assets previously not recognised	**6**	—
Deferred tax assets not recognised[4]	**(154)**	(131)
Current tax expense related to Pillar Two top-up tax	**(18)**	—
Other	**(9)**	8
Prior year adjustments	**(3)**	17
Current tax	**11**	(35)
Deferred tax	**(14)**	52
Total income tax expense	**(1,454)**	(2,232)

1 Expenses related to contributions to the trusts relates to contributions made to the Nkulo Community Partnership Trust and the Sisonke Employee Empowerment Scheme. Refer to note 6 and note 28 for further detail.
2 Transactions related to the acquisition of the Ensham Business relate to the tax impact of various elements of the acquisition, which are considered non-deductible based on the application of the tax laws in Australia.
3 Refer to note 16 for further detail related to the disposal of investment in subsidiary.
4 Deferred tax assets not recognised relate mainly to losses incurred in RMC until its disposal. The unrecognised deferred tax asset was disposed of along with the disposal of our investment of the company.

The effective tax rate for the period of 29% (2023: 31%) is higher than the applicable statutory rate of corporation tax in South Africa of 27%. This is primarily due to non-deductible expenses incurred throughout the Group, an increase in the deferred tax asset not recognised in RMC, based on ongoing losses in that entity up to the disposal thereof, the higher statutory tax rate in Australia and the Pillar Two top-up tax recognised in the year.

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

Organisation for Economic Co-operation and Development's Two-Pillar Solution

The Group is subject to global minimum top-up taxes as part of the Two-Pillar Solution of the Organisation for Economic Co-operation and Development's Global Anti-Base Erosion (GloBE) Rules. The Two-Pillar Solution (referred to as 'Pillar Two') seeks to introduce a global minimum effective tax rate, in terms of which multinational enterprise groups may be subject to a minimum effective tax rate of 15% on income arising in each jurisdiction in which they operate.

At the reporting date, the jurisdictions in which we operate have each progressed the requirements related to Pillar Two as follows:

South Africa

The South African Global Minimum Tax Act 46 of 2024, which sets out the global minimum tax regime in South Africa, was published in the Government Gazette on 24 December 2024 and is effective for reporting periods starting on or after 1 January 2024. This legislation, referred to as the Pillar Two rules, provides for an income inclusion rule and a domestic minimum top-up tax, but does not include an undertaxed profits rule.

Australia

The Pillar Two legislation in Australia was registered on 23 December 2024 and is now enacted. The legislation includes a 15% global minimum tax for large multinational enterprises, with the income inclusion rule and domestic minimum top-up tax applying to reporting periods starting on or after 1 January 2024. The undertaxed profits rule will apply to reporting periods starting on or after 1 January 2025.

United Arab Emirates

The UAE Ministry of Finance launched a public consultation process on the implementation of the GloBE Rules in that country, which closed on 10 April 2024. On 9 December 2024, the Ministry of Finance announced that a domestic minimum top-up tax will be effective for reporting periods starting on or after 1 January 2025.

Pillar Two impact on Thungela

The Pillar Two assessment performed by the Group relied on the transitional safe harbour rules for our operations in South Africa and Australia. Our operations in the UAE do not meet any of the transitional safe harbour rules and a detailed Pillar Two calculation was performed for the entities in this jurisdiction. The calculation notes that a top-up tax of R18 million may need to be paid based on our operations in the UAE. This top-up tax is payable by Thungela as the ultimate parent entity of the Group.

The Group applies the mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities that arise from the implementation of the Pillar Two rules as required by the amendments to IAS 12, issued in May 2023.

Tax amounts included in other comprehensive (loss)/income

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

Rand million	**2024**	2023
Tax credit/(expense) on items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	**2**	(7)
Fair value losses on financial asset investments	**—**	1
Total income tax credit/(expense) recognised in other comprehensive (loss)/income	**2**	(6)

10. INCOME TAX EXPENSE CONTINUED

Current tax assets and liabilities

Current tax assets and liabilities are only offset to the extent that the Group has the ability and intention to settle these amounts simultaneously.

Current tax assets and liabilities can be analysed as follows:

Rand million	2024	2023
Current tax assets	235	298
Current tax liabilities	(482)	(102)
Net current tax (liabilities)/assets	**(247)**	196

Income tax paid

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

Rand million	2024	2023
Balance at the start of the reporting period	196	206
Income tax – current tax charge	(1,813)	(2,128)
Disposal of investment in subsidiary[1]	2	—
Interest capitalised	12	(1)
Non-cash movements	1	—
Currency movements	13	—
Balance at the end of the reporting period	247	(196)
Income tax paid	**(1,342)**	(2,119)

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

11. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share has been calculated in line with the requirements of IAS 33: Earnings per Share. Headline earnings has been determined in line with Circular 1/2023: Headline Earnings (Circular 1/2023) issued by SAICA, detailing the requirements for determining headline earnings, and the JSE Listings Requirements.

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 Circular 1/2023, 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 Accounting Standards, but it is a commonly used measure of earnings in South Africa that is more closely aligned with the operating activities of an entity.

Diluted earnings 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 in line with the Thungela share plan.

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	2024	2023
Net shares in issue at the start of the reporting period	136,900,568	137,549,449
Adjusted for the weighted average impact of shares:		
Acquired in the reporting period[1]	(3,115,877)	(982,824)
Disposed of in the reporting period[2]	—	2,751
Vested in the reporting period[3]	453,756	487,252
WANOS at the end of the reporting period	134,238,447	137,056,628
Adjusted for dilutive potential ordinary shares relating to:		
Conditional share awards	1,057,262	2,467,564
Forfeitable share awards	641,691	280,078
Diluted WANOS at the end of the reporting period	135,937,400	139,804,270
Number of shares in issue	140,492,585	140,492,585
Treasury shares held by Group companies[4]	(6,925,889)	(3,592,017)
WANOS	134,238,447	137,056,628
Diluted WANOS	135,937,400	139,804,270

1 Shares acquired in the reporting period relate to shares purchased in line with the requirements of the Thungela share plan, as well as in relation to the share buybacks undertaken in the reporting period. Refer to note 32 and note 33 for further detail.
2 Shares disposed of in the reporting period relate to share awards forfeited in line with the requirements of the Thungela share plan, which were subsequently sold.
3 Shares vested in the reporting period relate to share awards which have vested in line with the requirements of the Thungela share plan.
4 Refer to note 32 for detail related to the treasury shares held by Group companies.

Earnings per share

Earnings per share can be analysed as follows:

Rand million (unless otherwise stated)	2024	2023
Profit attributable to the equity shareholders of the Group	3,592	5,162
Profit used in the calculation of diluted earnings per share[1]	3,592	5,162
Earnings per share		
Basic (cents/share)	2,676	3,766
Diluted (cents/share)	2,642	3,692

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.

11. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE CONTINUED

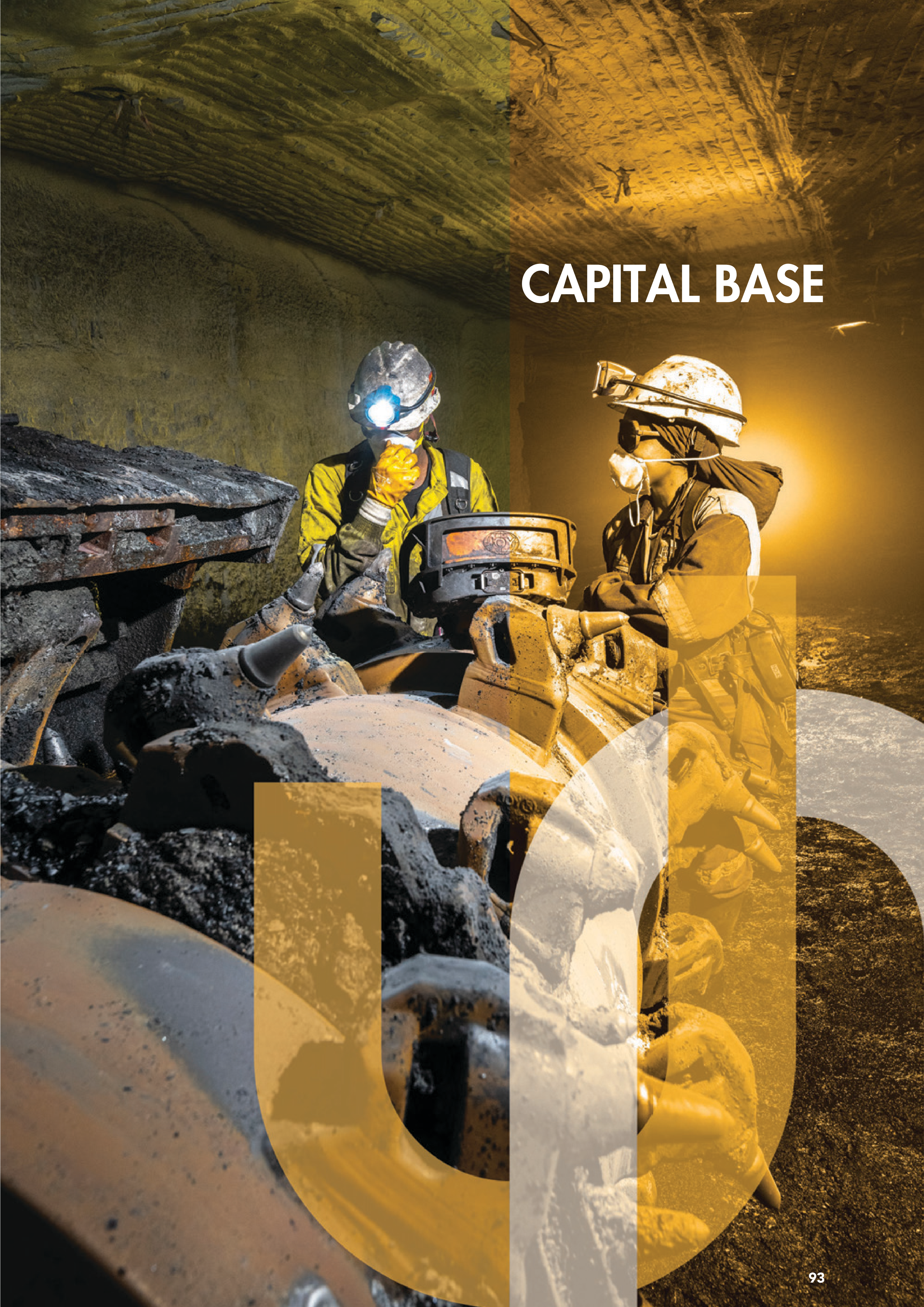
Headline earnings per share

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

Rand million (unless otherwise stated)	Notes	2024	2023
Profit attributable to the equity shareholders of the Group		3,592	5,162
Adjusted for:			
Excluded remeasurements		(309)	(291)
Impairment of property, plant and equipment	7	231	257
Impairment of intangible assets	7	47	9
Profit on disposal of investment in subsidiary	16	(601)	—
Gain on bargain purchase arising from the acquisition of the Ensham Business	15	—	(565)
Loss on sale of property, plant and equipment	5	14	8
Tax effects of excluded remeasurements		(40)	(64)
Impairment of property, plant and equipment	7	(62)	(62)
Profit on disposal of investment in subsidiary	16	26	—
Loss on sale of property, plant and equipment		(4)	(2)
Non-controlling interests related to excluded remeasurements		192	(14)
Impairment of property, plant and equipment		—	(14)
Profit on disposal of investment in subsidiary		192	—
Headline earnings		3,435	4,793
Headline earnings used in the calculation of diluted headline earnings per share[1]		3,435	4,793
Headline earnings per share			
Basic (cents/share)		2,559	3,497
Diluted (cents/share)		2,527	3,428

[1] There were no adjustments to headline earnings used in the calculation of diluted headline earnings per share relating to the potential ordinary shares.

CAPITAL BASE



12. INTANGIBLE ASSETS

Intangible assets comprise goodwill and other intangible assets, being a servitude related to the Zibulo Colliery and software implemented by the Group.

Accounting policy

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives of between five and 20 years. The amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances, including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

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

Refer to note 7 for detail of the impairment assessment performed by the Group.

Intangible assets can be analysed as follows:

				2024
Rand million	Goodwill	Other	Capital work-in-progress	Total
Cost				
Balance at the start of the reporting period	98	311	273	682
Additions	—	—	63	63
Transfers of capital work-in-progress	—	336	(336)	—
Balance at the end of the reporting period	98	647	—	745
Accumulated amortisation and impairment losses				
Balance at the start of the reporting period	(98)	(262)	(9)	(369)
Amortisation	—	(29)	—	(29)
Impairment losses	—	(47)	—	(47)
Transfers of capital work-in-progress	—	(9)	9	—
Balance at the end of the reporting period	(98)	(347)	—	(445)
Carrying amount				
Balance at the start of the reporting period	—	49	264	313
Balance at the end of the reporting period	—	300	—	300

Rand million	Goodwill	Other	Capital work-in-progress	2023 Total
Cost				
Balance at the start of the reporting period	98	311	—	409
Additions	—	—	172	172
Reclassifications	—	—	101	101
Balance at the end of the reporting period	98	311	273	682
Accumulated amortisation and impairment losses				
Balance at the start of the reporting period	(90)	(237)	—	(327)
Amortisation	—	(25)	—	(25)
Impairment losses	(8)	(1)	—	(9)
Reclassifications	—	1	(9)	(8)
Balance at the end of the reporting period	(98)	(262)	(9)	(369)
Carrying amount				
Balance at the start of the reporting period	8	74	—	82
Balance at the end of the reporting period	—	49	264	313

Goodwill arose through various historical transactions and was fully impaired in previous years.

The servitude is amortised over a useful life of 20 years. The remaining useful life is nine years. The computer software is amortised over a useful life of five years. The remaining useful life is one year.

Capital work-in-progress related to upgrades to the Group's information management environment, based on the ongoing transition of services away from Anglo American. In the year ended 31 December 2024, the project was completed and the underlying assets were transferred to other intangibles. The software will be amortised over a useful life of three to five years.

13. 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.

Capital work-in-progress represents the costs incurred on assets being constructed by the Group, mainly in relation to the Elders and Zibulo North Shaft projects, and is capitalised as costs are incurred. These assets are measured at cost less any impairment losses. When the assets can operate in the manner intended by management, they are transferred to the appropriate asset class and depreciation will commence.

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, overburden, and other waste materials overlying a mineral deposit 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: Inventories.

Right-of-use assets

Right-of-use assets are included within property, plant and equipment. At the commencement of the lease, these 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.

Refer to note 29 for detail related to the leasing activities of the Group.

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. Mining properties include the value of the mining tenement acquired with the Ensham Business, which is depreciated on a straight-line basis over the estimated remaining reserve life.

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.

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.

Property, plant and equipment can be analysed as follows:

							2024
		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	9,992	2,703	58	30,502	155	7,214	50,624
Additions	—	—	—	—	—	3,374	3,374
Additions to right-of-use assets	—	—	—	—	198	—	198
Disposals	(18)	(5)	—	(466)	—	—	(489)
Transfers of capital work-in-progress	77	149	—	1,068	—	(1,294)	—
Disposal of investment in subsidiary[1]	(241)	—	(16)	(34)	(107)	(8)	(406)
Adjustments to decommissioning assets	—	—	—	37	—	—	37
Currency movements	(180)	(83)	—	(213)	(2)	(33)	(511)
Balance at the end of the reporting period	9,630	2,764	42	30,894	244	9,253	52,827
Accumulated depreciation and impairment losses							
Balance at the start of the reporting period	(5,479)	(930)	(39)	(21,154)	(51)	(3,494)	(31,147)
Depreciation	(510)	(173)	(4)	(1,683)	(53)	—	(2,423)
Impairment losses	(5)	—	—	(226)	—	—	(231)
Disposals	18	4	—	453	—	—	475
Disposal of investment in subsidiary[1]	82	—	6	16	61	1	166
Currency movements	17	8	—	29	1	—	55
Balance at the end of the reporting period	(5,877)	(1,091)	(37)	(22,565)	(42)	(3,493)	(33,105)
Carrying amount							
Balance at the start of the reporting period	4,513	1,773	19	9,348	104	3,720	19,477
Balance at the end of the reporting period	3,753	1,673	5	8,329	202	5,760	19,722

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property, plant and equipment can be analysed as follows continued:

							2023
		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	7,089	1,356	55	26,891	107	5,369	40,867
Acquisition of the Ensham Business[1]	2,716	1,281	—	2,636	—	586	7,219
Additions	—	—	—	—	—	3,083	3,083
Additions to right-of-use assets	—	—	3	—	48	—	51
Disposals	—	(5)	—	(854)	—	—	(859)
Transfers of capital work-in-progress	106	33	—	1,708	—	(1,847)	—
Reclassifications	—	—	—	(35)	—	2	(33)
Adjustments to decommissioning assets	—	—	—	76	—	—	76
Currency movements	81	38	—	80	—	21	220
Balance at the end of the reporting period	9,992	2,703	58	30,502	155	7,214	50,624
Accumulated depreciation and impairment losses							
Balance at the start of the reporting period	(5,140)	(873)	(36)	(20,634)	(35)	(3,493)	(30,211)
Depreciation	(299)	(57)	(4)	(1,161)	(11)	—	(1,532)
Impairment losses	(38)	(3)	(1)	(209)	(5)	(1)	(257)
Disposals	—	4	—	848	—	—	852
Reclassifications	—	—	2	6	—	—	8
Currency movements	(2)	(1)	—	(4)	—	—	(7)
Balance at the end of the reporting period	(5,479)	(930)	(39)	(21,154)	(51)	(3,494)	(31,147)
Carrying amount							
Balance at the start of the reporting period	1,949	483	19	6,257	72	1,876	10,656
Balance at the end of the reporting period	4,513	1,773	19	9,348	104	3,720	19,477

[1] Refer to note 15 for further detail related to the acquisition of the Ensham Business.

14. INVESTMENT IN ASSOCIATE

The Group holds an investment in RBCT, over which we are considered to exercise significant influence.

Accounting policy

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Investments in associates are equity accounted and represent the cost of the investment, the post-acquisition share of any profits or losses and other changes in equity, and the long-term debt interests which in substance form part of the Group's net investment.

The carrying values of investments in associates are reviewed on a regular basis and if there is objective evidence that a sustained decline in value has occurred as a result of one or more events during the period, the investment is impaired.

The investment in associate can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	78	43
Advance of quasi-equity loans	121	35
Balance at the end of the reporting period	**199**	78

The Group holds a 23% (2023: 23%) ownership interest in RBCT. The principal business activity of RBCT is the export of coal from South Africa. RBCT operates on the basis that all costs incurred are recovered from shareholders in proportion to their throughput through the terminal, hence no profit or loss is recognised under the equity method of accounting. The Group's total investment in associate includes loans of R180 million (2023: R59 million), which in substance form part of the Group's net investment in the associate.

The Group has assessed these loans for impairment based on the expected repayment of the loans and risk of default by RBCT, taking into account both forward-looking and historical information available and determined that no impairment is required.

15. ACQUISITION OF THE ENSHAM BUSINESS

Thungela acquired a controlling interest in the Ensham Business from Idemitsu, with an effective date of 31 August 2023, as described in note 2A.

The acquisition was considered to be a business combination in line with IFRS 3, and the acquisition method of accounting was applied in the year ended 31 December 2023.

Accounting policy

Goodwill, or a gain on bargain purchase, is determined by comparing the fair value of the consideration transferred (including contingent consideration) to the fair value of the Group's share of identifiable net assets at the acquisition date. Where this difference is positive, it reflects goodwill, and where it is negative, it results in a gain on bargain purchase.

Goodwill is recognised as an intangible asset, while a gain on bargain purchase is recognised directly in the statement of profit or loss and other comprehensive income on the acquisition date.

Transactions which are not considered to be part of the business combination are recognised separately in line with the relevant IFRS Accounting Standards considerations, and do not impact the goodwill or gain on bargain purchase recognised.

Acquisition and integration costs relate to costs incurred in relation to the business combination, or subsequent integration of the business into the Group, and are expensed as incurred.

15. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Critical judgements applied in determining the fair value of the Ensham Business

The fair value of the Ensham Business at the acquisition date was determined with reference to the life-of-mine forecasted cash flows, in line with the specific requirements of IFRS 3. The Ensham Business was identified as a single CGU based on the operations thereof, and the generation of cash flows in the business.

Expected future cash flows used in the discounted cash flow model are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including coal resources and coal reserves, expected production volumes and costs, forecasted capital expenditure, as well as economic factors such as the Newcastle Benchmark coal price, foreign exchange rates, and discount rates. 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.

The discounted cash flow model used to determine the fair value of the Ensham Business at the acquisition date was based on the model underlying the sale process, and was adjusted based on our best estimate of various inputs at the acquisition date.

The key assumptions used in the discounted cash flow model, effective at the acquisition date, can be analysed as follows:

Life of mine and production volumes

The life of mine used in the determination of the fair value of the Ensham Business was reflective of our understanding of the operations of the Ensham Mine. This included an assumption that mining leases over certain areas of the mine will be extended past their current expiry date, and that mining will continue until 2032. While the extension to these leased areas was not granted at the acquisition date, it was considered appropriate to include the extension in determining a market participant view of Ensham. We continue to progress our applications for the extensions of these leased areas. Production volumes included in the cash flow model were based on demonstrated rates and internal forecasts, as approved in the normal operating cycle.

Coal prices

The estimated coal prices used were based on the latest internal forecasts, benchmarked with external sources of information to ensure that they were within the range of available external forecasts. The estimated prices were calculated using the forecasted Newcastle Benchmark coal price, with adjustments to reflect the quality and calorific value of the product. Where the Ensham Business had negotiated fixed price contracts with customers, the estimated price for these sales volumes reflected the agreed fixed price. The forecasted Newcastle Benchmark coal price used in the cash flow model ranged from USD85 per tonne to USD143 per tonne. When combined with the fixed prices agreed with customers on specific contracts, the estimated prices used in the cash flow model ranged from USD85 per tonne to USD206 per tonne.

Foreign exchange rates

Foreign exchange rates were based on the latest internal forecasts, benchmarked against external sources of information. Sales for the Ensham Business are made in both US dollars and Australian dollars, however the majority of costs are incurred in Australian dollars. The cash flow model is thus sensitive to fluctuations in the US dollar to Australian dollar exchange rate, which is more stable than the fluctuations of these currencies to the South African rand. The real exchange rates used in the cash flow model ranged from AUD1.43:USD1 to AUD1.52:USD1.

Discount rate

The discounted cash flow model used to determine the fair value of the Ensham Business was based on a real post-tax discount rate of 12%, based on risks specific to the business and the Australian economic environment. The fair value of the environmental and other provisions was determined using a risk-free discount rate of 4.1%.

Operating costs, capital expenditure and other operating factors

Operating costs and capital expenditure were based on the financial budgets as included in the initial seller model. Forecasted cash flows beyond the budget period were based on approved life-of-mine plans and internal forecasts. Cost assumptions incorporated the Group's experience and expectations of costs to be incurred.

Tax and deferred tax

The tax and deferred tax impact included in the cash flow model was based on the tax laws and regulations in place in Queensland at the acquisition date, and the expected tax to be paid by the Ensham Business on the forecasted cash flows. The deferred tax liability at the acquisition date was determined using the adjusted tax bases of the assets and liabilities acquired, based on the purchase price paid to Idemitsu.

Determining the total consideration

The total consideration for the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Initial purchase price	4,115
Completion adjustments	(128)
Economic benefit deed	(815)
Royalty deed	123
Total consideration	3,295

Initial purchase price

The initial purchase price as included in the SASA amounted to R4,115 million, which was settled by Sungela through funding received from Sungela Holdings. The initial purchase price was paid in two tranches, the first being a deposit of R169 million paid in March 2023, and the remaining amount paid in advance of the effective date of the transaction, being 31 August 2023.

Completion adjustments

The SASA provided for two completion adjustments, which impacted total consideration, based on the working capital position of the Ensham Business at the acquisition date, as is customary in transactions of this nature. An estimated completion adjustment was determined prior to the acquisition date, and adjusted the amount paid by Sungela at that date. A final completion adjustment was determined after the acquisition date, based on the actual working capital position of the Ensham Business, and was considered a measurement period adjustment. Both of the completion adjustments reduced the consideration by a total of R128 million. The final completion adjustment was received by Sungela in December 2023.

Economic benefit deed

The SASA provided that Sungela would have a right to, or obligation for, a contractually determined portion of the net economic benefit generated by the Ensham Business from 1 January 2023 until the effective date of the acquisition – referred to as the economic benefit deed. The economic benefit deed reflected Sungela's benefit in the Ensham Business before the acquisition date, and the calculation of the related economic benefit was subject to specific and detailed contractual provisions.

The economic benefit deed was directly related to the acquisition of the Ensham Business, and was determined based on the performance of the business up to the acquisition date. As such, it was considered a measurement period adjustment, and impacted the total consideration for the acquisition. The value of the economic benefit deed was determined in line with the contractual provisions to be R815 million, which was received by Sungela in December 2023.

15. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Determining the total consideration continued

Royalty deed

The SASA also provided for a royalty deed, in which Sungela may be liable to pay a royalty amount to Idemitsu based on sales of Ensham coal up to 31 December 2024. The royalty was payable on a quarterly basis, only to the extent that the average realised price for sales per quarter exceeded USD170 per tonne in 2023, and USD150 per tonne in 2024.

As the royalty deed was directly related to the acquisition of the Ensham Business, and was determined based on factors arising after the acquisition date (being the actual realised price on sales up to 31 December 2024), it was considered to be contingent consideration. The fair value of the royalty deed at the acquisition date, being R123 million, based on the forecasted coal prices used to determine the fair value of the Ensham Business at that date, was added to the total consideration.

Sungela paid R55 million to Idemitsu in December 2023 in relation to the royalty deed, based on sales from the acquisition date to the reporting date, which was reflected as a cash outflow from financing activities, being the settlement of contingent consideration after the acquisition date. No further amount has been paid to Idemitsu in relation to the royalty deed in the year ended 31 December 2024.

The royalty deed was considered to be a derivative liability as defined in IFRS 9: Financial Instruments (IFRS 9) and was measured at its fair value, being the value expected to be paid under the deed based on the forecasted realised prices up to 31 December 2024.

Subsequent changes to the valuation of the royalty deed are recognised in profit or loss and will not affect the total consideration. The forecasted Newcastle Benchmark coal price remained lower than the threshold specified in the contract throughout 2024, and the Group has not paid any further consideration up to the expiry of the royalty deed. The fair value of the royalty deed at 31 December 2024 is thus considered to be Rnil. At 31 December 2023, the fair value of the royalty deed was considered to be Rnil, based on the forecasted Newcastle Benchmark coal price, which resulted in a fair value gain of R72 million being recognised in the statement of profit or loss and other comprehensive income in that year.

Impact on the statement of cash flows

The amounts recognised in the statement of cash flows relating to the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Payment of initial purchase price	4,115
Receipt of completion adjustments	(128)
Receipt of economic benefit deed	(815)
Realised foreign exchange gains	(26)
Net cash outflow related to total consideration	3,146
Less – cash acquired in the Ensham Business[1]	(376)
Net cash outflow on the acquisition of the Ensham Business	2,770

[1] The cash acquired in the Ensham Business related to cash on hand in the underlying statutory entities at the acquisition date.

Fair value of the net assets of the Ensham Business

Thungela accounted for the acquisition of the Ensham Business by consolidating the fair value of the net assets acquired on a line-by-line basis at the acquisition date. As detailed in note 2A, the results of Ensham Resources and Nogoa Pastoral are included in the consolidated financial statements at 85% of the underlying entities performance, based on Sungela's rights in terms of the mining tenements. The fair values of the assets and liabilities acquired were considered to be final at 31 December 2023, and no further measurement period adjustments have been identified.

The acquisition date fair values of the net assets of the Ensham Business can be analysed as follows:

Rand million	2023
Assets	
Non-current assets	
Property, plant and equipment	7,219
Trade and other receivables	8
Other non-current assets	23
Total non-current assets	7,250
Current assets	
Inventories	1,013
Trade and other receivables	807
Derivative financial instruments	227
Cash and cash equivalents	376
Total current assets	2,423
Total assets	9,673
Liabilities	
Non-current liabilities	
Environmental and other provisions	3,727
Deferred tax liabilities	133
Total non-current liabilities	3,860
Current liabilities	
Trade and other payables	1,563
Environmental and other provisions	369
Total current liabilities	1,932
Total liabilities	5,792
Fair value of net assets acquired	3,881

Property, plant and equipment

The Group primarily used the cost approach to determine the fair value of the property, plant and equipment. By using this approach, we recognised the contributory value associated with the necessary installation, engineering and set up costs related to the installed complement of equipment. The market approach was applied where we had sufficient information in respect of comparable sales and offering data in the market place.

Property, plant and equipment included R2,716 million relating to the fair value of the mining tenements, which were not previously recognised. The fair value of the mining tenements was determined based on the residual business fair value, adjusted for the fair value of the net assets acquired.

Inventories

Inventories acquired included consumables and finished products, being coal inventory. Consumables were measured at cost, which was considered to reflect their fair value at the acquisition date. Coal inventory was measured at net realisable value, which was reflective of its fair value at the acquisition date. The coal inventory on hand at the acquisition date was sold by 31 December 2023, and the remaining inventory on hand has been measured at the lower of cost or net realisable value.

15. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Fair value of the net assets of the Ensham Business continued

Trade and other receivables

Trade and other receivables were reflected at the book value thereof at the acquisition date. Thungela considered the gross contractual amounts receivable to be equal to the fair value of the receivables at that date.

Derivative financial instruments

The Ensham Business has a number of contracts with agreed fixed prices for coal sales over a specified period of time. The 2023 prices in these contracts were agreed early in that year, when the Newcastle Benchmark coal price was significantly higher than the levels experienced throughout the second half of 2023. The fixed price element of these contracts was considered to be an above-market transaction, which required the recognition of an appropriate asset at the acquisition date. The value of the favourable customer contracts was determined using the same forecasted Newcastle Benchmark coal price as detailed in this note, and resulted in a derivative asset being recognised at the acquisition date. The contracts include a fixed price for a calendar year, after which the pricing will be renegotiated. As such, the asset related to the favourable customer contracts was released in full at 31 December 2023.

Trade and other payables

Trade and other payables were reflected at the book value thereof at the acquisition date. Thungela considered the gross contractual amounts payable to be equal to the fair value of the payables at that date.

Environmental and other provisions

Environmental provisions

The SASA noted that the sale of the Ensham Business included the assumption of the liability to perform rehabilitation activities related to past mining activities. The environmental provisions at the acquisition date were determined in line with the relevant regulations in Australia, as detailed in note 28, and our estimate of the closure costs for the Ensham Mine based on the information available to us at that date.

Other provisions

Other provisions reflected the acquisition date fair values of contingent liabilities, which are required to be recognised in accordance with IFRS 3. This included a provision for a take-or-pay contract with a rail provider, where forecasted railage is below the committed railage, as well as various ongoing litigation matters at the Ensham Mine.

The value of these provisions at the acquisition date reflected our best estimate of the costs to be incurred. In the year ended 31 December 2024, a portion of this amount has been released in line with the normal ongoing operations of the Ensham Business.

Sensitivity analysis

The discounted cash flow model used to determine the fair value of the Ensham Business at the acquisition date was sensitive to changes in input assumptions, particularly in relation to life-of-mine assumptions, discount rates, forecasted Newcastle Benchmark coal prices, and costs. In addition to the base case valuation, alternative scenarios were considered to assess the impact of changes in key assumptions.

The impact on the estimated fair value at the acquisition date, for reasonably possible changes to the key assumptions used, keeping other assumptions constant, can be analysed as follows:

Rand million	2023
Decrease of life of mine to 2028	194
Increase of 5.0% in forecasted costs	(472)
Increase of 0.5% in discount rate	(85)
Decrease of 5.0% in forecasted saleable production	(992)
Decrease of 5.0% in forecasted Newcastle Benchmark coal price	(956)

The fair value of the Ensham Business was the most sensitive to changes in the forecasted saleable production and the forecasted coal prices. Since we have assumed operational control of the Ensham Mine, the average production run rate has increased and there are plans to further increase production going forward. The Newcastle Benchmark coal price used was in line with our price modelling used for key investment decisions, and was considered to be a reasonable basis on which to determine the fair value of the Ensham Business.

Gain on bargain purchase

The gain on bargain purchase was determined by comparing the total consideration to the fair value of the net assets acquired in the business combination, adjusted for the appropriate non-controlling interests.

The gain on bargain purchase recognised on the acquisition of the Ensham Business can be analysed as follows:

Rand million	2023
Total consideration	3,295
Non-controlling interest acquired[1]	21
Fair value of net assets acquired	(3,881)
Gain on bargain purchase	(565)

[1] This represents the non-controlling interest in Ensham Coal Sales only.

As required by IFRS 3, various inputs into the determination of the fair value of the Ensham Business were reassessed to determine that the recognition of a gain on bargain purchase was appropriate. The significant contributors to the gain on bargain purchase recognised related to the life-of-mine assumptions applied, which assumed the extension of certain mining leases past their current expiry date, as well as the economic benefit deed received by Sungela. Given the extent of time between the signing of the SASA and the effective date of the transaction, the economic benefit deed resulted in Sungela receiving eight months of operational benefit from the Ensham Business, which reduced the total consideration for the acquisition.

The gain on bargain purchase was included as a separate line item in the statement of profit or loss and other comprehensive income in the year ended 31 December 2023.

Contribution of the Ensham Business

The results of the Ensham Business have been reflected in full for the year ended 31 December 2024. The Ensham Business contributed revenue of R2,589 million and net profit of R448 million, including acquisition-related fair value adjustments, to the Group for the period from the acquisition date to 31 December 2023.

If the acquisition had occurred on 1 January 2023, the Ensham Business would have contributed revenue and net profit of R9,764 million and R2,056 million, respectively, to the Group for the year ended 31 December 2023. These amounts were calculated using the management accounts of the Ensham Business.

Transactions recognised separately from the acquisition of the Ensham Business

Various transactions were undertaken in support of the acquisition of the Ensham Business, which were not directly related to the acquisition. These transactions were separately recognised in line with the relevant IFRS Accounting Standards requirements as detailed below.

Financing provided to the co-investors

The co-investors acquired a 25% shareholding in Sungela Holdings as part of the acquisition of the Ensham Business. The portion of the purchase price attributable to the shareholding purchased by the co-investors was R1,035 million, of which R809 million, or 20%, was funded through a loan provided by Thungela International. The loan is interest-bearing and is repayable 18 months after the effective date of the transaction, mainly through distributions received by the co-investors from Sungela Holdings. The co-investors are required to apply 90% of all distributions they receive from Sungela Holdings to the repayment of the loan. No repayments on the loan have been received from the co-investors in the year ended 31 December 2024.

15. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Transactions recognised separately from the acquisition of the Ensham Business continued

Financing provided to the co-investors continued

The loan is secured by shares owned by the co-investors, representing 20% of the shares of Sungela Holdings in issue at the acquisition date. Once 50% of the loan has been repaid, 50% of the secured shares may be released to the co-investors. To the extent that the loan is not repaid by its final repayment date, some of the secured shares may be called as security by Thungela International. Should the loan not be repaid in full, and a portion of the secured shares called, the capital amount of the loan will be considered fully repaid, even if the value of the secured shares called is lower than the value of the outstanding debt at the repayment date, in which case Thungela International may become the legal owner of the shares called as security.

As the shares are held as security for the loan, and the loan will be considered fully repaid even to the extent that the value of the shares is less than the capital amount outstanding, for accounting purposes only, the shares are not considered to have been issued while the loan has not been repaid. Thungela International is instead considered, for accounting purposes, to have granted the co-investors an option to acquire 20% of the shares in Sungela Holdings, which is exercisable to the extent that the loan is repaid at its repayment date.

The grant of the option to the co-investors is treated as an equity-settled share-based payment transaction, as it will be settled using the shares of Sungela Holdings, to the extent that the loan is repaid. The fair value of the option granted was measured at its grant date, being 31 August 2023, and will not be remeasured after grant date. As the option does not have vesting conditions attached to its exercise, the full value of the option was recognised as an expense at the grant date, and no further expense has been recognised in the current year.

The option payout depends on the interaction between the loan interest and the dividends paid on the underlying Sungela Holdings shares held as security, resulting in a path-dependent payout structure. As a result, the Group used the Monte Carlo model, where the payoff of the option emulates that of a call option with the loan balance resembling the variable strike price, being the outstanding debt balance of the option at the repayment date.

The inputs used in the measurement of the fair value of the option at grant date were as follows:

	2023
Grant date	31 August 2023
Fair value at grant date (Rand million)	75
Maturity date	28 February 2025
Expected volatility (%)	60
Risk-free rate (%)	1.0 – 4.2
Margin on loan (%)	14
Dividend yield (%)	1.7 – 10

The Group recognised an expense for the option granted to the non-controlling interests of R75 million in the year ended 31 December 2023, with a corresponding increase in the share-based payments reserve. No further expense has been recognised in relation to the option for the year ended 31 December 2024.

Long-term incentive plan shares

The co-investors were granted LTIP shares, which currently carry no voting or dividend rights, but could vest and become ordinary shares on the achievement of specific milestones, each of which will enhance the value of the Ensham Business. Should all of the LTIP shares vest, the legal ownership held by the co-investors in Sungela Holdings would increase to 30%, on a fully diluted basis. The co-investors only have rights to earnings and distributions relating to the LTIP shares from 31 December in the year in which a milestone has been met, and as approved by the Sungela Holdings board.

The LTIP shares are reflected as separate classes of shares by Sungela Holdings and at the point that the LTIP shares are considered to vest, these shares will be given the same voting and economic rights as ordinary shares. Thungela Resources Australia will not sell any of its existing equity shares in Sungela Holdings on the vesting of the LTIP shares, but its shareholding will reduce through the rights afforded to these shares on their vesting dates, should they vest in line with the related milestones.

The grant of the LTIP shares is treated as an equity-settled share-based payment transaction, as it will be settled in the shares of Sungela Holdings on vesting.

The LTIP shares have been measured at fair value on the grant date, being 31 August 2023, calculated based on the discounted cash flow model used to determine the fair value of the Ensham Business at that date, and will not be remeasured after the grant date. The expense related to the LTIP shares will be recognised in each year based on the number of shares expected to vest in line with the achievement of the vesting conditions.

At 31 December 2024 an additional milestone was met, resulting in the vesting of LTIP shares reflective of a further 1.0% (2023: 1.5%) of the shares issued by Sungela Holdings. Thus LTIP shares reflecting 2.5% of the shares issued by Sungela Holdings have vested since the acquisition date of the Ensham Business. As a result of the vesting, an expense for the conditional shares granted to the non-controlling interests of R9 million (2023: R48 million) has been recognised in the statement of profit or loss and other comprehensive income.

The vesting of the LTIP shares has resulted in an increase in non-controlling interests of R82 million (2023: R62 million) to correctly reflect the proportion of the non-controlling interests' share of the Ensham Business.

Acquisition and integration costs

No acquisition and integration costs have been recognised in the year ended 31 December 2024.

In the year ended 31 December 2023, costs directly attributable to the acquisition and subsequent integration of the Ensham Business into Thungela, amounting to R454 million, were recognised. This included stamp duty payable in Australia of R182 million, and various advisory and professional fees. Fees from the independent external auditor of the Ensham Business of R8 million, related to work performed to support the acquisition, are included in the acquisition and integration costs.

Non-controlling interests in the Ensham Business

As a result of the accounting treatment applied to the option issued to them, the co-investors only have rights to 5.0% of the earnings of the Ensham Business from the acquisition date up to 31 December 2023, and 6.5% of earnings for the year ended 31 December 2024. Consequently, the non-controlling interests reflected in relation to the Ensham Business for the year are 6.5% (2023: 5.0%). The proportion of earnings allocated to the non-controlling interests will be adjusted at the loan repayment date to reflect the shares that are considered to be issued in substance, taking into account the extent to which the loan has been repaid.

The non-controlling interests acquired on the acquisition of the Ensham Business amounted to R226 million, reflecting the co-investors' proportionate share of the fair value of the net assets acquired. These non-controlling interests arise on the consolidation of Sungela Holdings, rather than that of the Ensham Mine, and so were not taken into account in determining the gain on bargain purchase recognised.

The non-controlling interests recognised in relation to Ensham Coal Sales represent Bowen's right to 15% of the net assets of that entity. Ensham Coal Sales manages the sale of all coal from the Ensham Mine and distributes the net sales proceeds back to Sungela and Bowen – the entity thus retains only minimal profit. The attribution of earnings to non-controlling interests in Ensham Coal Sales does not materially change Thungela's interest in the Ensham Business.

15. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Acquisition of the remaining 15% interest in the Ensham Mine

In December 2024, Thungela announced that we have entered into a share sale and purchase agreement with Bowen, in terms of which Thungela Resources Australia will acquire Bowen's 15% interest in the Ensham Mine and related companies.

The transaction is subject to the fulfilment or waiver of several conditions precedent before becoming effective, including, among others:

- Thungela Resources Australia obtaining approval for the transaction under the Foreign Acquisitions and Takeovers Act 1975 or pursuant to Australia's Foreign Investment Policy.
- Thungela Resources 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) or the Mineral Resources Act 1989 (Qld) (as applicable), for the transfer by Bowen of the mining tenements of the underlying Ensham Mine pursuant to the transaction.
- To the extent legally required, Thungela Resources 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 1933, and all directives and rulings issued thereunder, from the South African Reserve Bank.

At the reporting date, the transaction is not yet effective and has not been accounted for in the consolidated financial statements. The total purchase consideration for the acquisition amounts to R560 million (AUD48 million), which was paid into an escrow account in December 2024 in line with the terms of the share sale and purchase agreement. This cash is not available for the general use of the Group, pending the resolution of the conditions precedent, and has been classified as restricted cash at the reporting date.

16. DISPOSAL OF INVESTMENT IN SUBSIDIARY

Thungela owned a controlling interest in RMC, through Butsanani Energy Investment Holdings Proprietary Limited (Butsanani Energy), which we disposed of on 30 November 2024.

Accounting policy

When the disposal of an investment results in the Group losing control of a subsidiary, all assets, liabilities and non-controlling interests of the subsidiary are derecognised on the date of disposal. The difference between the carrying amount of the net assets and non-controlling interests disposed of and the proceeds received will be recognised in the statement of profit or loss and other comprehensive income on the date of disposal.

Understanding of the transaction

Thungela owned a controlling interest in RMC through Butsanani Energy, in which we own 67%. Butsanani Energy owned 51% of RMC, however, economically owned only 45% of RMC based on various contractual arrangements. Effectively, Thungela owned 34% (being 67% of 51%) of RMC. The results of RMC were, however, reflected at an effective ownership of 30% (being 67% of 45%) to reflect the underlying contractual agreements.

In 2024, the operator and non-controlling shareholder of RMC purchased Butsanani Energy's shares in the company, in order to more effectively leverage the operations of RMC and its other companies in meeting its fixed-term sale agreements. The disposal was effective on 30 November 2024, upon the completion of the sale of shares and claims agreement and relevant conditions precedent. The total consideration received from the disposal was R120 million, which was received by Butsanani Energy in December 2024.

As part of the disposal, preference shares held by TOPL in RMC were also disposed of to the purchaser for their full value of R76 million.

The results of the operations of RMC have been recognised in the Group results up to the effective date of the disposal.

Carrying amount of net liabilities disposed of

The carrying value of the net liabilities of RMC which were disposed of can be analysed as follows:

Rand million	2024
Assets	
Non-current assets	
Property, plant and equipment	240
Financial asset investments	24
Total non-current assets	264
Current assets	
Inventories	65
Trade and other receivables	119
Cash and cash equivalents	9
Total current assets	193
Total assets	**457**
Liabilities	
Non-current liabilities	
Environmental and other provisions	470
Other non-current liabilities	76
Total non-current liabilities	546
Current liabilities	
Lease liabilities	45
Trade and other payables	748
Loans and borrowings	186
Current tax liability	2
Total current liabilities	981
Total liabilities	**1,527**
Carrying amount of net liabilities disposed of	**(1,070)**

Profit on disposal of investment in subsidiary

The profit on the disposal of the investment in RMC was determined by comparing the total consideration received to the carrying value of the net liabilities and non-controlling interest disposed of.

The profit on disposal of investment in subsidiary can be analysed as follows:

Rand million	2024
Consideration received	120
Less – transaction costs	(1)
Total consideration	119
Carrying amount of net liabilities disposed of	1,070
Non-controlling interest disposed of	(588)
Profit on disposal of investment in subsidiary	601
Tax impact	(26)
Net profit on disposal of investment in subsidiary	575

16. DISPOSAL OF INVESTMENT IN SUBSIDIARY CONTINUED

Impact on the statement of cash flows

The amounts recognised in the statement of cash flows relating to the disposal of the investment in RMC can be analysed as follows:

Rand million	2024
Total consideration	119
Cash and cash equivalents disposed of	(9)
Consideration received for preference shares held by TOPL	76
Proceeds received on disposal of investment of subsidiary	**186**

17. OTHER NON-CURRENT ASSETS

Other non-current assets comprise biological assets.

Accounting policy

Biological assets are measured at fair value less cost to sell, with any changes recognised in profit or loss.

Other non-current assets can be analysed as follows:

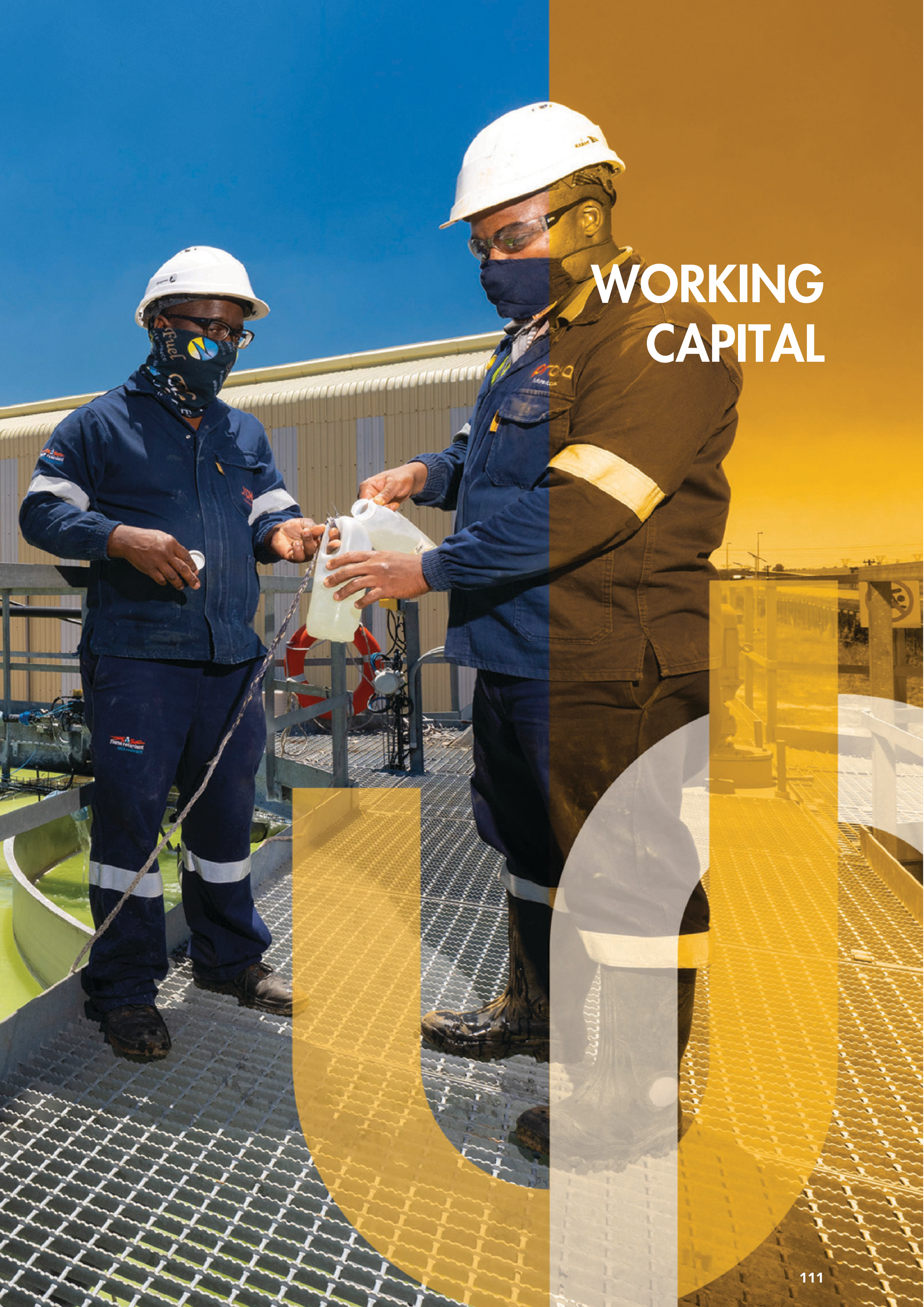
Rand million	2024	2023
Biological assets	66	72
Total other non-current assets	**66**	72

Biological assets include different species such as buffalo, sable and cattle, which are actively managed and bred on estates owned by the Group.

Biological assets can be analysed as follows:

Rand million	Note	2024	2023
Balance at the start of the reporting period		72	65
Acquisition of the Ensham Business	15	—	23
Fair value losses		(5)	(17)
Currency movements		(1)	1
Balance at the end of the reporting period		**66**	72

The fair value of the biological assets is measured based on auction prices (level 1 in the fair value hierarchy) obtained at each reporting date. There is no reasonably possible change in the inputs into the fair value calculation that would have a material impact on the consolidated financial statements.



WORKING CAPITAL

18. INVENTORIES

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

Accounting policy

Inventory is measured at the lower of cost and net realisable value. 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 either a first-in-first-out or a weighted average cost basis.
- Finished products, being coal stock held at the mine or awaiting export at the port, are measured at production costs and transport costs, where relevant, on a weighted average cost basis.
- Where product is required to be beneficiated after extraction, run of mine stockpiles are not included in the inventory value. This is due to the fact that the incremental costs required to convert the run of mine stock into finished products are significant, and the product is not saleable until these are incurred.
- Where product is not required to be beneficiated after extraction, inventory is considered saleable after extraction, and run of mine stockpiles are appropriately valued at production costs on a weighted average cost basis.

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 net realisable value 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 port, where relevant. Any write down to net realisable value is recognised in profit or loss in the month incurred.

Inventories can be analysed as follows:

Rand million	**2024**	2023
Consumables	**1,189**	1,054
Finished products	**2,255**	2,957
Total inventories	**3,444**	4,011

The cost of inventories recognised as an expense and included in operating costs amounted to R27,322 million (2023: R19,948 million).

The write-down of inventories to net realisable value recognised throughout the year amounted to R154 million (2023: R64 million), based on the lower Richards Bay Benchmark coal price environment experienced over the past number of years.

19. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from the Group's customers for the sale of thermal coal. Other receivables include amounts receivable for value added tax (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. 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.

Expected credit losses

For trade receivables only, the simplified expected credit loss approach included in IFRS 9 is applied, which requires lifetime expected credit 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 expected credit losses are estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for future observable data.

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	2024	2023
Net trade receivables	3,100	2,234
Trade receivables	3,163	2,333
Provision for expected credit losses	(63)	(99)
Other tax receivables[1]	836	1,476
Prepayments	266	191
Employee benefits	188	200
Net other receivables	816	377
Other receivables[2]	916	480
Provision for expected credit losses	(100)	(103)
Total trade and other receivables	5,206	4,478
Classified as:		
Current	4,977	4,284
Non-current	229	194

[1] Other tax receivables include VAT, diesel rebates and other taxes receivable from SARS and the Australian Tax Office.
[2] Other receivables include accrued income of R416 million (2023: Rnil) for revenue earned but not yet invoiced to domestic customers.

19. TRADE AND OTHER RECEIVABLES CONTINUED

Trade receivables

The offtake agreement with AAML came to an end in June 2024, and from that date Thungela has been selling directly to third-party customers through Thungela Marketing International. The majority of export sales are supported by letters of credit or standby letters of credit, meaning that these receivables do not carry significant credit risk. Where open credit terms are provided to customers, a rigorous credit risk assessment is performed to manage our exposure to counterparty credit risk.

Trade receivables include receivables for export sales, from both South Africa and Australia, amounting to R2,525 million (2023: R1,571 million), representing 80% (2023: 67%) of total trade receivables. These receivables are supported by letters of credit or standby letters of credit, and there are no material export receivables on open terms at the reporting date. Per the contractual terms for these receivables, all trade balances are due for payment within 30 days, or shorter, from invoice date, and there have been no historical defaults on outstanding amounts. Any provision for expected credit losses on export receivables at the reporting date is considered to be immaterial, as the credit risk of the export receivables is considered to be low. Thungela no longer has a significant level of concentration risk on trade receivables, as a result of the marketing activities performed by Thungela Marketing International.

Given the nature of the South African 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.

Prepayments

Prepayments include, among other items, insurance premiums of R84 million (2023: R46 million), ordinary course deposits to secure supply of critical consumables of R31 million (2023: R54 million) and software licences to support the ongoing operations of the Group of R88 million (2023: R12 million).

Employee benefits

Employee benefits relate to Ensham's claims for reimbursement from the Coal Long Service Leave Funding Corporation, which is an Australian Government corporation established to regulate and manage long-service leave entitlements on behalf of eligible employees in the black coal mining industry.

Other receivables

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, other than accrued income, 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.

Provisions for expected credit losses

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

			2024
Rand million	Gross carrying amount – trade receivables	Expected loss rate (%)	Provision for expected credit losses
Current	3,078	0.1	(3)
Between 1 – 2 months	1	100	(1)
Between 3 – 4 months	—	—	—
Between 5 – 12 months	1	100	(1)
Greater than 12 months	83	70	(58)
Total trade receivables	**3,163**	**2.0**	**(63)**

Rand million	Gross carrying amount – trade receivables	Expected loss rate (%)	2023 Provision for expected credit losses
Current	2,206	0.8	(18)
Between 1 – 2 months	11	9.1	(1)
Between 3 – 4 months	—	—	—
Between 5 – 12 months	29	3.4	(1)
Greater than 12 months	87	91	(79)
Total trade receivables	2,333	4.2	(99)

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

Rand million	2024	2023
Balance at the start of the reporting period	(202)	(209)
Movements in provisions for expected credit losses	(17)	(12)
Trade receivables	14	18
Other receivables	(31)	(30)
Bad debts written off	35	19
Trade receivables	—	6
Other receivables	35	13
Disposal of investment in subsidiary[1]	21	—
Balance at the end of the reporting period	**(163)**	(202)

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

20. 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	2024	2023
Short-term investments	2,864	2,449
Cash held in bank	5,807	7,793
Cash held in trusts	872	717
Cash held related to acquisition of additional interest in Ensham	560	—
Total cash and cash equivalents	**10,103**	10,959

20. CASH AND CASH EQUIVALENTS CONTINUED

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 several South African banks and fund managers, with an appropriate liquidity spread to support the Group's requirements. The spread of funds between banks and fund managers was done to partially mitigate counterparty risk. The global credit ratings for these investments range between AA and AA+, with investments earning interest at rates of 8.0% – 9.9% (2023: 8.1% – 9.6%).

Cash held in bank

Cash held in bank includes cash held in South Africa, Australia and Dubai, with major in-country banks that have global credit ratings of between BB– to AA+, based on the operating requirements of the Group.

Cash held in trusts

Cash held in trusts represents cash held in the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, which is not available for the general use of the Group, and so is considered restricted cash.

The trusts are entitled to 10% collectively of the dividends declared on ordinary shares by SACO. In the year ended 31 December 2024, SACO declared ordinary dividends of R187 million to the trusts (2023: R552 million). Refer to note 6 and note 28 for detail of the allocation of these amounts to beneficiaries.

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

Cash held related to acquisition of additional interest in Ensham

In December 2024, Thungela announced that we have entered into a share sale and purchase agreement with Bowen, in terms of which Thungela Resources Australia will acquire Bowen's 15% interest in the Ensham Mine and related companies.

The transaction is not yet effective and has not been accounted for in the consolidated financial statements. The total purchase consideration for the acquisition amounts to R560 million (AUD48 million), which was paid into an escrow account in December 2024 in line with the terms of the share sale and purchase agreement. This cash is not available for the general use of the Group, pending the resolution of the conditions precedent, and has been classified as restricted cash at the reporting date.

Cash and cash equivalents held in foreign currency

Cash and cash equivalents include cash held in foreign currency in the countries where the Group operates, which can be analysed as follows:

				2024
	USD million	AUD million	AED million	Total Rand million[1]
Cash held in bank	225	98	1	5,404
South Africa	187	—	—	3,532
Australia	3	98	—	1,199
Dubai	35	—	1	673
Cash held related to acquisition of additional interest in Ensham	—	48	—	560
Australia	—	48	—	560
Total cash and cash equivalents held in foreign currency	225	146	1	5,964

1 These amounts have been translated using the spot exchange rates at the reporting date of R18.87:USD1, R11.66:AUD1 and R5.13:AED1.

	USD million	AUD million	2023 Total Rand million[1]
Cash held in bank	274	75	5,956
South Africa	212	—	3,885
Australia	62	75	2,071
Total cash and cash equivalents held in foreign currency	274	75	5,956

[1] These amounts have been translated using the spot exchange rates at the reporting date of R18.36:USD1 and R12.46:AUD1.

21. 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	**2024**	2023
Trade payables	**2,696**	3,287
Accruals	**1,311**	1,446
Other tax and employee related payables	**1,818**	1,482
Other payables	**268**	322
Total trade and other payables	**6,093**	6,537

Included within other payables is deferred income of R125 million (2023: R191 million), which represents payments received from customers for which the associated performance obligation has not yet been satisfied. These amounts will be recognised as revenue as the performance obligations are satisfied. No other items included in other payables are considered individually material.

FINANCIAL INSTRUMENTS

22. FINANCIAL ASSET INVESTMENTS

Financial asset investments comprise investments which do not give the Group control, joint control or significant influence over the investees. These assets also include loans granted to investees and instruments held with various financial institutions.

Accounting policy

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial assets and are initially recognised at fair value. The Group's financial assets are classified into the following measurement categories: debt instruments at amortised cost, equity instruments designated at FVOCI and instruments at FVPL.

Financial asset investments are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on pay them in full without material delay has been assumed, or the right to receive cash flows has been transferred together with substantially all of the risks and rewards of ownership.

Financial asset investments at amortised cost comprise loans to various investees from which the Group will collect payments of solely principal and interest.

Financial asset investments at FVPL comprise investments held in relation to the ongoing environmental obligations of the Group, and the fair value movements on these investments are reinvested to further improve our environmental liability coverage[△].

Financial asset investments can be analysed as follows:

			2024
Rand million	At amortised cost	At FVPL	Total
Balance at the start of the reporting period	145	933	1,078
Additions	—	1,179	1,179
Repayment of loans by investees	(35)	—	(35)
Fair value gains	—	103	103
Disposal of investment in subsidiary[1]	—	(24)	(24)
Interest capitalised	15	—	15
Currency movements	—	(39)	(39)
Balance at the end of the reporting period	125	2,152	2,277
Classified as:			
Current	18	—	18
Non-current	107	2,152	2,259

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

Rand million	At amortised cost	At FVPL	At FVOCI	2023 Total
Balance at the start of the reporting period	95	658	33	786
Additions	—	210	—	210
Repayment of loans by investees	(25)	—	—	(25)
Loans granted to investees[1]	280	—	—	280
Fair value gains/(losses)	—	65	(33)	32
Interest capitalised	(8)	—	—	(8)
Reclassifications	(180)	—	—	(180)
Other movements	(17)	—	—	(17)
Balance at the end of the reporting period	145	933	—	1,078
Classified as:				
Current	24	—	—	24
Non-current	121	933	—	1,054

[1] Loans granted to investees include R180 million provided to Sungela Holdings before the completion of the acquisition of the Ensham Business. On completion of the acquisition, this amount became intra-group and is eliminated in the Group results.

Financial asset investments at amortised cost

The financial asset investments at amortised cost comprise various loans granted to investees in the normal course of business, with counterparties which the Group has long standing relationships.

Included in financial asset investments at amortised cost are the following amounts:

- An amount of R90 million (2023: R81 million) owing by a contractor providing services at the Elders Colliery. The outstanding amount will be recovered through reduced payments to the contractor in the final year of the contract. The credit quality of this loan is considered to be high.
- An amount of R35 million (2023: R49 million) owing by Nasonti Technical Proprietary Limited. These amounts will be repaid through proceeds on contractually committed saleable product to be purchased by TOPL and thus the credit quality of this loan is considered to be high. In the previous year, the contractual arrangement with Pamish Investments No. 66 Proprietary Limited (Pamish) was amended, resulting in TOPL obtaining all product produced by Pamish, further increasing the credit quality of this loan.

The Group has assessed the provisions for expected credit losses required for these loans based on the expected repayment thereof and risk of default by the counterparties, taking into account both forward-looking and historical information available. Based on the assessment performed, it has been determined that any potential expected credit losses on these loans are not material to the Group.

Financial asset investments at fair value through profit and loss

The financial asset investments at FVPL relate to other environmental investments, including the green funds, held in relation to the Group's environmental rehabilitation obligations. The investments include R1,209 million (2023: R933 million) held in South Africa and R943 million (2023: Rnil) held in Australia. Refer to note 28 for further detail.

23. LOANS AND BORROWINGS

Loans and borrowings comprise loans in relation to specific capital investment activities where required.

Accounting policy

Loans and borrowings are initially measured at fair value, net of transaction costs incurred. Loans and borrowings are interest bearing and are subsequently stated at amortised cost, using the effective interest rate method. Loans and borrowings are derecognised when the associated obligation has been discharged, cancelled or has expired.

Loans and borrowings can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	66	60
Cash movements	113	(1)
Loans advanced	113	—
Loans repaid	—	(1)
Non-cash movements	(179)	7
Interest capitalised	7	7
Disposal of investment in subsidiary[1]	(186)	—
Balance at the end of the reporting period	—	66

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

Loans and borrowings are short term in nature, had no fixed terms of repayment and attracted interest at prime plus 1.0%. These loans were held through Butsanani Energy in relation to the initial investment in the Rietvlei Colliery, and were sold as part of the disposal of RMC in the current year.

24. DERIVATIVE FINANCIAL INSTRUMENTS

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

Accounting policy

Derivative financial instruments are classified as financial instruments measured at FVPL. The fair value gains and losses on subsequent measurement are recognised in profit or loss each year. 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.

Forward coal swap transactions

The Group is exposed to volatility in the Richards Bay Benchmark coal price due to the significant volume of export sales made from South Africa. In order to manage our exposure to the volatility in the Richards Bay 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. However, given the current market conditions, there were no forward coal swap transactions undertaken in the year ended 31 December 2024.

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 financial instruments and are measured at FVPL. The fair value is determined on the basis of comparing the committed price at which the forward coal swap transactions were entered into, and the forward curve of the Richards Bay 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 previously been entered into using both the Richards Bay Benchmark coal price, and the benchmark price reference for 6,000kcal/kg thermal coal at point of discharge in Northwest Europe (South African Secondary index price).

No fair value movements have been recognised in the year ended 31 December 2024, as no forward coal swap transactions were undertaken. In the year ended 31 December 2023, fair value gains of R97 million were recognised on these transactions. These fair value gains were based on fluctuations in the forward curve of the Richards Bay Benchmark coal price from the date that the transactions were entered into, until the settlement date of the transactions.

Forward coal swap transactions settled in the previous year can be analysed as follows:

			2023
	Richards Bay Benchmark coal price swaps	South African Secondary index price swaps	Total
Volume settled (kt)	76	105	181
Weighted average committed price (US$/tonne)	269	204	231
Settlement dates (2022)	December 2022 – June 2023	December 2022 – March 2023	December 2022 – June 2023
Weighted average actual price on settlement (US$/tonne)	165	171	168
Cash inflow on settlement (Rand million)	158	63	221

Forward sales of foreign currency

The Group is exposed to fluctuations in the exchange rate of the US dollar to the South African rand, as our South African export revenue is settled in US dollars. The expenses of the South African operations are predominantly in South African rand, meaning the amounts received in 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 the US dollars received to South African rand at future dates.

The conversions are predominantly done through foreign exchange contracts (FECs), target redemption forwards (TARFs) and geared collar contracts, which will settle at future dates. A geared collar consists of a purchased put option and a written call option, providing downside protection up to a certain level, while sacrificing upside gains beyond the level of the call option. A TARF is a structured derivative that provides a fixed exchange rate for a series of future settlements, subject to predefined conditions. These contracts are short term in nature, recognising the need to convert US dollars into South African rand. All contracts entered into during the year have had minimum conversion rates above the spot rate on the date of contracting, yielding positive cash flow returns on these contracts.

These contracts are considered to be derivative financial instruments and are measured at FVPL, with the fair value movements being recognised in net finance income. The fair value of the contracts on settlement is determined by comparing the spot exchange rate on the settlement date to the contractual conversion rate. The fair value of open FECs 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. The fair value of open geared collars and TARFs is determined using Black-Scholes models, taking into account market-observable inputs, including spot exchange rates, forward curves, implied volatilities, and discount factors. Independent valuations are obtained for these instruments, which are reviewed against relevant available information.

Realised and unrealised fair value gains of R377 million (2023: R163 million) have been recognised on these contracts, based on the volatility of the South African rand against the US dollar throughout the years presented. At the reporting date, the South African rand had weakened to R18.87:USD1, compared to an average level of R17.97:USD1 in the last quarter of 2024, which resulted in pronounced unrealised losses on open contracts.

24. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Forward sales of foreign currency continued

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

	2024	2023
Total currency contracted (US$ million)	1,105	905
Contractual conversion rate (ZAR:US$)	18.64 – 19.72	17.25 – 20.14
Spot exchange rate on settlement (ZAR:US$)	17.17 – 19.27	17.16 – 19.66
Settlement dates	January 2024 – December 2024	January 2023 – December 2023
Cash inflow on settlement (Rand million)	905	123

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

	2024	2023
Total currency contracted (US$ million)	1,210	140
Contractual conversion rate (ZAR:US$)	18.22 – 20.00	18.75 – 19.70
Forward exchange rate at the reporting date (ZAR:US$)	18.92 – 19.49	18.39 – 18.48
Spot exchange rate at the reporting date (ZAR:US$)	18.87	18.29
Volatility applied at the reporting date (%)	12.73 – 14.48	—
Settlement dates	January 2025 – December 2025	January 2024 – March 2024
Unrealised fair value (losses)/gains on derivative financial instruments (Rand million)	(462)	66

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	2024	2023
Amounts included in profit before net finance income and tax	—	97
Fair value gains on forward coal swap transactions	—	97
Amounts included in net finance income	377	163
Fair value gains on forward sales of foreign currency	377	163
Total fair value gains on derivative financial instruments	**377**	**260**

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

Rand million	2024	2023
Forward sales of foreign currency	(462)	66
Total derivative financial instruments	**(462)**	**66**

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

Rand million	2024	2023
Cash inflow on settlement of forward coal swap transactions	—	221
Cash inflow on settlement of forward sales of foreign currency	905	123
Total cash inflow on settlement of derivative financial instruments	**905**	**344**

25. INVESTMENT IN INSURANCE STRUCTURE

The Group has invested in a self-insurance structure with an independent financial institution through a cell captive mechanism (the cell). This was 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, 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 income.

The investment in insurance structure can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	1,445	1,226
Additions	—	200
Fair value movements	44	19
Balance at the end of the reporting period	**1,489**	1,445

Thungela has 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 total contributions, adjusted for changes in the fair value of the underlying investment.

The initial investment in the cell results in a minimum period of insurance of three years, ending in 2026, which can be extended at the end of the current term. Each year, the Group, along with the financial institution, will reassess the value of assets held in the cell against the required levels of insurance cover, and make additional contributions as needed. No additional contributions have been made in the year ended 31 December 2024 (2023: R200 million). 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 cell may enter into reinsurance 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 include interest, dividends and capital growth, which are offset by costs incurred, and are externally confirmed at the reporting date.

Sensitivity analysis

The Group's investment in 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 impact that a reasonably possible change in these inputs would have on the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	2024	2023
1.0% increase in interest rate	13	1

26. FINANCIAL INSTRUMENTS

The Group is a party to a number of financial instruments, which have been disclosed in notes 19 to 25, 28 and 29, as well as in the note below.

Accounting policy

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:

					2024
		Financial assets		Financial liabilities at amortised cost	
Rand million	Notes	At amortised cost[1]	At FVPL		Total
Financial assets					
Environmental rehabilitation trusts	28	—	4,266	—	4,266
Financial asset investments	22	125	2,152	—	2,277
Investment in insurance structure	25	—	1,489	—	1,489
Trade and other receivables[2]	19	3,916	—	—	3,916
Cash and cash equivalents	20	10,103	—	—	10,103
Total financial assets		14,144	7,907	—	22,051
Financial liabilities					
Lease liabilities	29	—	—	(50)	(50)
Derivative financial instruments	24	—	(462)	—	(462)
Trade and other payables[3]	21	—	—	(4,150)	(4,150)
Total financial liabilities		—	(462)	(4,200)	(4,662)
Net financial assets		14,144	7,445	(4,200)	17,389

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, other tax receivables and employee benefits.
3 Trade and other payables exclude other tax and employee related payables, and deferred income.

Rand million	Notes	Financial assets At amortised cost[1]	At FVPL	Financial liabilities at amortised cost	2023 Total
Financial assets					
Environmental rehabilitation trusts	28	—	3,740	—	3,740
Financial asset investments	22	145	933	—	1,078
Investment in insurance structure	25	—	1,445	—	1,445
Derivative financial instruments	24	—	66	—	66
Trade and other receivables[2]	19	2,811	—	—	2,811
Cash and cash equivalents	20	10,959	—	—	10,959
Total financial assets		13,915	6,184	—	20,099
Financial liabilities					
Lease liabilities	29	—	—	(66)	(66)
Loans and borrowings	23	—	—	(66)	(66)
Trade and other payables[3]	21	—	—	(4,864)	(4,864)
Total financial liabilities		—	—	(4,996)	(4,996)
Net financial assets		13,915	6,184	(4,996)	15,103

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 instruments carried at fair value can be analysed in terms of the fair value hierarchy as follows:

Rand million	**Level 2**	**Level 3**	**2024 Total**
Financial assets			
Environmental rehabilitation trusts	**4,266**	**—**	**4,266**
Financial asset investments at FVPL	**2,152**	**—**	**2,152**
Investment in insurance structure	**—**	**1,489**	**1,489**
Financial liabilities			
Derivative financial instruments	**(462)**	**—**	**(462)**
Net financial assets carried at fair value	**5,956**	**1,489**	**7,445**

26. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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

			2023
Rand million	Level 2	Level 3	Total
Financial assets			
Environmental rehabilitation trusts	3,740	—	3,740
Financial asset investments at FVPL	933	—	933
Investment in insurance structure	—	1,445	1,445
Derivative financial instruments	66	—	66
Total financial assets carried at fair value	4,739	1,445	6,184

There were no transfers of financial instruments between level 2 and level 3 in the years 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	2024	2023
Balance at the start of the reporting period	1,445	1,259
Additions	—	200
Fair value gains/(losses)	44	(14)
Balance at the end of the reporting period	1,489	1,445

Refer to note 25 for detail on the inputs related to the valuation of the investment in insurance structure.

27. FINANCIAL RISK MANAGEMENT

The Thungela board and the Group executive committee approve and monitor the risk management processes, including documented treasury policies, counterparty limits and reporting structures.

The types of risk exposure, the way such exposure is managed and quantification of the level of exposure in the statement of financial position is monitored by the Group on an ongoing basis.

Credit risk

Credit risk is the risk that a counterparty to a financial asset may cause a loss to the Group by failing to pay its obligation.

The Group's maximum exposure to credit risk from our financial assets can be analysed as follows:

Rand million	Notes	2024	2023
Environmental rehabilitation trusts	28	4,266	3,740
Financial asset investments at FVPL	22	2,152	933
Financial asset investments at amortised cost	22	125	145
Investment in insurance structure	25	1,489	1,445
Trade and other receivables[1]	19	3,916	2,811
Cash and cash equivalents	20	10,103	10,959
Total financial assets exposed to credit risk		22,051	20,033

1 Trade and other receivables exclude prepayments, other tax receivables and employee benefits.

The environmental rehabilitation trusts' assets are managed by a reputable fund manager under an agreed mandate. The mandate is formulated to be consistent with the Group's risk management policies and hence investments are only made in high quality instruments and adequate diversity is maintained. Refer to note 28 for further detail.

Financial asset investments at FVPL, being the other environmental investments, relate to long-term investments held in order to secure the guarantees required to further fund the financial provisioning requirements in relation to the environmental provisions in South Africa and Australia. Refer to note 28 for further detail.

The investment in insurance structure relates to Thungela's investment in preference shares issued by a financial institution, in a separately identifiable cell captive structure. Refer to note 25 for further detail.

Trade and other receivables relate to receivables arising in the ordinary course of business. Details of the credit quality and credit risk of trade receivables and the associated provisions for expected credit losses are disclosed in note 19.

Cash and cash equivalents represent cash held to fund the normal operations of the Group, including relevant short-term investments held with banks in the countries where we operate. Refer to note 20 for further detail.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset.

Thungela's approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. We review the cash flow forecasts of the Group on a regular basis, taking into consideration the adequacy of reserves and banking facilities, including considering stressed scenarios impacted by coal price and foreign exchange rate volatility, TFR's rail and infrastructure performance levels, and other reasonably possible risk scenarios.

The Group has undrawn facilities of R3,200 million (2023: R3,200 million) held with reputable financial institutions. These are unsecured facilities, and are available to us until February 2026. The Group is in the process of concluding an extension to these facilities, which will result in the maturity increasing by a further two years.

The ultimate responsibility for liquidity risk management rests with the Thungela board of directors, which has built appropriate liquidity risk management tools for the management of our short, medium and long-term liquidity management requirements. The Group has no long-term external borrowings, given our robust financial position at 31 December 2024.

The Group is exposed to liquidity risk through our financial liabilities, including trade and other payables and lease liabilities, as follows:

- All trade and other payables are due within one year. The remaining contractual cash outflows are the same as the carrying amount at the reporting date.
- The detailed maturity analysis, the carrying amount and undiscounted cash outflows related to lease liabilities are provided in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

27. FINANCIAL RISK MANAGEMENT CONTINUED

Commodity risk

South Africa

Export revenue in South Africa is recognised once the coal is loaded onto the vessel at the RBCT, and is based on the average Richards Bay Benchmark coal price for the month of loading, adjusted for specific grade and quality discounts. Pricing is not adjusted post the month of sale, and thus trade receivables are not subject to changes in value based on subsequent changes in the Richards Bay Benchmark coal price.

Australia

Revenue in Australia is recognised once the coal is loaded onto the vessel at the Port of Gladstone, or once coal is delivered to the customers' premises for delivery in Australia. Sales prices for selected customers are contractually fixed each year, and are negotiated based on the Newcastle Benchmark coal price at the start of the year. The remaining revenue is determined with reference to the average Newcastle Benchmark coal price in the month of loading, with various adjustments for quality, grade and calorific value. Pricing is not adjusted post the month of sale, and thus trade receivables are not subject to changes in value based on subsequent changes in the Newcastle Benchmark coal price.

Foreign exchange risk

The Group is exposed to fluctuations in the exchange rates of major currencies against the South African rand, based on our ongoing operations.

Key areas of exposure arise as a result of the following:
- The export revenue, and resultant receivables, generated in South Africa being denominated and settled in US dollars.
- The export revenue, and resultant receivables, generated in Australia being denominated and settled in either US dollars or Australian dollars.
- Cash and cash equivalents held in various currencies in the countries in which we operate, as detailed in note 20.
- The consolidation of the net assets of our foreign subsidiaries from their functional currency to South African rand, which is the presentation currency of the Group.

The Group's exposure to foreign currency risk can be analysed as follows:

US$ million	2024	2023
Trade receivables	133	68
Cash and cash equivalents	225	274
Total US$ exposure	**358**	342

AU$ million	2024	2023
Cash and cash equivalents	146	75
Net asset value of the Ensham Business[1]	287	283
Total AU$ exposure	**433**	358

[1] The net asset value of the Ensham Business is reflected net of trade receivables and cash and cash equivalents, which are reflected separately. The impact of the exposure to foreign currency risk on the net asset value would be recognised in other comprehensive income, through the foreign currency translation reserve.

Sensitivity analysis

The following analysis is intended to illustrate the sensitivity to changes in exchange rates of relevant major currencies to the South African rand, with the impact on the statement of profit or loss and other comprehensive income being as follows:

Rand million	2024	2023
10% increase in ZAR:US$ exchange rate	614	626
10% increase in ZAR:AU$ exchange rate	506	446

The sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors, including fluctuating underlying balances. The effect of a 10% decrease in the exchange rates to the South African rand will have an equal but opposite effect at the reporting date.

Capital management

The capital structure of the Group consists of cash and cash equivalents, equity attributable to the shareholders of the Group, which comprises stated capital, retained earnings, and other reserves disclosed in the consolidated statement of changes in equity, as well as debt, consisting of lease liabilities.

The Group's capital management objective is to safeguard our ability to meet our liquidity requirements (including commitments in respect of capital expenditure) and continue as a going concern.

On an annual basis, Thungela updates our long-term business plan and these outputs are then incorporated into the budget process. The Group's capital expenditure included in the budget process is targeted to be funded from cash generated from operations. In accordance with the credit facility agreements in place, the Group is subject to specific covenant obligations. The credit facilities remain undrawn at the reporting date and we have complied with all covenants for the period under review.

Any capital that exceeds the operational and liquidity requirements will be assessed against all available opportunities by applying our investment evaluation criteria and, where appropriate, we may make additional distributions to shareholders. These decisions will be evaluated through Thungela's internal decision-making structures before being approved by the board where required.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There were no material amounts offset in the statement of financial position or associated with enforceable master netting agreements.

LIABILITIES

28. ENVIRONMENTAL AND OTHER PROVISIONS

The Group has raised several provisions in relation to our obligations at the reporting date. These comprise environmental provisions in relation to our obligation to perform rehabilitation and decommissioning activities, contributions to the Nkulo Community Partnership Trust, 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 where required, 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 these 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 our best estimate of the costs 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 mines, 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 in unit trusts through a reputable investment manager and are classified as FVPL financial assets. Fair value gains and losses are recognised as they are generated within net finance income.

Other environmental investments

The Group has agreements with financial institutions to provide financial guarantees or sureties related 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. Contributions are invested in either money market funds or interest-linked corporate accounts, and are classified as FVPL financial assets.

The other environmental investments are recognised as financial asset investments, as disclosed in note 22, and fair value gains and losses are recognised as they are generated within net finance income.

Nkulo Community Partnership Trust

The Group founded the Nkulo Community Partnership Trust (also referred to as the trust) in June 2021, which subscribed for 5.0% of the ordinary shares, as well as a C preference share, issued by SACO. The trust is managed by a board of trustees comprised of both Thungela and community representatives.

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 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 Community Partnership Trust at the point that the dividends on ordinary shares or preference dividends are declared by SACO.

Other provisions

Other provisions related 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:

	Environmental provisions				2024
Rand million	Environmental rehabilitation	Decommissioning	Trust contributions[1]	Other	Total
Balance at the start of the reporting period	11,134	562	668	719	13,083
Amounts charged/(credited)[2]	880	(54)	94	(407)	513
Adjustments to decommissioning assets	52	(15)	—	—	37
Unwinding of discount	955	56	—	3	1,014
Amounts applied[3]	(917)	—	(6)	(93)	(1,016)
Disposal of investment in subsidiary[4]	(455)	(15)	—	—	(470)
Currency movements	(233)	—	—	(9)	(242)
Balance at the end of the reporting period	11,416	534	756	213	12,919
Classified as:					
Current	176	12	756	186	1,130
Non-current	11,240	522	—	27	11,789

1 Trust contributions reflect amounts contributed to the Nkulo Community Partnership Trust, but not yet distributed to beneficiaries.

2 Amounts charged/(credited) 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.

3 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.

4 Refer to note 16 for further detail related to the disposal of investment in subsidiary.

28. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental and other provisions can be analysed as follows continued:

					2023
	Environmental provisions				
Rand million	Environmental rehabilitation	Decommissioning	Trust contributions[1]	Other	Total
Balance at the start of the reporting period	6,987	579	392	457	8,415
Acquisition of the Ensham Business[2]	3,898	—	—	198	4,096
Amounts charged/(credited)[3]	137	(142)	276	37	308
Adjustments to decommissioning assets	13	63	—	—	76
Unwinding of discount	845	62	—	4	911
Amounts applied[4]	(860)	—	—	—	(860)
Currency movements	114	—	—	6	120
Other movements	—	—	—	17	17
Balance at the end of the reporting period	11,134	562	668	719	13,083
Classified as:					
Current	648	11	668	621	1,948
Non-current	10,486	551	—	98	11,135

1 Trust contributions reflect amounts contributed to the Nkulo Community Partnership Trust, but not yet distributed to beneficiaries.
2 Refer to note 15 for further detail related to the acquisition of the Ensham Business.
3 Amounts charged/(credited) 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 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 post closure of the mines. In South Africa, water treatment costs may be incurred up to 50 years post closure of the mines. The environmental rehabilitation and decommissioning 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 each year and any required change in the environmental provisions is recognised on the completion of the assessment. A non-cash cost of R826 million (2023: credit of R5 million) has been recognised in the statement of profit or loss and other comprehensive income, and a debit to the decommissioning assets of R37 million (2023: R76 million) has been recognised related to the annual assessment performed by the independent consultants, and other factors influencing the provisions. At our South African operations, increases in the disturbed areas have been partially offset by the rehabilitation work performed in the year. In Australia, the independent assessment was performed from first principles in line with our existing methods for rehabilitation, leading to an increase in the estimated closure costs. The environmental provisions are also impacted by the planned timing of rehabilitation activities, which impacts the net present value recognised.

South Africa

In South Africa, the environmental provisions have been determined based on the legal obligations under the existing Mineral and Petroleum Resources Development Regulations, 2004, published under the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA Regulations) as a base. This base is then adjusted for our 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, with the transition date deferred until 19 February 2024. On 1 February 2024, the Minister in the Department of Forestries, Fisheries and the Environment published a notice of intention to defer the transition date, however a revised date was not published. We await the publication of the updated transition date.

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 in the statement of financial position, but rather the level of cash or other funding required to be made available to fund the closure of our operations should the Group not be able to do so. The financial provisioning as required by the current MPRDA Regulations amounts to R4,807 million (2023: R4,536 million), compared to the total environmental provisions recognised for our South African operations of R7,973 million (2023: R7,841 million). This difference is due to additional costs which we believe 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.

We have 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 DMPR has approved, based on evidence that the technology 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. A 50,000 litre per day passive treatment demonstration plant commissioned in 2022 is yielding positive results. We will continue to treat different water qualities to optimise process parameters and inform the design of a full-scale plant.

Our long-term post-closure water management strategy includes nature-based solutions such as phytoremediation, a biological process that uses trees to stabilise water levels by taking up mine-impacted water and reducing ingress. We are also creating artificial wetlands using Dongalock™ technology,to improve the quality of seepage from mineral residue facilities. This initiative has been rolled out in areas of the Goedehoop Colliery and the Kromdraai site at the Khwezela Colliery.

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 and holding financial guarantees with financial institutions for the benefit of the DMPR.

28. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

South Africa continued

Environmental rehabilitation trusts

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

Rand million	2024	2023
Investments in unit trusts	4,266	3,740
Total environmental rehabilitation trusts	**4,266**	**3,740**
Balance at the start of the reporting period	3,740	3,446
Growth on assets	526	294
Balance at the end of the reporting period	**4,266**	**3,740**

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 life-of-mine 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 in which the funds are invested.

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

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 DMPR. 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. The fair value of the other environmental investments is determined based on externally provided investment statements, reflecting the market performance of the underlying money market funds in which the funds are invested. These investments are included in financial asset investments in the statement of financial position.

Other environmental investments in South Africa can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	933	658
Contributions[1]	209	210
Disposal of investment in subsidiary[2]	(24)	—
Growth on assets	91	65
Balance at the end of the reporting period	**1,209**	**933**

1 Includes contributions to the green fund of R204 million (2023: R205 million).
2 Refer to note 16 for further detail related to the disposal of investment in subsidiary.

The Group has invested an additional R204 million (2023: R205 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 life of mine. Of the annual investment amount required, 0.8% and 0.7%, respectively, is related to fees, which are not considered part of the investment.

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.

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 in South Africa can be analysed as follows:

Rand million	2024	2023
Environmental provisions	(7,973)	(7,841)
Environmental rehabilitation trusts	4,266	3,740
Other environmental investments	1,209	933
Guarantees	3,221	3,221
Total financial provisioning available	8,696	7,894
Real pre-tax discount rate (%)	4.3 – 5.0	4.7

The guarantees of R3,221 million (2023: R3,221 million) are primarily in place to meet any immediate closure obligations under the existing MPRDA Regulations, and are issued in favour of the DMPR. Once Thungela has to comply with the NEMA Financial Provisioning Regulations, 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 our current guarantees.

Australia

Mining in Queensland is subject to both Commonwealth and State (Queensland) regulation, and mine rehabilitation is primarily the subject of State regulation. Mining companies in Queensland are required to rehabilitate land disturbed by mining to a safe, structurally stable, non-polluting condition, which is able to sustain a post-mining land use. This rehabilitation must occur progressively throughout the life of the mine.

Regulatory environment

Coal mining is considered an 'environmentally relevant activity' for the purposes of the Environmental Protection Act 1994 (Qld) (EPA). Accordingly, before a mining lease may be issued under the Mineral Resources Act 1989 (Qld) for the purposes of conducting coal mining, the leaseholder must, among other things, obtain an environmental authority issued under the EPA.

One requirement for the issue of an environmental authority, in the case of large coal mines, is to submit a progressive rehabilitation and closure plan and schedule (together 'the rehabilitation and closure plan') for approval. The rehabilitation and closure plan must include milestones for carrying out environmentally relevant activities on the affected land in such a way that it maximises the progressive rehabilitation of the land to a stable condition.

The rehabilitation and closure plan must be prepared in accordance with the requirements set out in the EPA, as well as a detailed statutory guideline issued by the Department of Environment, Science and Innovation (DESI). The rehabilitation and closure plan may be amended, if required, based on changes in the life-of-mine plan of the operation.

Under the EPA, DESI must determine the environmental rehabilitation costs for the mining activity being undertaken (environmental rehabilitation costs determination). The application must state the period to be covered in the determination (determination period), as well as the estimate of the total cost of rehabilitation for the period, calculated according to the methodology set out in the statutory guidelines.

The environmental rehabilitation costs determination will remain current for the determination period, unless an application for a new determination is made at least three months before the determination period ends, in which case the environmental rehabilitation costs determination will remain current until the new determination has been made.

The most recent environmental rehabilitation costs determination for Ensham, which was issued in December 2022 and is in force until 30 June 2025, amounts to approximately R3,196 million (AUD274 million) (2023: R3,414 million or AUD274 million), on a 100% basis.

28. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

Australia continued

Regulatory environment continued

Holders of environmental authorities for resource activities must contribute to the 'Financial Provisioning Scheme' established under the Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld) and the Mineral and Energy Resources (Financial Provisioning) Regulation 2018. The nature and amount of the contribution to be made by a holder is determined by the scheme manager, and will be based on the scheme manager's assessment of the risk of the State of Queensland incurring costs and expenses because the holder has not rehabilitated or restored the environment after carrying out the resource activities. The scheme manager may determine that this contribution is to be made by way of a payment into a pooled fund (pool), or the provision of a financial surety, or both.

To the extent that the scheme manager determines the contribution is to be made by payment into the pool, an annual contribution into the pool of up to 2.8% of the environmental rehabilitation costs determination, depending on the risk category allocated to the holder of the environmental authority, is required. However, to the extent that the scheme manager determines that financial surety is required, the holder will be required to obtain this financial surety outside of the pool as a condition of holding the relevant mining lease. The scheme manager may be approached to reassess the required contribution at any time.

Environmental provisions for Ensham

An assessment of the environmental liability for the rehabilitation of the Ensham Mine was prepared by an independent third-party consultant in 2024. This assessment was done from first principles based on an understanding of various inputs, including the volume of material to be moved, the distance to be moved and the method by which the rehabilitation would be completed, as well as the related costs. The costs to be incurred for rehabilitation will be spent over the course of the rehabilitation and closure plan as agreed with DESI, which impacts the net present value of the liability recognised in the statement of financial position. Based on the assessment performed, the environmental provisions recognised on the statement of financial position amount to R3,977 million (2023: R3,855 million).

Sungela, as the new owner of a portion of the mining leases related to the Ensham Mine, has not yet been accepted into the Queensland pool, however, this acceptance is being actively pursued. On this basis, we are required to maintain financial surety for the current environmental rehabilitation costs determination of R3,196 million or AUD274 million (2023: R3,414 million or AUD274 million), on a 100% basis.

Other environmental investments

The Group has invested R970 million in long-term investments through three financial institutions to secure the required financial surety, issued in favour of the State of Queensland. These investments are held in the name of the financial institutions to build up the required cash collateral for the rehabilitation liability over the remaining life of mine.

The fair value of the other environmental investments is determined based on externally provided investment statements, reflecting the net returns earned on the underlying contributions to the account in which the funds are invested. These investments are included in financial asset investments in the statement of financial position.

Other environmental investments in Australia can be analysed as follows:

Rand million	**2024**	2023
Contributions	970	–
Growth on assets	12	–
Currency movements	(39)	–
Balance at the end of the reporting period	943	–

The surety agreements require an annual investment of between AUD10 million and AUD45 million over the next five years, as well as an annual fee equivalent to 2.0% of the surety amount payable to the financial institutions, which is not considered part of the investment. Should our application into the Queensland pool be successful, the annual investment amounts will become discretionary, based on our assessment of required funding.

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 rehabilitation costs determination.

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

Rand million	2024	2023
Environmental provisions	(3,977)	(3,855)
Other environmental investments	943	—
Total financial provisioning available	**943**	—
Real pre-tax discount rate (%)	2.4	4.1

Thungela will continue to assess the required rehabilitation activities at the Ensham Mine, and ensure rehabilitation costs and methods are optimised in line with our existing methods where possible.

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, keeping all other inputs constant, would have on the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	2024	2023
5.0% increase in expected cash flows	666	601
0.5% increase in discount rate	(436)	(424)

Contingent liabilities

Thungela is subject to various claims that 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 R3,295 million (2023: R3,246 million) have been issued in favour of the DMPR and other counterparties, where relevant, including the amount identified for rehabilitation purposes noted above.

In 2023, Thungela was formally served with an application for certification for a class action in relation to coal workers pneumoconiosis. The class action has not yet been certified and no provision has been raised in the consolidated financial statements related to this matter.

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

29. LEASE LIABILITIES

Thungela has entered into various agreements which are considered to be leases in line with the requirements of IFRS 16: Leases.

Right-of-use assets have been disclosed as part of property, plant and equipment as per note 13.

Accounting policy

At the inception of a contract, we assess whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time, in exchange for consideration.

Lease liabilities are initially measured at the present value of the future lease payments, discounted at the applicable incremental borrowing rates. Variable lease payments are not included in the measurement of lease liabilities and are charged to operating costs as they are incurred.

Subsequent to initial recognition, lease liabilities are measured at amortised cost using the effective interest rate method. Lease liabilities are remeasured when there is a change to the contractual lease payments or the lease term, with an adjustment also being made to the corresponding right-of-use assets.

Leases with a term of less than one year, or committed payments of less than R75,000, are not recognised on the statement of financial position. The Group continues to recognise payments for these leases as an expense on a straight-line basis over the lease term within operating costs.

The contractual payments due under the lease arrangements can be analysed as follows:

Rand million	2024	2023
Contractual undiscounted cash flows		
Maturity analysis of lease payments due:		
Within 1 year	34	38
Between 2 – 5 years	21	21
Over 5 years	—	38
Total undiscounted lease payments	55	97
Impact of discounting	(5)	(31)
Total discounted lease liabilities	50	66
Classified as:		
Current	31	34
Non-current	19	32

The movement in the lease liabilities can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	66	93
Additions	68	3
Disposal of investment in subsidiary[1]	(45)	—
Interest capitalised	9	6
Repayment – interest	(9)	(7)
Repayment – capital	(47)	(31)
Currency movements	(3)	—
Other movements	11	2
Balance at the end of the reporting period	50	66

[1] Refer to note 16 for further detail related to the disposal of investment in subsidiary.

The lease liabilities were calculated by discounting contractually escalated lease payments over the lease term at the incremental borrowing rate, derived from a market-related borrowing rate at the inception of the lease contracts. The range of incremental borrowing rates used is 8.6% to 12% (2023: 8.6% to 10%).

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

Rand million	**2024**	2023
Interest expense on lease liabilities	9	6
Expenses relating to variable lease payments not included in the measurement of lease liabilities	56	43
Depreciation of right-of-use assets	57	15
Impairment losses	—	6

Some of the leases in which the Group is the lessee contain payments that are linked to a variable monthly feed to plant or hourly usage rate. The variable payments of R56 million (2023: R43 million) constitute 50% (2023: 53%) of the Group's total lease payments of R112 million (2023: R81 million) and this proportion is expected to remain consistent in future.

Thungela has a contract for mining services and related equipment at the Elders Colliery. The contract is considered to contain a lease as the Group has exclusive use of the mining equipment, and can direct the use thereof. The contract includes both lease and non-lease components and these have been separated based on the value thereof, as specified in the contract. Payments related to the non-lease components are included in operating costs as incurred. The payments related to the lease components are based on services performed, and determined on a per tonne extracted basis. These payments are considered fully variable, and no lease liability has been recognised on this basis.

Thungela will provide funding to the contractor for equipment to be purchased by them to fulfil the contract. Any equipment purchased will be held as security for the funding provided. The cost of the equipment to be purchased is estimated in the contract, but is subject to change based on actual costs incurred by the contractor. No lease liability has been recognised for the equipment on this basis. As equipment is purchased by the contractor, and funded by Thungela, this will be recognised as a right-of-use asset.

In 2024, Thungela entered into various mining equipment lease contracts at Ensham. The contracts are considered to contain leases as we have exclusive use of the mining equipment, and can direct the use thereof.

The amounts recognised in the statement of cash flows in relation to the leasing arrangements can be analysed as follows:

Rand million	**2024**	2023
Lease liabilities – capital repayment	47	31
Lease liabilities – interest repayment (included in interest expenses paid)	9	7
Variable lease payments (included in profit before tax)	56	43
Total cash outflow for leases	**112**	81

The Group is exposed to a total potential future cash outflow of R83 million (2023: R70 million) related to payments for mining and other equipment on contracts that are not considered to contain a lease. In relation to the contract at the Elders Colliery, the Group is exposed to a maximum potential future cash outflow, related to equipment to be purchased, of Rnil (2023: R492 million), based on the ongoing operations of the contractor.

30. RETIREMENT BENEFIT OBLIGATIONS

The Group operates both defined benefit and defined contribution pension fund plans and medical aid plans, as well as post-employment medical aid plans for its employees. The post-employment medical aid plans provide health benefits to retired employees, and certain dependants, as incurred.

Accounting policy

The contributions paid or payable in the year for defined contribution plans are recognised in employee costs as incurred.

For post-employment medical aid plans, full actuarial valuations are carried out every year using the projected unit credit method, with the assistance of external advisors.

Remeasurements comprising actuarial gains and losses are recognised in other comprehensive income and are not recycled to profit or loss. Any increase in the present value of the plan obligations expected to arise from employee services during the year is included in operating costs. The interest expense on the retirement benefit obligations is included in net finance income.

Past service costs are recognised immediately in profit or loss, to the extent that the benefits have already vested, or otherwise amortised on a straight-line basis over the average period until the benefits vest. Employer contributions are made in accordance with the terms of each plan and vary each year.

The retirement benefit obligations are unfunded and are recognised in the statement of financial position at the present value of the deficit in the defined benefit plans.

Defined contribution plans

The costs of the defined contribution pension fund plans and medical aid plans represent the actual contributions payable by the Group to the various plans.

The charge for the year for defined contribution pension fund plans (net of amounts capitalised) was R386 million (2023: R273 million) and for defined contribution medical aid plans (net of amounts capitalised) was R134 million (2023: R151 million). Defined contribution plans are governed by the South African Pension Funds Act 24 of 1956 and the Medical Schemes Act 131 of 1998, as regulated by the Council for Medical Schemes.

Defined benefit medical aid plans and post-employment medical aid plans

The assets of these plans are held separately from those of the Group in independently administered funds, in accordance with statutory requirements. The responsibility for the governance of the medical aid plans, including investment and funding decisions, lies with the trustees of each plan.

Employer contributions are made in accordance with the terms of each plan and may vary from year to year. Benefits of R32 million (2023: R31 million) were paid in relation to the medical aid plans in the year ended 31 December 2024, and we expect to contribute R34 million to these medical aid plans in 2025.

The amounts recognised in profit or loss related to the post-employment medical aid plans can be analysed as follows:

Rand million	**2024**	2023
Amounts included in employee costs	**(5)**	(5)
Interest expense	**(46)**	(47)
Total	**(51)**	(52)

The pre-tax amounts recognised in other comprehensive income related to the post-employment medical aid plans can be analysed as follows:

Rand million	**2024**	2023
Actuarial (losses)/gains on plan obligations	**(9)**	25
Remeasurement of retirement benefit obligations	**(9)**	25

Actuarial (losses)/gains on plan obligations comprise movements in the obligations arising from changes in financial and demographic assumptions as well as experience on plan liabilities.

The movement in the retirement benefit obligations can be analysed as follows:

Rand million	2024	2023
Balance at the start of the reporting period	(399)	(405)
Actuarial (losses)/gains from changes in assumptions	(9)	25
Current service costs	(1)	(3)
Benefits paid	32	31
Interest expense	(46)	(47)
Other movements	23	—
Balance at the end of the reporting period	**(400)**	(399)

The medical aid plans are closed to new members and future benefit accrual, however, there are still active employees who benefit from the plans. The obligations are applicable to active employees and pensioners as follows:

Rand million	2024	2023
Active employees	(77)	(75)
Pensioners	(323)	(324)
Total retirement benefit obligations	**(400)**	(399)

Actuarial assumptions

The principal actuarial assumptions used to determine the present value of retirement benefit obligations are as follows (shown as weighted averages):

%	2024	2023
Average discount rate	11	12
Average rate of inflation	5.6	7.2
Expected average increase in healthcare costs	8.0	9.6

The weighted average duration of the plans is 10 years (2023: 10 years). This represents the average period over which future benefit payments are expected to be made.

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In South Africa, the PA90 and SA85-90 tables are used. The mortality tables used imply that a male or female aged 60 at the reporting date has the following future life expectancy:

Years	2024	2023
Male	18.7	18.7
Female	23.4	23.4

The defined benefit plans are exposed to risks such as longevity, investment risk, inflation risk and interest rate risk. The Group's provision of anti-retroviral therapy to HIV-positive staff does not significantly impact the post-employment medical aid plan obligations.

30. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Defined benefit medical aid plans and post-employment medical aid plans continued

Actuarial assumptions continued

Sensitivity analysis

The significant actuarial assumptions for the determination of the post-employment medical aid plan obligations are the discount rate, inflation rate and life expectancy. The sensitivity analysis below has been provided by the actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of all interrelationships is excluded.

The potential impact of reasonably possible changes in key assumptions on the retirement benefit obligations can be analysed as follows:

Rand million	2024	2023
0.5% decrease in discount rate	(19)	(18)
0.5% increase in inflation rate	(19)	(18)
1 year increase in life expectancy	(15)	(14)

Actuarial assumptions are set after consultation with independent experts and before the valuations of the plan obligations are completed. While we believe the assumptions used are appropriate, a change in the assumptions used may impact the profit or loss and other comprehensive income of the Group.

31. 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, while 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to 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 other comprehensive income 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	2024	2023
Balance at the start of the reporting period		471	503
Credited/(charged) to profit or loss	10	367	(26)
Credited/(charged) to other comprehensive (loss)/income	10	2	(6)
Currency movements		8	—
Reclassification		(78)	—
Balance at the end of the reporting period		**770**	471

The deferred tax assets at 31 December 2024 are primarily driven by deductible temporary differences arising from the environmental and other provisions held in TOPL, as well as from the Ensham Business. These deductible temporary differences are expected to reverse in the normal course of operations.

The recognition of the deferred tax assets is supported by Thungela's forecasting process, which included a detailed calculation of the estimated annual taxable income, per legal entity, for each financial year up to 2027. The forecast reflected a substantial taxable income being generated, and therefore sufficient future taxable temporary differences against which to utilise these deductible temporary differences. Additional assessments were performed on the recoverability of these assets based on the impairment assessments as detailed in note 7. Those assessments did not indicate concerns related to the recoverability of the deferred tax assets.

There are no deductible temporary differences and unused tax losses (2023: R139 million) for which no deferred tax asset had been recognised in the statement of financial position at the reporting date. Previously unrecognised deductible temporary differences were primarily related to losses in RMC, which were disposed of along with the investment in subsidiary, as detailed in note 16.

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

Rand million	2024	2023
Environmental and other provisions	3,662	2,149
Retirement benefit obligations	109	109
Other temporary differences	59	38
Tax losses	12	—
Fair value adjustments	6	5
Share-based payments	(58)	(34)
Environmental rehabilitation trusts	(1,129)	(990)
Capital allowances in excess of depreciation	(1,891)	(806)
Total deferred tax assets	**770**	471

31. DEFERRED TAX CONTINUED

Deferred tax assets continued

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

Rand million	2024	2023
Environmental and other provisions	246	(28)
Retirement benefit obligations	(2)	5
Other temporary differences	17	14
Tax losses	12	(2)
Fair value adjustments	(1)	29
Share-based payments	(24)	(23)
Environmental rehabilitation trusts	(139)	(78)
Capital allowances in excess of depreciation	196	(5)
Impairment losses	62	62
Deferred tax credited/(charged) to profit or loss	**367**	(26)
Deferred tax credited/(charged) to other comprehensive (loss)/income	2	(6)
Deferred tax credited/(charged) to total comprehensive income	**369**	(32)

Deferred tax liabilities

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

Rand million	Notes	2024	2023
Balance at the start of the reporting period		(1,637)	(1,421)
Acquisition of the Ensham Business[1]	15	—	(133)
Charged to profit or loss	10	(8)	(78)
Currency movements		—	(5)
Reclassification		78	—
Balance at the end of the reporting period		**(1,567)**	(1,637)

[1] Refer to note 15 for detail related to the acquisition of the Ensham Business.

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

Rand million	2024	2023
Capital allowances in excess of depreciation	(1,960)	(3,343)
Environmental rehabilitation trusts	(23)	(20)
Share-based payments	(1)	(1)
Fair value adjustments	—	2
Other temporary differences	4	(58)
Tax losses	171	184
Environmental and other provisions	242	1,599
Total deferred tax liabilities	**(1,567)**	(1,637)

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

Rand million	2024	2023
Capital allowances in excess of depreciation	(53)	(94)
Environmental rehabilitation trusts	(3)	(1)
Share-based payments	—	(1)
Fair value adjustments	—	72
Other temporary differences	65	(32)
Tax losses	(13)	(18)
Environmental and other provisions	(4)	(4)
Deferred tax charged to profit or loss	(8)	(78)
Deferred tax charged to total comprehensive income	(8)	(78)

EQUITY

32. STATED CAPITAL

Thungela has one class of authorised and issued shares, being ordinary shares. Thungela's ordinary shares began trading on the JSE and LSE from 7 June 2021. Thungela has 140,492,585 shares in issue, and has not issued additional shares in the years presented.

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 Thungela, and the resultant stated capital, can be analysed as follows:

Number of shares	2024	2023
Authorised		
Ordinary no par value shares	10,000,000,000	10,000,000,000
Issued		
Ordinary no par value shares	140,492,585	140,492,585
Reconciliation of shares in issue		
Shares in issue at the start of the reporting period	140,492,585	140,492,585
Shares in issue at the end of the reporting period	140,492,585	140,492,585
Adjusted for:		
Treasury shares held by Group companies[1]	(6,925,889)	(3,592,017)
Net shares in issue at the end of the reporting period	133,566,696	136,900,568
Rand million		
Balance at the start of the reporting period	11,323	11,323
Balance at the end of the reporting period	11,323	11,323
Adjusted for:		
Treasury shares held by Group companies	(980)	(493)
Net balance at the end of the reporting period	10,343	10,830

[1] Treasury shares held by Group companies include 5,686,373 (2023: 2,900,285) shares held directly by subsidiaries, and 1,239,516 (2023: 691,732) shares held in separate broker accounts for employees. The shares held in employee broker accounts relate to share awards granted in terms of the Thungela share plan, which have not yet vested. These shares are considered treasury shares for Thungela until the awards have vested, in line with the rules of the Thungela share plan.

Subsidiaries of the Group have purchased 919,731 (2023: 1,458,205) Thungela shares at an average price of R134.85 per share (2023: R177.96 per share) in the year in relation to share awards granted under the Thungela share plan. The purchases were made in terms of Thungela's MOI and the shares are held in separate broker accounts for employees, or in the broker accounts of the subsidiary holding the shares, in terms of the rules of the Thungela share plan, until vesting date. The number of treasury shares held in relation to the Thungela share plan was reduced in the year by the vesting of awards, as detailed in note 33.

The Group undertook share buybacks in the year as a method of returning value to our shareholders. The buybacks took place on the JSE through the order book operated by the JSE trading system. The buybacks were done in terms of the Thungela MOI, and in line with the approval granted by shareholders through a special resolution passed at the AGM. The shares, which are considered treasury shares, were purchased by TOPL and are currently held in a separate broker account. A total of 4,510,667 (2023: nil) shares were purchased in relation to the share buybacks at an average price of R132.95 per share (2023: Rnil), reflecting a total value of R601 million (2023: Rnil).

Of the treasury shares held by Group companies, 5,686,373 (2023: 2,900,285) shares are held directly by subsidiaries and so do not carry voting rights.

The total number of ordinary shares in issue, which carry voting rights at the reporting date, is 134,806,212 (2023: 137,592,300).

The resolution to place the unissued shares of Thungela under the control of the directors was not approved by the requisite majority of votes at the AGM held on 4 June 2024, and so the directors do not have the authority to issue shares at their discretion.

33. SHARE-BASED PAYMENTS

The Group operates equity-settled shared-based payment arrangements, which allow certain employees of the Group to receive Thungela shares through the Thungela share plan.

Accounting policy

The Thungela share plan consists of two components, as approved by the Thungela remuneration and human resources committee:

- The award of conditional shares, being the LTIP awards, the vesting of which is conditional upon the fulfilment of certain performance conditions and an employment condition.
- The award of forfeitable shares, being the DBS awards, sign-on awards and retention awards, the vesting of which is subject to the fulfilment of an employment condition.

All share awards are issued for no consideration, with no exercise or strike price applicable on the vesting date, and each share award will convert into one ordinary share in Thungela on vesting.

The Thungela share plan is accounted for as an equity-settled share-based payment arrangement and the grant date fair value of the awards is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amounts recognised as expenses are adjusted to reflect the number of awards that are expected to vest, based on the likely outcomes of the non-market performance conditions and the employment conditions.

For conditional share awards, which are subject to market and non-market vesting conditions, the fair value is determined using a Monte Carlo model at the grant date, taking into account the market vesting conditions. For forfeitable share awards, which are subject to non-market vesting conditions only, the fair value is determined based on the unconditional fair value of the shares at the grant date.

Employees participating in the conditional share awards are also entitled to receive additional share awards in lieu of dividends declared on Thungela shares over the vesting period (the dividend equivalent shares), which are added to the total number of conditional shares awarded, and subject to the same vesting conditions. The potential impact of the dividend equivalent shares are included in the grant date fair value of the awards and so are not separately expensed.

Employees participating in the forfeitable share awards are entitled to dividends paid on Thungela shares on the dividend payment dates throughout the vesting period. Should the awards be forfeited, dividends already paid to employees will not be required to be paid back to the Group.

The early vesting of share awards is permitted as set out in the Thungela share plan and remuneration policy, based on reasons deemed as constituting no fault or good leaver status.

The aggregate number of shares that may be allocated under the Thungela share plan may not exceed 7,024,629 shares, which equates to 5.0% of the number of issued shares of Thungela. At 31 December 2024, a total of 1,175,705 (2023: 2,862,823) shares are considered to be allotted and held as treasury shares in line with the rules of the Thungela share plan, leaving 5,848,924 (2023: 4,161,806) shares available for allocation with respect to future grants.

33. SHARE-BASED PAYMENTS CONTINUED

Thungela share plan

The share awards that have been granted to eligible employees in the year ended 31 December 2024 consist of the Thungela 2024 LTIP awards, the Thungela 2024 DBS awards and the Thungela 2024 sign-on awards, as approved by the Thungela remuneration and human resources committee.

Thungela LTIP awards – conditional share awards

The LTIP awards are granted each year, based performance in the previous year, and their vesting is subject to the achievement of performance conditions as well as an employment condition. The LTIP awards do not carry voting rights. Employees participating in these awards are entitled to receive additional share awards in lieu of dividends declared on Thungela shares over the vesting period, which are added to the total number of conditional shares awarded and subject to the same vesting conditions. Once vested, the LTIP awards are subject to a further two-year holding period for executive directors.

The details of the LTIP awards in place, and impacting the share-based payment expenses in the years presented, are as follows:

Award	Grant date	Vesting date	Number of awards granted	Grant date fair value
Thungela 2024 LTIP awards	24 May 2024	24 May 2027	588,966	R133.31
Thungela 2023 LTIP awards	26 April 2023	26 April 2026	398,131	R155.22
Thungela 2022 LTIP awards	7 March 2022	7 March 2025	434,844	R167.12
Thungela 2021 LTIP awards	16 November 2021	16 November 2024	1,363,119	R60.46

A total of 323,726 (2023: 726,590) share awards were added to the Thungela LTIP awards related to dividend equivalent shares for dividends declared by Thungela in the year ended 31 December 2024.

The details of the LTIP awards which have vested in the year are as follows:

		2024	
Award	Vesting date	Number of awards allocated or vested	Number of awards forfeited
Thungela 2021 LTIP awards	16 November 2024	1,765,603	466,511
Other LTIP awards vested or forfeited[1]		72,737	75,943
Total LTIP awards vested		**1,838,340**	**542,454**

[1] The other LTIP awards vested or forfeited relate to employees deemed to be no fault or good leavers, or fault or bad leavers, respectively. The LTIP awards were vested or forfeited through the year as employees left the Group.

The Thungela 2021 LTIP awards vested on 16 November 2024 in accordance with the achievement of specific performance conditions up to 31 December 2023, and was settled using Thungela shares owned by the Group. The number of awards which were allocated, vested or were forfeited was based on the achievement percentage of the performance conditions, as approved by the remuneration and human resources committee. A portion of the shares vested were sold to cover the tax obligations of the employees in relation to the vesting. Included in the share awards vested are 429,442 shares, which were allocated to the executive directors and are subject to a further two-year holding period from the vesting date.

The performance conditions, and their weightings, that will be applied at the vesting date to the Thungela LTIP awards are as follows:

	Weighting (%)		
Condition	**Thungela 2024 LTIP awards**	**Thungela 2023 LTIP awards**	**Thungela 2022 and 2021 LTIP awards**
Relative total shareholders' return peer (Local)[1]	12.5	12.5	7.5
Relative total shareholders' return peer (Global)[1]	12.5	12.5	7.5
Carbon emissions	—	—	10
Carbon intensity	—	10	—
Cash margin per export saleable tonne	20	20	20
Dividend yield	—	—	10
Inclusion and diversity – historically disadvantaged persons representation (South Africa)	5	10	10
Inclusion and diversity – female representation (Global)	5	—	—
Life of business	15	15	15
Lifex capital intensity	10	10	10
Renewable energy implementation	10	—	—
Water usage – fresh water import	2.5	2.5	2.5
Water usage – potable water usage	2.5	2.5	2.5
Water usage – water reuse/recycle	2.5	2.5	2.5
Water usage – water treatment	2.5	2.5	2.5

[1] Represents a market condition relevant to the Thungela LTIP awards.

The weighted average of the vesting outcomes for each measure will determine the overall vesting percentage for the awards. This will be applied to the number of awards outstanding on the vesting date. Achievement of the non-market conditions will be determined independently of the market performance conditions.

Thungela DBS awards – forfeitable share awards

The DBS awards are granted each year, based on performance in the previous year, and their vesting is subject to the achievement of an employment condition. There are no performance conditions attached to these awards. The DBS awards carry voting rights and the employees are entitled to dividends paid on Thungela ordinary shares throughout the vesting period.

The details of the DBS awards in place, and impacting the share-based payment expenses in the years presented, are as follows:

Award	Grant date	Vesting dates[1]	Number of awards granted	Grant date fair value
Thungela 2024 DBS awards	18 March 2024	18 March 2025 – 18 March 2027	893,973	R112.49
Thungela 2023 DBS awards	27 March 2023	27 March 2024 – 27 March 2026	441,037	R191.60
Thungela 2022 DBS awards	22 March 2022	22 March 2023 – 22 March 2025	331,300	R155.67

[1] The awards will vest in equal tranches on an annual basis between the vesting dates specified.

33. SHARE-BASED PAYMENTS CONTINUED

Thungela share plan continued

Thungela DBS awards – forfeitable share awards continued

The details of the DBS awards which have vested in the year are as follows:

		2024	
Award	**Vesting date**	**Number of awards vested**	**Number of awards forfeited**
Thungela 2023 DBS awards tranche 1	27 March 2024	149,527	—
Thungela 2022 DBS awards tranche 2	22 March 2024	104,548	—
Other DBS awards vested or forfeited[1]		539	79,901
Total DBS awards vested		**254,614**	**79,901**

[1] The other DBS awards vested or forfeited relate to employees deemed to be no fault or good leavers, or fault or bad leavers, respectively. The DBS awards were vested or forfeited through the year as employees left the Group.

		2023	
Award	Vesting date	Number of awards vested	Number of awards forfeited
Thungela 2022 DBS awards tranche 1	22 March 2023	103,219	—
Other DBS awards vested or forfeited[1]		6,986	26,082
Total DBS awards vested		110,205	26,082

[1] The other DBS awards vested or forfeited relate to employees deemed to be no fault or good leavers, or fault or bad leavers, respectively. The DBS awards were vested or forfeited through the year as employees left the Group.

The DBS awards vested on the achievement of the relevant employment conditions, or on employees being considered no fault or good leavers, in line with the rules of the Thungela share plan. The awards were settled using Thungela shares owned by the Group, and a portion of the vested shares were sold to cover the tax obligations of the employees in relation to the vesting.

Thungela 2023 retention awards – forfeitable share awards

The Thungela 2023 retention awards were granted on 1 April 2023 in relation to performance for the year ended 31 December 2022. These awards are not applicable to executive directors and prescribed officers. The number of awards that will vest is conditional upon the participants remaining in the employment of the Group for the vesting period, and there are no performance conditions attached to this grant. The Thungela 2023 retention awards will vest in equal tranches from 1 April 2023 to 1 April 2025. Once vested, these awards are subject to a further one-year payback period, during which participants will be obligated to repay the pre-tax amount paid on a pro rata basis, should the employment condition not be satisfied. A total of 112,997 share awards were granted as the Thungela 2023 retention awards, with a grant date fair value of R202.15.

Tranche 2 of these awards vested on 1 April 2024 based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 36,843 share awards vested.

Tranche 1 of these awards vested immediately on 1 April 2023 based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 39,302 share awards vested.

Thungela sign-on awards – forfeitable share awards

The Thungela sign-on awards were granted to employees between 8 January and 8 December 2024 and give the employees the right to obtain up to 25,758 ordinary shares in Thungela, subject to satisfying an employment condition. The sign-on awards will vest between 1 May 2025 and 1 December 2027. The awards were granted at fair values of between R122.65 and R173.65 per share. The awards carry voting rights and the employees are entitled to dividends paid on Thungela ordinary shares throughout the vesting period.

A Thungela sign-on award vested on 1 October 2024 based on the achievement of the employment condition and was settled using Thungela shares owned by the Group. A total of 4,489 share awards vested.

The number of share awards outstanding at the reporting date can be analysed as follows:

Number of awards	Thungela LTIP awards	Thungela DBS awards	Thungela retention awards	Thungela sign-on awards	2024 Total
Balance at the start of the reporting period	3,243,005	618,029	73,695	—	3,934,729
Awards granted	588,966	893,973	—	25,758	1,508,697
Dividend equivalent share awards granted	323,726	—	—	—	323,726
Awards vested	(1,838,340)	(254,614)	(36,843)	(4,489)	(2,134,286)
Awards forfeited	(542,454)	(79,901)	(3,221)	(3,629)	(629,205)
Balance at the end of the reporting period	1,774,903	1,177,487	33,631	17,640	3,003,661

Number of awards	Thungela LTIP awards	Thungela DBS awards	Thungela milestone awards	Thungela retention awards	2023 Total
Balance at the start of the reporting period	2,118,284	313,279	674,744	—	3,106,307
Awards granted	398,131	441,037	—	112,997	952,165
Dividend equivalent share awards granted	726,590	—	—	—	726,590
Awards vested	—	(110,205)	(674,744)	(39,302)	(824,251)
Awards forfeited	—	(26,082)	—	—	(26,082)
Balance at the end of the reporting period	3,243,005	618,029	—	73,695	3,934,729

The inputs used in the measurement of the fair values at grant date for awards granted in terms of the Thungela share plan are as follows:

	Thungela 2024 LTIP awards	2024 Thungela 2024 DBS awards
Grant date	24 May	18 March
Fair value at grant date (Rand/share)	133.31	112.49
Share price at grant date (Rand/share)	139.35	112.49
Expected volatility (%)	56	—
Expected life (years)	3	1 / 2 / 3
Expected dividend yield (%)	20	37 / 39 / 37

33. SHARE-BASED PAYMENTS CONTINUED

Thungela share plan continued

The inputs used in the measurement of the fair values at grant date for awards granted in terms of the Thungela share plan are as follows continued:

	Thungela 2023 LTIP awards	Thungela 2023 DBS awards	2023 Thungela 2023 retention awards
Grant date	26 April	27 March	1 April
Fair value at grant date (Rand/share)	155.22	191.60	202.15
Share price at grant date (Rand/share)	171.00	191.60	202.15
Expected volatility (%)	63	—	—
Expected life (years)	3	1 / 2 / 3	1 / 2
Expected dividend yield (%)	1.3	2.4 / 1.5 / 1.2	0.0 / 2.2 / 1.4

Expected volatility is based on historical volatilities over a period of time that corresponds to the expected life of the Thungela LTIP awards.

The amounts recognised in the statement of profit or loss and other comprehensive income, in relation to the Thungela share plan, can be analysed as follows:

Rand million	Note	2024	2023
Thungela LTIP awards		61	42
Thungela DBS awards		78	55
Thungela milestone awards		—	13
Thungela retention awards		5	17
Thungela sign-on awards		1	—
Total share-based payment expenses included in employee costs	6	**145**	127

34. DIVIDENDS

Thungela has declared and paid ordinary dividends to shareholders from retained earnings.

Accounting policy

Dividends are recognised in the year 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 year.

Treasury shares are held by subsidiaries in respect of awards granted in terms of the Thungela share plan as detailed in note 33. Dividends declared on shares held in relation to the forfeitable share awards are paid to the employees on the dividend payment dates. 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.

Treasury shares are also held by a subsidiary in relation to the share buybacks undertaken in the year. Dividends declared on these shares are paid to the subsidiary on the dividend payment dates.

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.

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

Dividends paid

Dividends paid in the year can be analysed as follows:

Rand million	2024	2023
Dividends paid to the shareholders of the Group	1,630	6,920
Dividend declared on 19 August 2024 of R2 per ordinary share	268	—
Dividend declared on 18 March 2024 of R10 per ordinary share	1,362	—
Dividend declared on 18 August 2023 of R10 per ordinary share	—	1,379
Dividend declared on 27 March 2023 of R40 per ordinary share	—	5,541
Dividends paid to non-controlling interests	44	1
Total dividends paid	**1,674**	6,921

Dividend declaration

A final ordinary cash dividend relating to the year ended 31 December 2024 of R11 per share (2023: R10 per share), was declared by the board on 17 March 2025. The dividend, amounting to a return of R1,545 million to shareholders, has not been recognised as a liability in these consolidated financial statements. The final dividend was declared from retained earnings and will be paid in April 2025 to shareholders on the South African register and May 2025 to shareholders on the UK register. Together with the interim dividend of R2 per share, this equates to a total dividend of R13 per share for the year ended 31 December 2024.

35. NON-CONTROLLING INTERESTS

There are various non-controlling interests held throughout the Group, as further detailed in note 38. The material non-controlling interests are considered to be held in Sungela Holdings and Butsanani Energy, including its investment in RMC up to 30 November 2024, on the basis of the contribution of these entities to the Group. Following the disposal of the investment in RMC, Butsanani Energy is no longer considered to reflect a material non-controlling interest for the Group.

Accounting policy

Non-controlling interests represent the profit or loss, other comprehensive income and equity in a subsidiary not attributable, directly or indirectly, to the equity shareholders of the Group.

For subsidiaries which are not wholly owned, non-controlling interests are presented in equity separately from the equity attributable to the shareholders of the Group. Profit or loss and other comprehensive income is attributed to the shareholders of the Group and to non-controlling interests, even if this results in the non-controlling interests having a negative balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

35. NON-CONTROLLING INTERESTS CONTINUED

The material non-controlling interests can be analysed as follows:

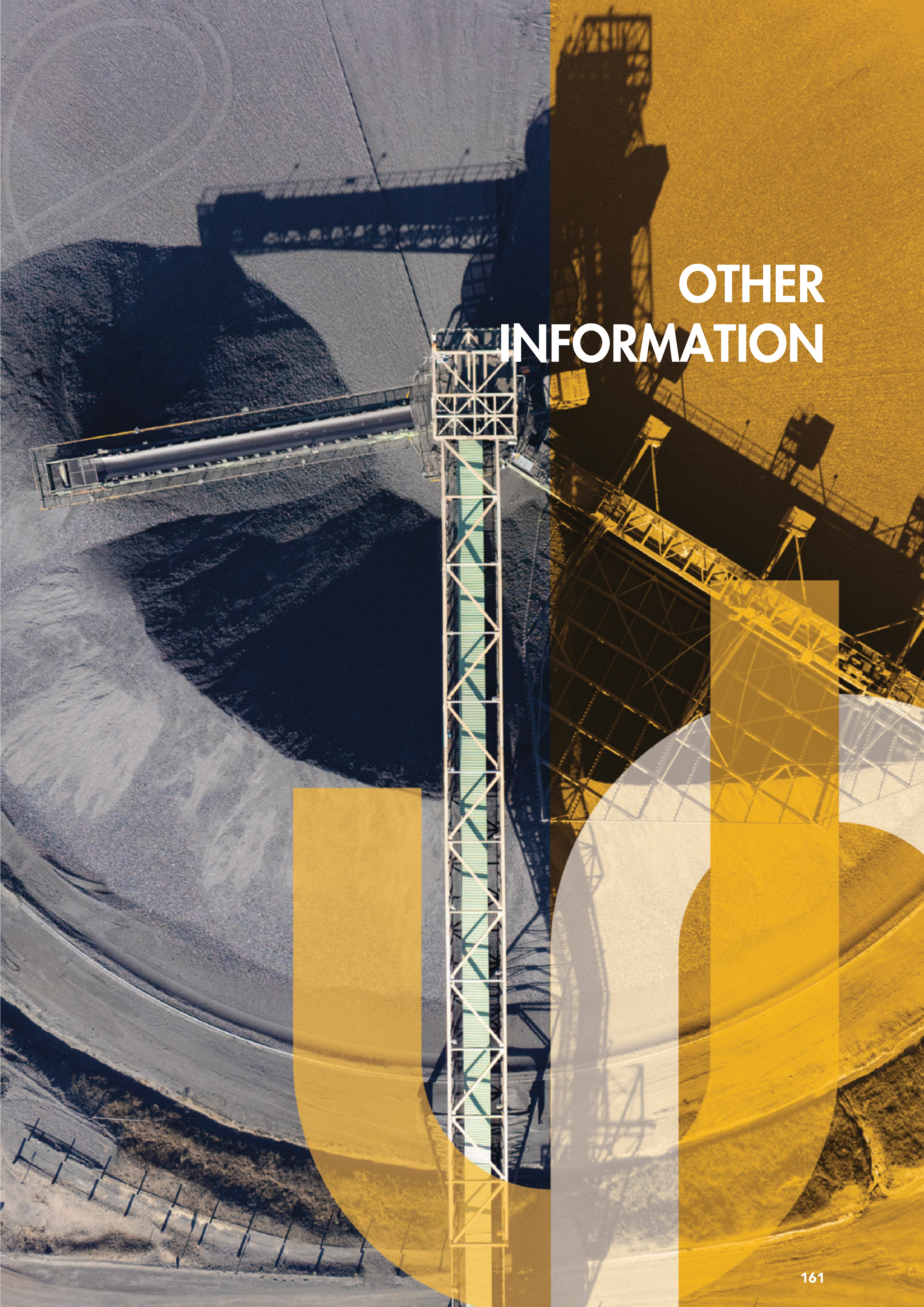
Rand million	2024 Sungela Holdings	2024 Butsanani Energy[1]	2024 Total	2023 Sungela Holdings[2]	2023 Butsanani Energy	2023 Total
Profit/(loss) for the reporting period attributable to non-controlling interests	51	(99)	(48)	(28)	(164)	(192)
Other comprehensive (loss)/income attributable to non-controlling interests	(21)	—	(21)	6	—	6
Total comprehensive income/(loss) attributable to non-controlling interests	30	(99)	(69)	(22)	(164)	(186)
Dividends paid to non-controlling interests	—	(44)	(44)	—	(1)	(1)
Equity attributable to non-controlling interests	378	166	544	266	(279)	(13)

1 The results of RMC have been reflected for the 11 months up to 30 November 2024, based on the disposal of the interest in this entity. Refer to note 16 for further detail.
2 The results of Sungela Holdings have been reflected for four months from the acquisition date of 31 August 2023. Refer to note 15 for further detail.

The summarised financial information, without eliminating the impact of intra-group transactions, of the entities in which material non-controlling interests are held can be analysed as follows:

Rand million	2024 Sungela Holdings	2024 Butsanani Energy[1]	2024 Total	2023 Sungela Holdings[2]	2023 Butsanani Energy	2023 Total
Statement of profit or loss and other comprehensive income						
Revenue	9,250	345	9,595	2,589	1,155	3,744
Profit/(loss) for the reporting period	511	16	527	385	(345)	40
Total comprehensive income/(loss) for the reporting period	511	16	527	385	(345)	40
Statement of financial position						
Non-current assets	7,829	—	7,829	7,597	270	7,867
Current assets	2,812	—	2,812	3,903	285	4,188
Non-current liabilities	(3,988)	—	(3,988)	(4,429)	(491)	(4,920)
Current liabilities	(1,870)	—	(1,870)	(2,476)	(520)	(2,996)
Net assets/(liabilities)	4,783	—	4,783	4,595	(456)	4,139
Statement of cash flows						
Cash flows from operating activities	1,371	(54)	1,317	464	(20)	444
Cash flows from investing activities	(1,512)	182	(1,330)	(3,055)	(6)	(3,061)
Cash flows from financing activities	(857)	(105)	(962)	4,619	(30)	4,589
Net (decrease)/increase in cash and cash equivalents[3]	(998)	23	(975)	2,028	(56)	1,972

1 The results of RMC have been reflected for the 11 months up to 30 November 2024, based on the disposal of the interest in this entity. No information related to the statement of financial position has been presented, as the non-controlling interest in this entity at 31 December 2024 is not considered to be material. Refer to note 16 for further detail.
2 The results of Sungela Holdings have been reflected for four months from the acquisition date of 31 August 2023. Refer to note 15 for further detail.
3 The results of Sungela Holdings are reflected without eliminating the impact of intra-group transactions, including the settlement of loans, which are eliminated for Group purposes.



OTHER INFORMATION

36. COMMITMENTS

The Group is subject to a number of commitments, which have not been accounted for at the reporting date as services have not yet been received for these commitments.

The Group's commitments can be analysed as follows:

2024			
Rand million	Contracted but not provided	Port and rail commitments	Total
Due within 1 year	1,474	3,586	5,060
Due between 1 – 2 years	—	1,003	1,003
Due between 2 – 5 years	—	1,085	1,085
Total commitments	1,474	5,674	7,148

2023			
Rand million	Contracted but not provided	Port and rail commitments	Total
Due within 1 year	1,146	3,670	4,816
Due between 1 – 2 years	—	1,465	1,465
Due between 2 – 5 years	—	1,042	1,042
Total commitments	1,146	6,177	7,323

Contracted but not provided

Commitments contracted but not provided for are related to capital projects, which have been contracted for at the reporting date but for which goods and services have not been received.

Port and rail commitments

South Africa

Rail commitments are related to the existing long-term agreement with TFR, where the Group has committed to a minimum annual quantity of tonnes railed over the contractual period. The committed annual volumes were adjusted based on the deed of amendment to the original contract signed in 2022. The long-term agreement with TFR, which was due to expire at the end of March 2024, was extended by 12 months and will now expire in March 2025. We are in the process of renegotiating a further extension to the agreement in line with the contractual provisions, and the renegotiations will cover the period beyond March 2025. Budgeted rail volumes are in excess of the adjusted committed volumes.

Australia

Port commitments are related to the existing long-term agreement with Gladstone Port Corporation, where Ensham has a contracted minimum annual quantity of tonnes shipped over the contractual period, which expires on 30 June 2026.

Rail commitments are related to two existing long-term agreements expiring on 31 December 2027 and 31 December 2028, respectively, where Ensham has a contracted minimum annual quantity of tonnes railed over the contractual period.

37. RELATED PARTY TRANSACTIONS

Thungela has a number of related party relationships with other companies and individuals. The related parties comprise the entities in which the Group has an investment, as disclosed in note 38, as well as the directors and prescribed officers noted below. Transactions with these related parties are assessed on a consistent basis as those involving other parties.

Directors

Sango Ntsaluba (chairman)#
July Ndlovu (chief executive officer)
Deon Smith (chief financial officer)
Ben Kodisang#
Kholeka Mzondeki#
Thero Setiloane# (passed away 1 May 2024)
Seamus French#
Yoza Jekwa#
Tommy McKeith# (appointed 1 October 2024)

Prescribed officers

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

Independent non-executive

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 undertaken with related parties in the year, and outstanding balances at the reporting date, can be analysed as follows:

Rand million	Note	**2024**	2023
Loans to related parties			
RBCT[1]	14	**180**	59
Transactions recognised in the statement of profit or loss and other comprehensive income			
RBCT			
Expenses for services provided		**(362)**	(393)
Pamish[2]			
Expenses for services provided		**—**	(81)
Investment income		**—**	4

[1] The loan to RBCT is deemed part of the equity investment in RBCT.
[2] The interest in Pamish is held through TOPL. Although TOPL legally owns 49% of Pamish, the contractual agreements resulted in TOPL obtaining 85% of the benefits related to the operations of Pamish. The contract with Pamish was amended in 2023, which resulted in TOPL obtaining 100% of the benefits related to the operations of Pamish. From July 2023, TOPL's share of the assets, liabilities, revenue and expenses of Pamish has been consolidated at 100%.

No transactions have been entered into with key management in the year other than their fixed and variable remuneration, which has been disclosed in note 40.

38. INVESTMENTS IN OTHER ENTITIES

The Group holds a number of investments in other entities, which result in us obtaining control, joint control or significant influence over the entities.

Accounting policy

Investments in subsidiaries

The results of subsidiaries are consolidated for the duration of the period in which the Group exercises control over the subsidiary. All intra-group transactions and resultant profits or losses between group companies are eliminated on consolidation.

Investments in joint operations

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures, depending on the specific facts and circumstances of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangements have rights to the assets and obligations for the liabilities.

The joint arrangements within the Group, being Mafube Coal Mining Proprietary Limited (Mafube Coal Mining), Phola Coal Processing Plant and Pamish, are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all of the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

The Group accounts for joint operations by recognising our share of the assets, liabilities, revenue and expenses of the joint operation, including our share of such items held or incurred jointly.

The investments in other entities held by the Group can be analysed as follows:

Legal entity name	Nature of business	Operation	Shareholding %
Direct subsidiaries			
South Africa Coal Operations Proprietary Limited[1]	Investment holding company		100
Thungela Resources Holdings Proprietary Limited	Investment holding company		100
Thungela Treasury Proprietary Limited	Investment holding company		100
Thungela International Proprietary Limited	Investment holding company		100
Indirect subsidiaries			
Thungela Operations Proprietary Limited	Mining company		100
	Mining operation	Isibonelo	
	Mining operation	Goedehoop	
	Mining operation	Greenside	
	Mining operation	Khwezela	
Anglo American Inyosi Coal Proprietary Limited[2]	Mining company		100
	Mining operation	Zibulo	
	Project	Elders	
Butsanani Energy Investment Holdings Proprietary Limited	Investment holding company		67
Rietvlei Mining Company Proprietary Limited[3]	Mining company		—
	Mining operation	Rietvlei	
Thungela Inyosi Coal Sercurityco Proprietary Limited	Dormant		100
Newshelf 1316 Proprietary Limited	Dormant		100
Blue Steam Investments Proprietary Limited	Dormant		100
Main Street 1756 (RF) Proprietary Limited	Investment holding company		100
Thungela Resources Australia Pty Limited[4]	Investment holding company		100
Sungela Holdings Pty Ltd[4,5]	Investment holding company		72.5
Sungela Pty Ltd[4,6]	Investment holding company		100
Ensham Resources Pty Limited[4,7]	Mining company		100
	Mining operation	Ensham Mine	
Ensham Coal Sales Pty. Ltd.[4,7]	Marketing company		85
Nogoa Pastoral Pty. Ltd.[4,7]	Agricultural company		85
	Agricultural operation	Nogoa Pastoral	
Thungela Marketing International Holdings Limited[8]	Investment holding company		100
Thungela Marketing International DMCC[8]	Marketing company		100

1 Thungela holds 90% of the shares in SACO. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, which are controlled by the Group, hold 10% collectively of the shares in SACO. Effectively, Thungela owns 100% of SACO.
2 Thungela Resources Holdings Proprietary Limited (Thungela Resources Holdings) holds a 27% interest in Anglo American Inyosi Coal Proprietary Limited (AAIC). Effectively, Thungela owns 100% of AAIC.
3 Butsanani Energy legally owned 51% of RMC. However, Butsanani Energy economically owned only 45% of RMC based on various contractual arrangements. Effectively, Thungela owned 34% (being 67% of 51%) of RMC. The results of RMC were however reflected at an effective ownership of 30% (being 67% of 45%) to reflect the underlying contractual agreements. On 30 November 2024, Butsanani Energy disposed of its interest in RMC. Refer to note 16 for further detail.
4 The place of business and incorporation of this entity is Australia.
5 Thungela Resources Australia subscribed for 75% of the shares in Sungela Holdings on 31 August 2023, on completion of the acquisition of the Ensham Business. On 31 December 2024, the shareholding has reduced to 72.5% (2023: 73.5%) based on the vesting of the LTIP shares. Refer to note 2A and note 15 for detail related to the acquisition of the Ensham Business.
6 The shareholding in this entity is held through Sungela Holdings as part of the Ensham Business. Refer to note 2A for detail related to the shareholding structure in the Ensham Business. Effectively, Thungela is entitled to 92.5% (2023: 93.5%) of the earnings of Sungela.
7 The shareholding in this entity is held through Sungela as part of the Ensham Business. Refer to note 2A for detail related to the shareholding structure in the Ensham Business. Effectively, Thungela is entitled to 78.6% (2023: 79.5%) of the earnings of this entity.
8 The place of business and incorporation of this entity is the UAE.

38. INVESTMENTS IN OTHER ENTITIES CONTINUED

The investments in other entities held by the Group can be analysed as follows continued:

Legal entity name	Nature of business	Operation	Shareholding %
Indirect joint operations			
Mafube Coal Mining Proprietary Limited	Mining company		50
	Mining operation	Mafube	
Phola Coal Processing Plant Proprietary Limited	Mining company		50
	Processing operation	Phola Coal Processing Plant	
Pamish Investments No. 66 Proprietary Limited[1]	Mining company		49
	Processing operation	Pamish plant	
Indirect associates			
Richards Bay Coal Terminal Proprietary Limited	Port logistics	Richards Bay Coal Terminal	23
Colliery Training College Proprietary Limited[2]	Training provider for companies in the mining industry		23
Indirect trusts			
Nkulo Community Partnership Trust	Community trust		100
Sisonke Employee Empowerment Scheme Trust	Employee trust		100
Anglo American Thermal Coal Environmental Rehabilitation Trust	Rehabilitation trust		100
Mafube Rehabilitation Trust	Rehabilitation trust		50

[1] The interest in Pamish is held through TOPL. Although TOPL legally owns 49% of Pamish, the contractual agreements result in TOPL obtaining 100% of the benefits related to the operations of Pamish.
[2] The investment in Colliery Training College Proprietary Limited is considered immaterial to the Group and has not been equity accounted.

The place of business and incorporation of all subsidiaries, joint operations, associates and trusts is South Africa, except where specifically noted otherwise.

39. EVENTS AFTER THE REPORTING PERIOD

The Group monitors activity between the reporting date and the date of the approval of the 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 reporting date and the date that the 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.

Extension of existing facility agreements

The Group has secured the extension of our existing facility agreements of R3,200 million to 28 February 2028. The facilities remain undrawn at the date of approval of the Annual Financial Statements.

Acquisition of the remaining 15% interest in the Ensham Mine

In December 2024, Thungela announced that we have entered into a share sale and purchase agreement with Bowen, in terms of which Thungela Resources Australia will acquire Bowen's 15% interest in the Ensham Mine and related companies.

The transaction was subject to the fulfilment of a number of conditions precedent, as detailed in note 15, before becoming effective. All conditions precedent have been met and the transaction became effective on 28 February 2025.

Extension of the long-term rail agreement

Thungela has signed an extension to the long-term rail agreement with TFR, which is now due to expire in March 2028.

Acquisition of the co-investors' shareholding in Sungela Holdings

On 14 March 2025, Thungela Resources Australia entered into an agreement with our co-investors to acquire their 27.5% interest in Sungela Holdings, for an upfront cash consideration of USD1.7 million, as well as contingent deferred consideration of up to USD15.5 million, payable over a period of up to six years. The transaction is subject to a number of conditions precedent, and is not yet effective.

Share buyback and declaration of dividend

The Group will implement a share repurchase (share buyback), subject to favourable market conditions, in the period commencing 18 March 2025 and, unless revised or terminated earlier, ending 4 June 2025, being the last trading day prior to the Group's next AGM, that will take place on 5 June 2025. The aggregate purchase price of all shares repurchased will be no greater than R300 million.

The board has also declared a final ordinary cash dividend of R11 per share, or R1,545 million, from retained earnings on 17 March 2025. Combined with the interim dividend for 2024, this represents a total dividend payment of R1,826 million to shareholders related to 2024..

The dividend will be paid in April 2025 to shareholders on the South African register, and in May 2025 to shareholders on the UK register.

REMUNERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

40. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

The remuneration of the directors and prescribed officers has been approved by the Thungela remuneration and human resources committee.

Details regarding the directors' direct and indirect interests in Thungela shares are disclosed in the directors' report.

Executive directors and prescribed officers

The remuneration of the executive directors and prescribed officers can be analysed as follows:

Rand thousand	Basic salary	Retirement and benefits[1]
Executive directors		
July Ndlovu	8,578	1,348
Deon Smith	5,539	896
Total executive directors' remuneration	14,117	2,244
Prescribed officers		
Johan van Schalkwyk	4,319	704
Leslie Martin	3,751	627
Lesego Mataboge	2,758	474
Mpumi Sithole	2,758	443
Carina Venter	2,758	414
Bernard Dalton	3,274	547
Total prescribed officers' remuneration	19,618	3,209

[1] Retirement and benefits include pension fund contributions, medical aid contributions and other allowances.
[2] Other payments such as unemployment insurance fund (UIF), leave encashments and long service awards.
[3] Thungela cash component of the short-term incentive (STI), which is attributable to the 2024 financial year, to be paid in the 2025 financial year.

Rand thousand	Basic salary	Retirement and benefits[1]
Executive directors		
July Ndlovu	8,131	1,276
Deon Smith	5,251	848
Total executive directors' remuneration	13,382	2,124
Prescribed officers		
Johan van Schalkwyk	4,094	667
Leslie Martin	3,556	593
Lesego Mataboge	2,526	435
Mpumi Sithole	2,526	410
Carina Venter	2,526	390
Bernard Dalton	3,028	517
Total prescribed officers' remuneration	18,256	3,012

[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 2023 financial year, to be paid in the 2024 financial year.

2024

Other[2]	STI cash[3]	STI deferred bonus[4]	LTIP restricted[5]	LTIP vested and settled[6]	Total remuneration
29	7,456	3,767	38,607	—	59,785
25	4,055	2,027	16,185	—	28,727
54	11,511	5,794	54,792	—	88,512
25	3,162	1,581	—	13,766	23,557
39	2,746	1,373	—	12,877	21,413
125	2,019	1,009	—	9,662	16,047
129	2,019	1,009	—	9,543	15,901
150	2,019	1,009	—	9,184	15,534
31	2,397	1,198	—	12,249	19,696
499	14,362	7,179	—	67,281	112,148

4 Thungela deferred bonus component of the STI, which is attributable to the 2024 financial year, to be awarded in the 2025 financial year.
5 Thungela 2021 LTIP awards granted to executive directors on 16 November 2021. The performance was measured on 16 November 2024 and the awards were therefore reflected in the final year of the performance period. The awards to the executive directors are subject to a further two-year holding period before they may be disposed of.
6 Thungela 2021 LTIP awards granted to prescribed officers on 16 November 2021, which vested on 16 November 2024 based on the achievement percentage of the performance condition. The awards were settled using Thungela shares owned by the Group.

2023

Other[2]	STI cash[3]	STI deferred bonus[4]	Thungela retention and milestone awards vested[5]	Total remuneration
81	5,924	2,993	58,704	77,109
37	3,222	1,611	29,352	40,321
118	9,146	4,604	88,056	117,430
810	2,512	1,256	—	9,339
26	2,182	1,091	—	7,448
243	1,428	714	—	5,346
103	1,428	714	—	5,181
215	1,428	714	—	5,273
39	1,858	929	—	6,371
1,436	10,836	5,418	—	38,958

4 Thungela deferred bonus component of the STI, which is attributable to the 2023 financial year, to be awarded in the 2024 financial year.
5 Thungela milestone awards granted to the executive directors on 11 November 2021. The final tranche of these awards vested in full on 4 June 2023, based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group.

40. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION CONTINUED

Non-executive directors

The composition of the board remains consistent with the previous year, with six independent non-executive directors. Following the unfortunate passing of Thero Setiloane, Tommy McKeith was appointed to the board on 1 October 2024.

The remuneration of the non-executive directors can be analysed as follows:

Rand	2024	2023
Sango Ntsaluba	1,714,858	1,622,363
Kholeka Mzondeki	1,270,557	1,210,160
Ben Kodisang	1,194,031	1,129,682
Thero Setiloane	576,383	1,129,682
Seamus French	1,179,098	1,093,760
Yoza Jekwa	1,266,983	921,310
Tommy McKeith	305,877	—
Total non-executive directors' remuneration	**7,507,787**	7,106,957

All non-executive directors' fees were paid to the individuals in their personal capacity.

Share awards granted to executive directors and prescribed officers

Details regarding share awards are disclosed in note 33.

The share awards granted to executive directors and prescribed officers of the Group under the Thungela share plan can be analysed as follows:

Thungela LTIP awards

					2024
Number of awards	Opening balance	Granted[1]	Allocated or vested	Forfeited	Total
Executive directors					
July Ndlovu	497,644	122,735	(302,589)	(79,951)	237,839
Deon Smith	223,256	59,985	(126,853)	(33,518)	122,870
Total executive directors' awards	720,900	182,720	(429,442)	(113,469)	360,709
Prescribed officers					
Johan van Schalkwyk	176,824	47,051	(101,301)	(26,766)	95,808
Leslie Martin	161,357	41,652	(94,759)	(25,038)	83,212
Lesego Mataboge	118,969	30,656	(71,104)	(18,787)	59,734
Mpumi Sithole	117,961	30,554	(70,226)	(18,555)	59,734
Carina Venter	114,930	30,247	(67,585)	(17,858)	59,734
Bernard Dalton	148,244	37,099	(90,137)	(23,816)	71,390
Total prescribed officers' awards	838,285	217,259	(495,112)	(130,820)	429,612

[1] The awards granted include a total of 162,028 awards added to the Thungela LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2024.

Number of awards	Opening balance	Granted[1]	Vested	Forfeited	2023 Total
Executive directors					
July Ndlovu	334,302	163,342	—	—	497,644
Deon Smith	147,275	75,981	—	—	223,256
Total executive directors' awards	481,577	239,323	—	—	720,900
Prescribed officers					
Johan van Schalkwyk	116,898	59,926	—	—	176,824
Leslie Martin	107,377	53,980	—	—	161,357
Lesego Mataboge	79,545	39,424	—	—	118,969
Mpumi Sithole	78,787	39,174	—	—	117,961
Carina Venter	76,508	38,422	—	—	114,930
Bernard Dalton	99,585	48,659	—	—	148,244
Total prescribed officers' awards	558,700	279,585	—	—	838,285

1 The awards granted include a total of 354,730 awards added to the Thungela LTIP awards as dividend equivalent share awards granted related to the dividends paid by Thungela in the year ended 31 December 2023.

Each award converts into one ordinary share in Thungela upon vesting. The vesting of these shares is conditional on the achievement of approved performance conditions. The awards carry neither a right to dividends nor voting rights, however participants are entitled to dividend equivalents accrued over the vesting period, to be converted into additional share awards and added to the overall number of awards that will vest. The Thungela LTIP awards are subject to a further two-year holding period after the vesting date for executive directors. There is no option for cash settlement of the awards.

The Thungela 2021 LTIP award vested on 16 November 2024, based on the achievement level of the performance conditions approved by the remuneration and human resources committee, as reported in the 2023 Integrated Annual Report (79.1%). Consequently, a total of 244,289 shares were forfeited, resulting in the vesting of 924,554 shares, including the initial allocation and associated dividend equivalent shares. These shares were settled using Thungela shares owned by the Group, and 222,802 shares were sold to settle the tax obligations arising from the vesting for prescribed officers. The shares allocated to the executive directors are subject to a two-year holding period and will remain restricted until 16 November 2026, at which time they will attract tax obligations.

Thungela milestone awards

Number of awards	Opening balance	Granted	Vested	Forfeited	2023 Total
Executive directors					
July Ndlovu	449,829	—	(449,829)	—	—
Deon Smith	224,915	—	(224,915)	—	—
Total executive directors' awards	674,744	—	(674,744)	—	—

Each award converts into one ordinary share in Thungela on vesting. The awards carry both dividend and voting rights. Participants will be entitled to dividends paid on the ordinary shares underlying their awards prior to the vesting date. Dividends are paid to the award holders on dividend payment dates.

Tranche 2 of these awards vested in full on 4 June 2023, based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 674,744 share awards vested, with 303,636 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

40. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION CONTINUED

Share awards granted to executive directors and prescribed officers continued

The share awards granted to executive directors and prescribed officers of the Group under the Thungela share plan can be analysed as follows continued:

Thungela DBS awards

Number of awards	Opening balance	Granted	Vested	Forfeited	2024 Total
Executive directors					
July Ndlovu	24,602	25,684	(9,969)	—	40,317
Deon Smith	13,430	13,822	(5,359)	—	21,893
Total executive directors' awards	38,032	39,506	(15,328)	—	62,210
Prescribed officers					
Johan van Schalkwyk	9,561	10,777	(3,880)	—	16,458
Leslie Martin	8,407	9,360	(3,422)	—	14,345
Lesego Mataboge	6,321	6,129	(2,557)	—	9,893
Mpumi Sithole	6,308	6,129	(2,550)	—	9,887
Carina Venter	5,976	6,129	(2,432)	—	9,673
Bernard Dalton	6,836	7,970	(2,694)	—	12,112
Total prescribed officers' awards	43,409	46,494	(17,535)	—	72,368

Number of awards	Opening balance	Granted	Vested	Forfeited	2023 Total
Executive directors					
July Ndlovu	15,919	13,989	(5,306)	—	24,602
Deon Smith	7,941	8,136	(2,647)	—	13,430
Total executive directors' awards	23,860	22,125	(7,953)	—	38,032
Prescribed officers					
Johan van Schalkwyk	6,247	5,396	(2,082)	—	9,561
Leslie Martin	5,580	4,687	(1,860)	—	8,407
Lesego Mataboge	4,050	3,621	(1,350)	—	6,321
Mpumi Sithole	4,030	3,621	(1,343)	—	6,308
Carina Venter	3,970	3,329	(1,323)	—	5,976
Bernard Dalton	3,742	4,341	(1,247)	—	6,836
Total prescribed officers' awards	27,619	24,995	(9,205)	—	43,409

Each award converts into one ordinary share in Thungela upon vesting. The awards carry both dividend and voting rights. Participants will be entitled to dividends paid on the ordinary shares underlying their awards prior to the vesting date. Should the awards lapse for any reason, dividends already received by participants will not be required to be paid back. Dividends are paid to the award holders on the dividend payment dates.

Tranche 2 of the Thungela 2022 DBS awards vested on 22 March 2024 and Tranche 1 of the Thungela 2023 DBS vested on 27 March 2024, based on the achievement of the employment condition, and these tranches were settled using Thungela shares owned by the Group. A total of 32,863 share awards vested, with 14,798 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

Tranche 1 of the Thungela 2022 DBS awards vested on 22 March 2023 based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 17,158 share awards vested, with 7,725 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

SEPARATE FINANCIAL STATEMENTS OF THUNGELA RESOURCES LIMITED

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

Rand million	Notes	2024	2023
Revenue	2	1,686	4,967
Operating costs	3	(25)	(25)
Profit before tax		1,661	4,942
Income tax expense	4	(19)	—
Profit for the reporting period		1,642	4,942
Total comprehensive income for the reporting period		1,642	4,942

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

Rand million	Notes	2024	2023
Assets			
Non-current assets			
Investments in subsidiaries	5	7,842	7,809
Total non-current assets		7,842	7,809
Current assets			
Loans to related parties	6	222	221
Cash and cash equivalents		—	2
Total current assets		222	223
Total assets		8,064	8,032
Equity			
Stated capital	7	11,323	11,323
Merger reserve		2,271	2,271
Share-based payments reserve		171	139
Retained losses		(5,758)	(5,714)
Total equity		8,007	8,019
Liabilities			
Current liabilities			
Trade and other payables		9	10
Loans from related parties	6	31	3
Current tax liabilities		17	—
Total current liabilities		57	13
Total liabilities		57	13
Total equity and liabilities		8,064	8,032

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Rand million	Notes	Stated capital	Merger reserve	Share-based payments reserve	Retained losses	Total equity
Balance at 1 January 2023		11,323	2,271	83	(3,632)	10,045
Total comprehensive income for the reporting period		—	—	—	4,942	4,942
Dividends paid	9	—	—	—	(7,024)	(7,024)
Movements in share-based payments reserve[1]		—	—	56	—	56
Balance at 31 December 2023		**11,323**	**2,271**	**139**	**(5,714)**	**8,019**
Total comprehensive income for the reporting period		**—**	**—**	**—**	**1,642**	**1,642**
Dividends paid	9	**—**	**—**	**—**	**(1,686)**	**(1,686)**
Movements in share-based payments reserve[1]		**—**	**—**	**32**	**—**	**32**
Balance at 31 December 2024		**11,323**	**2,271**	**171**	**(5,758)**	**8,007**

[1] Includes movements as a result of share-based payment expenses of R145 million (2023: R127 million) reduced by the impact of the vesting of shares of R113 million (2023: R71 million) under the Thungela share plan.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

Rand million	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		**1,661**	4,942
Movements in working capital		**(2)**	4
(Decrease)/increase in trade and other payables		**(2)**	4
Cash flows from operations		**1,659**	4,946
Income tax paid		**(2)**	(21)
Net cash generated from operating activities		**1,657**	4,925
Cash flows from investing activities			
Loans granted to related parties	6	**(1)**	(129)
Repayment of loans to related parties	6	**—**	2,227
Net cash (utilised in)/generated from investing activities		**(1)**	2,098
Cash flows from financing activities			
Dividends paid	9	**(1,686)**	(7,024)
Advance of loans from related parties	6	**28**	3
Net cash utilised in financing activities		**(1,658)**	(7,021)
Net (decrease)/increase in cash and cash equivalents		**(2)**	2
Cash and cash equivalents at the start of the reporting period		**2**	—
Net (decrease)/increase in cash and cash equivalents		**(2)**	2
Cash and cash equivalents at the end of the reporting period		**—**	2

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

The basis of preparation and principal accounting policies are disclosed in the respective notes to the consolidated financial statements for the year ended 31 December 2024. The accounting policies applied in the separate financial statements are aligned with those applied in the consolidated financial statements.

Thungela was incorporated on 5 January 2021 to operate as the holding company of the Group.

2. REVENUE

The Company's revenue consists of dividends received from its investments in subsidiaries.

Accounting policy

Dividend income is recognised when the Company's right to receive payment has been established and the amount of income can be measured reliably.

Revenue can be analysed as follows:

Rand million	2024	2023
Dividends received from SACO	1,686	4,967
Total revenue	**1,686**	4,967

3. OPERATING COSTS

Operating costs represent the costs incurred in the normal ongoing operations of the Company.

Accounting policy

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

Operating costs can be analysed as follows:

Rand million	2024	2023
Foreign exchange gains/(losses)	5	(15)
Dividends waived by shareholders	—	14
Non-executive directors' fees	(9)	(8)
Professional fees	(18)	(10)
Other administration expenses	(3)	(6)
Total operating costs	**(25)**	(25)

4. INCOME TAX EXPENSE

Income tax expense comprises current tax.

Accounting policy

Income tax is recognised in profit or loss.

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

The Company applies the mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities that arise from the implementation of the Pillar Two rules as required by the amendments to IAS 12, issued in May 2023.

Analysis of income tax expense

Rand million	2024	2023
Current tax expense		
Charged in respect of the current reporting period	(19)	—
Total income tax expense	(19)	—

Factors affecting income tax expense

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

Rand million	2024	2023
Profit before tax	1,661	4,942
Tax at the applicable rate (South African corporation tax rate) of 27%	(448)	(1,334)
Adjusted for the tax effects of:		
Items non-deductible for tax purposes	(8)	(11)
Expenses not incurred in the production of income	(8)	(11)
Items non-taxable for tax purposes	455	1,345
Dividends received from subsidiary	455	1,341
Accounting adjustment not taxable	—	4
Other	(18)	—
Current tax expense related to Pillar Two top-up tax	(18)	—
Total income tax expense	(19)	—

The effective tax rate for the year of 1.1% (2023: nil) is lower than the applicable statutory rate of corporation tax in South Africa of 27%.

Organisation for Economic Co-operation and Development's Two-Pillar Solution

Thungela is subject to global minimum top-up taxes as part of the Two-Pillar Solution of the GloBE Rules. The Two-Pillar Solution (referred to as 'Pillar Two') seeks to introduce a global minimum effective tax rate, in terms of which multinational enterprise groups may be subject to a minimum effective tax rate of 15% on income arising in each jurisdiction in which they operate.

At the reporting date, the jurisdictions in which we operate have each progressed the requirements related to Pillar Two as follows:

South Africa

The South African Global Minimum Tax Act 46 of 2024, which sets out the global minimum tax regime in South Africa, was published in the Government Gazette on 24 December 2024 and is effective for reporting periods starting on or after 1 January 2024. This legislation, referred to as the Pillar Two rules, provides for an income inclusion rule and a domestic minimum top-up tax, but does not include an undertaxed profits rule.

4. INCOME TAX EXPENSE CONTINUED

Factors affecting income tax expense continued

Organisation for Economic Co-operation and Development's Two-Pillar Solution continued

At the reporting date, the jurisdictions in which we operate have each progressed the requirements related to Pillar Two as follows continued:

Australia

The Pillar Two legislation in Australia was registered on 23 December 2024 and is now enacted. The legislation includes a 15% global minimum tax for large multinational enterprises, with the income inclusion rule and domestic minimum top-up tax applying to reporting periods starting on or after 1 January 2024. The undertaxed profits rule will apply to reporting periods starting on or after 1 January 2025.

United Arab Emirates

The UAE Ministry of Finance launched a public consultation process on the implementation of the GloBE Rules in that country, which closed on 10 April 2024. On 9 December 2024, the Ministry of Finance announced that a domestic minimum top-up tax will be effective for reporting periods starting on or after 1 January 2025.

Pillar Two impact on Thungela

The Pillar Two assessment performed by the Group relied on the transitional safe harbour rules for our operations in South Africa and Australia. Our operations in the UAE do not meet any of the transitional safe harbour rules and a detailed Pillar Two calculation was performed for the entities in this jurisdiction. The calculation notes that a top-up tax of R18 million may need to be paid based on our operations in the UAE. This top-up tax is payable by Thungela as the ultimate parent entity of the Group.

5. INVESTMENTS IN SUBSIDIARIES

The Company is the listed holding company of the Thungela Group, and holds investments in various entities as disclosed in note 38 of the consolidated financial statements.

Accounting policy

The Company carries its investments in subsidiaries at cost, including transaction costs and less accumulated impairment losses.

Investments in subsidiaries

The Company holds direct shareholdings in SACO, Thungela Resources Holdings, Thungela Treasury Proprietary Limited and Thungela International.

The Company also holds investments in TOPL and AAIC as a result of the share-based payment transactions in terms of the Thungela share plan, as detailed in note 33 of the consolidated financial statements. TOPL and AAIC are considered the employer companies in the transactions, with the awards to be settled in Thungela shares.

Investments in subsidiaries can be analysed as follows:

Rand million	**2024**	2023
Balance at the start of the reporting period	**7,809**	7,753
Indirect – TOPL	**30**	54
Additions relating to the Thungela share plan	**30**	54
Indirect – AAIC	**3**	2
Additions relating to Thungela share plan	**3**	2
Balance at the end of the reporting period	**7,842**	7,809

The value of the investment in SACO, amounting to R6,388 million (2023: R6,388 million), is intrinsically linked to the value of the South African operating entities, being TOPL, Mafube Coal Mining and AAIC, as SACO is the holding company of these operating entities. On this basis, we have assessed the value of the SACO investment held by Thungela on the basis of the valuations performed on these operating entities, to determine whether the investment may be impaired. From the valuations performed, we have not identified an indicator of impairment related to the investment held in SACO.

The value of the investment in Thungela Resources Holdings, amounting to R1,282 million (2023: R1,282 million), is intrinsically linked to the value of AAIC, based on its 27% interest in AAIC. On this basis, we have assessed the value of the Thungela Resources Holdings investment held by Thungela on the basis of the valuation performed on AAIC to determine whether the investment may be impaired. From the valuation performed, we have not identified an indicator of impairment related to the investment held in Thungela Resources Holdings.

The inputs and assumptions used for the impairment assessment of the investments in SACO and Thungela Resources Holdings are consistent with the details disclosed in note 7 of the consolidated financial statements.

6. LOANS TO/(FROM) RELATED PARTIES

The Company has entered into loans with its related parties in the normal course of business.

Accounting policy

The loans with related parties are initially recognised at fair value and are classified as debt instruments at amortised cost.

At subsequent reporting dates, the loans to related parties are measured at amortised cost less any provision for expected credit losses.

The Company has loans with related parties, which arise in the normal course of business and are considered to be working capital facilities. The loan granted to Thungela International in the previous year was granted in relation to the acquisition of the Ensham Business detailed in note 15 of the consolidated financial statements.

The loans to/(from) related parties can be analysed as follows:

Rand million	**2024**	2023
Balance at the start of the reporting period	**218**	2,319
Cash movements	**(27)**	(2,101)
Loan granted to SACO	**1**	(2,072)
Loan repaid by TOPL	**—**	(155)
Loan granted by TOPL	**(28)**	(3)
Loan granted to Thungela International	**—**	129
Balance at the end of the reporting period	**191**	218
Classified as:		
Loans to related parties	**222**	221
Loans from related parties	**(31)**	(3)

The Company entered into various transactions with related parties in the normal course of business. These transactions are undertaken on terms no more or less favourable than those with third parties.

All loans are denominated in South African rand, interest free, unsecured and have no fixed repayment terms.

6. LOANS TO/(FROM) RELATED PARTIES CONTINUED

There has been no significant increase in the credit risk relating to the loans granted to related parties since the loans were granted. No provision for expected credit losses has been recognised on the loans, as there is no uncertainty regarding the recoverability of the outstanding amounts, given that the recoverability of these loans depends on the performance of the underlying operating entities in the Group. Thungela has a reasonable expectation that the working capital loans will be settled within one year of the reporting date, using cash and cash equivalents held within those entities.

7. STATED CAPITAL

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.

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

Number of shares	2024	2023
Authorised		
Ordinary no par value shares	**10,000,000,000**	10,000,000,000
Issued		
Ordinary no par value shares	**140,492,585**	140,492,585
Reconciliation of number of shares in issue		
Shares in issue at the start of the reporting period	**140,492,585**	140,492,585
Shares in issue at the end of the reporting period	**140,492,585**	140,492,585

Rand million		
Balance at the start of the reporting period	**11,323**	11,323
Balance at the end of the reporting period	**11,323**	11,323

Note 32 of the consolidated financial statements for the year ended 31 December 2024 is an integral part of these separate financial statements and details the shares issued by the Company.

The resolution to place the unissued shares of Thungela under the control of the directors was not approved by the requisite majority of votes at the AGM held on 4 June 2024, and so the directors do not have the authority to issue shares at their discretion.

8. SHARE-BASED PAYMENT TRANSACTIONS

The Group has undertaken a number of share-based payment transactions with its employees through the Thungela share plan in the year ended 31 December 2024. Full details of these transactions have been disclosed in note 33 of the consolidated financial statements.

Accounting policy

The expenses associated with the share-based payment awards granted in accordance with the Thungela share plan are accounted for in the employee costs of the relevant subsidiaries of the Company on the basis of the subsidiary being the employer of record for the beneficiaries to whom the awards are granted. The share-based payment transactions will be settled using Thungela ordinary shares, either based on shares held in treasury by the Group, or by purchasing Thungela ordinary shares on the market at the vesting date.

In the separate financial statements, the value of the share-based payments is considered to be an additional investment in the relevant employer company by Thungela, with the resultant share-based payment reserve recognised in equity.

9. DIVIDENDS

Thungela has declared and paid ordinary dividends to shareholders from retained earnings.

Accounting policy

Dividends are recognised in the year 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 year.

Treasury shares are held by subsidiaries in respect of awards granted in terms of the Thungela share plan as detailed in note 33 of the consolidated financial statements. Dividends declared on shares held in relation to the forfeitable share awards are paid to the employees on the dividend payment dates. Dividends declared on shares held in relation to the conditional share awards will be paid to the subsidiary holding the shares in line with the rules of the Thungela share plan.

Treasury shares are also held by a subsidiary in relation to the share buybacks undertaken in the year. Dividends declared on these shares are paid to the subsidiary on the dividend payment dates.

Dividend policy

Full details of the dividend policy have been disclosed in note 34 of the consolidated financial statements.

Dividends paid

Dividends paid can be analysed as follows:

Rand million	2024	2023
Dividends paid to the external shareholders of the Group	1,630	6,920
Dividend declared on 19 August 2024 of R2 per ordinary share	268	—
Dividend declared on 18 March 2024 of R10 per ordinary share	1,362	—
Dividend declared on 18 August 2023 of R10 per ordinary share	—	1,379
Dividend declared on 27 March 2023 of R40 per ordinary share	—	5,541
Dividends paid to TOPL on treasury shares held	56	100
Dividends paid to AAIC on treasury shares held	—	4
Total dividends paid	**1,686**	7,024

Dividend declaration

A final ordinary cash dividend relating to the year ended 31 December 2024 of R11 per share (2023: R10 per share), was declared by the board on 17 March 2025. The dividend, amounting to a return of R1,545 million to shareholders, has not been recognised as a liability in these separate financial statements. The final dividend was declared from retained earnings and will be paid in April 2025 to shareholders on the South African register and May 2025 to shareholders on the UK register. Together with the interim dividend of R2 per share, this equates to a total dividend of R13 per share for the year ended 31 December 2024.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2024

10. EVENTS AFTER THE REPORTING PERIOD

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

Accounting policy

The Company assesses relevant events that occur between the reporting date and the date that the 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.

Share buyback and declaration of dividend

The Group will implement a share repurchase (share buyback), subject to favourable market conditions, in the period commencing 18 March 2025 and, unless revised or terminated earlier, ending 4 June 2025, being the last trading day prior to the Group's next AGM that will take place on 5 June 2025. The aggregate purchase price of all shares repurchased will be no greater than R300 million.

The board has also declared a final ordinary cash dividend of R11 per share, or R1,545 million, from retained earnings on 17 March 2025. Combined with the interim dividend for 2024, this represents a total dividend payment of R1,826 million to shareholders related to 2024.

The dividend will be paid in April 2025 to shareholders on the South African register, and in May 2025 to shareholders on the UK register.

ANNEXURES

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

For the year ended 31 December 2024

TO THE DIRECTORS OF THUNGELA RESOURCES LIMITED

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Thungela Resources Limited (the 'Group' or 'Thungela') by the directors. The pro forma financial information, is set out annexure 1 of the consolidated financial statements for the year ended 31 December 2024 (the 'Thungela Annual Financial Statements 2024'). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Listing Requirements of the JSE Limited (the 'JSE Listings Requirements') and described in annexure 1 of the Thungela Annual Financial Statements 2024 ('applicable criteria').

The pro forma financial information has been compiled by the directors to improve comparability of information between reporting periods and assist the Group for planning and reporting purposes and setting directors and management remuneration.

As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Thungela Annual Financial Statements 2024, on which an audit report has been issued on 17 March 2025.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).*

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to improve comparability of information between reporting periods and assist the Group for planning and reporting purposes and setting director and management remuneration.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V Khutlang
Registered Auditor
Johannesburg, South Africa

17 March 2025

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the year ended 31 December 2024

INTRODUCTION AND PURPOSE

When assessing and discussing Thungela's reported financial performance, financial position and cash flows, the directors may make reference to APMs of historical financial performance, financial position or cash flows that are not defined or specified under IFRS Accounting Standards.

These APMs are considered non-IFRS financial measures, and are presented in order to improve the comparability of information between reporting periods, either by adjusting for items such as impairments, restructuring costs and other transactions which impact upon IFRS Accounting Standards measures or, by aggregating measures, to aid the user of the consolidated financial statements in understanding the activity taking place across Thungela's portfolio. The information was extracted from the audited consolidated financial statements or information underlying the Annual Financial Statements. Certain financial measures cannot be directly derived from the consolidated financial statements as they contain additional information, such as operational information and specific metrics, as monitored by the directors.

Non-IFRS financial measures are financial measures other than those defined or specified under relevant IFRS Accounting Standards. To the extent that these measures are not extracted from IFRS disclosure included in the consolidated financial statements, these measures constitute pro forma financial information in terms of the JSE Listings Requirements, and are the responsibility of the directors. They are presented for illustrative purposes and to provide users with relevant information and measures on a comparable basis, in order to assess the performance of the Group. A subset is also used by the Group in setting director and management remuneration. The APMs for the South African and Australian businesses have been separately disclosed below, from the acquisition date of the Ensham Business. The results of the operations of Thungela Marketing International are included in the South African business results. There have been no changes in the definitions of the APMs are defined in the current year.

These measures may not be comparable to similarly titled measures used by other companies. The underlying information used in the presentation of the pro forma financial information has been prepared using the Group's accounting policies, which comply with IFRS Accounting Standards. The APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS Accounting Standards.

This pro forma financial information has been reported on by the independent external auditor, and their unqualified auditor's reasonable assurance opinion is included on pages186 to 187.

The APMs used by Thungela are as follows:

APM	Definition	Adjustments to reconcile to primary statements	Rationale for adjustments
Statement of profit or loss and other comprehensive income			
Adjusted EBITDA (note A)	Earnings before interest, tax, depreciation and amortisation, adjusted for the impacts of once-off transactions, or transactions which are outside the core operations of the Group	Profit before net finance income and tax, adjusted for: • impairment losses • restructuring costs and termination benefits • fair value gains on derivative financial instruments • transactions related to the acquisition of the Ensham Business • depreciation and amortisation • profit on disposal of investment in subsidiary	To exclude the effect of once-off transactions or transactions outside the core operations of the Group
Adjusted EBITDA margin (note B)	Adjusted EBITDA as a percentage of revenue	None	To reflect the adjusted EBITDA as a gross margin to assess the profitability of the Group

APM	Definition	Adjustments to reconcile to primary statements	Rationale for adjustments
Statement of financial position			
Net cash (note C)	Cash and cash equivalents less cash held in trusts[1], other restricted cash and loans and borrowings	Cash and cash equivalents adjusted for: • restricted cash • loans and borrowings	To reflect cash available for the general use of the Group
Statement of cash flows			
Sustaining capital expenditure (note D)	Stay-in-business capital expenditure, stripping and development capital expenditure and capital expenditure on intangible assets	None	To reflect the capital expenditure required to sustain the normal level of operations for the Group
Adjusted operating free cash flow (note E)	Net cash flows from operating activities less sustaining capital expenditure	Cash flows from operating activities, reduced by sustaining capital expenditure	To reflect the cash generated from operations, less the capital expenditure required to sustain the normal operations of the Group
Other APMs			
FOB cost (note F)	Direct cash cost incurred in producing one unit of saleable export product and delivering the product to the vessel for export	Total operating costs adjusted for, among others: • industrial and domestic revenue • administrative costs • contributions to the trusts	To exclude costs incurred not attributable to delivering the coal to the vessel for export
FOB cost per export tonne (note G)	FOB cost calculated per export saleable tonne	None	To reflect FOB cost incurred per tonne of export saleable production
FOB cost excluding royalties (note H)	FOB cost as defined, excluding royalties	FOB cost as defined, adjusted for: • royalties	To exclude royalties, which are directly impacted by the movements in benchmark coal prices, from FOB cost incurred
FOB cost per export tonne excluding royalties (note I)	FOB cost excluding royalties calculated per export saleable tonne	None	To reflect FOB cost incurred, excluding royalties, per tonne of export saleable production
Environmental liability coverage (note J)	The percentage of investments held to fund future rehabilitation, decommissioning and water treatment expenditure	Investments held in the environmental rehabilitation trusts and the other environmental investments, reflected as a percentage of environmental provisions	To determine the available cash collateral as a percentage of the total environmental provisions

[1] Cash held in trusts relates to cash held in the Nkulo Community Partnership Trust and the Sisonke Employee Empowerment Scheme.

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the year ended 31 December 2024

The APMs used in the consolidated financial statements have been reconciled as below:

A. Adjusted EBITDA

Rand million	Notes	South Africa	Australia	2024 Total
Profit before net finance income and tax		3,080	1,024	4,104
Add – depreciation	5	1,417	1,006	2,423
Add – amortisation	5	29	—	29
Add – transactions arising from the acquisition of the Ensham Business		—	9	9
Expenses for conditional shares granted to non-controlling interests	15	—	9	9
Add – impairment losses	7	278	—	278
Less – profit on disposal of investment in subsidiary	16	(601)	—	(601)
Add – restructuring costs and termination benefits	8	13	—	13
Adjusted EBITDA[1]		**4,216**	**2,039**	**6,255**

[1] Refer to note 4 for an assessment of adjusted EBITDA per reportable segment.

Rand million	Notes	South Africa	Australia[1]	2023 Total
Profit before net finance income and tax		6,169	337	6,506
Add – depreciation	5	1,222	310	1,532
Add – amortisation	5	25	—	25
Add – transactions arising from the acquisition of the Ensham Business		80	91	171
Gain on bargain purchase	15	—	(565)	(565)
Acquisition and integration costs	15	5	449	454
Expenses for conditional shares granted to non-controlling interests	15	75	48	123
Fair value adjustments to acquisition-related derivatives	15	—	159	159
Add – impairment losses	7	266	—	266
Less – fair value gains on derivative financial instruments	24	(97)	—	(97)
Add – restructuring costs and termination benefits	8	51	—	51
Adjusted EBITDA[2]		7,716	738	8,454

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.
[2] Refer to note 4 for an assessment of adjusted EBITDA per reportable segment.

B. Adjusted EBITDA margin

Rand million (unless otherwise stated)	Notes	South Africa	Australia	2024 Total
Adjusted EBITDA	A	4,216	2,039	6,255
Revenue	4	26,304	9,250	35,554
Adjusted EBITDA margin (%)		16	22	18

Rand million (unless otherwise stated)	Notes	South Africa	Australia[1]	2023 Total
Adjusted EBITDA	A	7,716	738	8,454
Revenue	4	28,045	2,589	30,634
Adjusted EBITDA margin (%)		28	29	28

[1] Reflects the results of Ensham Business for the four months from the acquisition date to 31 December 2023.

C. Net cash

Rand million	Note	South Africa	Australia	2024 Total
Cash and cash equivalents	20	8,344	1,759	10,103
Less – cash held in trusts	20	(872)	—	(872)
Less – cash held related to acquisition of additional interest in Ensham	20	—	(560)	(560)
Net cash		7,472	1,199	8,671

Rand million	Notes	South Africa	Australia	2023 Total
Cash and cash equivalents	20	8,897	2,062	10,959
Less – cash held in trusts	20	(717)	—	(717)
Less – loans and borrowings	23	(66)	—	(66)
Net cash		8,114	2,062	10,176

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the year ended 31 December 2024

The APMs used in the consolidated financial statements have been reconciled as below continued:

D. Sustaining capital expenditure

Rand million	Note	South Africa	Australia	2024 Total
Stay-in-business capital expenditure		903	605	1,508
Property, plant and equipment	4	840	605	1,445
Intangible assets	4	63	—	63
Stripping and development capital expenditure	4	192	—	192
Sustaining capital expenditure		**1,095**	**605**	**1,700**

Rand million	Note	South Africa	Australia[1]	2023 Total
Stay-in-business capital expenditure		1,148	299	1,447
Property, plant and equipment	4	976	299	1,275
Intangible assets	4	172	–	172
Stripping and development capital expenditure	4	250	–	250
Sustaining capital expenditure		1,398	299	1,697

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

E. Adjusted operating free cash flow

Rand million	Note	South Africa	Australia	2024 Total
Net cash generated from operating activities		3,966	1,323	5,289
Sustaining capital expenditure	D	(1,095)	(605)	(1,700)
Adjusted operating free cash flow		**2,871**	**718**	**3,589**

Rand million	Note	South Africa	Australia[1]	2023 Total
Net cash generated from operating activities		8,040	463	8,503
Sustaining capital expenditure	D	(1,398)	(299)	(1,697)
Adjusted operating free cash flow		6,642	164	6,806

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

F. FOB cost

Rand million	Notes	South Africa	Australia	2024 Total
Operating costs	5	23,534	8,217	31,751
Less – industrial and domestic revenue	4	(3,934)	—	(3,934)
Less – depreciation	4	(1,417)	(1,006)	(2,423)
Less – amortisation	4	(29)	—	(29)
Less – commodity purchases	4	(1,609)	(1,374)	(2,983)
Less – inventory production movement	4	(540)	(60)	(600)
Less – demurrage and other expenses	5	(220)	(57)	(277)
Less – exploration and evaluation	5	(87)	—	(87)
Add – foreign exchange gains	5	165	64	229
Less – loss on sale of property, plant and equipment	5	(14)	—	(14)
Less – recharged costs from Anglo American – administration expenses	5	(47)	—	(47)
(Less)/add – fair value (losses)/gains on biological assets[1]	17	(9)	4	(5)
Less – expenses related to contributions to the trusts[2]	6,28	(187)	—	(187)
Add – other administration income	5	41	—	41
FOB cost		15,647	5,788	21,435

[1] The fair value (losses)/gains on biological assets are included in other operating expenses.
[2] Expenses related to contributions to the trusts include contributions to the Nkulo Community Partnership Trust of R94 million, as well as expenses recognised for the Sisonke Employee Empowerment Scheme based on services rendered by employees of R93 million.

Rand million	Notes	South Africa	Australia[1]	2023 Total
Operating costs	5	21,553	2,184	23,737
Less – industrial and domestic revenue	4	(4,339)	—	(4,339)
Less – depreciation	4	(1,222)	(310)	(1,532)
Less – amortisation	4	(25)	—	(25)
Less – commodity purchases	4	(1,051)	(389)	(1,440)
Less – inventory production movement	4	(151)	(150)	(302)
Less – demurrage and other expenses	5	(249)	(21)	(270)
Less – exploration and evaluation	5	(63)	—	(63)
Add/(less) – foreign exchange gains/(losses)	5	269	(3)	266
Less – loss on sale of property, plant and equipment	5	(7)	(1)	(8)
Less – recharged costs from Anglo American – administration expenses	5	(135)	(24)	(159)
Less – fair value losses on biological assets[2]	17	(11)	(6)	(17)
Less – expenses related to contributions to the trusts[3]	6,28	(559)	—	(559)
(Less)/add – other administration (expenses)/income	5	(163)	342	180
FOB cost		13,847	1,622	15,469

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to the reporting date.
[2] The fair value losses on biological assets are included in other operating expenses.
[3] Expenses related to contributions to the trusts include contributions to the Nkulo Community Partnership Trust of R276 million, as well as expenses recognised for the Sisonke Employee Empowerment Scheme based on services rendered by employees of R283 million.

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED
For the year ended 31 December 2024

The APMs used in the consolidated financial statements have been reconciled as below continued:

G. FOB cost per export tonne

Rand million (unless otherwise stated)	Note	South Africa	Australia	2024 Total
FOB cost	F	15,647	5,788	21,435
Export saleable production (kt)		13,595	3,458	17,053
FOB cost per export tonne (Rand/tonne)		1,151	1,674	1,257

Rand million (unless otherwise stated)	Note	South Africa	Australia[1]	2023 Total
FOB cost	F	13,847	1,622	15,469
Export saleable production (kt)		12,214	860	13,074
FOB cost per export tonne (Rand/tonne)		1,134	1,886	1,183

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

H. FOB cost excluding royalties

Rand million	Notes	South Africa	Australia	2024 Total
FOB cost	F	15,647	5,788	21,435
Less – royalties	4	(280)	(834)	(1,114)
FOB cost excluding royalties		15,367	4,954	20,321

Rand million	Notes	South Africa	Australia[1]	2023 Total
FOB cost	F	13,847	1,622	15,469
Less – royalties	4	(603)	(294)	(897)
FOB cost excluding royalties		13,244	1,328	14,572

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

I. FOB cost per export tonne excluding royalties

Rand million (unless otherwise stated)	Note	South Africa	Australia	2024 Total
FOB cost excluding royalties	H	15,367	4,954	20,321
Export saleable production (kt)		13,595	3,458	17,053
FOB cost per export tonne excluding royalties (Rand/tonne)		1,130	1,433	1,192

Rand million (unless otherwise stated)	Note	South Africa	Australia[1]	2023 Total
FOB cost excluding royalties	H	13,244	1,328	14,572
Export saleable production (kt)		12,214	860	13,074
FOB cost per export tonne excluding royalties (Rand/tonne)		1,084	1,544	1,115

[1] Reflects the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

J. Environmental liability coverage

Rand million (unless otherwise stated)	Note	South Africa	Australia	2024 Total
Environmental provisions (A)	28	7,973	3,977	11,950
Investments held to fund closure activities (B)		5,475	943	6,418
Environmental rehabilitation trusts	28	4,266	—	4,266
Other environmental investments	28	1,209	943	2,152
Environmental liability coverage (%) (B/A)		69	24	54

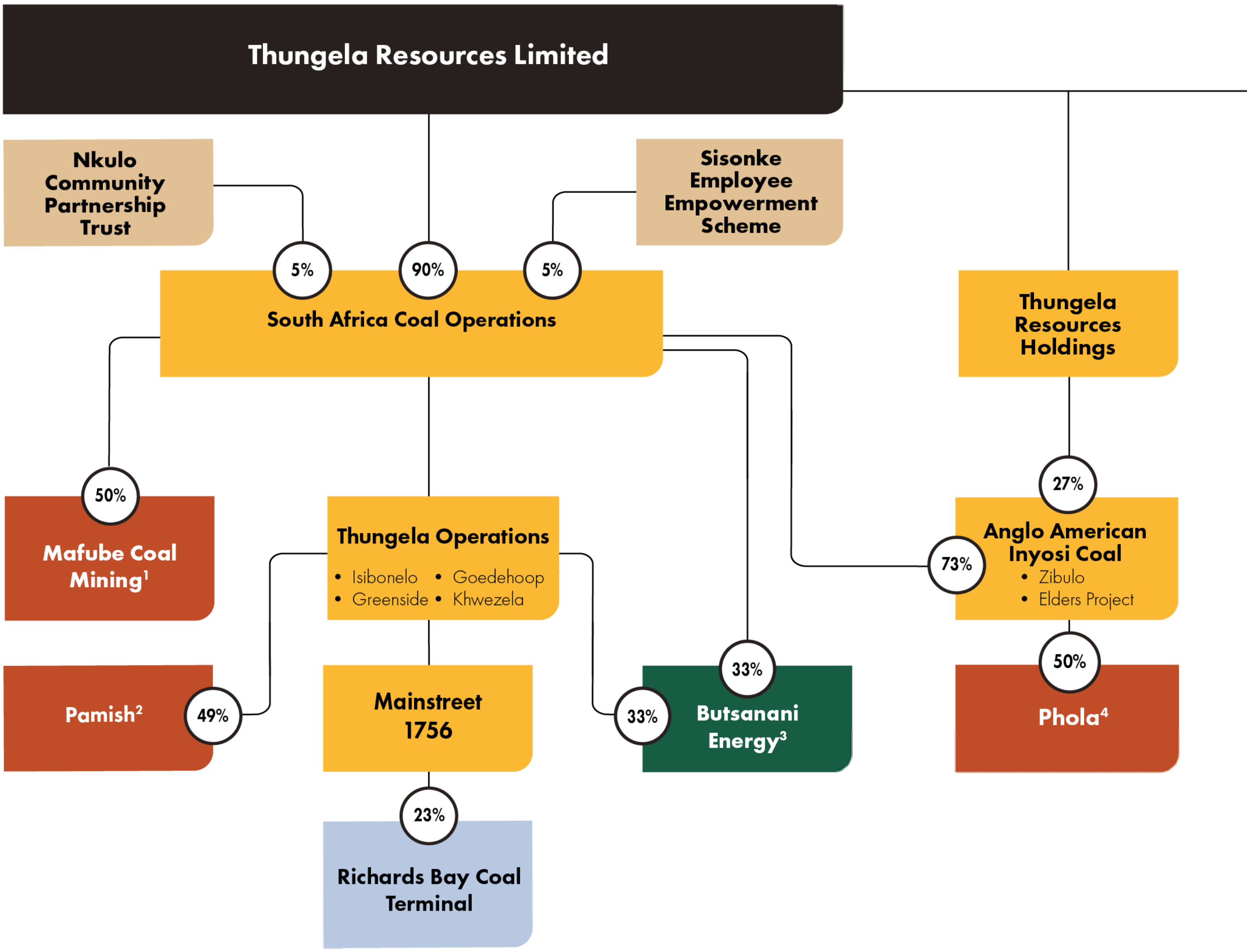
Rand million (unless otherwise stated)	Note	South Africa	Australia	2023 Total
Environmental provisions (A)	28	7,841	3,855	11,696
Investments held to fund closure activities (B)		4,673	—	4,673
Environmental rehabilitation trusts	28	3,740	—	3,740
Other environmental investments	28	933	—	933
Environmental liability coverage (%) (B/A)		60	—	40

ANNEXURE 2

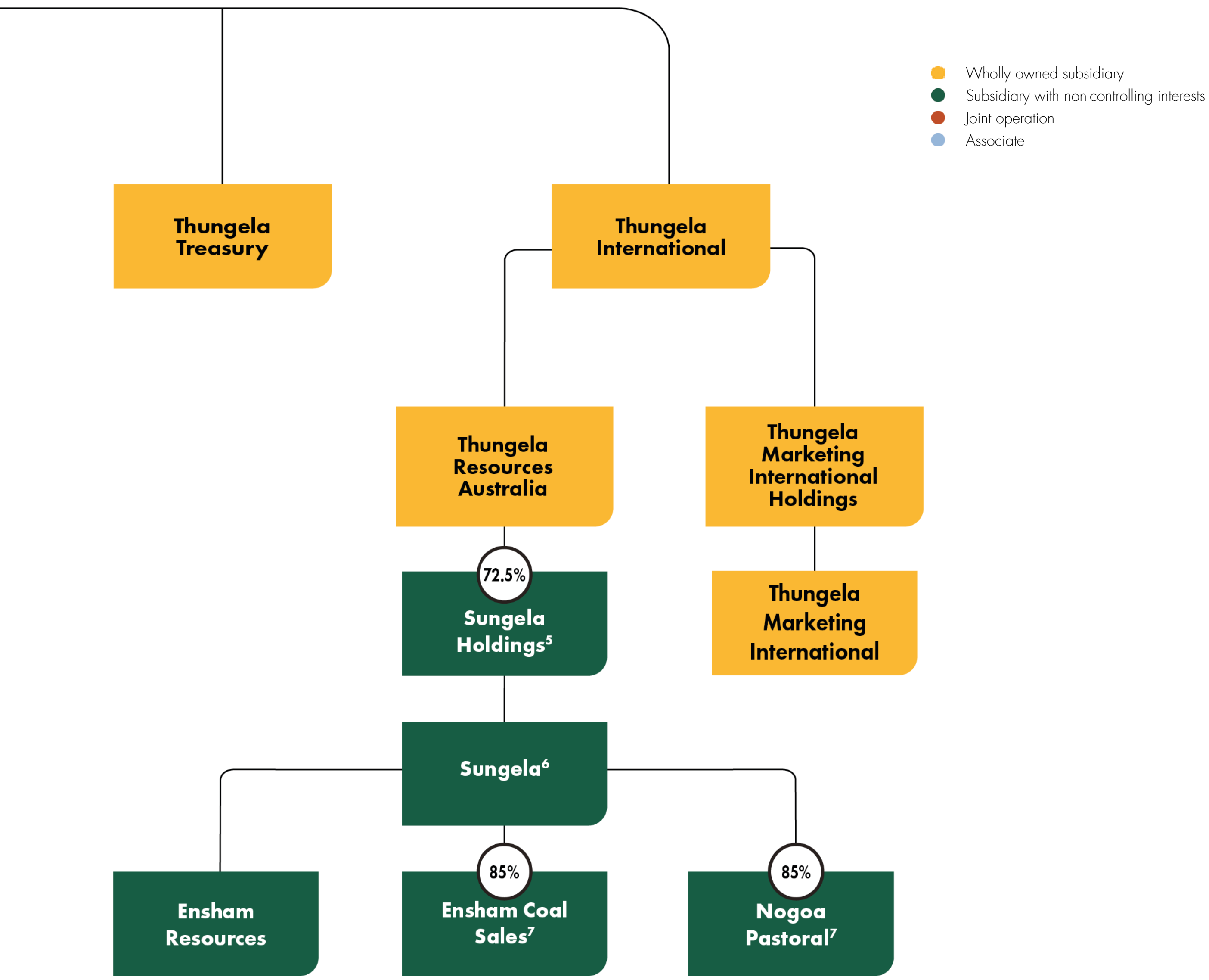
OWNERSHIP STRUCTURE

As at 31 December 2024

Organisational structure of the Group



1 Exxaro Coal Mpumalanga Proprietary Limited holds the remaining 50% interest in Mafube Coal Mining Proprietary Limited.
2 Nasonti Technical Services Proprietary Limited holds the remaining 51% interest in Pamish Investments No. 66 Proprietary Limited.
3 Vunani Mining Proprietary Limited holds the remaining 33% of Butsanani Energy Investment Holdings Proprietary Limited.
4 Seriti Power Proprietary Limited holds the remaining 50% interest in Phola Coal Processing Plant Proprietary Limited.



5 Audley Energy Limited and Mayfair Corporations Group Pty Ltd hold the remaining 27.5% in Sungela Holdings Pty Ltd, in equal proportions.
6 Sungela Pty Ltd holds an 85% interest in the Ensham joint venture and Nogoa joint venture, both of which are unincorporated joint ventures.
7 Bowen Investment (Australia) Proprietary Limited holds the remaining 15% interest in Ensham Coal Sales Pty. Ltd. and Nogoa Pastoral Pty. Ltd.

ANNEXURE 3

GLOSSARY

A number of terms have been used in the Annual Financial Statements, using the definitions as detailed below:

Term used	Definition
AAIC	Anglo American Inyosi Coal Proprietary Limited
AAML	Anglo American Marketing Limited
AED	Arab Emirati dirham
AGM	Annual general meeting
Anglo American	The Anglo American plc Group, and its subsidiaries
APM	Alternative performance measure
AUD	Australian dollar
Audley Capital	Audley Energy Limited
Bowen	Bowen Investment (Australia) Proprietary Limited, a subsidiary of LX International
Butsanani Energy	Butsanani Energy Investment Holdings Proprietary Limited
Capex	Capital expenditure
CA(SA)	Chartered Accountant South Africa
CEO	Chief executive officer
CFO	Chief financial officer
CGU	Cash-generating unit
Coal reserves	Modified indicated and measured coal resources, including consideration of modifying factors that affect extraction. This represents the economically extractable material
Coal resources	The in-situ coal for which there are reasonable prospects for eventual economic extraction
Co-investors	Audley Capital and Mayfair, collectively
Companies Act of South Africa	Companies Act 71 of 2008 (as amended)
Conditional shares	Shares or share awards granted to participants under the Thungela share plan, which are subject to certain performance conditions and employment conditions
DBS	Deferred bonus shares
Demerger	The process to separate Thungela from Anglo American, as fully described in the Combined Prospectus and Pre-listing Statement of Thungela, published on 8 April 2021
DMCC	Dubai Multi Commodity Centre
DMPR	Department of Mineral and Petroleum Resources
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employment condition	The conditions of employment to be satisfied in order for awards under the Thungela share plan to vest on the vesting date
Employment period	A specified period of employment over which the employment conditions must be met in relation to the Thungela share plan
Ensham Business	Thungela's interest in Sungela Holdings, Sungela, Ensham Resources, Ensham Coal Sales and Nogoa Pastoral, collectively
Ensham Coal Sales	Ensham Coal Sales Pty. Ltd.
Ensham Mine	An unincorporated joint venture between Sungela and Bowen
Ensham Resources	Ensham Resources Pty Limited
Environmental provisions	The Group's obligations to undertake decommissioning, rehabilitation, remediation, closure and ongoing post-closure monitoring activities when environmental disturbances are caused by the development or ongoing production of a mining property, as well as the decommissioning of infrastructure established on the operating sites
ESG	Environmental, social and governance

Term used	Definition
EU	European Union
FCA	The Financial Conduct Authority of the UK or its successor from time to time
FOB	Free on board
Forfeitable shares	Shares or share awards granted to participants pursuant to the Thungela share plan, the vesting of which is subject to the fulfilment of an employment condition over the employment period
FSMA	The UK Financial Services and Markets Act 2000 (as amended from time to time)
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Gas resources	Naturally occurring accumulations of gases, typically hydrocarbons, within the Earth's crust that have the potential to be extracted and utilised for various purposes
GBP	British pound sterling
GloBe Rules	Organisation for Economic Co-operation and Development's Global Anti-Base Erosion rules
Group	Thungela and its subsidiaries, joint arrangements and associates
IAS	International Accounting Standard, referencing a specific standard to be applied
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 12	Income Taxes
IAS 21	The Effects of Changes in Foreign Exchange Rates
IASB	International Accounting Standards Board
Idemitsu	Idemitsu Australia Proprietary Limited and its subsidiary, Bligh Coal Limited
IFRS® Accounting Standards	International Financial Reporting Standards (Accounting Standards) as issued by the IASB and the IFRS Interpretations Committee (previously known as the IFRIC). When used before a number this references a specific standard to be applied
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosure
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability
JV participants	Sungela and Bowen, collectively, in relation to their interests in the Ensham joint venture and Nogoa joint venture
JSE Listings Requirements	The listings requirements issued by the JSE under the South African Financial Markets Act 19 of 2012 (as amended from time to time) to be observed by issuers of equity securities listed on the JSE
JSE	Johannesburg Stock Exchange Limited
kcal/kg	Kilocalories per kilogram
King IV	The King IV Report on Corporate Governance™ for South Africa, 2016. Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved
kt	A measure representing 1,000 tonnes

GLOSSARY CONTINUED

A number of terms have been used in the Annual Financial Statements, using the definitions as detailed below continued:

Term used	Definition
LCBM project	Lephalale coal bed methane project
Life-of-mine plan	A design and financial/economic study of an existing operation in which appropriate assessments have been made of existing geological, mining, social, governmental, engineering, operational, and all other modifying factors, which are considered in sufficient detail to demonstrate that continued extraction is reasonably justified
LSE	London Stock Exchange
LTIP	Long-term incentive plan
LTIP shares	The conditional shares granted to the co-investors through the long-term incentive plan, in relation to the acquisition of the Ensham Business
Mafube Coal Mining	Mafube Coal Mining Proprietary Limited
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the delegated acts, implementing acts, technical standards and guidelines thereunder as modified and as such legislation forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and as modified by UK domestic law from time to time
Mayfair	Mayfair Corporations Group Pty Ltd
MOI	Memorandum of incorporation
MPRDA	The South African Mineral and Petroleum Resources Development Act 28 of 2002
MPRDA Regulations	Mineral and Petroleum Resources Development Regulations, 2004, published under the Mineral and Petroleum Resources Development Act 28 of 2002
MRD	Mineral residue deposits
Mt	Million tonnes
Mtpa	Million tonnes per annum
NEMA	The South African National Environmental Management Act 107 of 1998 (as amended from time to time)
NEMA Financial Provisioning Regulations	Financial Provisioning Regulations, 2015, published under the National Environmental Management Act 107 of 1998
Newcastle Benchmark coal price	Newcastle Benchmark price reference for 6,000kcal/kg coal exported from Newcastle, Australia. The NEWC Index is the main price reference for physical coal contracts in Asia and is the settlement price for a significant volume of index linked contracts
Nogoa Pastoral	Nogoa Pastoral Pty. Ltd.
Offtake agreement	The offtake agreement between the Company, TOPL and AAML, dated 6 March 2021
Pamish	Pamish Investments No. 66 Proprietary Limited
Performance condition	A performance condition to be satisfied in order for conditional awards to vest under the Thungela share plan
Phola Coal Processing Plant	Phola Coal Processing Plant Proprietary Limited or the Phola Coal Processing Plant
Proved and probable coal reserves	Proved coal reserves are modified measured coal resources, including consideration of modifying factors that affect extraction. It is the economically extractable material. Probable coal reserves are modified indicated or measured coal resources, including consideration of modifying factors that affect extraction
PwC	PricewaterhouseCoopers Inc.
Queensland Financial Provisioning Scheme	Mechanism established under the Mineral and Energy Resources (Financial Provisioning) Act 2018, requiring a security deposit from the holders of an environmental authority to cover potential rehabilitation costs in the event such holders fail to comply with their environmental management and rehabilitation obligations
RBCT	Richards Bay Coal Terminal Proprietary Limited or the Richards Bay Coal Terminal

Term used	Definition
Richards Bay Benchmark coal price	Benchmark price reference for 6,000kcal/kg thermal coal exported from the RBCT
RMC	Rietvlei Mining Company Proprietary Limited
RNS	Regulatory News Services
SACO	South Africa Coal Operations Proprietary Limited
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Service
SASA	The share and asset sale agreement, related to the acquisition of the Ensham Business
SENS	Stock Exchange News Services
Sisonke Employee Empowerment Scheme	Sisonke Employee Empowerment Scheme Trust
Sungela	Sungela Pty Ltd
Sungela Holdings	Sungela Holdings Pty Ltd
TFR	Transnet Freight Rail, a division of Transnet SOC Limited
Thungela or the Company	Thungela Resources Limited
Thungela International	Thungela International Proprietary Limited
Thungela Marketing International	Thungela Marketing International Holdings Limited
Thungela Resources Australia	Thungela Resources Australia Pty Limited
Thungela Resources Holdings	Thungela Resources Holdings Proprietary Limited
Thungela share plan	The long-term share incentive plan adopted by Thungela to attract, retain, incentivise and reward high-calibre employees
TOPL	Thungela Operations Proprietary Limited
TRCFR	Total recordable case frequency rate per million man hours
Transnet	Transnet SOC Limited
Trusts	The Sisonke Employee Participation Scheme and the Nkulo Community Partnership Trust,
UAE	United Arab Emirates
UK	The United Kingdom of Great Britain and Northern Ireland
UK Disclosure Guidance and Transparency Rules	The rules relating to the disclosure of information made in accordance with section 73A(3) of FSMA
UK Listing Rules	The listing rules relating to admission to the UK Official List made under section 73A(2) of FSMA
US	United States
USD	United States dollar
WANOS	Weighted average number of ordinary shares outstanding
ZAR	South African rand

ANNEXURE 4

SHAREHOLDER INFORMATION

For the year ended 31 December 2024

THUNGELA'S PUBLIC AND NON-PUBLIC SHAREHOLDING

Ordinary shares

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

				2024
Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
1 to 1,000 shares	39,582	92.73	3,302,155	2.35
1,001 to 10,000 shares	2,308	5.41	7,170,067	5.10
10,001 to 100,000 shares	590	1.38	19,073,635	13.58
100,001 to 1,000,000 shares	186	0.43	54,292,677	38.64
1,000,001 shares and above	20	0.05	56,654,051	40.33
Total	42,686	100.00	140,492,585	100.00

				2023
Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
1 to 1,000 shares	45,034	93.42	3,777,928	2.69
1,001 to 10,000 shares	2,271	4.71	7,018,797	5.00
10,001 to 100,000 shares	680	1.41	22,259,141	15.84
100,001 to 1,000,000 shares	204	0.42	55,774,076	39.70
1,000,001 shares and above	17	0.04	51,662,643	36.77
Total	48,206	100.00	140,492,585	100.00

				2024
Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Banks and nominee accounts	472	1.11	7,528,175	5.36
Brokerage accounts	154	0.36	19,517,974	13.89
Individuals and private trusts	39,888	93.44	19,682,660	14.01
Insurance and assurance companies	59	0.14	2,845,718	2.03
Investment companies	85	0.20	1,876,861	1.33
Mutual funds	472	1.11	43,280,415	30.80
Other corporations	236	0.55	1,629,428	1.16
Pension and provident funds	419	0.98	29,907,199	21.29
Private corporations	891	2.09	13,031,880	9.28
Sovereign wealth funds	10	0.02	1,192,275	0.85
Total	42,686	100.00	140,492,585	100.00

				2023
Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued share capital
Banks and nominee accounts	230	0.48	7,071,245	5.03
Brokerage accounts	150	0.31	16,950,517	12.07
Individuals and private trusts	45,073	93.50	20,591,226	14.66
Insurance and assurance companies	114	0.24	3,353,774	2.39
Investment companies	79	0.16	2,326,694	1.66
Mutual funds	580	1.20	47,183,503	33.58
Other corporations	262	0.54	381,853	0.27
Pension and provident funds	663	1.38	30,127,075	21.44
Private corporations	1,044	2.17	11,125,673	7.92
Sovereign wealth funds	11	0.02	1,381,025	0.98
Total	48,206	100.00	140,492,585	100.00

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	2024 % of issued share capital
Non-public shareholders				
Directors and prescribed officers	11	0.03	1,048,288	0.75
Treasury shares held by Group companies	2	0.00	5,686,373	4.05
Public shareholders	42,673	99.97	133,757,924	95.20
Total	42,686	100.00	140,492,585	100.00

Shareholding type	Number of shareholders	% of total shareholders	Number of shares	2023 % of issued share capital
Non-public shareholders				
Directors and prescribed officers	11	0.02	1,219,028	0.87
Treasury shares held by Group companies	2	0.00	2,900,285	2.06
Public shareholders	48,193	99.98	136,373,272	97.08
Total	48,206	100.00	140,492,585	100.00

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:

Beneficial shareholding of more than 5.0%	Number of shares	2024 % of issued share capital
Government Employees Pension Fund	20,263,512	14.42
Total	20,263,512	14.42

Beneficial shareholdings of more than 5.0%	Number of shares	2023 % of issued share capital
Government Employees Pension Fund	20,962,781	14.92
Total	20,962,781	14.92

FORWARD-LOOKING STATEMENTS DISCLAIMER AND THIRD-PARTY INFORMATION

This document includes forward-looking statements. All statements included in this document (other than statements of historical facts) are, or may be deemed to be, forward-looking statements, including, without limitation, those regarding Thungela's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Thungela's products, production forecasts and resource and reserve positions). By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Thungela, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Thungela therefore cautions that forward-looking statements are not guarantees of future performance.

Any forward-looking statement made in this document or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause Thungela's business not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Thungela has no duty to, and does not intend to, update or revise the forward-looking statements contained in this document after the date of this document, except as may be required by law. Any forward-looking statements included in this document have not been reviewed or reported on by the Group's independent external auditor.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the market abuse regulation (EU) No. 596/2014 as amended by the market abuse (amendment) (UK MAR) regulations 2019. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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
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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 (Deon) Frederick Smith (CFO)

Independent non-executive
Sango Siviwe Ntsaluba (chairman)
Kholeka Winifred Mzondeki
Thero Micarios Lesego Setiloane (passed away 1 May 2024)
Benjamin (Ben) Monaheng Kodisang
Seamus Gerard French (Irish)
Yoza Noluyolo Jekwa
Thomas (Tommy) David McKeith (Australian) (appointed 1 October 2024)

PREPARED UNDER THE SUPERVISION OF

Gideon (Deon) Frederick Smith CA(SA)

GROUP COMPANY SECRETARY

Altovise (Tovi) Alaxa Ellis (appointed 1 November 2024)

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Shreshini Singh
Email: shreshini.singh@thungela.com

MEDIA

Hulisani Rasivhaga
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UK FINANCIAL ADVISER AND CORPORATE BROKER

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If you have any queries regarding your shareholding in Thungela Resources Limited, please contact the transfer secretaries on: +27 11 370 5000.


thungela
www.thungela.com