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MEDIA RELEASE

17 March 2025

Thungela 2024 performance showcases operational excellence

Salient features

- **Safety:** Operated a fatality-free business for more than two years
- **Production:** Export saleable production increased year-on-year in South Africa and Australia, exceeding full year guidance
- **Financial:** Adjusted operating free cash flow of R3.6 billion for the year and net cash of R8.7 billion at 31 December 2024, after capital expenditure of R3.4 billion
- **Shareholder returns:** Declared final cash dividend of R11 per share, taking full year dividend to R13 per share. Announced a further share buyback of up to R300 million
- **Capital discipline:** Elders construction completed and production ramp-up progressing as planned. Zibulo North Shaft progressing on schedule and within budget

Thungela Resources Limited ("Thungela" or "Group") delivered a resilient performance for the financial year ended 31 December 2024.

Commenting on the results, Thungela CEO, July Ndlovu, said: *"The 2024 results reflect our strong operational performance and disciplined execution of our strategy. Safety remains our first value, and we are unconditional about protecting the lives of our employees. The Group has maintained a fatality-free business for more than two years. Our total recordable case frequency rate (TRCFR) improved to 1.93 in 2024, from 2.80 in 2023. South Africa achieved a historic low TRCFR of 1.07, down from 1.40 in the prior year. In Australia, TRCFR improved significantly from 22.63 in 2023 to 13.21, reflecting a strong focus on critical controls and leadership visibility.*

Full year export saleable production exceeded guidance in both South Africa and Australia. South African production increased for the first time in three years, driven by productivity improvements and improved rail performance. Our key life extension projects, Elders and Zibulo North Shaft remain on schedule and within budget.

The Group revenue saw a 16% year-on-year increase, reaching R35.6 billion, despite weaker prices. This increase can be attributed to Ensham's full-year inclusion in 2024, compared to the four months period post-acquisition in the previous year (September 2023 to December 2023).

Adjusted EBITDA of R6.3 billion and a net profit at R3.5 billion were achieved, with a R676 million contribution from Ensham. The margin contribution from our operation in Australia and the marketing business in Dubai showcase the benefits of our geographic diversification strategy."

Operational performance

Export saleable production in South Africa reached 13.6Mt and had a free-on-board (FOB) cost per export tonne excluding royalties of R1,130 which was below the low end of the guidance range. In line with the improved rail performance, our South African operations ramped up production for the first time since 2022 without additional capacity to the business.

In Australia, Ensham delivered export saleable production of 4.1Mt (on a 100% basis), a marked performance improvement as compared with the prior year, mainly attributable to productivity improvements. The FOB cost per export tonne excluding royalties was below the low end of the guidance range at R1,433 per tonne.

Global thermal coal market
The global thermal coal market softened in 2024 due to milder winter conditions in the Northern Hemisphere which led to subdued demand in Europe, where coal and gas stock levels remained elevated. Australia's thermal coal market mirrored this trend with high stock levels, driven by slower seaborne demand in key Asian coal markets, including China, India, Japan and South Korea, where coal-fired power stations are crucial for energy security.

Geopolitical tensions persist, adding uncertainty to energy markets and causing fluctuations in coal and gas supplies. The seaborne thermal coal market's supply dynamics are susceptible to disruptions from domestic production in key emerging economies, such as China and India.

Despite these factors, we remain confident in the long-term fundamentals of coal and its enduring role within the energy mix, supporting global energy demand. 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.

Rail performance in South Africa
Improved rail performance allowed Thungela to optimise production supporting higher export saleable production and sales volumes.

Transnet Freight Rail (TFR) achieved an 8.4% performance increase following its annual maintenance shutdown in July 2024, reaching a run rate of 51.9Mtpa for the year. This improvement enabled Thungela to leverage better rail availability.

Executing on our strategic priorities
Thungela is making significant progress in building a long-life business across various geographies. The Group continues to invest in projects that extend the life of its operations while maintaining capital discipline and efficiency.

The completion of the Elders construction phase marks a significant milestone, with production ramping up as per schedule. Once fully operational, Elders is projected to achieve an annual rate of 4Mt, enhancing long-term production outlook. Simultaneously, the Zibulo North Shaft project remains on schedule, targeting completion by 2026. This project is pivotal in extending Thungela's underground operations until 2038, ensuring sustained production capacity.

The Lephalale Coal Bed Methane (LCBM) project**,** located in the Waterberg coal field of the Limpopo Province in South Africa, presents a substantial methane gas resource under evaluation for potential development opportunities. In 2025, an estimated capital investment of approximately R400 million is earmarked for acquiring a modular liquefied natural gas plant and developing associated site infrastructure to prove the marketability of the gas.

Moreover, the Group also reinforced its strategic geographic diversification objective by acquiring an additional 15% stake in the Ensham mine in Australia. Additionally, finalising the acquisition of the remaining 27.5% interest in Sungela Holdings will enable Thungela to gain full ownership of the Ensham business upon completion of the transaction.

Commitment to transformation and ESG
Thungela continues to drive sustainability and inclusive growth through strategic decisions that create long-term value. The Rietvlei coal mine was established as a domestic-focused coal project to ensure direct economic benefits for local communities through equity shareholding. Thungela, with an effective 34% shareholding, played a key role in supporting the mine's sustainability while enabling its black economic empowerment partners to develop the operation.

Now fully operational and with a domestic contract in place, Thungela has exited its position through the sale of its stake for a cash consideration of R186 million, transferring full ownership to its existing partners, demonstrating economic inclusion.

In line with our purpose to create shared value, the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, will collectively receive R204 million in dividends.

Shareholder returns
Thungela enhanced its strong financial position despite a weaker pricing environment, ending the year with net cash of R8.7 billion.

The board reaffirmed its commitment to the dividend policy, committing to distribute a minimum of 30% of adjusted operating free cash flow to shareholders. Our strong results allowed us to declare a final ordinary cash dividend of R1.5 billion or R11 per share. This takes the total dividend declared for 2024 to R13 per share. In addition, the board has approved a share buyback of up to R300 million. In aggregate, we are returning 64% of adjusted operating free cashflow to shareholders.

2025 guidance
In South Africa we plan to produce between 12.8Mt and 13.6Mt of export saleable coal. This guidance is informed by our continued productivity and improved TFR performance. FOB cost per export tonne is expected to be between R1,220 and R1,300 per tonne, including royalties.

Sustaining capital expenditure is expected to be between R1,4 billion and R1,7 billion. Expansionary capex is projected to range between R1.1 billion and R1.2 billion.

In Australia, export saleable production guidance for 2025 is between 3.7Mt and 4.1Mt, on a 100% basis.

Looking ahead
"*We remain focused on delivering operational excellence and maintaining our cost competitiveness as we position Thungela to benefit from the long-term fundamentals supporting global coal demand. Similarly, we continue to prioritise disciplined capital allocation to ensure long-term shareholder value while advancing our ESG commitments*." Ndlovu concluded.

ENDS

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Note for editors:

Thungela, which means ‘to ignite’ in isiZulu, is a large pure-play producer and exporter of thermal coal based on aggregate coal reserves and marketable coal production.

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, positions 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 the Mpumalanga province of South Africa, which consist of both underground and opencast mines, namely Goedehoop, Greenside, Isibonelo, Khwezela, Zibulo and Mafube.

Thungela acquired 100% of the Ensham Coal Mine in Queensland, Australia, reinforcing its strategic geographic diversification objective.

The establishment of Thungela Marketing International in Dubai underscores the company’s commitment to capturing the full margin on our products and engagement 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. 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.