MEDIA RELEASE

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Thungela reveals landmark coal bed methane demo plant as potential alternative energy source for South Africa

Thungela has shared an update on its Lephalale Coal Bed Methane (CBM) project, a significant domestic gas demonstration plant situated in Limpopo's Waterberg coalfield. The programme, now in feasibility stage, has been under exploration since 1992 and remains South Africa's only coal bed methane project, with five wells successfully simulated to date.

Thungela has initiated a capital investment of R400 million for the acquisition of a modular liquefied natural gas (LNG) plant and the associated site infrastructure, which will demonstrate the value in use of the gas resource. The LNG will initially be used to generate power at one of our operations, helping to reduce the impact of load curtailment during periods of electricity shortage.

The project has undergone extensive geological exploration, technical testing, and environmental monitoring over the years. Notably, it has produced comprehensive environmental datasets over the past twenty years, with no recorded incidents of water contamination. The project has demonstrated the technical viability of using low-pressure, low-volume hydraulic stimulation as a safe and controlled method for extracting gas.

July Ndlovu, Thungela chief executive officer said, "South Africa's transition requires a balanced mix of energy solutions working together. Coal bed methane is part of that future, a reliable, lower-carbon gas source that complements renewable power and can potentially stabilise the grid, and fuel economic development. We have successfully completed a 10-year pilot production test, complemented by over 20 years of continuous water monitoring. This extensive work has yielded valuable technical insights into the geology and long-term environmental performance of the site."

In January 2025, a bulk sampling programme was approved to assess the viability of liquefied natural gas (LNG) production and transportation. The licenses enabled Thungela to develop a demonstration plant at the LCBM project. 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.

Minister of Mineral and Petroleum Resources, Gwede Mantashe, together with senior leadership from the Department visited the project site to see first-hand the progress made and the potential that this project could play in South Africa's evolving energy system.

Minister Mantashe said: "Gas is vital for economic growth and a transitional technology in the energy mix. Adopting a balanced approach where the development of gas supply and environmental protection can coexist is critical. Oil and gas exploration is crucial to supporting South Africa's economic growth."

Thungela welcomed the Minister's remarks, noting that they reflect the company's own approach to energy development, one that prioritises responsible innovation, environmental stewardship, and long-term value creation while supporting South Africa's transition to a more sustainable energy future.

"Our vision for this project extends far beyond energy production. It has the potential to unlock further infrastructure investment, local business participation, skills transfer and development. Over time, it will stimulate the development of new industries and markets, drive demand for local goods and services, and strengthen municipal revenues fostering a sustained cycle of regional growth and economic resilience, said Ndlovu."

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Editor's note:
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.