



MEDIA RELEASE

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Thungela's 2025 results reflect operational excellence and shareholder returns, embedding resilience through the cycle

Today, Thungela Resources Limited ("Thungela" or "Group") announced results for the financial year ended 31 December 2025. The results demonstrate another year of strong operational performance, highlighting our ability to control the controllables in a challenging thermal coal market environment.

Salient features:

- **Safety:** Operated a fatality-free business for three consecutive years
- **Production:** Group recorded export saleable production of 17.8Mt, exceeding guidance in South Africa and at the upper-end of the range at Ensham
- **Financial results:** Recorded adjusted operating free cash flow of R396 million for the year and net cash of R5.1 billion at 31 December 2025
- **Dividend:** Declared a final cash dividend of R2 per share, taking the full year dividend to R4 per share
- **Operations:** Completed the Annea Colliery (previously known as the Elders project) and Zibulo North Shaft life-extension projects, ramp-up in progress

Commenting on the results, Moses Madondo, CEO of Thungela, said: *"Safety is our number one value and remains at the core of everything we do. The ongoing conflict in the Middle East following the US-Israeli actions involving Iran has raised new levels of uncertainty and has caused concern, not only for the global economy but for peace, safety and security in the region. We continue to provide support to our colleagues in Dubai, prioritising their safety and well-being."*

I am pleased to report that we have operated a fatality-free business for three consecutive years. Our focus remains, ensuring that all of our people return from work, safe and healthy every day. The Group's total recordable case frequency rate increased to 2.83, from 1.93, primarily due to the challenging operating environment during the production footprint transition. As a result, we have implemented targeted interventions for increased risk sections and work crews through leading indicator heatmaps.

We exceeded export saleable production guidance in South Africa and achieved the upper-end of the guidance range in Australia. In South Africa, export saleable production of 13.9Mt was supported by strong performance at Mafube and the ramp-up at Annea Colliery. In Australia, we overcame the challenging geological conditions of the first half of the year to deliver export saleable production of 4.0Mt.

Group revenue declined by 17% year-on-year to R29.6 billion and the Group generated adjusted EBITDA of R1.2 billion and a net loss of R7.1 billion, impacted by the non-cash impairment loss of R8.8 billion recognised against assets, reflecting lower benchmark coal forecasts, the weakening US dollar and the strengthening of the South African rand.

Despite the market environment, the Group generated R2.4 billion in cash flow from operating activities, remained free cash flow positive with adjusted operating free cash flow of R396 million for the year, and ended the period with net cash of R5.1 billion.

The Annea Colliery and Zibulo North Shaft life-extension projects were completed on time and on budget. Together with the advancement of the Lephalale Coal Bed Methane (LCBM) project and the disposal of assets, aimed at optimising our portfolio and further strengthening the balance sheet, this underscores our ability to execute on our strategic priorities.

Operational performance

In 2025, we delivered robust operational performance supported by continued productivity gains and disciplined cost management. The Group recorded export saleable production of 17.8Mt, approximately 175kt higher than the output achieved in 2024. In South Africa, the free on board (FOB) cost per export tonne excluding royalties of R1,170 was below the guidance range of R1,210 to R1,290, highlighting the productivity improvements and cost efficiency initiatives, partially offsetting the impact of inflation and operational transition costs. At the Ensham Mine, the FOB cost per export tonne excluding royalties of R1,435 was also below the guidance range of R1,470 to R1,580, demonstrating the improved production and disciplined cost management.

Portfolio optimisation in South Africa

We have remained focused on delivering on our strategic priorities. The Annea Colliery and the Zibulo North Shaft life-extension projects were successfully delivered on time and on budget. Annea now replaces production from Goedehoop Colliery, with employees and key equipment successfully redeployed to ensure uninterrupted skills and operational capability. Zibulo North Shaft has been formally handed over to the operations team, with production ramp-up underway. The South African portfolio also continued its transition during the year. Goedehoop North and Isibonelo reached the end of their economic lives, with Isibonelo ceasing operations in December 2025, following the conclusion of its long-term domestic coal supply agreement, and subsequently transitioning to care and maintenance.

In line with our portfolio optimisation strategy, we have initiated a disposal programme for assets where remaining resources and infrastructure retain value in use but no longer provide optimal long-term economic benefit to the Group. We previously announced the sale of Goedehoop North, and we have also concluded an agreement for the Kleinkopje mining right at the Khwezela Colliery. This showcases our ability to successfully execute on our strategic priorities, ensuring that we reshape our business and entrench resilience through the cycle.

The Group also progressed the LCBM project, with commissioning of the modular liquefied natural gas demonstration plant scheduled for completion in the first half of 2026.

Thermal coal market dynamics

The seaborne thermal coal market remained under pressure for much of 2025, with weaker demand in key coal-consuming countries and sustained production levels from Indonesia, Australia and South Africa. Market conditions improved moderately towards year-end, supported by restocking and stronger demand from the Indian sponge iron market.

Against this backdrop, Group revenue declined by 17% year-on-year to R29.6 billion. The Group recognised a non-cash impairment loss of R8.8 billion against assets, reflecting lower benchmark coal price forecasts, the weakening of the US dollar and the strengthening of the South African rand. The impairment losses are non-cash in nature and do not affect the Group's liquidity or operational capacity. Despite the challenging market environment, Thungela remained cash generative.

The Group generated R2.4 billion in cash flow from operating activities, remained free cash flow positive with adjusted operating free cash flow of R396 million, and net cash at 31 December 2025 was R5.1 billion.

Rail performance in South Africa

Turning to logistics, Transnet Freight Rail rail performance improved to 56.8Mt, increasing from 51.9Mt in 2024. Thungela recognises the tangible improvements achieved to date through collaborative efforts between Transnet, the National Logistics Crisis Committee and the coal industry. A stronger coal logistics system benefits the broader industry, supporting both established producers and emerging participants while reinforcing South Africa's position in global coal markets.

ESG and community investment

Environmental, social and governance (ESG) remains fundamental to our strategy and operations. As a responsible environmental steward, we are committed to reducing scope 1 and 2 emissions by 30% by 2030, against a 2021 baseline, and to reach net zero by 2050. We are pleased to report that, in 2025, we recorded zero level 3 to 5 environmental incidents, the first time since listing in 2021.

In line with its purpose to create shared value, the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will collectively receive R31m million in contributions, in addition to the interim contribution of R31 million. Socio-economic development investments also remain integral to its purpose, with the Thungela Education Initiative and the Thuthukani enterprise and supplier development programme demonstrating our dedication to creating long-lasting, sustainable value for our stakeholders and helping to rebuild communities that thrive beyond the life of our mines.

Capital allocation and shareholder returns

Our capital allocation framework remains central to our strategy, and we prioritise returns to shareholders through the cycle. In 2025, we returned R2.2 billion to shareholders through a combination of cash dividends and share buybacks. During the year, we completed two share buybacks for a total consideration of R469 million, or 4,858,231 shares, which represented 3.5% of issued share capital.

We continued to invest through the cycle, deploying R747 million in 2025 to complete the life-extension projects. To date, we have invested a total of R4.2 billion in the Annea Colliery and Zibulo North Shaft, as well as R382 million on the LCBM project, to position the business for long-term competitiveness and value creation. The Group is not currently reserving cash to complete future capital expenditure commitments, as key life-extension projects in South Africa are now substantially complete.

A key element of our capital allocation framework is the cash collateralisation of our environmental liabilities. In South Africa, we contributed R203 million to the green fund and, in Australia, we made an additional R275 million contribution to an investment vehicle with a similar purpose.

The Group's dividend policy is to distribute a minimum of 30% of adjusted operating free cash flow. In the first half of the year, the Group generated adjusted operating free cash flow of R484 million, however, in the second half of the year, we incurred a negative adjusted operating free cash flow of R88 million. This required the board to exercise its discretion in determining an appropriate ordinary cash dividend under the current circumstances.

The board remains committed to prioritising shareholder returns where the balance sheet allows for it and where future prospects of the Group remain supportive of such a distribution. Accordingly, the board has approved a final dividend of R2 per share, or R281 million. Together with the interim dividend of R2 per share, or R281 million, and the R139 million share buyback completed following our interim results, this brings total shareholder returns relating to 2025 performance to R701 million, representing 177% of adjusted operating free cash flow.

These distributions result in the Group maintaining a cash buffer of approximately R4.7 billion and holds undrawn credit facilities of R3.2 billion.

Looking ahead

In 2026, Thungela's priorities remain clear: safety, operational excellence and capital allocation. The Group remains committed to operating a fatality-free business and to further strengthen safety performance through targeted interventions and a reinforced safety culture. Further, we will continue to focus on controlling the controllables, drive productivity improvements and improve cost efficiency, supported by the ramp-up of Annea Colliery and Zibulo North Shaft. Thungela's capital allocation framework remains central to our strategy and prioritises maintaining balance sheet resilience, ensuring the long-term sustainability of our assets, by investing through the commodity cycle, while also prioritising returns to shareholders.

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Notes for editor:

Thungela, which means 'to ignite' in isiZulu, is one of the largest pure-play producers and exporters of high-quality 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 five mining operations located in Mpumalanga, South Africa, which consist of both underground and opencast mines, namely Greenside, Khwezela, Zibulo, Mafube and Annea. Thungela owns 100% of the Ensham Mine in Queensland, Australia, reinforcing its geographic diversification strategic pillar.

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