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MEDIA RELEASE

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**THUNGELA'S INTERIM RESULTS IN LINE WITH 2024 GUIDANCE AND UPGRADES ENSHAM PRODUCTION OUTLOOK**

**KEY FEATURES**

- **Safety:** Lowest total recordable case frequency rate (TRCFR) of 0.99 in South Africa, with significant safety progress in Australia.
- **Production:** Group export saleable production at 7.8Mt, with South Africa contributing 6.2Mt and 1.6Mt in Australia (on an 85% basis), exceeding initial estimates and leading to a guidance upgrade in Australia.
- **Capital expenditure (capex)**: Group capex amounted to R1.5 billion, reflecting the disciplined execution of life extension projects in South Africa.
- **Profit:** Profit of R1.2 billion, including R419 million from Australia, demonstrating the benefits of the geographic diversification strategy.
- **Total shareholder returns:** Total shareholder returns of R441 million, consisting of an ordinary interim cash dividend of R281 million (R2.00 per share) and a share buyback of up to R160 million - in aggregate 47% of adjusted operating free cash flow**.**

Thungela Resources Limited ("Thungela" or the "Group"), a pure-play producer and exporter of thermal coal operating in South Africa and Australia, has announced its interim financial results for the six months ended 30 June 2024. The results demonstrate our track-record of disciplined execution of our strategic priorities as we build a long-life, competitive business. Our operational performance is in-line with 2024 guidance in South Africa and ahead of full year guidance in Australia. Capex for our two life extension projects remains on track and on budget. We remain steadfast in our focus on controlling the controllables.

The operating environment in the first half of the year was challenging with external factors such as weaker Richards Bay and Newcastle Benchmark coal prices and underperformance by Transnet Freight Rail (TFR). Thungela values the efforts made by Transnet's new leadership team to enhance operational performance and remains committed to continuing collaborating with TFR to improve rail performance.

*July Ndlovu, CEO of Thungela, said: "Safety is our first value, and we have reinforced its primacy by establishing safety as a dedicated pillar in our strategic priorities framework. As always, we remain unwavering in our commitment to operating a business free from injuries and fatalities and we are pleased to report that our business has been operating for 18 months without loss of life. Our increased focus on accountability, safety culture and independent reviews on critical controls effectiveness, is delivering meaningful safety improvements. The Group's TRCFR for the period under review improved to 1.75 compared to 2.53 in the comparative period.*

*The Group recorded an adjusted EBITDA of R2.1 billion and a net profit of R1.2 billion, with Ensham contributing R419 million to the net profit, showcasing that our geographic diversification journey into Australia is proving successful. Capex of R1.5 billion in the first half of the year was in line with the guidance for 2024, with R457 million spent on sustaining capital and R799 million spent on expansionary capital.*

*Our life extension projects in South Africa, Elders and Zibulo North Shaft are key to improving our long-term competitiveness and will extend the life of mine of our South African operations from the initial eight years at listing in 2021, to approximately 15 years."*

**Operational performance**

In South Africa, we achieved export saleable production of 6.2Mt, at a free on board (FOB) cost* of R1,189 per export tonne excluding royalties for the first half of 2024, at the lower end of our guidance for 2024.

In Australia, Ensham's strong production delivered export saleable production of 1.9Mt (on an 100% basis), as the mine focuses on improving productivity and leverages from the Group's operational expertise. FOB cost* was below guidance at R1,360 per export tonne excluding royalties. R285 million was spent on sustaining capital (on an 85% basis), in line with guidance for the full year.

**Marketing capability**

Thungela Marketing International, which was established in the United Arab Emirates, is now fully operational and is responsible for marketing our South African and Australian coal. This provides us with an opportunity to leverage our equity coal, by maximising value from the extraction of the resource in the ground to delivering the product to end-users and customers.

**Thermal coal markets and rail performance**

According to the International Energy Agency's coal update, global demand for thermal coal reached a record high of 8.7 billion tonnes in 2023 and is expected to remain stable in the coming years. Despite declining coal consumption in the United States and Europe, coal plays a vital role in global energy production for electricity, steel, and cement production. The growing demand from Asian countries surpasses global efforts to phase out coal, delaying the energy transition. Energy security is now a top priority amid geopolitical tensions and the risk of supply disruptions.

As we enter the winter season in the northern hemisphere, we expect gas and coal restocking to commence even though a number of countries had fairly high coal and gas stocks coming to the end of summer.
TFR railed 47.3Mt on an annualised basis, compared to the 47.9Mt in 2023. The industry's ongoing support has enabled progress on some interventions, such as purchasing critical locomotive spares and providing security on the rail line. We believe that the correct building blocks are being implemented by TFR, and we expect to see improved rail performance during 2025.

**Capital allocation**

In June 2024, we completed the repurchase of ordinary shares for a consideration of R441 million, representing 2.35% of the issued share capital. This demonstrates our commitment to shareholder returns and acknowledges the diverse preferences of our shareholder base.

We invested R742 million in sustaining capital, leading to an adjusted operating free cash flow of R936 million. Additionally, we continued to invest in securing the future and competitiveness of our business through life extension projects, with an additional R799 million spent on expansionary capital.

In Australia, we contributed R855 million to an investment vehicle to secure financial guarantees for Ensham rehabilitation liabilities. We also made the required annual contribution of R188 million to the green fund in South Africa, enhancing our environmental liability coverage. The Group's net cash position was R6.7 billion at 30 June 2024. This figure includes cash in Australia amounting to R815 million pending the settlement of the Japanese Reference.

The board remains committed to our dividend policy, which is to distribute a minimum of 30% of adjusted operating free cash flow* and has accordingly declared an interim ordinary cash dividend of R2.00 per share. In addition, the board has approved a share buyback of up to R160 million, subject to favourable market conditions, which in aggregate amounts to a total return of R441 million to shareholders, representing 47% of adjusted operating free cash flow for the first half of 2024. The share buyback is expected to be completed during the second half of 2024 and is pursuant to the authority obtained at the Group's most recent annual general meeting in June 2024.The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will collectively receive a further R31 million.

Emphasising the significance of our life extension projects in South Africa, we continue to reserve R1.7 billion to fund the completion of these projects. As a result of the dividend declaration and share buyback, the cash buffer will reduce to approximately R4.4 billion, which is within the range of R3 billion to R5 billion. The Group holds undrawn credit facilities of R3.2 billion, enabling us to maintain sufficient liquidity and balance sheet flexibility in the current market conditions.

**Looking ahead**

*Ndlovu concluded: "Our promise that everyone returns home safely everyday is unconditional and sacrosanct. It infuses all activities in our business. We remain focused on controlling the controllables. Our strategic positioning and disciplined capital allocation ensures we capitalise on long-term fundamentals supporting coal demand globally. We are optimistic about the future and remain committed to deliver on our purpose – to responsibly create value together for a shared future – and that Thungela delivers value for our people, communities and shareholders over the long term.*

***Footnote:***

*Group financial results for the six months ended 30 June 2023 do not include the financial results of the Ensham Business as the effective date of the Ensham acquisition was 31 August 2023.*

**Alternative performance measures are not defined or specified under the IFRS Accounting Standards and are used by management to monitor our performance and improve the comparability of information between reporting periods.*

**Ends**

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**Editor's note:**

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, operating in South Africa and Australia.

The Group owns interests in and produces its thermal coal from seven mining operations located in the Mpumalanga province of South Africa. These operations consist of both underground and opencast mines: Goedehoop, Greenside, Isibonelo, Khwezela, AAIC (operating the Zibulo Colliery), Mafube Coal Mining (operating the Mafube Colliery), and Butsanani Energy (owning the independently operated Rietvlei Colliery).

In 2023, Thungela, through its subsidiary Sungela, acquired 85% of the Ensham Coal Mine in Queensland, Australia. This marked a significant move towards executing one of the Group's strategic pillars: geographic diversification. Ensham is an underground operation and the latest addition to Thungela's portfolio.

The establishment of Thungela Marketing International in the United Arab Emirates underscores Thungela's commitment to capturing the full margin on our products and engagement with the global 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% indirect 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 responsibly and igniting value for a shared future. We want to ensure that our mining activities positively impact our employees, shareholders, and communities.

For further information about Thungela, please visit www.thungela.com.