thungela

INTERIM FINANCIAL STATEMENTS 2024

Responsibly creating value together for a shared future

CONTENTS

GROUP PERFORMANCE

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

SAFETY

Fatality
None
(30 June 2023: One)

TRCFR[1] Group
1.75
(30 June 2023: 2.53)

South Africa[2]
0.99
(30 June 2023: 1.21)

Australia
11.64
(30 June 2023: 22.01)

CREATING SHARED VALUE

Nkulo Community Partnership Trust
R16 million contribution
(30 June 2023: R78 million)

Sisonke Employee Empowerment Scheme
R16 million contribution
(30 June 2023: R78 million)

FINANCIAL

Adjusted EBITDA△
R2.1 billion
(30 June 2023: R4.4 billion)

Dividends per share
R2.00
(30 June 2023: R10.00)

Share buyback
Up to R160 million
(30 June 2023: Rnil)

Earnings per share
R9.52
(30 June 2023: R22.45)

Headline earnings per share
R9.52
(30 June 2023: R22.46)

OPERATIONAL SOUTH AFRICA

Export saleable production
6.2Mt
(30 June 2023: 6.1Mt)

Export equity sales
6.0Mt
(30 June 2023: 6.3Mt)

FOB cost per export tonne△
R1,197
(30 June 2023: R1,166)

OPERATIONAL AUSTRALIA

Export saleable production
1.6Mt
(85% basis)

Export equity sales
2.1Mt
(100% basis)

FOB cost per export tonne△
R1,645

[1] Total recordable case frequency rate, which, for the Group, includes Australia in the current and comparative period.
[2] TRCFR was previously reported in the Interim Financial Statements for the six months ended 30 June 2023 as 1.33. This figure was updated in the 31 December 2023 annual results subsequent to the assurance process.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

The directors are pleased to present the Interim Financial Statements for the six months ended 30 June 2024.

The directors are ultimately responsible for the preparation, fair presentation and integrity of the condensed consolidated interim financial statements and related financial information of Thungela Resources Limited (the Company, or together with its affiliates, the Group), including the alternative performance measures (APMs) disclosed in annexure 1. This includes providing oversight of the preparation, fair presentation and integrity of the condensed consolidated interim financial statements and related financial information of the Group, as included in these Interim Financial Statements.

The condensed consolidated interim financial statements have been prepared in accordance with the following guidelines and regulations:

- IAS 34: Interim Financial Reporting (IAS 34), and containing the information required by that standard;
- 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); and
- the JSE Listings Requirements, the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (collectively, the 'IFRS Accounting Standards') and the accounting policies included in the Annual Financial Statements for the year ended 31 December 2023. The accounting policies have been consistently applied by the Group and are supported by reasonable judgements and estimates.

The condensed consolidated interim financial statements comprise the condensed consolidated interim statement of financial position at 30 June 2024, the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six months then ended, the notes to the condensed consolidated interim financial statements, and other information.

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, primarily through the audit committee, meet quarterly with the internal and independent external auditors as well as senior management, as appropriate, to evaluate matters concerning the responsibilities below:

- maintaining adequate accounting records and an effective system of risk management;
- developing, implementing and maintaining a sound system of internal control relevant to the preparation and fair presentation of these Interim Financial Statements, that provides reasonable assurance against material misstatement or loss, whether owing to fraud or error;
- selecting and applying appropriate accounting policies, and making reasonable accounting estimates;
- safeguarding shareholders' investments and the Group's assets; and
- preparing the Interim Financial Statements, including the supplementary annexures.

The Group's independent external auditor is responsible for reporting on whether the condensed consolidated interim financial statements are fairly presented in accordance with IAS 34. The independent external auditor's review report to the shareholders is set out on pages 34 and 35 of this document.

The Group's internal auditors independently evaluate the internal controls and co-ordinate their audit coverage with the independent external auditor.

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 strong 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 in the six months ended 30 June 2024. The directors are of the opinion that the risk management processes and internal financial controls provide reasonable assurance, in all key material aspects, that the financial records may be relied upon for the preparation of the Interim Financial Statements.

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 condensed consolidated interim financial statements for the six months ended 30 June 2024.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The board of directors confirm that they have collectively reviewed the content of the Interim Financial Statements for the six months ended 30 June 2024, and approved the same at their meeting on 16 August 2024.

The Interim Financial Statements on pages 3 to 112 were approved by the board of directors and are signed on the directors' behalf by:

Sango Ntsaluba
Chairman

July Ndlovu
Chief executive officer

19 August 2024

ABOUT THUNGELA

Thungela, which means 'to ignite' in the isiZulu language, is a large, pure-play producer and exporter of thermal coal, 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, which consist of both underground and opencast mines, namely 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 newly registered subsidiary Sungela Holdings, 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. Ensham is an underground operation, and it is 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 engaging with the global commodities market as a global coal producer.

In other parts of the value chain, Thungela holds a 50% interest in the Phola Coal Processing Plant, and a 23.56% indirect interest in the Richards 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.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Thungela's results for the first six months of the year demonstrate our track-record of disciplined execution of our strategic priorities as we build a long-life, competitive business. We remain unwavering in our commitment to operate a fatality-free business and are proud to report that we have been operating for 18 months without a loss of life. Our operational performance is in line with 2024 guidance in South Africa and ahead of full year guidance in Australia. As a result, we are upgrading the production guidance at Ensham. Capital expenditure for our two life extension projects remains on track and on budget. We remain steadfast in our focus on controlling the controllables.

Thungela Marketing International, which was established in the United Arab Emirates, is now fully operational and is responsible for the marketing of 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.

Safety has always been our first value and we have reinforced its primacy by establishing safety as a dedicated pillar in our strategic priorities framework. Our increased focus on accountability, safety culture and independent reviews on critical controls effectiveness, is delivering meaningful safety improvements. The Group TRCFR for the period under review was 1.75 compared to 2.53 in the comparative period, including Ensham. In South Africa, we recorded our lowest TRCFR at 0.99, down from 1.21[1] in the comparative period. In Australia, the TRCFR significantly improved to 11.64, from 22.01 for the six months ended June 2023, reflecting proactive efforts to align Ensham's safety systems with Thungela's work practices, where appropriate.

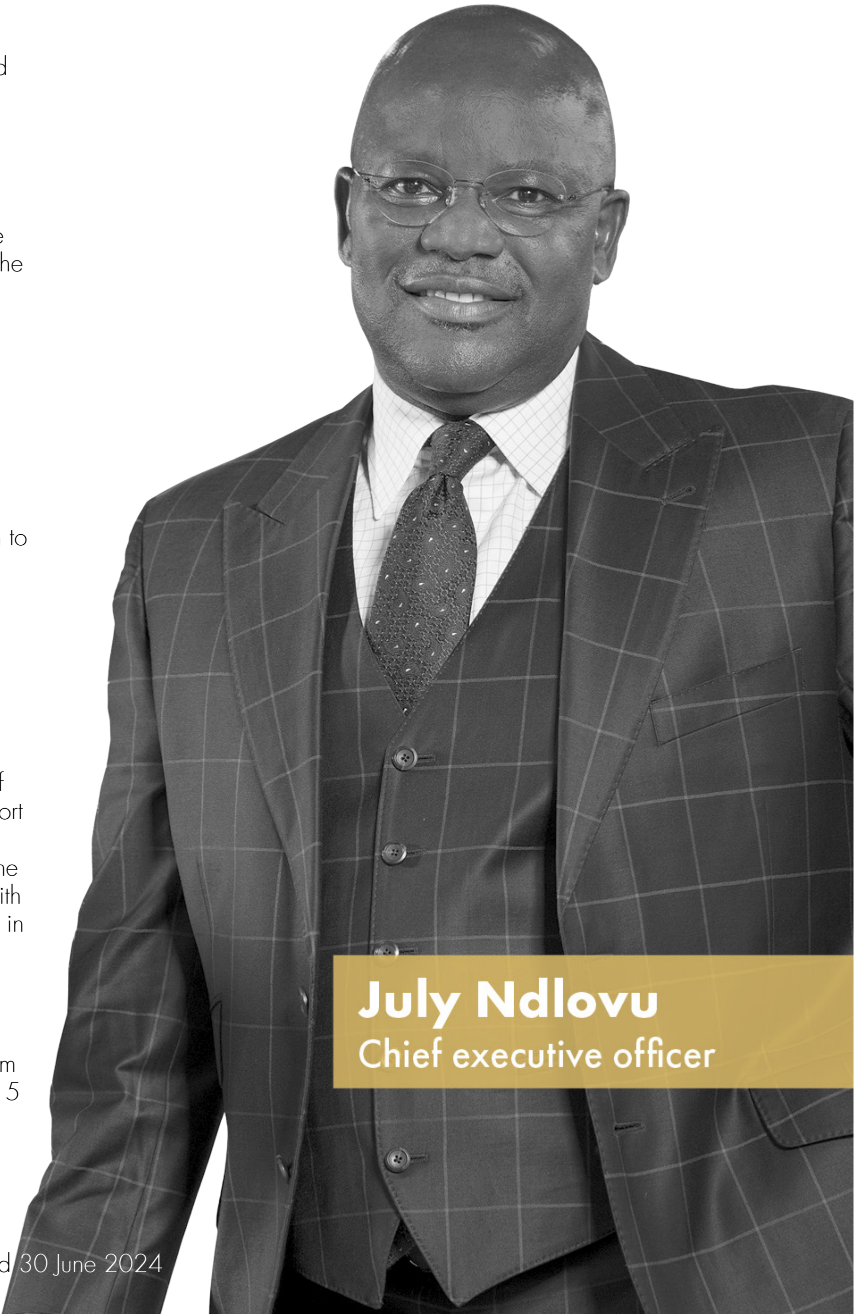
The softer price environment across the Richards Bay and Newcastle Benchmark coal prices, together with the continued underperformance by Transnet Freight Rail (TFR), has negatively impacted our financial results in comparison to the same period last year. The Group generated adjusted EBITDA[△] of R2.1 billion and net profit of R1.2 billion, with Ensham (which has been reflected in our financial results since the acquisition date of 31 August 2023) contributing R419 million to net profit for the period under review, showcasing the benefits of our geographic diversification strategy.

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, in line with our guidance. Capital expenditure of R1.3 billion in the first half of the year is progressing in line with guidance, with R457 million spent in sustaining capital[△] and R799 million in expansionary capital. Our two life extension projects at Elders and the Zibulo North Shaft are key to improving our long-term competitiveness as some of our older mines naturally come to the end of their lives. These projects will extend our life of mine for the South African operations, from the initial eight years at listing in 2021, to approximately 15 years.

[1] TRCFR was previously reported in the Interim Financial Statements for the six months ended 30 June 2023 as 1.33. This figure was updated in the 31 December 2023 annual results subsequent to the assurance process.

In Australia, Ensham recorded strong production results for the period under review, with export saleable production of 1.6Mt (on an 85% basis), or 1.9Mt (on a 100% basis), as the mine focuses on improving productivity and leverages from the Group's operational expertise. FOB cost per export tonne excluding royalties[△] was accordingly below guidance at R1,360. We spent R285 million on sustaining capital[△] (on an 85% basis), in line with guidance for the full year.

We have initiated a resource development plan review at Ensham, which, once completed, will enable us to understand the full potential of the asset, by identifying brownfield opportunities and the related capital requirements.



July Ndlovu
Chief executive officer

Navigating thermal coal markets and rail performance

Global demand for coal reached a record high of 8.7 billion tonnes in 2023[2] and is expected to remain stable in the coming years. Despite the decline in coal use in the United States and Europe, coal remains a crucial energy source for electricity, steel and cement production worldwide. The increasing demand from Asian economies outweighs the efforts to phase out coal globally, and energy transition is delayed as energy security becomes a priority amidst geopolitical tensions and potential supply disruptions. Following a period of supply growth at the onset of the Russia-Ukraine conflict, global supply is likely to tighten as both country and company environmental, social and governance (ESG) pledges are introduced. Supply will further be impacted by limited access to capital and insurance, which will discourage new production coming online. This provides an opportunity for Thungela, as we have access to existing high-quality coal resources and reserves.

The milder winter conditions in the northern hemisphere led to reduced demand and higher gas and coal stock levels, which contributed to softer benchmark coal prices experienced in the first half of the year. Thermal coal markets remain responsive to price movements in the energy markets, more specifically movements in the gas market. The impact of geopolitical tensions in the Middle East and the ongoing Russia-Ukraine conflict continue to heighten risks around gas supply, which has provided recent support for the Richards Bay Benchmark coal price, averaging USD101.05 per tonne for the period under review. The lack of availability of high-quality coal, and the expected restocking in Southeast Asia following the monsoon season, could support the Richards Bay Benchmark coal price, which remains range bound, while any further geopolitical escalation may result in the strengthening of coal prices.

In Australia, the Newcastle Benchmark coal price has softened to an average of USD130.66 per tonne for the period under review but improved in the second quarter of 2024 to approximately USD135.00 per tonne, supported by the onset of the Japanese Reference Price negotiations. These negotiations will lay the foundation for term contracts with Japanese and other Asian utilities. Seaborne demand in the main Asian coal markets, such as Japan, South Korea, China and India, for now remains sluggish, mainly due to increased in-country production in China and India.

The TFR rail performance in the first half of the year was disappointing at 47.3Mt on an annualised basis for the industry, in comparison to the 47.9Mt railed in 2023. The ongoing support from industry has enabled progress on some of the interventions already in place, such as the purchasing of critical locomotive spares and the provision of security on the rail line. The industry will recover these costs through the mutual co-operation agreement with TFR, which was put in place earlier in the year. While we believe that the correct building blocks are being implemented by TFR, we only expect to see improved rail performance from 2025.

[2] Source: International Energy Agency July 2024 report.

Thungela's logistical infrastructure enables the movement of our coal to the Richards Bay Coal Terminal (RBCT) to be maximised, using existing contracted rail capacity, as well as the continued use of third-party sidings. This supports incremental coal movement as a result of the wider train allocation distribution. In addition, we monitor the domestic market for revenue generating opportunities, and have placed limited volumes in the first half of the year.

Capital allocation

In the first half of the year, we completed the repurchase of 3,307,667 ordinary shares (2.35% of issued share capital) for a consideration of R441 million.2.35% This demonstrates our commitment to shareholder returns and recognises the diverse preferences of our shareholder base.

The Group invested R742 million in sustaining capital△, which, when deducted from our cash flows generated from operating activities of R1.7 billion, resulted in an adjusted operating free cash flow△ of R936 million for the reporting period. In addition, we continued to invest in securing the future of our business through our life extension projects and spent R799 million on expansionary capital.

In Australia, we contributed R855 million into an investment vehicle, similar to the green fund in South Africa, in order to secure the necessary financial surety for the Ensham rehabilitation liabilities. We have also made the required annual contribution of R188 million into the green fund in South Africa, thereby improving our environmental liability coverage△.

At 30 June 2024 the net cash△ position of the Group was R6.7 billion, after accounting for cash reserved in Australia of R815 million pending the settlement of the Japanese Reference Price, as well as cash held on behalf of the trusts in South Africa.

The board remains committed to our dividend policy, which is to distribute a minimum of 30% of adjusted operating free cash flow△, and has 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. In aggregate, this 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 also receive a further R31 million collectively.

Recognising the importance 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, given current market conditions.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER CONTINUED

Looking ahead

Controlling the controllables while operating in a challenging environment remains our focus, as we position the business to take advantage of the long-term fundamentals supporting coal demand globally.

Following the strong performance at Ensham in the first half of the year, we are upgrading the production guidance for the full year 2024. We continue to drive productivity improvements and improve the cost competitiveness of the mine. We remain optimistic in discovering value accretive opportunities at Ensham once the resource development plan has been completed.

We remain committed to deliver on our purpose - to responsibly create value together for a shared future - and we are confident that our disciplined capital allocation approach will ensure that Thungela delivers value for our people, communities and shareholders over the long term.

July Ndlovu
Chief executive officer

19 August 2024

MARKET IN CONTEXT

ENERGY MARKETS

Energy prices continued to soften in the first half of the year across gas, oil and thermal coal. The Richards Bay Benchmark coal price averaged USD101.05 per tonne in the first half of 2024, compared to USD129.50 per tonne in the first half of 2023 and USD121.00 per tonne for the full year 2023. The softer prices were mainly driven by the milder European and Northeast Asian winter season, which resulted in elevated coal and gas stock levels. As a result, Colombia and further supply hubs, which historically exported coal into Europe, are now competing in non-traditional markets in Asia and offering more favourable pricing conditions than the Richards Bay Benchmark coal price. Coal prices received some support in the second quarter of the year as a result of volatility in the gas and oil markets, driven by heightened geopolitical risks in the Middle East, as well as supply issues following the maintenance of the gas line in Norway. The market also continues to see more enquiries from non-traditional import hubs, such as Japan and South Korea, as they seek to diversify their import base away from Russian coal. This has resulted in more interest in South African higher-quality coals as these markets require a higher-quality product.

The Newcastle Benchmark coal price averaged USD130.66 per tonne in the first half of 2024, compared to USD204.27 per tonne in the first half of 2023 and USD172.79 per tonne for the full year 2023. In the first quarter of 2024, the Newcastle Benchmark coal price was impacted by lower demand in the traditional Asian markets, such as Japan, China and South Korea. In Japan, there were significant disruptions following an earthquake in January 2024, which resulted in some coal plants closing to allow for assessments to be completed. In addition, nuclear plants in Japan continue to come back online, replacing the burning of coal in the energy mix. The second quarter of the year saw a slight rebound in prices due to restocking activity ahead of the summer season in Asia and the start of the Japanese Reference Price negotiations.

Ongoing geopolitical risks related to the Middle East have added to gas and oil supply uncertainty. In the first half of 2024, the gas market in Europe did not reach a point of coal-to-gas switching as anticipated, mainly due to the low price of gas at the start of the year, which ranged between EUR23.00 to EUR27.00 per megawatt-hour. The gas price in the second quarter of 2024 increased due to maintenance in multiple European gas fields ahead of the summer cooling demand.

COAL DEMAND ACROSS OUR KEY MARKETS

The demand for coal remains steady with the normal seasonal lull expected in the third quarter of the year, and improved demand expected toward the end of the fourth quarter due to seasonal restocking. Government-owned power utilities in South Korea have been encouraged to explore coal from alternative export countries, to reduce the associated risk of imposed sanctions in place against Russia. Although renewable energy uptake has initially been slow, there are now signs of incremental demand in some Asian countries, such as Japan, Taiwan and Malaysia.

Indian coal demand remained prevalent for most of the first half of the year due to ongoing industrial activity as well as infrastructure development, and it is encouraging to note that industrial end-users prefer South African high-quality coal. The onset and uncertainty of the general elections in 2024 saw a decline in the progression of multiple projects awaiting the outcome of the new government's economic policies. Domestic production remains strong - for the first time topping one billion tonnes annually - and continues to rival imports for power generation. The decline in global sponge iron demand and reduced infrastructure development in the latter part of the second quarter of the year saw demand taper off, with the upcoming Indian federal budget announcement expected under the new coalition government.

Russian coal exports were generally lower in the first half of the year due to ongoing logistical challenges, higher port charges at its main terminals, and restrictions on foreign payments. The country has imposed strict sanctions on certain producers, limiting their market options. Exports are down by over 7% and a recovery is not expected in the second half of the year. This creates a unique trading opportunity for South African and Australian coal.

LONG-TERM FUNDAMENTALS OF COAL REMAIN IN PLACE

The United States and Europe have seen the use of coal contracting in recent years, but the electricity sector is the main driver of coal demand and electricity consumption is growing very strongly in several major Asian economies. Emerging economies in Southeast Asia are set to keep their coal demand steady as economic growth and containment of energy inflation is seen as a priority compared to green-energy development. Indian coal demand is also forecasted to remain steady, driven by increasing economic growth. On the supply side, the seaborne export market would need to add 50 – 60Mt per year from the late 2030s to 2050 to meet demand. It is becoming increasingly difficult to obtain financing and insurance for new coal projects, which is likely to present upside risk to supply in the medium to longer term. Coal supply will still be dominated by Indonesia for the lower-calorific value market, while the higher-quality coal is likely to come mainly from Australia and Russia.

2024 FIRST HALF PERFORMANCE IN SOUTH AFRICA

Thermal coal price and exchange rate	30 June 2024	30 June 2023
Richards Bay Benchmark coal price (USD/tonne)	101.05	129.50
Average realised export price (USD/tonne)	85.73	105.78
Average realised export price (Rand/tonne)	1,606	1,927
Realised price as a % of Richards Bay Benchmark coal price	85	82
ZAR:USD average exchange rate	18.74	18.22

The discount to the Richards Bay Benchmark coal price averaged 15% for the first half of 2024, compared to 18% in the comparative period and 14% for the full year 2023. The slight widening of the discount from the comparative period is mainly related to the increase of lower-quality export coal in our sales mix, offset to a degree by the narrowing of discounts as the Richards Bay Benchmark coal price softens.

2024 FIRST HALF PERFORMANCE IN AUSTRALIA

Thermal coal price and exchange rate	30 June 2024	30 June 2023
Newcastle Benchmark coal price (USD/tonne)	130.66	204.27
Average realised export price (USD/tonne)	118.82	—
Average realised export price (Rand/tonne)	2,226	—
Realised price as a % of Newcastle Benchmark coal price	91	—
ZAR:USD average exchange rate	18.74	18.22

Discount to the Newcastle Benchmark coal price was 9.1% for the first half of 2024, compared to a premium of 11% achieved for the period 1 September 2023 to 31 December 2023. The premium in 2023 was mainly due to a higher proportion of fixed price agreements, which expired in 2023. In addition, the discounts widened given the market's view of a disconnect between the Newcastle Benchmark coal price and actual demand. It is expected that the disconnect will reverse with the anticipated restocking activity in the last quarter of the year.

TRANSNET FREIGHT RAIL PERFORMANCE

TFR's continued poor rail performance remains a significant concern and inhibits the full value realisation of Thungela's production in South Africa. The performance on the North Corridor line marginally declined to 47.3Mt in the first half of the year, down from the 47.9Mt railed in 2023. As a result, TFR continues to receive industry support to stabilise and improve rail performance. Bulk rail infrastructure that is reliable remains critical for the South African coal industry, as well as the country's economy at large.

Two significant derailments occurred in the period under review. The efforts of industry support through the mutual co-operation agreement in the areas of security, critical locomotive spares procurement and the repairs of derailment sites, have resulted in some performance uplift, with the months of June and July achieving an annualised run rate of 50Mt. Enhancements in the coal line integrity, repairs and signalling work done in a critical section of the North Corridor line have resulted in improved train slots and more efficient turnaround times. Ongoing improvements in the line integrity, throughout and beyond the annual maintenance shutdown period in July, together with the introduction of more locomotives on the line, will be critical to realise rail performance improvements.

Thungela continues to optimise our rail planning, including the utilisation of third-party sidings, allowing for a wider distribution pattern and fully benefiting from our rapid load-out terminals. As a result of these interventions, Thungela was able to rail 5.8Mt to the RBCT for the period under review, compared to 6.2Mt in the comparative period.

Thungela's long-term agreement with TFR expires on 31 March 2025, and we continue to engage TFR in relation to a new agreement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

SAFETY

We have elevated safety to a standalone strategic pillar, ensuring that zero harm to our employees and contractors at every level continues to be at the forefront for Thungela.

Our safety strategy remains unchanged – we are focused on getting the basics right, planning, managing and executing all work safely, and culture change, to transform our safety behaviour across the organisation. We are implementing our strategy by:

- undertaking high-intensity reviews of critical controls, with these reviews being verified by an independent third party;
- including safety in all messaging and initiatives in the business, to ensure that it remains top of mind;
- reviewing and updating all performance contracts, to include more specific safety key performance areas; and
- improving frontline leadership skills through development courses.

TRCFR for the Group for the six month period ended 30 June 2024 was 1.75 compared to 2.53 in the previous period, including Australia. The TRCFR for our South African business improved to 0.99, from 1.21[1] in the comparative period, and Australia improved from 22.01 to 11.64 as we continue to, where appropriate, align safety systems to the Thungela ways of work. These improvements are attributed to our increased focus on safety and the interventions described above.

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 will continue to operate, breeding and releasing fish until the biomonitoring indicates that fish varieties and abundance have returned to pre-incident levels.

In 2023, we published our target to reduce our scope 1 and 2 emissions by 30% by 2030 (against a 2021 baseline), as well as our pathway to achieve net zero by 2050. These targets remain relevant and applicable, and we will publish an updated baseline, which includes Ensham, in 2025.

CREATING VALUE FOR A SHARED FUTURE

We are steadfast in our commitment to spike on the social element of ESG. Contributions to the Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust totalled R31 million related to our performance for the six months ended 30 June 2024, bringing the total contributions since inception to R1.5 billion.

The Nkulo Community Partnership Trust is implementing several projects based on a needs assessment in host municipalities. Further detail on the projects will be provided in our 2024 Environmental, Social and Governance Report.

Thuthukani, our enterprise and supplier development programme, hosted a graduation ceremony in June in honour of 61 local entrepreneurs – 25 suppliers and 36 enterprise development beneficiaries. The programme provides critical business skills such as entrepreneurship, financial analysis and reporting, marketing, project management and strategy development. This is the second cohort of entrepreneurs to graduate since Thuthukani's inception in 2022.

Through Thuthukani, we have also signed a co-funding agreement with Absa, who have reserved an initial R200 million (to be reviewed annually) to provide loan finance specifically for small, medium and micro-sized enterprises (SMMEs), which have been awarded significant contracts by our sites. This substantially increases the opportunities available to SMMEs in communities around our operations.

In January 2024, we launched a five-year education initiative that will benefit 45 schools in Mpumalanga, with a focus on the foundation phase from grade R to grade 4. Interventions will include infrastructure refurbishment, the provision of learning equipment and materials, and enhancing the skills of educators and school management teams.

GOVERNANCE

We are working to align and integrate the relevant Ensham environmental, social and governance indicators into our reporting and these will be included in our 2024 annual reporting suite.

[1] TRCFR was previously reported in the Interim Financial Statements for the six months ended 30 June 2023 as 1.33. This figure was updated in the 31 December 2023 annual results subsequent to the assurance process.

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

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

RESOURCES AND RESERVES

For the reporting period, there were no material changes to the resources and reserves estimates disclosed in the Thungela Integrated Annual Report for the year ended 31 December 2023, other than the normal life-of-mine depletion associated with mining.

OUR PERFORMANCE

REVIEW OF FINANCIAL PERFORMANCE

For the six months ended 30 June 2024

Net profit **R1.2 billion** (30 June 2023: R3.0 billion)	Headline earnings per share **R9.52** (30 June 2023: R22.46)	Adjusted EBITDA△ **R2.1 billion** (30 June 2023: R4.4 billion)
Net cash△ **R6.7 billion** (31 December 2023: R10.2 billion)	Interim dividend of **R281 million** to shareholders of Thungela	Share buyback of up to **R160 million** takes total returns to 47% of adjusted operating free cash flow△

The first six months of 2024 have been marked by weak demand and coal prices, which, together with continued rail constraints in South Africa, have had a significant impact on our business. Our performance, however, demonstrates our ability to deliver on operational targets notwithstanding various industry headwinds. We also continue to deliver on the execution of our strategic priorities as we build a sustainable, long-term competitive business across multiple geographies.

Our South African operations produced 6.2Mt of export saleable production in the first six months of 2024 – at the upper end of the guidance range of between 11.5Mt and 12.5Mt for the full year. FOB cost per export tonne△ was R1,197 (R1,189 per tonne excluding royalties), which is at the low end of the guidance range of between R1,180 and R1,300 – mainly as a result of higher export production.

Ensham produced 1.9Mt (on a 100% basis) for the first half of 2024, above the upper end of the guidance range of between 3.2Mt and 3.5Mt (on a full year, 100% basis). This coal was produced at an FOB cost per export tonne△ of R1,645 (R1,360 per tonne excluding royalties), which is below the lower end of the guidance of between R1,830 and R1,950, mainly due to higher production.

TFR's poor rail performance in South Africa continues to negatively impact our performance. For the first six months of 2024, TFR performed at an annualised rate of 47.3Mt for the industry, compared to 47.9Mt railed for the industry in 2023. This decline in performance was mainly as a result of two major derailments on the North Corridor line in January and May. In response, we have continued to optimise our rail planning, through the utilisation of third-party sidings and maximising the use of our rapid load-out terminals. Notwithstanding these interventions, Thungela was only able to rail 5.8Mt to the RBCT in the first half of 2024, compared to 6.2Mt railed in the comparative period.

Given the poor rail performance in the first half of the year, the Group realised equity export sales from our South African operations of 6.0Mt, compared to 6.3Mt in the first half of 2023. At Ensham, we realised 2.1Mt of export equity sales, on a 100% basis, for the first half of 2024.

Seaborne thermal coal prices softened further in the first half of 2024, mainly due to a milder than expected winter in the northern hemisphere, and higher coal and gas stockpile levels across Europe.

This is reflected in the decrease in the average Richards Bay Benchmark coal price from USD129.50 per tonne in the first half of 2023, to USD101.05 per tonne in the first half of 2024. While prices declined, the average discount to the Richards Bay Benchmark coal price widened to 15% for the first six months of the year, compared to 14% for the full year in 2023.

The Newcastle Benchmark coal price averaged USD130.66 per tonne in the first half of 2024 compared to USD204.27 per tonne in the same period in 2023. The discount to the Newcastle Benchmark coal price in the first six months of 2024 was 9.1%, compared to a premium of 11% for the period from acquisition on 1 September 2023 to 31 December 2023. The premium last year was driven by a relatively higher proportion of fixed price deals in the sales book, which were concluded when the Newcastle Benchmark coal price was high. For the year to date, we have had a relatively smaller proportion of fixed price sales. The lower demand and high stocks across key demand hubs have also contributed to widening discounts.

Approximately 20% of sales from Ensham in the period are priced based on the Japanese Reference Price, which is yet to be settled in the market for 2024. While we have invoiced these sales, and received cash from our customer, at the 2023 settled price of USD199.95 per tonne, revenue has been recognised on a more conservative basis – being the spot Newcastle Benchmark coal price on 30 June 2024 – of USD133.45 per tonne. Once the 2024 price is settled, revenue will be adjusted to reflect the settled price, while the cash received above the settled price will be repaid to the customer. At 30 June 2024, R815 million of cash held in Australia has been reflected as restricted in relation to the repayment to the customer.

Thungela generated a net profit of R1.2 billion in the first half of 2024 – which compares to R3.0 billion in the same period for 2023, but in a markedly weaker price environment and rail context. This represents a R2.2 billion decrease in profit from our South African operations, offset by the inclusion of R419 million in profit generated by Ensham. Profit includes net finance income of R805 million, arising mainly from foreign exchange gains on derivative instruments, as well as interest earned on the cash held throughout the Group.

Capital expenditure for the Group was R1.5 billion. In our South African operations, sustaining capital expenditure△ amounted to R457 million, while expansionary capital expenditure of R799 million relates to the ongoing Elders and Zibulo North Shaft projects, which continue to progress well. Sustaining capital expenditure△ at Ensham amounted to R285 million (on an 85% basis).

The Group generated adjusted operating free cash flow△ of R936 million for the first half of 2024 and at 30 June 2024, had a net cash△ balance of R6.7 billion, after accounting for cash held in Ensham pending the settlement of the Japanese Reference Price, as well as cash held on behalf of the trusts in South Africa.

SUCCESSFUL IMPLEMENTATION OF OUR STRATEGIC PRIORITIES

Our purpose, to responsibly create value together for a shared future, is enabled and underpinned by the Group's strategic pillars, which now also include safety as a standalone pillar, re-emphasising its importance to our business and our people.

We are pleased with the improvement in the Group's TRCFR during the period and have also made good progress in driving our ESG aspirations, as we continue to set aside funds to cover future environmental liabilities. In the first half of 2024, we contributed a further R188 million to the green fund, as required by the providers of the financial guarantees. We also spent R507 million on ongoing rehabilitation at the Kromdraai and Bokgoni sites at our Khwezela Colliery, as well as at Ensham. In June 2024, we contributed R855 million into 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. As a result, our environmental liability coverage△ for the South African operations increased to 64% (31 December 2023: 60%), and when combined with the Ensham Mine, our Group coverage increased to 51% (31 December 2023: 40%).

The Elders and Zibulo North Shaft projects are key components of our strategic imperative to maximise the full potential of our existing assets, as they will enhance our cost competitiveness, extend the life of our South African business and support regional jobs and local suppliers. We are pleased to report that both projects are progressing well, and are on track in terms of budget and timelines.

Elders delivered first coal in March 2024. To date, we have spent R1.4 billion on Elders (R269 million in the first half of 2024), predominantly on the development of the portal into the coal reserve, as well as on surface infrastructure. Approximately R350 million of capital expenditure is forecast to be spent for the remainder of 2024, with the balance of approximately R100 million to be spent 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.

The Zibulo North Shaft project 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. At 30 June 2024, we had spent R1.1 billion (R512 million in the first half of 2024) on the project. We are expecting to spend a further R740 million in 2024 and approximately R510 million in 2025 and 2026.

With respect to geographic diversification, we have made significant progress in relation to both Ensham and Thungela Marketing International.

Ensham is already performing better than we had initially expected and has contributed significantly to the Group's operational and financial performance in the period, highlighting the success of the acquisition. We continue to integrate the Ensham Business into the Group, and have finalised the transition of all services and systems from the previous owner. We have also made progress in identifying cost saving opportunities and realised these savings where we have been able to negotiate better rates. A further cost and productivity programme is planned for the second half of the year. We continue to review the sustaining capital requirements at Ensham for the next three years, and while we believe that there are opportunities for further optimisation as demonstrated in the first six months of 2024, the sustaining capital guidance for 2024 remains appropriate.

The marketing team in the United Arab Emirates is now fully established and Thungela Marketing International has taken over marketing activities from Anglo American Marketing Limited (AAML) – the agreement with AAML ended on 30 June 2024, and the transition period will conclude in December 2024. Thungela Marketing International is now responsible for the marketing of our South African and Australian coal.

Disciplined capital allocation is a cornerstone of Thungela's strategy and we successfully completed the share buyback announced at the release of our 2023 annual results, returning R441 million to shareholders.

We continue to prioritise shareholder returns through the declaration of an interim ordinary cash dividend of R281 million, or R2.00 per share, and a share buyback of up to R160 million - in aggregate this represents returns to shareholders of 47% of adjusted operating free cash flow△. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will each receive R16 million in relation to our performance for the first six months of the year.

Notwithstanding persistent uncertain market conditions, rail constraints and other headwinds, we have sought to focus on those matters under our control – most significantly the operational performance of the business and our strategic execution. We continue to diligently manage our two life extension projects, and will continue to focus on capital allocation to ensure that we are able to create value through the cycle.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the six months ended 30 June 2024

FINANCIAL OVERVIEW

Rand million (unless otherwise stated)	30 June 2024	30 June 2023
Revenue	16,752	14,359
Operating costs	(15,771)	(10,604)
Profit for the reporting period	1,186	3,005
Attributable to non-controlling interests	(103)	(76)
Attributable to the equity shareholders of the Group	1,289	3,081
Earnings per share (cents/share)	952	2,245
Headline earnings per share (cents/share)	952	2,246
Dividends per share (cents/share)	200	1,000
APMs△		
Adjusted EBITDA	2,146	4,380
Adjusted EBITDA margin (%)	13	31
FOB cost per export tonne (Rand/tonne) – South Africa	1,197	1,166
FOB cost per export tonne excluding royalties (Rand/tonne) – South Africa	1,189	1,139
FOB cost per export tonne (Rand/tonne) – Ensham Business[1]	1,645	—
FOB cost per export tonne excluding royalties (Rand/tonne) – Ensham Business[1]	1,360	—
Adjusted operating free cash flow	936	4,298
Net cash	6,683	13,579
Capital expenditure	(1,541)	(893)
Environmental liability coverage (%)	51	57

OPERATIONAL OVERVIEW

kt		
South Africa		
Run of mine	11,496	11,968
Export saleable production	6,167	6,075
Domestic saleable production	2,523	3,775
Total saleable production	8,690	9,850
Export equity sales	6,033	6,320
Third-party export sales	297	—
Domestic sales from thermal export stockpiles	402	413
Other industrial and domestic sales	2,765	3,413
Total sales	9,497	10,146
Ensham		
Run of mine (85%)[1,2]	1,645	—
Export equity saleable production (85%)[1]	1,601	—
Commodity purchases from Bowen (15%)[1,3]	283	
Total saleable production	1,884	—
Export equity sales (100%)[1,4]	2,114	—
Total sales	2,114	—

1 No information relating to the Ensham Business has been included in the Group results for the six months ended 30 June 2023, as the acquisition was not yet effective.
2 Run of mine has been reflected at 85% of the run of mine extracted by the Ensham Mine.
3 Commodity purchases from Bowen reflect 15% of the operations of the Ensham Mine, to align to the sales made through Ensham Coal Sales.
4 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.

FINANCIAL AND OPERATING RESULTS OF THE GROUP

The table alongside reflects the financial results as disclosed in the condensed consolidated interim financial statements for the six months ended 30 June 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 assumed operational control thereof from 1 September 2023.

The results of the Ensham Business have been included in the Thungela Group results from the acquisition date. The results of the Group for the six months ended 30 June 2023 do not include the results of the Ensham Business, as the acquisition was not yet effective. Refer to note 2 and note 9 of the condensed consolidated interim financial statements for further detail.

REVENUE

The Group realised revenue of R16.8 billion for the period, an increase of 17% compared to the same period in 2023 (R14.4 billion). This increase was driven primarily by the inclusion of revenue from Ensham, while export revenue from the South African business decreased by R2.0 billion, driven mainly by the lower Richards Bay Benchmark coal price.

Export revenue from our South African operations amounted to R10.2 billion (30 June 2023: R12.2 billion), and the Group achieved an average realised export price of USD85.73 per tonne in the first half of 2024 compared to USD105.78 per tonne in the comparative period.

The realised export price as a percentage of the Richards Bay Benchmark coal price averaged 85% for the first half of 2024, compared to 86% achieved over the full year in 2023.

Lower sales volumes also negatively impacted revenue – export equity coal sales from the South African operations were 287kt lower period on period, while industrial and domestic sales were 648kt lower due to weaker domestic demand.

Revenue from Ensham amounted to R4.7 billion and the business achieved an average realised price of USD118.82 per tonne, representing a discount of 9.1% to the Newcastle Benchmark coal price.

The South African rand was weaker against the US dollar in the first half of the year at R18.74 (30 June 2023: R18.22), which resulted in a positive impact on reported revenue, as the majority of sales are US dollar denominated.

OPERATING COSTS

Total operating costs were R15.8 billion, an increase of R5.2 billion from the comparative period, of which R4.2 billion relates to the inclusion of costs incurred by the Ensham Business (refer to detail on page 23).

Royalties incurred in South Africa decreased by R114 million period on period due to lower realised coal prices.

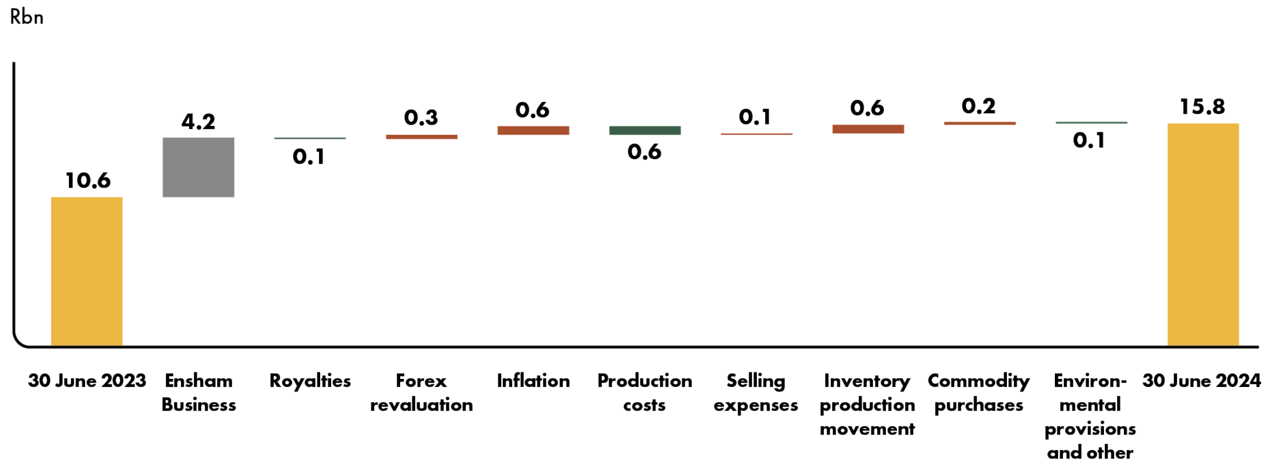
Fluctuations in the South African rand/US dollar exchange rate resulted in realised exchange losses on revenue receipts, compared to gains in the first half of last year, and accordingly had a negative impact on total operating costs.

Inflation across the South African operations averaged 6.4%, mainly driven by operational wage increases, which take effect during the second half of each year.

Production costs were lower in the current period due to the curtailment of underground production during the course of 2023, and lower domestic production as Rietvlei transitioned into care and maintenance activities following the end of its current coal supply agreement. We continue to investigate long-term opportunities for this resource.

Lower total saleable production compared to total equity sales in the first half of 2024 resulted in an increase in the inventory production movement cost of R608 million in South Africa, as stockpiles were utilised to meet contractual sales obligations.

Commodity purchases in 2024 include purchases from third parties to counter the ongoing rail issues and meet immediate sales obligations. The impact of the higher volumes purchased from third parties in South Africa was partially offset by lower prices, which resulted in an increase in cost of R231 million.



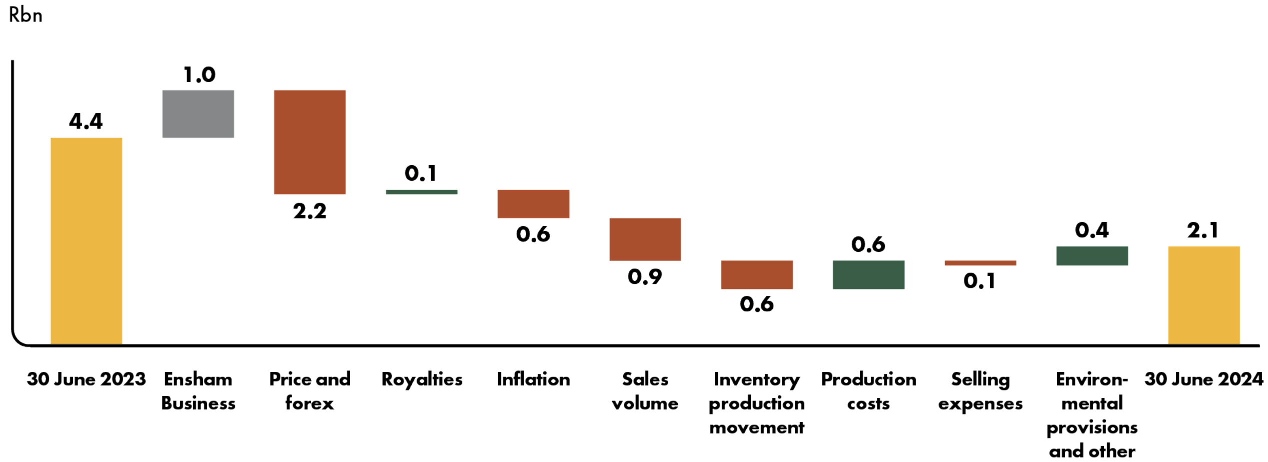
ADJUSTED EBITDA△

The Group generated adjusted EBITDA△ of R2.1 billion in the first six months of 2024. Ensham contributed R992 million to the adjusted EBITDA△, while the remaining R1.2 billion was contributed by the South African business, down from R4.4 billion in the first half of 2023. The decline in earnings in South Africa was mainly driven by lower revenues as a result of softer benchmark coal prices, partially offset by a weaker average South African rand/US dollar exchange rate, and lower royalties paid. Inflation continues to impact operating costs.

Stockpiles were drawn down in the period to meet sales commitments, which resulted in an increase in inventory production movement costs and a negative impact on adjusted EBITDA△.

Earnings were positively impacted by lower production costs (as a result of lower run of mine production) as well as lower charges for our environmental provisions.

The Group achieved an adjusted EBITDA margin△ of 13% in the first half of 2024, compared to 31% for the first six months of 2023.



PROFIT

Profit for the reporting period was R1.2 billion (30 June 2023: R3.0 billion), driven lower mainly by the weaker Richards Bay Benchmark coal price, as well as the increase in total operating costs across the South African business. Profit for the first half of 2024 includes R419 million from the Ensham Business.

Profit attributable to the equity shareholders of the Group was R1.3 billion (30 June 2023: R3.1 billion). Non-controlling interests were allocated a loss of R103 million (30 June 2023: R76 million loss) based on losses incurred in Rietvlei Mining Company Proprietary Limited (RMC).

Due to the weaker South African rand/US dollar exchange rate, the Group recorded net foreign exchange gains on cash balances and derivatives, mostly related to forward exchange contracts (FECs) of R691 million in the current period (30 June 2023: R349 million).

The Group incurred an income tax expense of R587 million for the first half of 2024 (30 June 2023: R1.3 billion) which resulted in an effective tax rate of 33% (30 June 2023: 30%). This was higher than the statutory tax rates in South Africa and Australia of 27% and 30%, respectively, primarily as a result of non-deductible expenses incurred throughout the Group and the impact of not recognising available deferred tax assets in RMC.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Profit attributable to the equity shareholders of the Group of R1.3 billion (30 June 2023: R3.1 billion) is equivalent to R9.52 per share for the period ended 30 June 2024, compared to R22.45 per share for the comparative period in 2023.

Headline earnings attributable to the equity shareholders of the Group of R1.3 billion (30 June 2023: R3.1 billion) is equivalent to R9.52 per share, compared to R22.46 per share for the comparative period in 2023.

There were no adjustments to headline earnings in the period.

The per share figures for the six months ended 30 June 2024 are based on a weighted average number of shares outstanding of 135,382,283 (30 June 2023: 137,215,916), which includes the weighted impact of the shares repurchased through the share buyback undertaken in the first half of the year.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

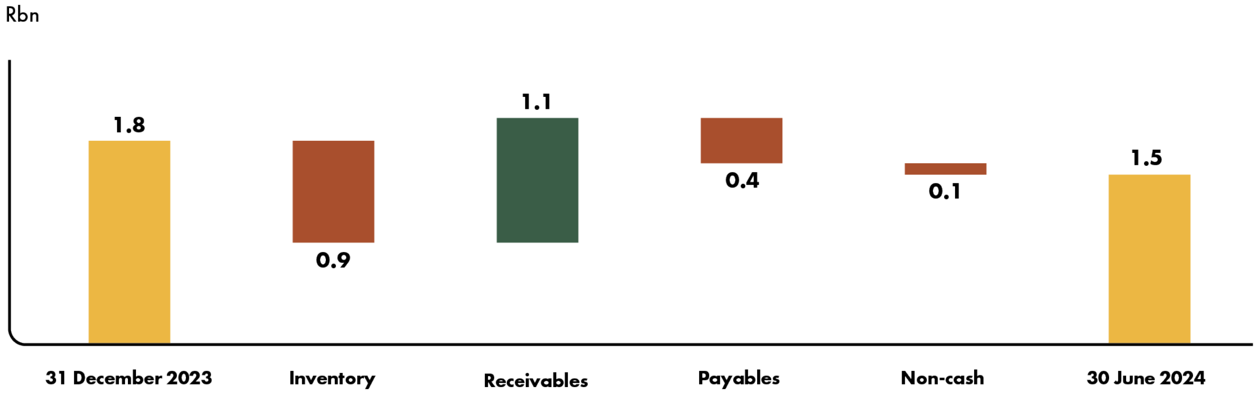
For the six months ended 30 June 2024

NET WORKING CAPITAL

Net working capital at the end of 30 June 2024 was R1.5 billion (31 December 2023: R1.8 billion).

The movement in net working capital is attributable to the drawdown on stockpiles both in South Africa and at Ensham, which was offset by a higher receivables balance, mainly due to the higher sales volumes for Ensham in June 2024 when compared to December 2023.

Group payables have increased mainly due to an increase in Ensham payables relating to sales made with reference to the Japanese Reference Price.



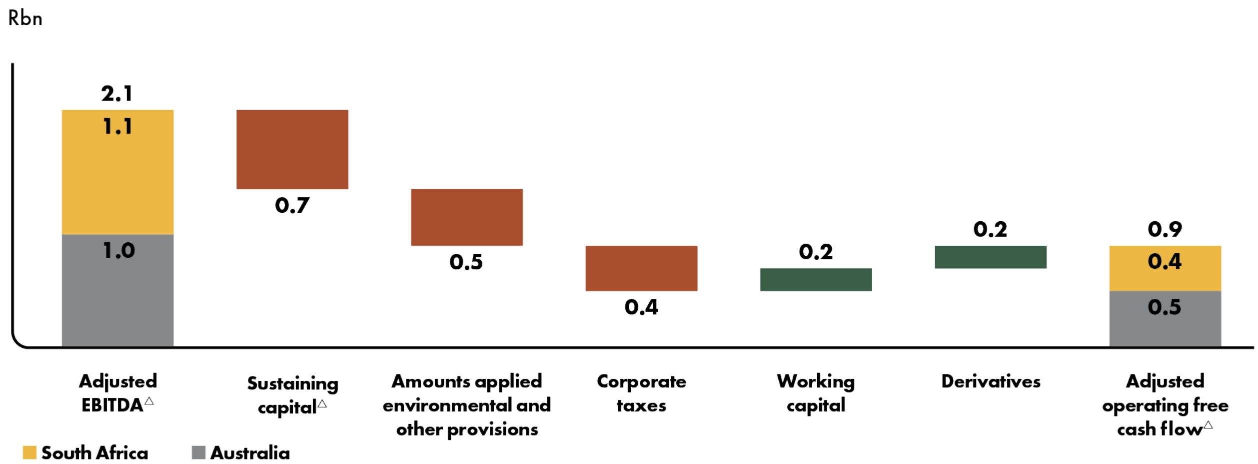
ADJUSTED OPERATING FREE CASH FLOW△ AND CASH AND CASH EQUIVALENTS

The Group generated adjusted operating free cash flow△ of R936 million (30 June 2023: R4.3 billion) in the period.

The difference between the adjusted EBITDA△ and the adjusted operating free cash flow△ generated is mainly attributable to the higher sustaining capex△ spend in both our South African operations and at Ensham, and income tax payments of R370 million. This was partially countered by a release of net working capital amounting to R248 million.

An amount of R512 million was applied to reduce environmental and other provisions, mainly related to rehabilitation work focused on our Khwezela Colliery and at Ensham.

The Group ended the period with cash and cash equivalents of R8.4 billion (31 December 2023: R11.0 billion). After deducting the cash held in the trusts of R822 million, cash held in Australia pending the conclusion of negotiations related to the Japanese Reference Price of R815 million, and loans and borrowings of R71 million, net cash△ amounted to R6.7 billion at the end of the period.



ENVIRONMENTAL PROVISIONS

Environmental provisions are comprehensively assessed on an annual basis and determined with the assistance of specialist independent environmental consultants. The environmental provisions recognised at 30 June 2024 amounted to R11.5 billion (31 December 2023: R11.7 billion).

Investments ringfenced in the environmental rehabilitation trusts and the green fund equated to R5.9 billion (31 December 2023: R4.7 billion). Our environmental liability coverage△ for the South African operations has increased to 64%, and when combined with the Ensham Mine, our Group coverage has increased to 51%. In South Africa, in line with our commitment to the providers of financial guarantees, we have contributed R188 million to the green fund in the first half of 2024.

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. The Ensham Mine will no longer be in the pool once legal ownership of the mining tenements has been transferred to Sungela. Ensham is thus required to obtain financial surety for the environmental rehabilitation costs as a condition for the legal transfer of the tenements.

The required financial surety amounts to R3.3 billion (AUD274 million), on a 100% basis, as at 30 June 2024. In June 2024, the Group made a contribution of R855 million to an investment vehicle (similar to the green fund in South Africa) to obtain this financial surety. We are pleased to report that all of the Ensham mining tenements have been transferred to Sungela following the acceptance of this financial surety by the Queensland Financial Provisioning Scheme.

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

For the six months ended 30 June 2024

SOUTH AFRICAN OPERATIONS

OPERATIONAL PERFORMANCE

Run of mine for the first half of 2024 decreased by 3.9% to 11,496kt (30 June 2023: 11,968kt), mainly due the transitioning of the Rietvlei Colliery to care and maintenance. Export saleable production increased by 1.5% to 6,167kt (30 June 2023: 6,075kt) as operations resumed at the Zibulo opencast operation and the five-seam plant at the Greenside Colliery.

Export equity sales declined by 4.5% to 6,033kt (30 June 2023: 6,320kt) as export equity railed tonnes were lower in the first half of 2024 compared to 2023.

In an effort to mitigate the impact of increased on-mine stockpiles, we have continued the sale of lower quality export coal into the domestic market through free on truck sales, amounting to 402kt (30 June 2023: 413kt).

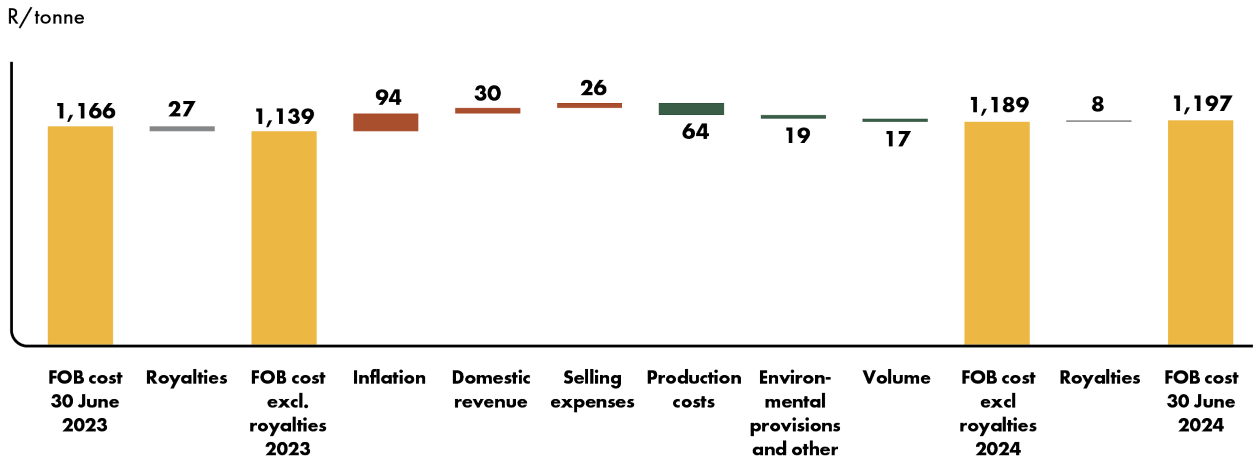
Domestic saleable production decreased by 33% to 2,523kt (30 June 2023: 3,775kt) based on lower production from Rietvlei. Domestic sales decreased by 19% to 2,765kt (30 June 2023: 3,413kt) largely due to the lower saleable production and reduced demand locally.

FOB COST PER EXPORT TONNE△

FOB cost per export tonne△ increased by 2.7% to R1,197, compared to R1,166 per tonne in the first six months of 2023. This was mainly due to the impact of inflation on operating costs, as well as lower revenue from some of our domestic sales, which are linked to the lower Richards Bay Benchmark coal price. Selling costs increased as a result of an above inflation increase in wharfage-related expenses.

The increase in FOB cost△ was partially offset by lower production costs, due to the production curtailment during the course of 2023, lower production at the Rietvlei Colliery, lower royalty costs, and a lower charge on our environmental provisions.

The FOB cost per export tonne excluding royalties△ of R1,189, was 4.4% higher than the R1,139 per tonne in the comparative period.



CAPITAL EXPENDITURE

Capital expenditure ramped up to R1.3 billion in the first half of 2024 (30 June 2023: R893 million) as we continue to make good progress on our life extension projects in South Africa.

Expansionary capex of R799 million included R269 million spent on the Elders project and a further R512 million on the Zibulo North Shaft project.

Stay-in-business capex of R317 million (30 June 2023: R339 million) was spent mainly on machine overhauls and rebuilds across various operations.

Stripping and development capex amounted to R140 million (30 June 2023: R105 million) and was spent on accessing life-of-mine reserves in the Graben development at Zibulo and a further boxcut at Mafube.

ENSHAM BUSINESS

OPERATIONAL PERFORMANCE

For the first half of 2024, the mine has produced 1,884kt of export saleable production on a 100% basis, reflecting 1,601kt on an 85% basis. For the first six months of 2024, Ensham has recognised 2,114kt of export equity sales, on a 100% basis, which includes sales made in Australia at export parity prices.

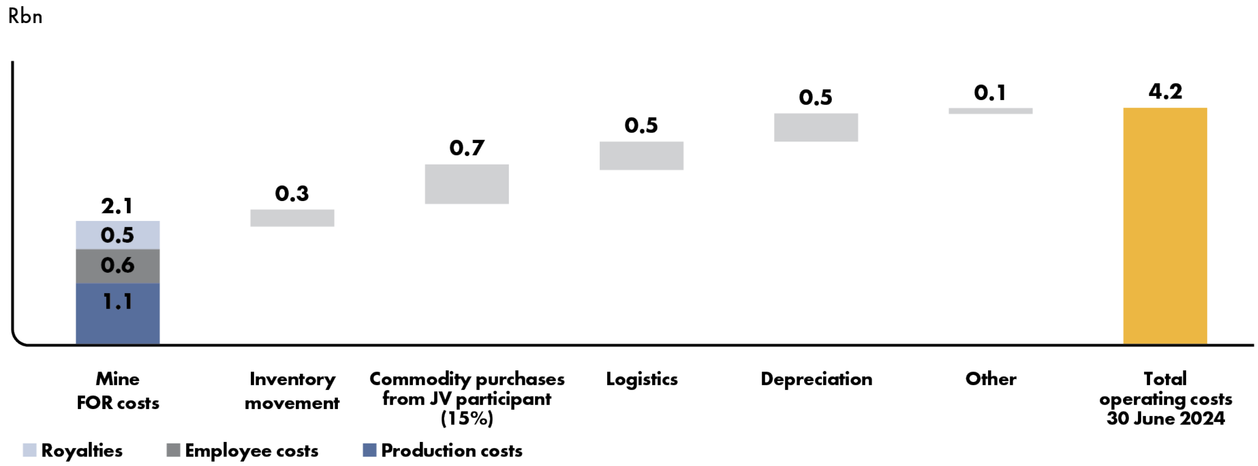
The sales tonnes included 283kt tonnes purchased from Bowen in line with their ownership of the Ensham Mine.

OPERATING COSTS AND FOB COST PER EXPORT TONNE△

In the first six months of 2024, the Ensham Business incurred total operating costs of R4.2 billion, of which R2.1 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 R691 million relating to coal purchases from Bowen.

The mine incurred R465 million in logistics costs consisting mainly of rail and port costs to sell its product, and depreciation costs for the reporting period amounted to R480 million.

The FOB cost excluding royalties△ for the first six months of 2024 was R1,360 per tonne. Including royalties, the FOB cost per tonne△ was R1,645.

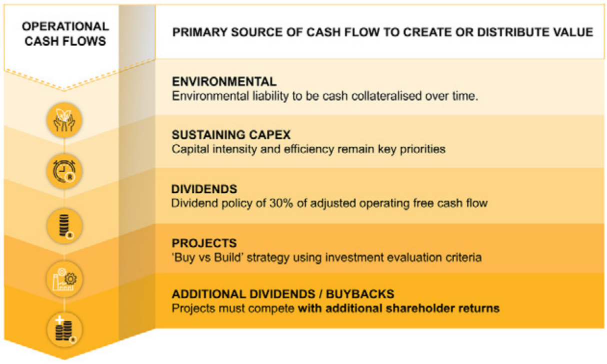


CAPITAL EXPENDITURE

The Ensham Business has incurred capital expenditure of R285 million (on an 85% basis) for the first half of 2024.

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

CAPITAL ALLOCATION



Disciplined capital allocation remains a cornerstone of Thungela's strategy. Our framework prioritises returns to shareholders during periods of supportive market conditions, while maintaining balance sheet flexibility in periods of weaker price environments, through a combination of dividends, additional dividends or share buybacks.

We have completed the share buyback announced in March 2024, purchasing 3,307,667 shares, (2.35% of issued share capital), for a consideration of R441 million. These shares are now held as treasury shares by a subsidiary of the Group. The impact of the buyback on earnings per share for the period is limited due to the timing thereof, and we expect this impact to be enhanced in the second half of the year.

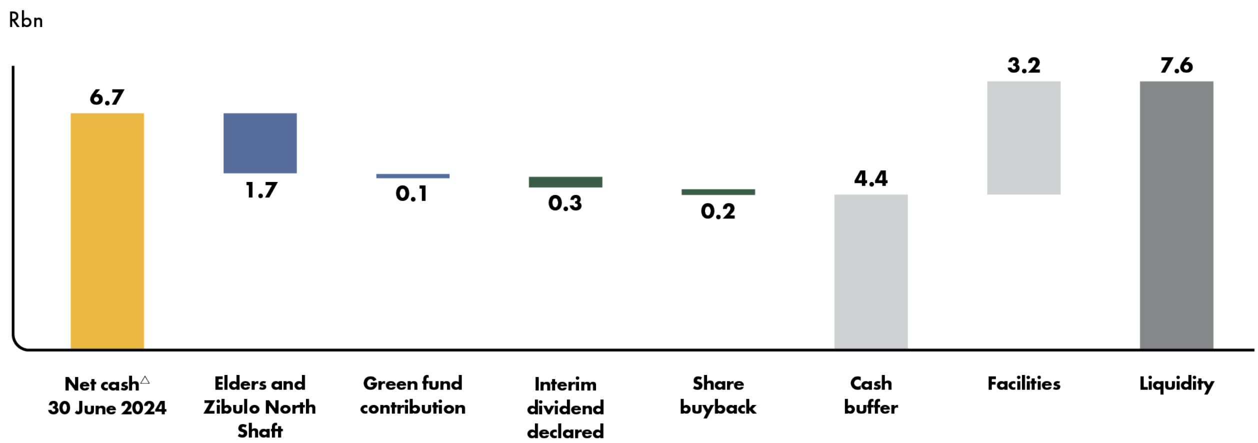
Our dividend policy is to maintain a dividend payout of at least 30% of adjusted operating free cash flow△ as a base dividend. The Group generated cash flows from operating activities of R1.7 billion in the first half of 2024, and after our investment in sustaining capital△ of R742 million, this resulted in an adjusted operating free cash flow△ of R936 million for the reporting period. Net cash△ at 30 June 2024 was R6.7 billion.

Accordingly, the board has 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. The total returns to shareholders amounts to R441 million in aggregate, which represents 47% of the adjusted operating free cash flow△ generated in the first half of the year. The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust will also receive a further R31 million collectively.

Given the importance of the Elders and Zibulo North Shaft projects, we have continued to reserve the funding required to ensure the successful execution of these life extension projects. At Elders, we are comfortable that this project has progressed well and allows for the revision of the total cost of the project from R2.0 billion to R1.9 billion. As a result, we are reserving R1.7 billion in aggregate for the completion of the life extension projects.

In addition to prioritising shareholder returns, the capital allocation framework also seeks to cash collateralise our environmental liabilities over time. We have made the required annual contribution of R188 million into the green fund in South Africa. In relation to Ensham, we have contributed R855 million into a green fund in Australia during the first half of the year, and we will be required to make an additional contribution of approximately R120 million in the second half of the year. The environmental guarantee structure and associated cash collateral was critical to secure the issuance of the financial surety required for ownership of the Ensham tenements, but may be revisited during 2025 in order to reduce the required level of cash collateral.

Historically, we have maintained a cash buffer of approximately R5 billion, however, as a result of the dividend declaration and share buyback, the cash buffer will reduce to approximately R4.4 billion. The Group holds undrawn credit facilities of R3.2 billion, enabling the Group to maintain sufficient liquidity and balance sheet flexibility.



This graph does not reflect historical financial information, other than the net cash△ balance at 30 June 2024. This is accordingly a conceptual representation of the intended utilisation of the net cash on hand at the reporting date.

OPERATIONAL GUIDANCE

	South Africa	Ensham – previous	Ensham – revised
Export saleable production (Mt) (Ensham on a 100% basis)	11.5 – 12.5	3.2 – 3.5	3.5 – 3.8
FOB cost per export tonne△ (Rand/tonne)	1,180 – 1,300	1,830 – 1,950	1,830 – 1,950
FOB cost per export tonne excluding royalties△ (Rand/tonne)	1,170 – 1,290	1,590 – 1,710	1,590 – 1,710
Capital – sustaining△ (Rand million)	900 – 1,100	600 – 900	600 – 900
Capital – expansionary (Rand million)	1,600 – 1,900	nil	nil

Figures in the table above are based on an exchange rate of R12.20:AUD1. Royalties are calculated using an assumed Richards Bay Benchmark coal price of USD100.00 per tonne and an assumed Newcastle Benchmark coal price of USD120.00 per tonne.

SOUTH AFRICA

Following the strong production momentum in South Africa, we expect full year export saleable production to be at the upper end of the guidance range. We are optimistic that the TFR reform initiatives, strengthened by industry support, will result in improved rail performance from 2025.

With strong production performance, we expect FOB cost per export tonne△ to be closer to the lower end of the guidance range, notwithstanding the timing of cost increases in the second half of the year.

Our spend on sustaining capital△ remains on track and is expected to remain within the guidance range. On expansionary capital, the planned spend for the second half of the year will result in total spend reaching the upper end of the guidance range for the full year.

ENSHAM

Production in the first half of the year of 1.9Mt (on a 100% basis) represents a full year outlook above the guidance range previously provided. While the mine experienced good mining conditions in the first half of the year, we expect to traverse two geological faults in the second half of the year. We are currently planning the optimal deployment of production sections with the inclusion of a fault crew to maintain the current production momentum. With that mitigation to traversing challenging geology in the second half of the year, we have upgraded the production guidance for 2024 to between 3.5Mt and 3.8Mt (on a 100% basis).

While we have guided higher production at Ensham for the year, we anticipate non-cash costs relating to the environmental provisions, which will be more clearly defined in the second half of the year, to potentially offset the benefits to be realised from the increased production. We have thus kept our FOB cost per export tonne△ guidance consistent with what we have previously communicated.

Sustaining capital△ spend at Ensham is more heavily weighted toward the second half of the year, with key purchases planned in the last quarter. Guidance is therefore maintained at between R600 million and R900 million.

REVIEW OF OPERATIONAL PERFORMANCE

For the six months ended 30 June 2024

UNDERGROUND OPERATIONS

GOEDEHOOP COLLIERY

	30 June 2024	30 June 2023
Fatalities	—	—
TRCFR	1.43	0.71
Total saleable production (kt)	1,730	1,869
Export saleable production (kt)	1,075	1,091
Domestic production (kt)	655	778
FOB cost per tonne△ (Rand/tonne)	1,525	1,400
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,509	1,257
Capex (Rand million)	1	8

Safety

Goedehoop recorded a TRCFR of 1.43 compared to 0.71 for the prior period.

Performance

Export saleable production of 1,075kt for the first six months of 2024 was 1.5% lower than the comparative period due to a change to a higher product specification, offset by the transition of the Pamish contract to Goedehoop in the second half of 2023.

Domestic saleable production decreased by 16% to 655kt due to weaker domestic demand.

FOB cost per tonne excluding royalties△ of R1,509 was 20% higher than the comparative period as a result of the lower production and the transition of contracts to Goedehoop.

GREENSIDE COLLIERY

	30 June 2024	30 June 2023
Fatalities	—	—
TRCFR	0.00	2.12
Total saleable production (kt)	1,101	988
Export saleable production (kt)	1,101	988
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	1,225	1,445
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,213	1,306
Capex (Rand million)	—	25

Safety

Greenside recorded an injury-free first six months of 2024, resulting in a TRCFR of 0.00, compared to 2.12 for the comparative period.

Performance

Export saleable production of 1,101kt for the first six months of 2024 was 11% higher than the comparative period due to yield improvements, machine availability and the operation of the five seam plant for the full six months in 2024 compared to only four months in the first half of 2023.

FOB cost per tonne excluding royalties△ of R1,213 was 7.1% lower than the comparative period, mainly as a result of the higher production.

ZIBULO COLLIERY

	30 June 2024	30 June 2023
Fatalities	—	1
TRCFR	0.55	1.53
Total saleable production (kt)	2,192	2,005
Export saleable production (kt)	2,192	2,005
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	762	850
FOB cost per tonne excluding royalties△ (Rand/tonne)	757	818
Capex (Rand million)	666	266

Safety

Zibulo recorded a TRCFR of 0.55, compared to 1.53 in the comparative period.

Performance

Export saleable production of 2,192kt for the first six months 2024 was 9.3% higher than the comparative period, mainly due to the resumption of the opencast operation as well as productivity improvements arising from mining configuration.

FOB cost per tonne excluding royalties△ of R757 was 7.5% lower than the comparative period, mainly as a result of the higher production, partially offset by the increased contractor costs of the opencast operations, which resumed in 2024.

ENSHAM MINE

	30 June 2024
Fatalities	—
TRCFR	11.64
Total saleable production (kt)	1,884
Export saleable production (kt) (85%)	1,601
Commodity purchases from Bowen (kt) (15%)	283
Domestic production (kt)	—
FOB cost per tonne△ (Rand/tonne)	1,645
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,360
Capex (Rand million)	216

Safety

Ensham recorded a TRCFR of 11.64, compared to 22.01 in the comparative period. We continue to align the safety behaviours at Ensham to the Thungela standards and best practice and have made good progress.

Performance

In the first half of 2024, the mine produced 1,884kt of export saleable production (on a 100% basis), which includes 283kt of commodity purchases from Bowen. The production improvement reflects our focus on improving productivity and the inclusion of a fifth production unit in the first half of 2024.

The FOB cost per tonne△ was R1,645 per tonne (R1,360 per tonne excluding royalties).

REVIEW OF OPERATIONAL PERFORMANCE

CONTINUED

For the six months ended 30 June 2024

OPENCAST OPERATIONS

KHWEZELA COLLIERY

	30 June 2024	30 June 2023
Fatalities	—	—
TRCFR	0.00	1.04
Total saleable production (kt)	981	1,007
Export saleable production (kt)	981	992
Domestic production (kt)	—	15
FOB cost per tonne△ (Rand/tonne)	1,360	1,355
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,354	1,320
Capex (Rand million)	36	121

Safety

Khwezela recorded a TRCFR of 0.00 in the first half of 2024, compared to 1.04 in the first half of 2023.

Performance

Export saleable production reduced marginally by 1.1% to 981kt in the first six months of 2024. The mine continues to focus on improving equipment performance.

There was no domestic saleable production at Khwezela in the first half of 2024 due to the depletion of reserves from the uMlalazi pit in 2023.

The FOB cost per tonne excluding royalties△ of R1,354 has increased by 2.6% due to costs incurred to manage challenging pit conditions.

MAFUBE COLLIERY (ATTRIBUTABLE)

	30 June 2024	30 June 2023
Fatalities	—	—
TRCFR	1.90	2.23
Total saleable production (kt)	795	700
Export saleable production (kt)	795	700
Domestic production (kt)	—	—
FOB cost per tonne△ (Rand/tonne)	1,049	1,034
FOB cost per tonne excluding royalties△ (Rand/tonne)	1,032	1,011
Capex (Rand million)	61	41

Safety

Mafube recorded a TRCFR of 1.90 in the first half of 2024 compared to 2.23 over the same period in 2023.

Performance

Export saleable production at 795kt was 14% higher than the comparative period as a result of improved equipment performance in the first half of this year, as well as more favourable pit conditions encountered.

FOB cost per tonne excluding royalties△ of R1,032 increased by 2.1%, notwithstanding an increase in production, mainly due to higher maintenance and equipment hire costs.

ISIBONELO COLLIERY

	30 June 2024	30 June 2023
Fatalities	—	—
TRCFR	2.14	0.00
Total saleable production (kt)	1,924	1,828
Export saleable production (kt)	—	—
Domestic production (kt) (incl. coal purchases)	1,924	1,828
FOR cost per tonne (Rand/tonne)	552	542
Capex (Rand million)	29	14

Safety

Isibonelo recorded a TRCFR of 2.14 in the first half of 2024 compared to 0.00 in the first half of 2023.

Performance

Saleable production from Isibonelo was 5.3% higher at 1,924kt in for the first six months of 2024. Productivity improvements are attributable to improved equipment performance and the impact of lower rainfall compared to the first six months of 2023.

Notwithstanding the higher production, the FOR cost per tonne increased by 1.8% to R552 due to higher maintenance and contractor costs, offset by lower costs related to coal purchases required to meet the mine's contractual obligations.

INTERIM ORDINARY CASH DIVIDEND DECLARATION AND SHARE REPURCHASES

Share repurchases

The Group will implement share repurchases (share buyback), subject to favourable market conditions, in the period commencing 20 August 2024 and, unless revised or terminated earlier, ending 31 December 2024. The aggregate purchase price of shares repurchased during this period will be no greater than R160 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 annual general meeting 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 (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.

Interim ordinary cash dividend declaration

The Thungela board of directors approved the declaration of an interim gross ordinary cash dividend of 200.00 cents per share (South African rand). The dividend has been declared from retained earnings accrued during the six months ended 30 June 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, 19 August 2024	Monday, 19 August 2024
Last day for trading to qualify and participate in the dividend	Tuesday, 17 September 2024	Wednesday, 18 September 2024
Trading ex-dividend commences	Wednesday, 18 September 2024	Thursday, 19 September 2024
Record date to participate in the dividend	Friday, 20 September 2024	Friday, 20 September 2024
Payment date to shareholders	Monday, 23 September 2024	Monday, 7 October 2024

No transfers of shareholdings to and from the South African or United Kingdom (UK) register will be permitted between Tuesday, 17 September 2024 and Friday, 20 September 2024 (both dates inclusive). Share certificates may not be dematerialised or rematerialised between Wednesday, 18 September 2024 and Friday, 20 September 2024 (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:ZAR23.26486, being the five-day (business days) average GBP:ZAR exchange rate (as quoted by Bloomberg) up to Thursday, 15 August 2024.

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.

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 (DTA) concluded between South Africa and the country of residence of the shareholder.

Should dividend withholding tax be withheld at a rate of 20%, the net dividend amount due to shareholders is 160.00 cents per share (South African rand) – 200.00 cents gross dividend per share less 40.00 cents dividend withholding tax per share.

Tax treatment for shareholders on the UK register

Thungela has retained Computershare UK as 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. Certain non-South African tax resident shareholders may, however, 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:

- 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 the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service 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, 20 September 2024.

Should dividend withholding tax be withheld at a rate of 20%, the net dividend amount due to shareholders is 6.88 pence per share (pound sterling) – 8.60 pence gross dividend per share less 1.72 pence dividend withholding tax per share.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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

TO THE SHAREHOLDERS OF THUNGELA RESOURCES LIMITED

We have reviewed the condensed consolidated interim financial statements of Thungela Resources Limited in the accompanying Interim Financial Statements, as set out on pages 36 to 94, which comprise the condensed consolidated interim statement of financial position as at 30 June 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Thungela Resources Limited for the six months ended 30 June 2024 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V Khutlang
Registered Auditor
Johannesburg
South Africa
19 August 2024

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the review 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.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

Rand million	Notes	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Revenue	3	16,752	14,359	30,634
Operating costs	4	(15,771)	(10,604)	(23,737)
Transactions arising from the acquisition of the Ensham Business		—	(79)	(171)
Gain on bargain purchase	9	—	—	565
Acquisition and integration costs	9	—	(79)	(454)
Expenses for conditional shares granted to non-controlling interests	9	—	—	(123)
Fair value adjustments to acquisition related derivatives	9	—	—	(159)
Impairment losses		—	—	(266)
Fair value gains on derivative financial instruments	14	—	98	97
Restructuring costs and termination benefits		(13)	(26)	(51)
Profit before net finance income and tax		968	3,748	6,506
Net finance income		805	545	696
Investment income	5	615	622	1,394
Interest expense	5	(501)	(426)	(1,024)
Other net financing gains	5	691	349	326
Profit before tax		1,773	4,293	7,202
Income tax expense	6	(587)	(1,288)	(2,232)
Profit for the reporting period		1,186	3,005	4,970
Attributable to:				
Non-controlling interests		(103)	(76)	(192)
Equity shareholders of the Group		1,289	3,081	5,162
Other comprehensive (loss)/income				
Items that may be reclassified to profit or loss				
Foreign exchange translation (losses)/gains		(149)	—	155
Items that will not be reclassified to profit or loss				
Remeasurement of retirement benefit obligations		—	—	25
Fair value losses on financial asset investments		—	—	(3)
Related tax		—	—	(6)
Other comprehensive (loss)/income for the reporting period		(149)	—	171
Total comprehensive income for the reporting period		1,037	3,005	5,141
Attributable to:				
Non-controlling interests		(110)	(76)	(186)
Equity shareholders of the Group		1,147	3,081	5,327
Earnings per share				
Basic (cents/share)[1]	7	952	2,245	3,766
Diluted (cents/share)	7	931	2,211	3,692

[1] The earnings per share has been calculated using a weighted average number of ordinary shares outstanding of 135,382,283 (30 June 2023: 137,215,916, 31 December 2023: 137,056,628).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

Rand million	Notes	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Assets				
Non-current assets				
Intangible assets		**342**	152	313
Property, plant and equipment	8	**19,675**	10,889	19,477
Environmental rehabilitation trusts	17	**3,925**	3,502	3,740
Investment in associate		**109**	48	78
Deferred tax assets	18	**710**	357	471
Financial asset investments[1]		**2,142**	979	1,054
Investment in insurance structure	15	**1,464**	1,229	1,445
Trade and other receivables	11	**239**	30	194
Other non-current assets		**74**	65	72
Total non-current assets		**28,680**	17,251	26,844
Current assets				
Inventories	10	**3,066**	3,166	4,011
Trade and other receivables	11	**5,319**	3,982	4,284
Current tax assets	6	**143**	129	298
Financial asset investments		**16**	21	24
Derivative financial instruments	14	**409**	19	66
Cash and cash equivalents	12	**8,391**	14,259	10,959
Total current assets		**17,344**	21,576	19,642
Total assets		**46,024**	38,827	46,486
Equity				
Stated capital		**11,323**	11,323	11,323
Contributed capital		**965**	965	965
Merger reserve		**2,606**	2,606	2,606
Treasury shares		**(997)**	(494)	(493)
Share-based payments reserve		**230**	77	214
Other reserves		**166**	145	308
Retained earnings		**9,610**	8,995	9,686
Equity attributable to the shareholders of the Group		**23,903**	23,617	24,609
Non-controlling interests		**(123)**	(191)	(13)
Total equity		**23,780**	23,426	24,596
Liabilities				
Non-current liabilities				
Lease liabilities		**31**	46	32
Retirement benefit obligations		**412**	416	399
Deferred tax liabilities	18	**1,651**	1,472	1,637
Environmental and other provisions	17	**10,962**	7,362	11,135
Total non-current liabilities		**13,056**	9,296	13,203
Current liabilities				
Trade and other payables	13	**6,843**	3,862	6,537
Loans and borrowings		**71**	63	66
Lease liabilities		**20**	31	34
Environmental and other provisions	17	**1,871**	1,528	1,948
Derivative financial instruments	14	**—**	67	—
Current tax liabilities	6	**383**	554	102
Total current liabilities		**9,188**	6,105	8,687
Total liabilities		**22,244**	15,401	21,890
Total equity and liabilities		**46,024**	38,827	46,486

[1] Financial asset investments include other environmental investments of R2,013 million (30 June 2023: R871 million, 31 December 2023: R933 million). Refer to note 17 for further detail.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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	19	—	—	—
Total comprehensive income/(loss) for the reporting period		—	—	—
Dividends paid	21	—	—	—
Movements in share-based payment reserve[2]	20	—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 30 June 2023		11,323	965	2,606
Purchase of shares by Group companies	19	—	—	—
Total comprehensive income/(loss) for the reporting period		—	—	—
Dividends paid	21	—	—	—
Movements in share-based payments reserve[2]	20	—	—	—
Conditional shares granted to the non-controlling interests in the Ensham Business	9	—	—	—
Non-controlling interests arising from the acquisition of the Ensham Business	9	—	—	—
Change in ownership of the Ensham Business	9	—	—	—
Balance at 31 December 2023		**11,323**	**965**	**2,606**
Purchase of shares by Group companies	19	—	—	—
Total comprehensive (loss)/income for the reporting period		—	—	—
Dividends paid	21	—	—	—
Movements in share-based payments reserve[2]	20	—	—	—
Treasury shares issued to employees on vesting of share awards		—	—	—
Balance at 30 June 2024		**11,323**	**965**	**2,606**

[1] Includes the financial asset revaluation reserve of Rnil (30 June 2023: R3 million, 31 December 2023: Rnil), the retirement benefit obligation reserve of R160 million (30 June 2023: R142 million, 31 December 2023: R160 million) and the foreign currency translation reserve of R6 million (30 June 2023: Rnil, 31 December 2023: R148 million).

[2] Includes movements as a result of share-based payment expenses of R72 million (30 June 2023: R64 million, 31 December 2023: R127 million) reduced by the impact of the vesting of shares of R56 million (30 June 2023: R70 million, 31 December 2023: R71 million) under the Thungela share plan.

Treasury shares	Share-based payments reserve	Other reserves[1]	Retained earnings	Total equity attributable to shareholders of the Group	Non-controlling interests	Total equity
(302)	83	145	11,453	26,273	(114)	26,159
(260)	—	—	—	(260)	—	(260)
—	—	—	3,081	3,081	(76)	3,005
—	—	—	(5,541)	(5,541)	(1)	(5,542)
—	(6)	—	70	64	—	64
68	—	—	(68)	—	—	—
(494)	77	145	8,995	23,617	(191)	23,426
1	—	—	—	1	—	1
—	—	165	2,081	2,246	(110)	2,136
—	—	—	(1,379)	(1,379)	—	(1,379)
—	62	—	1	63	—	63
—	123	—	—	123	—	123
—	—	—	—	—	226	226
—	(48)	(2)	(12)	(62)	62	—
(493)	**214**	**308**	**9,686**	**24,609**	**(13)**	**24,596**
(563)	**—**	**—**	**—**	**(563)**	**—**	**(563)**
—	**—**	**(142)**	**1,289**	**1,147**	**(110)**	**1,037**
—	**—**	**—**	**(1,362)**	**(1,362)**	**—**	**(1,362)**
—	**16**	**—**	**56**	**72**	**—**	**72**
59	**—**	**—**	**(59)**	**—**	**—**	**—**
(997)	**230**	**166**	**9,610**	**23,903**	**(123)**	**23,780**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

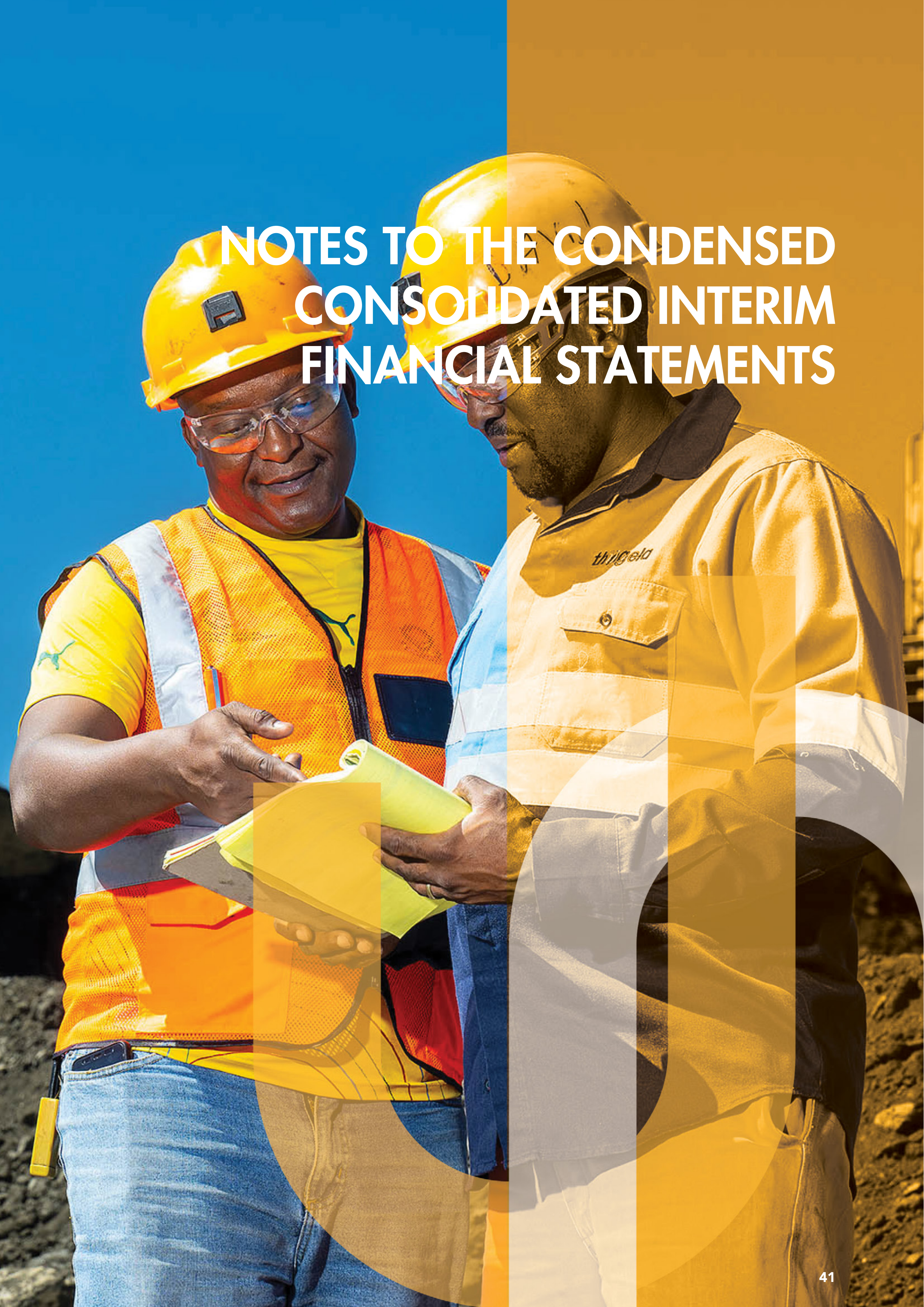
Rand million	Notes	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Cash flows from operating activities				
Profit before tax		**1,773**	4,293	7,202
Net finance income	5	**(805)**	(545)	(696)
Profit before net finance income and tax		**968**	3,748	6,506
Non-cash movements relating to the acquisition of the Ensham Business[1]	9	**—**	—	(283)
Impairment losses		**—**	—	266
Fair value gains on derivative financial instruments	14	**—**	(98)	(97)
Depreciation and amortisation	4	**1,165**	625	1,557
Share-based payment charges	20	**72**	64	127
(Decrease)/increase in provisions[2]		**(123)**	450	270
Loss on sale of property, plant and equipment	4	**—**	1	8
Other adjustments		**(3)**	—	47
Movements in working capital		**248**	747	2,737
Decrease in inventories		**927**	14	212
(Increase)/decrease in trade and other receivables		**(1,079)**	807	1,581
Increase/(decrease) in trade and other payables		**400**	(74)	944
Cash flows from operations		**2,327**	5,537	11,138
Amounts applied to reduce environmental and other provisions	17	**(512)**	(416)	(860)
Settlement of derivative financial instruments	14	**233**	81	344
Income tax paid	6	**(370)**	(460)	(2,119)
Net cash generated from operating activities		**1,678**	4,742	8,503
Cash flows from investing activities				
Expenditure on property, plant and equipment	3	**(1,501)**	(812)	(3,116)
Purchase of right-of-use assets		**(108)**	—	(48)
Expenditure on intangible assets		**(40)**	(81)	(172)
Cash outflow on the acquisition of the Ensham Business	9	**—**	—	(2,770)
Purchase of financial asset investments		**(1,045)**	(190)	(210)
Investment in insurance structure	15	**—**	—	(200)
Repayment of loans granted to investees		**7**	4	25
Loans granted to investees		**—**	—	(280)
Advance of quasi-equity loans to associate		**(31)**	(5)	(35)
Investment income received		**383**	574	1,026
Net cash utilised in investing activities		**(2,335)**	(510)	(5,780)
Cash flows from financing activities				
Interest expense paid		**(26)**	(16)	(43)
Capital repayment of lease liabilities		**(15)**	(15)	(31)
Repayment of loans and borrowings		**—**	(1)	(1)
Settlement of derivative related to the acquisition of the Ensham Business	9	**—**	—	(55)
Purchase of shares by Group companies	19	**(563)**	(260)	(259)
Dividends paid to the equity shareholders of the Group	21	**(1,362)**	(5,541)	(6,920)
Dividends paid to non-controlling interests	21	**—**	(1)	(1)
Issue of shares by subsidiary to non-controlling interests	9	**—**	—	61
Net cash utilised in financing activities		**(1,966)**	(5,834)	(7,249)
Net decrease in cash and cash equivalents		**(2,623)**	(1,602)	(4,526)
Cash and cash equivalents at the start of the reporting period		**10,959**	15,299	15,299
Net decrease in cash and cash equivalents		**(2,623)**	(1,602)	(4,526)
Effects of changes in foreign exchange rates[3]		**55**	562	186
Cash and cash equivalents at the end of the reporting period	12	**8,391**	14,259	10,959

1 Non-cash movements relating to the acquisition of the Ensham Business consist 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 9 for further detail.

2 (Decrease)/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 R155 million (30 June 2023: R282 million, 31 December 2023: R32 million) and contributions to the Nkulo Community Partnership Trust of R78 million (30 June 2023: R198 million, 31 December 2023: R276 million). Refer to note 17 for further detail.

3 Effects of changes in foreign exchange rates consists of foreign exchange gains on cash and cash equivalents of R115 million (30 June 2023: R562 million, 31 December 2023: R163 million) recognised in net finance income, and a loss on the revaluation of the cash balances held in the Ensham Business of R60 million (30 June 2023: Rnil, 31 December 2023: revaluation gain of R23 million) recognised in other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

A. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the requirements and containing the information required by IAS 34, the South African Financial Reporting Requirements, as applicable, the Companies Act of South Africa, and the JSE Listings Requirements, as well as with the UK Listing Rules and the UK Disclosure Guidance and Transparency Rules.

The condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards and the accounting policies as included in the Thungela Annual Financial Statements for the year ended 31 December 2023. The accounting policies have been consistently applied by the Group and are supported by reasonable judgements and estimates.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value. The condensed consolidated interim financial statements are presented in South African rand, which is the functional currency of Thungela.

B. Foreign currency transactions and translation

Transactions and balances

South Africa

Export revenue from South Africa is priced using the Richards Bay Benchmark coal price as a basis. This revenue is generated in US dollars, and payments received for export revenue are in US dollars. Foreign currency transactions undertaken by the Group are recognised in South African rand at the exchange rate ruling on the date of the transaction. At each reporting date, monetary items that are denominated in foreign currencies are translated to South African rand at the rates prevailing at that date.

Australia

Revenue generated in Australia is priced using the Newcastle Benchmark coal price as a basis. The revenue is generated either in US dollars or Australian dollars, and payments are received from customers in these currencies. The functional currency of the Australian business is the Australian dollar, and transactions in foreign currency are recognised in Australian dollars at the exchange rate ruling at the date of the transaction. At each reporting date, monetary items that are denominated in foreign currencies are translated to Australian dollars at the rates prevailing at that 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 date of the transaction. Assets and liabilities are translated at the closing rate at the reporting date.

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 is recycled from equity and recognised in profit or loss on disposal of the subsidiary to which it relates.

C. Judgements and estimates

Thungela has made judgements, estimates and assumptions that may affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses at 30 June 2024. Actual results may differ from these estimates. The critical accounting judgements and key sources of estimation uncertainty for the six months ended 30 June 2024 are similar to those applied in preparing the Thungela Annual Financial Statements for the year ended 31 December 2023.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements, are disclosed in the respective notes.

D. Going concern

The financial position of Thungela, its cash flows, net current asset position and net cash$^{\Delta}$ position are set out in the condensed consolidated interim financial statements. The Group's net cash$^{\Delta}$ at 30 June 2024 is R6,683 million (30 June 2023: R13,579 million, 31 December 2023: R10,176 million). The Group's net current asset position of R8,156 million (30 June 2023: R15,471 million, 31 December 2023: R10,955 million) continues to be robust, although it has been impacted by the prevailing challenging market conditions. The Group has no significant external debt at 30 June 2024.

The directors have considered Thungela's cash flow forecasts for the period to the end of August 2025, 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 condensed consolidated interim financial statements.

E. New, revised and amended accounting pronouncements

New standards effective for annual periods beginning on or after 1 January 2024

There were no new, revised and amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2024 that had a material impact on the condensed consolidated interim financial statements.

New standards, amendments to existing standards and interpretations not yet effective

The Group did not early adopt any new, revised or amended accounting standards or interpretations. These accounting standards, amendments to issued accounting standards and interpretations are not expected to have a material impact on the condensed consolidated interim financial statements in future periods, other than as below, however the Group will continue to assess the potential impacts thereof.

The 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 condensed consolidated interim financial statements for these standards. Significant detail of our sustainability-related information was disclosed in our Environmental, Social and Governance Report, as well as our Climate Change Report, published in April 2024.

F. Independent external auditor's review report

PricewaterhouseCoopers Incorporated (PwC), the independent external auditor of the Group, has conducted a review in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor, and their unmodified review report is available on pages 34 and 35 of this document. Any reference to future financial performance included in this document has not been reviewed or reported on by the Group's independent external auditor. The independent external auditor's report does not necessarily report on all of the information contained in this document.

2. 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 (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 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 mining tenements and related assets have not yet been legally transferred to Sungela and are still held in the name of Idemitsu, although the process to complete the transfer is in progress. Sungela, however, took beneficial ownership thereof from the effective date of the transaction.

2. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Understanding of the transaction continued

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 six months ended 30 June 2023 do not include any results from the Ensham Business as the transaction was not yet effective.

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]	73.5	93.5	Sungela Holdings is an investment holding company, which was registered in Australia in 2023. Thungela Resources Australia holds 73.5% of the shares issued by Sungela Holdings, with the remaining 26.5% being held by the co-investors.
Sungela	100	93.5	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 93.5% in Sungela, held through Sungela Holdings.
Ensham Resources	100	79.5	Ensham Resources is the operator of the Ensham Mine, an unincorporated joint venture between Sungela and Bowen, who hold 85% and 15% thereof, respectively. Thungela has an effective economic interest of 79.5% in Ensham Resources, being 93.5% of the 85% interest in the Ensham Mine held through Sungela.
Ensham Coal Sales	85	79.5	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 79.5% in Ensham Coal Sales, being 93.5% of the 85% interest held through Sungela.
Nogoa Pastoral	85	79.5	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 79.5% in Nogoa Pastoral, being 93.5% of the 85% interest held through Sungela.

1 The legal shareholding represents Thungela's legal shareholding in the relevant statutory entity, either directly or through a subsidiary. This shareholding may change based on the repayment of the loan as described below.
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 below.
3 Thungela Resources Australia subscribed for 75% of the ordinary shares of Sungela Holdings on 31 August 2023. At 31 December 2023, one of the milestones specified in relation to the LTIP shares was met, meaning the co-investors were allocated an additional 1.5% of the ordinary shares in Sungela Holdings. Thungela Resources Australia now owns 73.5% of Sungela Holdings. The co-investors only have voting and dividend rights related to the LTIP shares that have vested from 1 January 2024.

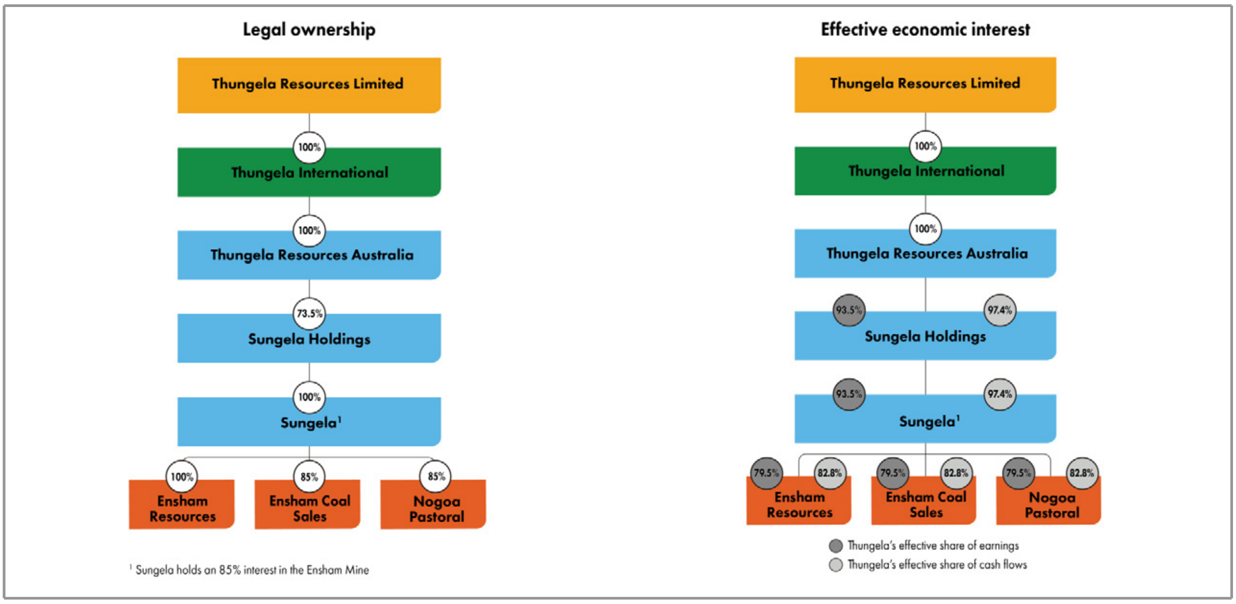
The initial purchase price payable as included in the SASA amounted to R4,115 million (AUD340 million), which was paid in advance of the effective date of 31 August 2023. The SASA also included other elements which impacted the total consideration, as defined by IFRS 3: Business Combinations (IFRS 3), 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 provides 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 six months ended 30 June 2024.

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 six months ended 30 June 2024.

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 2023, one of the milestones was met, meaning that LTIP shares amounting to 1.5% of Sungela Holdings vested. The remaining LTIP shares available to vest reflect 3.5% of the shares of Sungela Holdings.

Ownership structure

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

2. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Accounting treatment

Thungela is considered to control all of the entities within the Ensham Business, and so 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 condensed consolidated interim 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% share in Sungela Holdings. As described above, the loan is secured by shares representing 20% of 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 for the six months ended 30 June 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.

Flow of economic benefits

Thungela is entitled to 79.5% of the earnings of the Ensham Mine, through the legal ownership of 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 82.8% 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 above. 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 has been determined as follows:

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

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 9.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

3. SEGMENTAL INFORMATION

Thungela's segments are aligned to 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.

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.

On 31 August 2023, the Group acquired a controlling interest in the Ensham Business, as fully described in note 2 and note 9. After applying the qualitative and quantitative thresholds as described in IFRS 8: Operating Segments, we have identified the Australian business, currently representing the Ensham Business, 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 from the Elders project, including related capital expenditure, form part of the South African underground segment.

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
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

Profit for the reporting period

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

	South Africa			Australia	Reviewed 30 June 2024 6 months
Rand million	Opencast	Underground	Services	Underground	Total
Revenue	4,575	7,471	—	4,706	16,752
Operating costs excluding depreciation and amortisation	(4,095)	(5,741)	(1,056)	(3,714)	(14,606)
Employee costs	(622)	(1,406)	(551)	(622)	(3,201)
Commodity purchases	(772)	—	—	(691)	(1,463)
Consumables used in production	(628)	(439)	(13)	(400)	(1,480)
Maintenance expenditure	(715)	(858)	(188)	(69)	(1,830)
Production input costs	(516)	(799)	(66)	(498)	(1,879)
Inventory production movement	(136)	(551)	—	(316)	(1,003)
Logistics costs	(430)	(1,312)	—	(465)	(2,207)
Royalties	(25)	(24)	—	(456)	(505)
Other	(251)	(352)	(238)	(197)	(1,038)
Adjusted EBITDA△	480	1,730	(1,056)	992	2,146
Depreciation and amortisation	(134)	(528)	(23)	(480)	(1,165)
Restructuring costs and termination benefits	—	—	(13)	—	(13)
Net finance (costs)/income	(133)	1	875	62	805
Investment income	145	89	339	42	615
Interest expense	(278)	(88)	(55)	(80)	(501)
Other financing gains	—	—	591	100	691
Income tax expense	(45)	(209)	(178)	(155)	(587)
Profit/(loss) for the reporting period	168	994	(395)	419	1,186

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

3. SEGMENTAL INFORMATION CONTINUED

Profit for the reporting period continued

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

				Reviewed 30 June 2023 6 months
	South Africa			
Rand million	Opencast	Underground	Services	Total
Revenue	5,043	9,316	—	14,359
Operating costs excluding depreciation and amortisation	(3,701)	(4,739)	(1,539)	(9,979)
Employee costs	(615)	(1,374)	(510)	(2,499)
Commodity purchases	(464)	(77)	—	(541)
Consumables used in production	(593)	(401)	(7)	(1,001)
Maintenance expenditure	(594)	(901)	(134)	(1,629)
Production input costs	(1,053)	(535)	(45)	(1,633)
Inventory production movement	35	(114)	—	(79)
Logistics costs	(351)	(1,229)	—	(1,580)
Royalties	(26)	(137)	—	(163)
Other	(40)	29	(843)	(854)
Adjusted EBITDA[△]	1,342	4,577	(1,539)	4,380
Depreciation and amortisation	(88)	(523)	(14)	(625)
Transactions relating to the acquisition of the Ensham Business	—	—	(79)	(79)
Acquisition and integration costs	—	—	(79)	(79)
Fair value gains on derivative financial instruments	—	—	98	98
Restructuring costs and termination benefits	—	—	(26)	(26)
Net finance (costs)/income	(192)	(61)	798	545
Investment income	101	33	488	622
Interest expense	(293)	(94)	(39)	(426)
Other financing gains	—	—	349	349
Income tax expense	(430)	(801)	(57)	(1,288)
Profit/(loss) for the reporting period	632	3,192	(819)	3,005

Rand million	South Africa Opencast	South Africa Underground	South Africa Services	Australia Underground[1]	Audited 31 December 2023 12 months 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] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

3. SEGMENTAL INFORMATION CONTINUED

Capital expenditure

Capital expenditure encompasses expenditure (including cash capital expenditure and capital expenditure accruals) to sustain the business and 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	Reviewed 30 June 2024 6 months Total
Property, plant and equipment	807	491	140	1,438
South Africa	807	275	140	1,222
Opencast	—	70	57	127
Underground	789	129	83	1,001
Services	18	76	—	94
Australia	—	216	—	216
Underground	—	216	—	216
Intangible assets	—	40	—	40
South Africa	—	40	—	40
Services	—	40	—	40
Total additions	807	531	140	1,478
Reconciliation to the statement of cash flows				
Movement in capital creditors	(8)	71	—	63
South Africa	(8)	2	—	(6)
Australia	—	69	—	69
Total capital expenditure[1]	799	602	140	1,541

[1] Capital expenditure consists of expenditure on property, plant and equipment of R1,501 million and expenditure on intangible assets of R40 million.

Rand million	Expansionary	Stay-in-business	Stripping and development	Reviewed 30 June 2023 6 months Total
Property, plant and equipment	406	268	105	779
South Africa	406	268	105	779
Opencast	—	177	—	177
Underground	394	86	105	585
Services	12	5	—	17
Intangible assets	—	81	—	81
South Africa	—	81	—	81
Services	—	81	—	81
Total additions	406	349	105	860
Reconciliation to the statement of cash flows				
Movement in capital creditors	43	(10)	—	33
South Africa	43	(10)	—	33
Total capital expenditure[1]	449	339	105	893

[1] Capital expenditure consists of expenditure on property, plant and equipment of R812 million and expenditure on intangible assets of R81 million.

Rand million	Expansionary	Stay-in-business	Stripping and development	Audited 31 December 2023 12 months 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
Reconciliation to the statement of cash flows				
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] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.
[2] 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

	South Africa		Australia	**Reviewed 30 June 2024 6 months**
Rand million	**Opencast**	**Underground**	**Underground**	**Total**
Thermal export	**2,793**	**7,374**	**4,706**	**14,873**
Industrial and domestic	**1,782**	**97**	**—**	**1,879**
Other industrial and domestic	**1,656**	**25**	**—**	**1,681**
Domestic sales from thermal export stockpiles	**126**	**72**	**—**	**198**
Total revenue	**4,575**	**7,471**	**4,706**	**16,752**

	South Africa		Reviewed 30 June 2023 6 months
Rand million	Opencast	Underground	Total
Thermal export	2,956	9,224	12,180
Industrial and domestic	2,087	92	2,179
Other industrial and domestic	1,832	32	1,864
Domestic sales from thermal export stockpiles	255	60	315
Total revenue	5,043	9,316	14,359

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

3. SEGMENTAL INFORMATION CONTINUED

Revenue continued

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

Revenue by product and segment continued

Rand million	South Africa Opencast	South Africa Underground	Australia Underground[1]	Audited 31 December 2023 12 months 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] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

Revenue by destination

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
United Kingdom	**10,167**	12,180	22,816
South Africa	**1,879**	2,179	5,229
Taiwan[1]	**1,195**	–	1,256
Australia[1]	**346**	–	611
Other export destinations[1, 2]	**3,165**	–	722
Total revenue	**16,752**	14,359	30,634

[1] Information presented for 31 December 2023 represents 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 reporting periods presented.

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

Revenue by customer

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Sales to AAML	**10,167**	12,180	22,816
Other – Australian sales[1,2]	**4,706**	–	2,589
Other – South African domestic customers[1]	**1,879**	2,179	5,229
Total revenue	**16,752**	14,359	30,634

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

4. OPERATING COSTS

Operating costs represent the costs incurred in the normal ongoing operations of the Group.

Operating costs can be analysed as follows:

Rand million	Notes	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Employee costs		**(3,201)**	(2,499)	(5,383)
Depreciation	8	**(1,153)**	(613)	(1,532)
Amortisation		**(12)**	(12)	(25)
Commodity purchases		**(1,463)**	(541)	(1,440)
Consumables used in production		**(1,480)**	(1,001)	(2,218)
Maintenance expenditure		**(1,830)**	(1,629)	(3,309)
Production input costs		**(1,879)**	(1,633)	(3,560)
Inventory production movement		**(1,003)**	(79)	(302)
Logistics costs		**(2,207)**	(1,580)	(3,587)
Demurrage and other expenses		**(158)**	(132)	(270)
Movement in provisions for expected credit losses		**(12)**	17	(12)
Royalties		**(505)**	(163)	(897)
Exploration and evaluation[1]		**(28)**	(27)	(63)
Exploration expenditure		**(18)**	(15)	(29)
Evaluation expenditure		**(10)**	(12)	(34)
Foreign exchange (losses)/gains		**(54)**	291	266
Loss on sale of property, plant and equipment		**—**	(1)	(8)
Audit fees		**(9)**	(5)	(17)
Fees paid to PwC for audit services		**(6)**	(5)	(10)
Fees paid to PwC for non-audit services		**—**	—	(6)
Fees paid to other auditors for audit services[2]		**(3)**	—	(1)
Professional fees		**(103)**	(105)	(286)
Learnership and development expenses		**(143)**	(138)	(268)
Information management expenses		**(196)**	(145)	(299)
Temporary staff		**(123)**	(97)	(187)
Contributions to the Nkulo Community Partnership Trust	17	**(78)**	(198)	(276)
Recharged costs from Anglo American		**(30)**	(124)	(207)
Administration expenses		**(30)**	(115)	(159)
Operating expenses		**—**	(9)	(48)
Other administration (expenses)/income		**(19)**	(27)	180
Other operating expenses		**(85)**	(163)	(37)
Total operating costs		**(15,771)**	(10,604)	(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 auditor of the Ensham Business in relation to the reporting period ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

5. 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 losses, and other financing costs.

Net finance income can be analysed as follows:

Rand million	Notes	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Investment income				
Interest income on cash and cash equivalents		**365**	534	1,000
Growth on environmental rehabilitation trusts' assets	17	**185**	56	294
Growth on other environmental investments	17	**41**	23	65
Fair value movement on investment in insurance structure	15	**19**	3	19
Other interest income		**5**	6	16
Total investment income		**615**	622	1,394
Interest expense				
Interest and other finance expenses		**(27)**	(21)	(66)
Net interest costs on retirement benefit obligations		**(27)**	(25)	(47)
Unwinding of discount on environmental and other provisions	17	**(447)**	(380)	(911)
Total interest expense		**(501)**	(426)	(1,024)
Other financing gains				
Foreign exchange gains on cash and cash equivalents		**115**	562	163
Fair value movements on derivative financial instruments	14	**576**	(213)	163
Total other financing gains		**691**	349	326
Net finance income		**805**	545	696

6. 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.

Analysis of income tax expense

The income tax expense incurred by the Group can be analysed as follows:

Rand million	Note	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Current tax expense		**(809)**	(1,091)	(2,128)
Charged in respect of the current reporting period		**(809)**	(1,093)	(2,093)
Credited/(charged) in respect of prior reporting periods		**—**	2	(35)
Deferred tax credit/(expense)		**222**	(197)	(104)
Credited/(charged) in respect of deferred tax assets	18	**239**	(128)	(26)
Charged in respect of deferred tax liabilities	18	**(17)**	(69)	(78)
Total income tax expense		**(587)**	(1,288)	(2,232)

The South African corporate tax rate is 27% and the Australian corporate tax rate is 30%.

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.

The effective tax rate for the period of 33% (30 June 2023: 30%, 31 December 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, and the higher statutory tax rate in Australia.

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

The Group is following developments relating to the Organisation for Economic Co-operation and Development's Global Anti-Base Erosion (GloBE) rules as part of the Two-Pillar solution to assess the potential impact thereof. 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, none of the jurisdictions where the Group operates have passed legislation that brings these tax changes into law and these changes are not yet considered to be substantively enacted. However, each jurisdiction has progressed the Pillar Two-related requirements as follows:

South Africa

In South Africa's 2024 Budget Speech on 21 February 2024, the Minister of Finance announced the implementation of the Global Minimum Tax regime, commonly known as the Pillar Two rules, for South Africa. Draft legislation has been published, which proposes two taxes, namely the income inclusion rule top-up tax, and the domestic minimum top-up tax, applying to reporting periods commencing on or after 1 January 2024. This draft legislation was made available for comment, and we await further communication from the Minister of Finance in this regard.

Australia

On 9 May 2023, the Australian Government announced it will implement key aspects related to Pillar Two. The proposed changes include a 15% global minimum tax for large multinational enterprises with the income inclusion rule applying to reporting periods starting on or after 1 January 2024, the undertaxed profits rule applying to reporting periods starting on or after 1 January 2025 and a 15% domestic minimum tax applying to fiscal years starting on or after 1 January 2024. This draft legislation was made available for comment on 21 March 2024 with the consultation period now closed. We await further communication in this regard.

United Arab Emirates

The United Arab Emirates Ministry of Finance launched a public consultation process on 15 March 2024 on the implementation of the GloBE Rules in that country, which closed on 10 April 2024. It is anticipated that draft legislation will follow in due course with a view to implement Pillar Two in the United Arab Emirates during 2025.

Current tax assets and liabilities

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

The current tax assets and liabilities can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Current tax assets	**143**	129	298
Current tax liabilities	**(383)**	(554)	(102)
Net current tax (liabilities)/assets	**(240)**	(425)	196

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

6. INCOME TAX EXPENSE CONTINUED

Income tax paid

The income tax paid in the reporting period can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period	**196**	206	206
Income tax – current tax charge	**(809)**	(1,091)	(2,128)
Interest capitalised	**—**	—	(1)
Currency movements	**3**	—	—
Balance at the end of the reporting period	**240**	425	(196)
Total income tax paid	**(370)**	(460)	(2,119)

7. 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 issued by SAICA, detailing the requirements for determining headline earnings and the JSE Listings Requirements.

Number of shares

The weighted average number of ordinary shares outstanding (WANOS) used in the calculation of earnings per share and headline earnings per share can be analysed as follows:

Number of shares	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Net shares in issue at the start of the reporting period	**136,900,568**	137,549,449	137,549,449
Adjusted for the weighted average impact of shares:			
Acquired in the reporting period[1]	**(1,684,346)**	(500,381)	(982,824)
Disposed of in the reporting period[2]	**—**	2,744	2,751
Vested in the reporting period	**166,061**	164,104	487,252
WANOS at the end of the reporting period	**135,382,283**	137,215,916	137,056,628
Adjusted for dilutive potential ordinary shares relating to:			
Conditional share awards	**2,863,366**	2,046,471	2,467,564
Forfeitable share awards	**279,365**	103,186	280,078
Diluted WANOS at the end of the reporting period	**138,525,014**	139,365,573	139,804,270
Number of shares in issue	**140,492,585**	140,492,585	140,492,585
Treasury shares held by Group companies[3]	**(7,474,844)**	(3,595,768)	(3,592,017)
WANOS	**135,382,283**	137,215,916	137,056,628
Diluted WANOS	**138,525,014**	139,365,573	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 buyback undertaken from March 2024 to June 2024. Refer to note 19 and note 20 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 Refer to note 19 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)	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Profit attributable to the equity shareholders of the Group	1,289	3,081	5,162
Profit used in the calculation of diluted earnings per share[1]	1,289	3,081	5,162
Earnings per share			
Basic (cents/share)	952	2,245	3,766
Diluted (cents/share)	931	2,211	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.

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	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Profit attributable to equity shareholders of the Group		1,289	3,081	5,162
Adjusted for:				
Excluded remeasurements		—	1	(291)
Impairment of property, plant and equipment		—	—	257
Impairment of intangible assets		—	—	9
Gain on bargain purchase arising from the acquisition of the Ensham Business	9	—	—	(565)
Loss on disposal of property, plant and equipment	4	—	1	8
Tax effects of excluded remeasurements		—	—	(64)
Impairment of property, plant and equipment		—	—	(62)
Loss on disposal of property, plant and equipment		—	—	(2)
Non-controlling interests related to excluded remeasurements		—	—	(14)
Impairment of property, plant and equipment		—	—	(14)
Headline earnings		1,289	3,082	4,793
Headline earnings used in the calculation of diluted headline earnings per share[1]		1,289	3,082	4,793
Headline earnings per share				
Basic (cents/share)		952	2,246	3,497
Diluted (cents/share)		931	2,211	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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

8. 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.

The property, plant and equipment can be analysed as follows:

		Land and buildings		Plant and equipment			Reviewed 30 June 2024 6 months
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	—	—	—	—	—	1,438	1,438
Additions to right-of-use assets	—	—	—	—	108	—	108
Disposals	—	—	—	(23)	—	—	(23)
Transfers of capital work-in-progress	65	108	—	524	—	(697)	—
Adjustments to decommissioning assets	—	—	—	(3)	—	—	(3)
Currency movements	(74)	(35)	—	(82)	—	(16)	(207)
Balance at the end of the reporting period	9,983	2,776	58	30,918	263	7,939	51,937
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 charge	(249)	(83)	(3)	(809)	(9)	—	(1,153)
Disposals	—	—	—	23	—	—	23
Currency movements	5	2	—	8	—	—	15
Balance at the end of the reporting period	(5,723)	(1,011)	(42)	(21,932)	(60)	(3,494)	(32,262)
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	4,260	1,765	16	8,986	203	4,445	19,675

Rand million	Mining properties	Land and buildings: Owned	Land and buildings: Right-of-use	Plant and equipment: Owned	Plant and equipment: Right-of-use	Capital work-in-progress	Reviewed 30 June 2023 6 months Total
Cost							
Balance at the start of the reporting period	7,089	1,356	55	26,891	107	5,369	40,867
Additions	—	—	—	—	—	779	779
Disposals	—	—	—	(23)	—	—	(23)
Transfers of capital work-in-progress	4	—	—	586	—	(590)	—
Reclassifications	—	—	—	38	—	—	38
Adjustments to decommissioning assets	—	—	—	31	—	—	31
Balance at the end of the reporting period	7,093	1,356	55	27,523	107	5,558	41,692
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 charge	(103)	(7)	(2)	(496)	(5)	—	(613)
Disposals	—	—	—	21	—	—	21
Balance at the end of the reporting period	(5,243)	(880)	(38)	(21,109)	(40)	(3,493)	(30,803)
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	1,850	476	17	6,414	67	2,065	10,889

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

The property, plant and equipment can be analysed as follows continued:

		Land and buildings		Plant and equipment			Audited 31 December 2023 12 months
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 charge	(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 9 for further detail related to the acquisition of the Ensham Business.

9. 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 2.

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.

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 cash-generating unit 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: Fair Value Measurement (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.

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 is considered to be 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 rates

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 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.

9. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Determining the total consideration

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

Rand million	Audited 31 December 2023 12 months
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 is considered a measurement period adjustment. Both of the completion adjustments reduced the total 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.

Royalty deed

The SASA also provides 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 is payable on a quarterly basis, only to the extent that the average realised price for sales per quarter exceeds USD170 per tonne in 2023, and USD150 per tonne in 2024.

As the royalty deed is directly related to the acquisition of the Ensham Business, and is determined based on factors arising after the acquisition date (being the actual realised price on sales up to 31 December 2024), it is 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 the six months ended 30 June 2024.

The royalty deed is considered to be a derivative liability as defined in IFRS 9: Financial Instruments and is measured at its fair value, which is 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 will be recognised in profit or loss and will not affect the total consideration. At 31 December 2023, the Group assessed the fair value of the royalty deed based on the forecasted Newcastle Benchmark coal price up to 31 December 2024. The forecasted Newcastle Benchmark coal price was, and continues to be, lower than the threshold specified in the contract, and the Group does not expect any further amounts to be payable to Idemitsu on this basis. The fair value of the royalty deed at 30 June 2024 is thus considered to be Rnil. At 31 December 2023, this resulted in a fair value gain of R72 million being recognised in the statement of profit or loss and comprehensive income.

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	Audited 31 December 2023 12 months
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 2, the results of Ensham Resources and Nogoa Pastoral are included in the condensed consolidated interim 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

9. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Fair value of the net assets of the Ensham Business continued

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

Rand million	Audited 31 December 2023 12 months
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 includes 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, 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.

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 prices in these contracts were agreed in early 2023, 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 noted above, and resulted in a derivative asset being recognised at the acquisition date. The contracts included 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 17, 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 line 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 six months ended 30 June 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 is 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	Audited 31 December 2023 12 months
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 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.

9. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

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	Audited 31 December 2023 12 months
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 reporting period ended 31 December 2023.

Contribution of the Ensham Business

The results of the Ensham Business have been reflected in full for the six months ended 30 June 2024. The results of the Ensham Business have not been included in the results of the Group for the six months ended 30 June 2023 as the acquisition was not yet effective.

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 reporting period 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.

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 reporting period ended 30 June 2024.

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 reporting period.

The option payout depends on the interaction between the loan interest and the dividends paid on the underlying Sungela Holdings shares held as security, producing 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:

	Audited 31 December 2023 12 months
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 this 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 six months ended 30 June 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%. 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 reporting period based on the number of shares expected to vest in line with the achievement of the vesting conditions.

At 31 December 2023, one of the milestones was met, meaning LTIP shares reflective of 1.5% of shares issued by Sungela Holdings vested. As a result, an expense for the conditional shares granted to the non-controlling interests of R48 million was recognised in the statement of profit or loss and other comprehensive income in the year ended 31 December 2023. No further expense related to the LTIP shares has been recognised in the reporting period ended 30 June 2024, given that vesting of the LTIP shares may only take place at 31 December 2024.

The vesting of the LTIP shares in 2023 resulted in an increase in non-controlling interests of R62 million at 31 December 2023, to correctly reflect the proportion of the non-controlling interests' share of the Ensham Business.

9. ACQUISITION OF THE ENSHAM BUSINESS CONTINUED

Transactions recognised separately from the acquisition of the Ensham Business continued

Acquisition and integration costs

For the reporting period ended 31 December 2023, costs directly attributable to the acquisition and subsequent integration of the Ensham Business into Thungela, amounting to R454 million (30 June 2023: R79 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. No further acquisition and integration costs have been recognised in the reporting period ended 30 June 2024.

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% from 1 January 2024 to 30 June 2024. Consequently, the non-controlling interests reflected in relation to the Ensham Business for the year are 6.5% (30 June 2023: nil, 31 December 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 considered to be issued in substance, having regard to 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 represents 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.

10. 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, either in South Africa or Australia.

Inventories can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Consumables	**1,125**	711	1,054
Finished products	**1,941**	2,455	2,957
Total inventories	**3,066**	3,166	4,011

The cost of inventories recognised as an expense and included in operating costs amounted to R13,204 million (30 June 2023: R8,717 million, 31 December 2023: R19,948 million).

The write-down of inventories to net realisable value recognised throughout the reporting period amounted to R194 million (30 June 2023: R79 million, 31 December 2023: R64 million) based on the lower Richards Bay Benchmark coal price environment experienced over the past number of years.

TFR's ongoing poor and inconsistent rail performance continues to effect the Group's ability to rail coal to the RBCT and impacts the level of stock held in South Africa. The South African coal industry has continued to engage TFR in an effort to improve performance, however the availability of rail capacity remains constrained. Thungela continues to work closely with TFR in order to resolve these challenges.

The Group will continue to maintain our focus on utilising the available rail capacity as efficiently as possible to manage stockpile capacity across our operations in South Africa. In addition, where we have identified opportunities to sell lower-quality product from export stockpiles into the South African domestic market, we have used these opportunities to manage our stockpile volumes through short-term contracts with domestic customers.

11. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from Thungela'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.

Trade and other receivables can be analysed as follows:

Rand million	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Net trade receivables	3,349	2,472	2,234
Trade receivables	3,429	2,578	2,333
Provision for expected credit losses	(80)	(106)	(99)
Other tax receivables[1]	1,423	1,002	1,476
Prepayments	202	153	191
Employee benefits	194	—	200
Net other receivables	390	385	377
Other receivables	479	471	480
Provision for expected credit losses	(89)	(86)	(103)
Total trade and other receivables	**5,558**	4,012	4,478
Classified as:			
Current	5,319	3,982	4,284
Non-current	239	30	194

[1] Other tax receivables include VAT, diesel rebates and other taxes receivable from the South African Revenue Service and the Australian Tax Office.

The Group applies the simplified expected credit loss model to its trade receivables, and the lifetime expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for future observable data.

Trade receivables include R1,698 million (30 June 2023: R1,855 million, 31 December 2023: R1,241 million) due from AAML, which represents 50% (30 June 2023: 72%, 31 December 2023: 53%) of the total trade receivables balance outstanding. As per the contractual terms with AAML, all trade balances should be settled within 15 days of invoicing. There have historically been no defaults on payments from AAML, hence it is assessed that the credit risk of the AAML trade receivable is low.

Trade receivables also include R1,042 million (30 June 2023: Rnil, 31 December 2023: R334 million) due from customers related to sales from the Ensham Business. As per the contractual terms with these customers, payments are due within 30 days after invoicing, and there have historically not been material defaults on payments. Sales to these customers are supported by appropriate letters of credit, or approved credit terms, and so the risk of default is considered to be low.

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 include, among other items, insurance premiums of R49 million (30 June 2023: R36 million, 31 December 2023: R46 million) and ordinary course deposits to secure supply of critical consumables of R43 million (30 June 2023: R81 million, 31 December 2023: R54 million).

Employee benefits relate to the employer claims 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 of the black coal mining industry.

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, 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.

Thungela has a level of concentration risk on its trade receivables balance, as a result of its exposure to one major customer, being AAML. However, amounts owed by AAML are due for payment 15 days after invoice date, and there has been no historical default on payments due from AAML. The credit risk of the AAML receivable is considered to be low, and thus the concentration risk does not increase the overall credit risk exposure of the Group.

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12. 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.

Cash and cash equivalents can be analysed as follows:

Rand million	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Short-term investments	2,496	5,434	2,449
Cash held in bank	4,258	8,208	7,793
Cash held in trusts	822	617	717
Cash held pending ongoing price negotiation	815	—	—
Total cash and cash equivalents	**8,391**	14,259	10,959

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 three of the five largest South African banks, with an appropriate liquidity spread to support the Group's requirements. The spread of funds between banks was done in order to partially mitigate counterparty risk, and the global credit ratings for these investments range between AA- and AA+. The investments earn interest at rates of 8.1% – 9.9% (30 June 2023: 7.4% – 8.9%, 31 December 2023: 8.1% – 9.6%).

Cash held in bank

Cash held in bank includes cash held in South Africa, Australia and Dubai, across at least two of the major in-country banks with global credit ratings of AA- 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 South Africa Coal Operations Proprietary Limited (SACO). In the reporting period ended 30 June 2024, SACO declared ordinary dividends of R156 million to the trusts (30 June 2023: R396 million, 31 December 2023: R552 million).

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

Cash held pending ongoing price negotiation

Cash held pending ongoing price negotiation represents cash held in Australia related to revenue generated, which is priced using the Japanese Reference Price. These sales (representing approximately 20% of sales from Ensham) have been invoiced and paid for by the customer based on the 2023 settled Japanese Reference Price, given that the 2024 price has not yet been settled. When the 2024 price is settled, the difference between the 2023 and 2024 prices will be refunded to the customer. The restricted cash has been calculated as the difference between the 2023 settled price of USD199.95 per tonne, and the spot Newcastle Benchmark coal price at 30 June 2024 of USD133.45 per tonne. The amount to be refunded may be subject to further change once the 2024 price is settled. This cash is considered restricted until the amount to be refunded to the customer has been finalised and paid.

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:

	USD million	AUD million	AED million	Reviewed 30 June 2024 6 months Total Rand million[1]
Cash held in bank	202	35	3	4,103
South Africa	171	—	—	3,106
Australia	31	35	—	983
Dubai	—	—	3	14
Cash held pending ongoing price negotiation	45	—	—	815
Australia	45	—	—	815
Total cash and cash equivalents held in foreign currency	247	35	3	4,918

[1] These amounts have been translated using the spot exchange rates at the reporting date of R18.18:USD1, R12.13:AUD1 and R4.95:AED1.

	USD million	Reviewed 30 June 2023 6 months Total Rand million[1]
Cash held in bank	365	6,859
South Africa	365	6,859
Total cash and cash equivalents held in foreign currency	365	6,859

[1] This amount has been translated using the spot exchange rates at the reporting date of R18.80:USD1.

	USD million	AUD million	Audited 31 December 2023 12 months 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.

13. 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.

Trade and other payables can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Trade payables	**3,063**	2,051	3,287
Accruals	**2,577**	1,086	1,446
Other tax and employee-related payables	**1,049**	627	1,482
Other payables	**154**	98	322
Total trade and other payables	**6,843**	3,862	6,537

Accruals recognised pending ongoing price negotiation

Included within accruals is an amount of R911 million (30 June 2023: Rnil, 31 December 2023: Rnil) relating to the ongoing price negotiation in relation to the Japanese Reference Price. Approximately 20% of sales made by Ensham in the reporting period ended 30 June 2024 are priced using the Japanese Reference Price, which has not yet been settled for 2024. The tonnes sold against the Japanese Reference Price in 2024 have been invoiced and paid for at the 2023 settled price of USD199.95 per tonne, however revenue from these sales has been recognised at the spot Newcastle Benchmark coal price at 30 June 2024, of USD133.45 per tonne, while we await the settlement of the 2024 price. The amount reflecting the adjustment to revenue and owing to the customer has been included in accruals.

Included within other payables is deferred income of R35 million (30 June 2023: R22 million, 31 December 2023: R191 million) which represents monies received from customers but 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.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments consist of assets and liabilities related to forward coal swap transactions, entered into with the intention for settlement net in cash, and contracts for the forward sale of foreign currency.

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 to AAML. 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. 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. Given the current market conditions, there were no forward coal swap transactions undertaken in the reporting period ended 30 June 2024.

The forward coal swap transactions are derivative instruments and are measured at fair value through profit and loss (FVPL). The fair value is determined on the basis of comparing the pre-determined 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, as well as the benchmark price reference for 6,000kcal/kg thermal coal at point of discharge in Northwest Europe (South African Secondary index price).

There were no open positions in the current reporting period, and so no fair value movements have been recognised (30 June 2023: fair value gains of R98 million, 31 December 2023: fair value gains of R97 million). 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, to the settlement date of the transactions.

Details of the forward coal swap transactions settled in previous reporting periods can be analysed as follows:

			Reviewed 30 June 2023 6 months
	Richards Bay Benchmark coal price swaps	South African Secondary index price swaps	Total
Volume settled (kt)	71	105	176
Weighted average committed price (USD/tonne)	266	204	229
Settlement dates	December 2022 – May 2023	December 2022 – May 2023	December 2022 – May 2023
Weighted average actual price on settlement (USD/tonne)	169	171	170
Cash inflow on settlement (Rand million)	139	63	202

			Audited 31 December 2023 12 months
	Richards Bay Benchmark coal price swaps	South African Secondary index price swaps	Total
Volume settled (kt)	76	105	181
Weighted average committed price (USD/tonne)	269	204	231
Settlement dates	December 2022 – June 2023	December 2022 – March 2023	December 2022 – June 2023
Weighted average actual price on settlement (USD/tonne)	165	171	168
Cash inflows on settlement (Rand million)	158	63	221

Details of the open forward coal swap transactions at previous reporting dates can be analysed as follows:

			Reviewed 30 June 2023 6 months
	Richards Bay Benchmark coal price swaps	South African Secondary index price swaps	Total
Volume committed (kt)	5	—	5
Weighted average committed price (USD/tonne)	307	—	307
Settlement dates (2023)	July	—	July
Weighted average forward curve at the reporting date (USD/tonne)	100	—	100
Fair value gains on derivative financial instruments (Rand million)	19	—	19

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For the six months ended 30 June 2024

14. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Forward sales of foreign currency

The Group is exposed to fluctuations in the US dollar exchange rate as our South African export revenue to AAML is settled in US dollars. The Group's expenses 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 held in cash to South African rand at future dates.

The conversions are predominantly done through FECs as well as collar transactions, which will settle at future dates. 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 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 for open positions, or the actual exchange rate at the settlement date. These contracts are short term in nature, and may be extended before their settlement dates based on market conditions at the time.

Fair value gains of R576 million (30 June 2023: fair value losses of R213 million, 31 December 2023: fair value gains of R163 million) have been recognised on these contracts based on the volatility of the South African rand against the US dollar during the reporting periods presented.

Details of the forward sales of foreign currency settled in the reporting period can be analysed as follows:

	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Total currency contracted (USD million)	**530**	425	905
Contractual conversion rate (ZAR:USD)	**18.75 – 19.54**	17.25 – 19.39	17.25 – 20.14
Spot rate on settlement (ZAR:USD)	**18.09 – 19.27**	17.17 – 19.66	17.16 – 19.66
Settlement dates	**January 2024 – June 2024**	January 2023 – June 2023	January 2023 – December 2023
Cash inflow/(outflow) on settlement (Rand million)	**233**	(121)	123

Details of the open forward sales of foreign currency at the reporting date can be analysed as follows:

	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Total currency contracted (USD million)	**328**	410	140
Contractual conversion rate (ZAR:USD)	**19.00 – 20.00**	17.92 – 20.52	18.75 – 19.70
Forward exchange rate at the reporting date (ZAR:USD)	**18.27 – 18.63**	18.91 – 19.19	18.39 – 18.48
Settlement dates	**July 2024 – March 2025**	July 2023 – December 2023	January 2024 – March 2024
Fair value gains/(losses) on derivative financial instruments (Rand million)	**409**	(67)	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	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Amounts included in profit before net finance income and tax	**—**	98	97
Fair value gains on forward coal swap transactions	**—**	98	97
Amounts included in net finance income	**576**	(213)	163
Fair value gains/(losses) on forward sales of foreign currency	**576**	(213)	163
Total fair value gains/(losses) on derivative financial instruments	**576**	(115)	260

The amounts recognised in the statement of financial position in relation to the derivative financial instruments can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Derivative financial instruments	**409**	(48)	66
Forward coal swap transactions	**—**	19	—
Forward sales of foreign currency	**409**	(67)	66
Total derivative financial instruments	**409**	(48)	66

The amounts recognised in the statement of cash flows in relation to the derivative financial instruments can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Cash inflow on settlement of forward coal swap transactions	**—**	202	221
Cash inflow/(outflow) on settlement of forward sales of foreign currency	**233**	(121)	123
Total cash inflow on settlement of derivative financial instruments	**233**	81	344

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For the six months ended 30 June 2024

15. 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.

The investment in the insurance structure can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period	**1,445**	1,226	1,226
Investment in the reporting period	**—**	—	200
Fair value movements	**19**	3	19
Balance at the end of the reporting period	**1,464**	1,229	1,445

Thungela, through its wholly owned subsidiary Thungela Treasury Proprietary Limited, 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.

An initial investment was made into the cell in 2022, for a minimum period of insurance of three years, 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 six months ended 30 June 2024 (30 June 2023: Rnil, 31 December 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 comprise interest, dividends and capital growth, which is offset by costs incurred, and are externally confirmed at the reporting date.

Sensitivity analysis

The Group's investment in the 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 reasonably possible changes in these inputs would have on the statement of profit or loss and other comprehensive income can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
1.0% increase in interest rate	**9**	7	1

16. FINANCIAL INSTRUMENTS

The Group is a party to a number of financial instruments, which have been disclosed in notes 11 to 15 and 17, as well as in the note below.

The financial assets held by the Group 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 FVPL.

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:

		Reviewed 30 June 2024 6 months			
		Financial assets			
Rand million	Notes	At amortised cost[1]	At FVPL	Financial liabilities at amortised cost	Total
Financial assets					
Environmental rehabilitation trusts	17	—	3,925	—	3,925
Financial asset investments		146	2,012	—	2,158
Investment in insurance structure	15	—	1,464	—	1,464
Derivative financial instruments	14	—	409	—	409
Trade and other receivables[2]	11	3,933	—	—	3,933
Cash and cash equivalents	12	8,391	—	—	8,391
Total financial assets		12,470	7,810	—	20,280
Financial liabilities					
Lease liabilities		—	—	(51)	(51)
Loans and borrowings		—	—	(71)	(71)
Trade and other payables[3]	13	—	—	(5,759)	(5,759)
Total financial liabilities		—	—	(5,881)	(5,881)
Net financial assets		12,470	7,810	(5,881)	14,399

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

16. FINANCIAL INSTRUMENTS CONTINUED

The financial instruments held by the Group can be analysed as follows continued:

						Reviewed 30 June 2023 6 months
		Financial assets			Financial liabilities at	
Rand million	Notes	At amortised cost[1]	At FVPL	At FVOCI	amortised cost	Total
Financial assets						
Environmental rehabilitation trusts	17	—	3,502	—	—	3,502
Financial asset investments		96	871	33	—	1,000
Investment in insurance structure	15	—	1,229	—	—	1,229
Derivative financial instruments	14	—	19	—	—	19
Trade and other receivables[2]	11	2,857	—	—	—	2,857
Cash and cash equivalents	12	14,259	—	—	—	14,259
Total financial assets		17,212	5,621	33	—	22,866
Financial liabilities						
Lease liabilities		—	—	—	(77)	(77)
Loans and borrowings		—	—	—	(63)	(63)
Derivative financial instruments	14	—	(67)	—	—	(67)
Trade and other payables[3]	13	—	—	—	(3,213)	(3,213)
Total financial liabilities		—	(67)	—	(3,353)	(3,420)
Net financial assets		17,212	5,554	33	(3,353)	19,446

[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.

					Audited 31 December 2023 12 months
		Financial assets		Financial liabilities at	
Rand million	Notes	At amortised cost[1]	At FVPL	amortised cost	Total
Financial assets					
Environmental rehabilitation trusts	17	—	3,740	—	3,740
Financial asset investments		145	933	—	1,078
Investment in insurance structure	15	—	1,445	—	1,445
Derivative financial instruments	14	—	66	—	66
Trade and other receivables[2]	11	2,811	—	—	2,811
Cash and cash equivalents	12	10,959	—	—	10,959
Total financial assets		13,915	6,184	—	20,099
Financial liabilities					
Lease liabilities		—	—	(66)	(66)
Loans and borrowings		—	—	(66)	(66)
Trade and other payables[3]	13	—	—	(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	Reviewed 30 June 2024 6 months Total
Financial assets			
Environmental rehabilitation trusts	3,925	—	3,925
Financial asset investments at FVPL	2,012	—	2,012
Investment in insurance structure	—	1,464	1,464
Derivative financial instruments	409	—	409
Total financial assets carried at fair value	6,346	1,464	7,810

Rand million	Level 2	Level 3	Reviewed 30 June 2023 6 months Total
Financial assets			
Environmental rehabilitation trusts	3,502	—	3,502
Financial asset investments at FVOCI	—	33	33
Financial asset investments at FVPL	871	—	871
Investment in insurance structure	—	1,229	1,229
Derivative financial instruments	19	—	19
Financial liabilities			
Derivative financial instruments	(67)	—	(67)
Net financial assets carried at fair value	4,325	1,262	5,587

Rand million	Level 2	Level 3	Audited 31 December 2023 12 months 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.

16. FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period	1,445	1,259	1,259
Additions	—	—	200
Fair value gains/(losses)	19	3	(14)
Balance at the end of the reporting period	**1,464**	1,262	1,445

Refer to note 15 for detail on the inputs to the valuation of the investment in insurance structure.

17. 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.

Environmental and other provisions can be analysed as follows:

					Reviewed 30 June 2024 6 months
	Environmental provisions				
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]	—	—	78	(155)	(77)
Adjustments to decommissioning assets	—	(3)	—	—	(3)
Unwinding of discount	418	27	—	2	447
Amounts applied[3]	(507)	—	(4)	(1)	(512)
Currency movements	(100)	—	—	(5)	(105)
Balance at the end of the reporting period	**10,945**	**586**	**742**	**560**	**12,833**
Classified as:					
Current	574	24	742	531	1,871
Non-current	10,371	562	—	29	10,962

1 Trust contributions represent 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.

					Reviewed 30 June 2023 6 months
	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
Amounts charged[2]	115	—	198	167	480
Adjustments to decommissioning assets	—	31	—	—	31
Unwinding of discount	348	29	—	3	380
Amounts applied[3]	(416)	—	—	—	(416)
Balance at the end of the reporting period	7,034	639	590	627	8,890
Classified as:					
Current	372	67	590	499	1,528
Non-current	6,662	572	—	128	7,362

1 Trust contributions represent amounts contributed to the Nkulo Community Partnership Trust, but not yet distributed to beneficiaries.
2 Amounts charged 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.

					Audited 31 December 2023 12 months
	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 represent amounts contributed to the Nkulo Community Partnership Trust, but not yet distributed to beneficiaries.
2 Refer to note 9 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.

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17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

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 mine. In South Africa, water treatment costs may be incurred up to 50 years post closure of the mine. 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 in the second half of each year, and any required change in the environmental provisions is recognised on completion of the assessment.

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 the Group's interpretation of the likely increase in costs required to transition to the Financial Provisioning Regulations, 2015, published under the National Environmental Management Act 107 of 1998 (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 by the Group, but rather the level of cash or other funding required to be made available to fund the closure of operations should the Group not be able to do so. The financial provisioning as required by the current MPRDA Regulations amounts to R4,581 million (30 June 2023: R4,413 million, 31 December 2023: R4,536 million), compared to the total environmental provisions recognised by the Group for our South African operations of R7,933 million (30 June 2023: R7,673 million, 31 December 2023: R7,841 million). This difference is due to additional costs which the Group believes 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.

The Group has 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 Department of Mineral and Petroleum Resources (previously the Department of Mineral Resources and Energy) 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 to inform the design of a full-scale plant.

The Group's 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, as well as holding financial guarantees with financial institutions for the benefit of the Department of Mineral and Petroleum Resources.

Environmental rehabilitation trusts

The investments held in the environmental rehabilitation trusts can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Investments in unit trusts	**3,925**	3,502	3,740
Total environmental rehabilitation trusts	**3,925**	3,502	3,740
Balance at the start of the reporting period	**3,740**	3,446	3,446
Growth on assets	**185**	56	294
Balance at the end of the reporting period	**3,925**	3,502	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 Department of Mineral and Petroleum Resources. 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.

The other environmental investments for South Africa can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period	**933**	658	658
Contributions[1]	**190**	190	210
Growth on assets	**41**	23	65
Balance at the end of the reporting period	**1,164**	871	933

[1] Includes contributions to the green fund of R188 million (30 June 2023: R188 million, 31 December 2023: R205 million).

The Group has invested an additional R188 million (30 June 2023: R188 million, 31 December 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.

17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Environmental provisions continued

South Africa continued

Other environmental investments continued

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 South African environmental obligations can be analysed as follows:

Rand million	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Environmental provisions	(7,933)	(7,673)	(7,841)
Environmental rehabilitation trusts	3,925	3,502	3,740
Other environmental investments	1,164	871	933
Guarantees	3,221	3,221	3,221
Total financial provisioning available	**8,310**	7,594	7,894
Real pre-tax discount rate (%)	4.7 - 4.9	4.4 - 4.6	4.7

The guarantees of R3,221 million (30 June 2023: R3,221 million, 31 December 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 Department of Mineral and Petroleum Resources. 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 the Group's 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 R3,324 million (AUD274 million) (30 June 2023: Rnil, 31 December 2023: R3,414 million), on a 100% basis.

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, among other factors. The scheme manager may determine that this contribution is to be made by way of a payment into a pooled fund, 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 pooled fund, an annual contribution into the pool of approximately 1.0% of the environmental rehabilitation costs determination 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 pooled fund 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 opencast area of the Ensham Mine was prepared by an independent third-party consultant in previous years. This assessment was 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 over the life of mine and post closure of the operation have been discounted to their present value to determine the liability recognised on the statement of financial position. The most recent assessment of the liability was completed in 2022, and it forms the basis of the liability recognised on the statement of financial position of R3,598 million (on an 85% basis) (30 June 2023: Rnil, 31 December 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 pooled fund, however this acceptance is being actively pursued. On this basis, we are required to obtain financial surety for the environmental rehabilitation costs determination of R3,324 million (AUD274 million on a 100% basis) (30 June 2023: Rnil, 31 December 2023: R3,414 million). The Group has invested R855 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. This investment is included in financial asset investments in the statement of financial position, at a closing balance of R849 million based on foreign currency fluctuations between the investment date and reporting date.

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 Australia environmental obligations can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Environmental provisions	**(3,598)**	—	(3,855)
Other environmental investments	**849**	—	—
Total financial provisioning available	**849**	—	—
Real pre-tax discount rate (%)	**4.1**	0	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. This assessment is ongoing at 30 June 2024.

17. ENVIRONMENTAL AND OTHER PROVISIONS CONTINUED

Contingent liabilities

Thungela is subject to various claims which 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 R3,256 million (30 June 2023: R3,246 million, 31 December 2023: R3,246 million) have been issued in favour of the Department of Mineral and Petroleum Resources 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 condensed consolidated interim financial statements related to this matter.

No contingent liabilities were secured against the assets of Thungela for any of the reporting periods presented.

18. 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.

Deferred tax assets

The movement in the deferred tax assets can be analysed as follows:

Rand million	Note	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period		**471**	503	503
Credited/(charged) to profit or loss	6	**239**	(128)	(26)
Charged to other comprehensive income		**—**	—	(6)
Reclassification		**—**	(18)	—
Balance at the end of the reporting period		**710**	357	471

The deferred tax assets at 30 June 2024 are primarily driven by deductible temporary differences arising from the environmental and other provisions held in Thungela Operations Proprietary Limited (TOPL), a wholly owned subsidiary of the Group. These deductible temporary differences are expected to reverse in the normal course of operations.

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 TOPL for each financial year up to 2025. The forecast reflected a substantial taxable income being generated for TOPL, and therefore sufficient future taxable temporary differences against which to utilise these deductible temporary differences.

There are deductible temporary differences and unused tax losses of R208 million (30 June 2023: Rnil, 31 December 2023: R139 million) for which no deferred tax asset has been recognised in the statement of financial position at the reporting date, based on the forecast future taxable temporary differences available in the underlying statutory entities.

Deferred tax liabilities

The movement in the deferred tax liabilities can be analysed as follows:

Rand million	Notes	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Balance at the start of the reporting period		**(1,637)**	(1,421)	(1,421)
Acquisition of the Ensham Business	9	**—**	—	(133)
Charged to profit or loss	6	**(17)**	(69)	(78)
Currency movements		**3**	—	(5)
Reclassification		**—**	18	—
Balance at the end of the reporting period		**(1,651)**	(1,472)	(1,637)

19. 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 in issue, and has not issued shares in any of the reporting periods presented.

Subsidiaries of the Group have purchased 906,083 (30 June 2023: 1,455,446, 31 December 2023: 1,458,205) treasury shares at an average price of R134.96 per share (30 June 2023: R177.95, 31 December 2023: R177.96) in the reporting period in relation to share awards granted under the Thungela share plan. The purchases were made in terms of Thungela's memorandum of incorporation (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. A total of 330,923 (30 June 2023: 802,814, 31 December 2023: 806,565) share awards vested in the reporting period, which reduced the number of treasury shares held in relation to the Thungela share plan.

The Group undertook a share buyback in the reporting period as a method of returning value to our shareholders. The buyback took place on the JSE through the order book operated by the JSE trading system. The buyback was done in terms of the Thungela MOI, and in line with the approval granted by shareholders through a special resolution passed at the 2023 annual general meeting. The shares, which are considered treasury shares, were purchased by TOPL, and are currently held in the TOPL broker account. A total of 3,307,667 shares were purchased in relation to the share buyback at an average price of R133.21 per share.

Of the treasury shares held by Group companies, 6,210,579 (30 June 2023: 2,576,848, 31 December 2023: 2,900,285) are held directly by subsidiaries and so do not carry voting rights.

The total number of ordinary shares in issue which carry voting rights amounts to 134,282,006 (30 June 2023: 137,915,737, 31 December 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 annual general meeting held on 4 June 2024 and so the directors do not have the authority to issue shares at their discretion.

20. 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.

Thungela share plan

The share awards that have been granted to eligible employees in the six months ended 30 June 2024 consist of the Thungela 2024 LTIP awards and the Thungela 2024 DBS awards, as approved by the Thungela remuneration and nomination committee. The salient terms of these awards (being either conditional or forfeitable share awards) are consistent with those described in the Thungela Integrated Annual Report for the year ended 31 December 2023.

Thungela 2024 LTIP awards – conditional share awards

The Thungela 2024 LTIP awards were granted on 24 May 2024, in relation to performance for the year ended 31 December 2023. These awards will vest on 24 May 2027 in accordance with the achievement of specific performance conditions over a performance period from 1 January 2024 to 31 December 2026. Once vested, these awards are subject to a further two-year holding period for executive directors. A total of 588,966 awards were granted as the Thungela 2024 LTIP awards, with a grant date fair value of R133.31.

Employees participating in the conditional share 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. The dividend equivalent share awards are added to the total number of shares subject to vesting, and expensed on the same basis. On 16 April 2024, 164,081 share awards were added to the Thungela 2021 LTIP awards, 53,274 share awards were added to the Thungela 2022 LTIP awards and 33,096 share awards were added to the Thungela 2023 LTIP awards, related to dividend equivalent awards for the dividends declared by Thungela on 18 March 2024.

20. SHARE-BASED PAYMENTS CONTINUED

Thungela share plan continued

Thungela 2022 DBS awards – forfeitable share awards

The Thungela 2022 DBS awards were granted on 22 March 2022 in relation to performance in the year ended 31 December 2021. Tranche 2 of these awards vested in full on 22 March 2024 based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 104,548 share awards vested, with 47,277 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

Thungela 2023 DBS awards – forfeitable share awards

The Thungela 2023 DBS awards were granted on 27 March 2023 in relation to performance in the year ended 31 December 2022. Tranche 1 of these awards vested in full on 27 March 2024 based on the achievement of the employment condition, and was settled using Thungela shares owned by the Group. A total of 149,527 share awards vested, with 67,412 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

Thungela 2024 DBS awards – forfeitable share awards

The Thungela 2024 DBS awards were granted on 18 March 2024 in relation to performance for the year ended 31 December 2023. 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 2024 DBS awards will vest in equal tranches from 18 March 2025 to 18 March 2027. A total 893,973 share awards were granted as the Thungela 2024 DBS awards, with a grant date fair value of R112.49.

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. Once vested, these awards are subject to a further one-year pay-back 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.

Tranche 2 of these awards vested in full 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, with 16,588 shares being sold on vesting to compensate employees for the tax incurred by them on the vesting of the shares.

21. DIVIDENDS

Thungela has declared and paid ordinary dividends to shareholders from retained earnings.

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$^{\triangle}$ and life extension opportunities without resorting to excessive leverage, recognising the nature of the Group's assets and single commodity price exposure.

The Group's dividend policy is to target a dividend payout of a minimum of 30% of adjusted operating free cash flow$^{\triangle}$. The board is committed to delivering attractive shareholder returns, while maintaining disciplined capital allocation. Therefore, in any given financial year, the Group might declare dividends above the targeted minimum 30% payout ratio, subject to the board being satisfied that subsequent to the dividend declaration, the Group has adequate balance sheet flexibility and sufficient funding available to withstand market and coal price volatility, as well as infrastructure constraints.

Dividends paid

Dividends paid can be analysed as follows:

Rand million	Reviewed 30 June 2024 6 months	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Dividends paid to the shareholders of the Group	**1,362**	5,541	6,920
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	5,541
Dividends paid to non-controlling interests	**—**	1	1
Total dividends paid	**1,362**	5,542	6,921

Dividend declaration

A interim ordinary cash dividend relating to the reporting period ended 30 June 2024 of R2.00 per share was declared by the board on 19 August 2024. The dividend, amounting to a return of R281 million to shareholders, has not been recognised as a liability in these condensed consolidated interim financial statements. The interim dividend was declared from retained earnings and will be paid in September 2024 to shareholders on the South African register and October 2024 to shareholders on the UK register.

22. RELATED PARTY TRANSACTIONS

The Group has a number of related party relationships with other companies and individuals. Transactions with these related parties are assessed on a consistent basis as those with other parties.

Direct subsidiaries

South Africa Coal Operations Proprietary Limited
Thungela Treasury Proprietary Limited
Thungela Resources Holdings Proprietary Limited
Thungela International Proprietary Limited

Indirect subsidiaries

Thungela Operations Proprietary Limited
Anglo American Inyosi Coal Proprietary Limited
Butsanani Energy Investment Holdings Proprietary Limited
Rietvlei Mining Company Proprietary Limited
Thungela Inyosi Coal Sercurityco Proprietary Limited
Newshelf 1316 Proprietary Limited
Main Street 1756 (RF) Proprietary Limited
Blue Steam Investments Proprietary Limited
Thungela Resources Australia Pty Limited
Sungela Holdings Pty Ltd
Sungela Pty Ltd
Ensham Coal Sales Pty. Ltd.
Ensham Resources Pty Limited
Nogoa Pastoral Pty. Ltd.
Thungela Marketing International Holdings Limited
Thungela Marketing International DMCC

Indirect associates

Richards Bay Coal Terminal Proprietary Limited
Colliery Training College Proprietary Limited

Indirect joint operations

Mafube Coal Mining Proprietary Limited
Phola Coal Processing Plant Proprietary Limited
Pamish Investments No. 66 Proprietary Limited

Indirect trusts

Nkulo Community Partnership Trust
Sisonke Employee Empowerment Scheme Trust
Anglo American Thermal Coal Environmental Rehabilitation Trust
Mafube Rehabilitation Trust

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#

Independent non-executive

Prescribed officers

Johan van Schalkwyk
Carina Venter
Lesego Mataboge
Leslie Martin
Mpumi Sithole
Bernard Dalton

22. RELATED PARTY TRANSACTIONS CONTINUED

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 with related parties in the reporting period, and outstanding balances at the reporting date, can be analysed as follows:

Rand million	**Reviewed 30 June 2024 6 months**	Reviewed 30 June 2023 6 months	Audited 31 December 2023 12 months
Loans to related parties			
Pamish[1]	**—**	32	–
RBCT[2]	**90**	29	59
Transactions recognised in the statement of profit or loss and other comprehensive income			
RBCT			
Expenses for services provided	**(182)**	(196)	(393)
Pamish[1]			
Expenses for services provided	**—**	(77)	(81)
Investment income	**—**	2	4

[1] The interest in Pamish Investments No. 66 Proprietary Limited (Pamish) is held through TOPL. Although TOPL legally owns 49% of Pamish, the contractual agreements result in TOPL obtaining 85% of the benefits related to the operations of Pamish. The contract with Pamish was amended in 2023, which now results 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%.

[2] The loan to RBCT is deemed part of the equity investment in RBCT.

No transactions have been entered into with key management in the reporting period other than their fixed and variable remuneration.

23. 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 of the entities.

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		51
	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		73.5
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 holds a 27% interest in Anglo American Inyosi Coal Proprietary Limited (AAIC). Effectively, Thungela owns 100% of AAIC.

[3] Butsanani Energy Investment Holdings Proprietary Limited (Butsanani Energy) legally owns 51% of RMC. However, Butsanani Energy economically owns only 45% of RMC based on various contractual arrangements. Effectively, Thungela owns 34% (being 67% of 51%) of RMC. The results of RMC are however reflected at an effective ownership of 30% (being 67% of 45%) to reflect the underlying contractual agreements.

[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 2023, the shareholding reduced to 73.5% on the vesting of the LTIP shares. Refer to note 2 and note 9 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 2 for detail related to the shareholding structure in the Ensham Business. Effectively, Thungela is entitled to 93.5% of the earnings of Sungela.

[7] The shareholding in this entity is held through Sungela Holdings as part of the Ensham Business. Refer to note 2 for detail related to the shareholding structure in the Ensham Business. Effectively, Thungela is entitled to 79.5% of the earnings of this entity.

[8] The place of business and incorporation of this entity is the United Arab Emirates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 30 June 2024

23. 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[1]	Mining company		50
	Processing operation	Phola	
Pamish Investments No. 66 Proprietary Limited[2]	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[3]	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 Phola Coal Processing Plant Proprietary Limited is held through AAIC.
2 The interest in Pamish is held through TOPL. Although TOPL legally owns 49% of Pamish, the contractual agreements result in TOPL obtaining 85% of the benefits related to the operations of Pamish. The contract with Pamish was amended in 2023, which now results 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%.
3 The investment in Colliery Training College Proprietary Limited is considered immaterial to the Group and has not been equity accounted.

With the exception of the companies noted above, the place of business and incorporation of all subsidiaries, joint operations, associates and trusts is South Africa.

24. EVENTS AFTER THE REPORTING PERIOD

The Group monitors activity between the end of the reporting period and the date of the approval of the Interim Financial Statements to ensure that any events that may impact the Group are considered.

Transfer of Ensham mining tenements

The Group secured the transfer of the Ensham mining tenements between 26 July and 31 July 2024 following the acceptance of the financial surety obtained by Sungela by the Queensland Financial Provisioning Scheme.

Share repurchases and declaration of dividend

The Group will implement share repurchases (share buyback), subject to favourable market conditions, in the period commencing 20 August 2024 and, unless revised or terminated earlier, ending 31 December 2024. The aggregate purchase price of shares repurchased during this period will be no greater than R160 million.

On 19 August 2024, the board declared an interim ordinary cash dividend of R2.00 per share from retained earnings. This represents a total dividend payment of R281 million to shareholders. The dividend will be paid in September 2024 to shareholders on the South African register, and in October 2024 to shareholders on the UK register.

The share buyback and interim ordinary cash dividend in total amount to returns to shareholders of R441 million, reflecting 47% of the adjusted operating free cash flow[△] generated in the six months ended 30 June 2024.

ANNEXURES

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

For the six months ended 30 June 2024

TO THE DIRECTORS OF THUNGELA RESOURCES LIMITED

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2024 INCLUDED IN ANNEXURE 1 OF THE INTERIM FINANCIAL STATEMENTS

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Thungela Resources Limited (the 'Company','Group' and Thungela) by the directors. The pro forma financial information, as set out in annexure 1 of the Interim Financial Statements for the period ended 30 June 2024 (the 'Thungela Interim Financial Statements 2024') consists of non-IFRS measures (the 'pro forma financial information'). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Listings Requirements of the JSE Limited ('the JSE Listings Requirements') and described in annexure 1 of the Thungela Interim Financial Statements 2024 (the 'applicable criteria').

The pro forma financial information has been compiled by the directors to improve the comparability of information between reporting periods.

As part of this process, information about the Group's consolidated financial position and financial performance has been extracted by the directors from the Group's condensed consolidated interim financial statements for the period ended 30 June 2024, on which a review opinion has been issued on 19 August 2024.

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 specified in the JSE Listings Requirements and described in annexure 1 of the Thungela Interim Financial Statements 2024.

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 the pro forma financial information is solely to provide users with relevant information and measures on a comparable basis and to assess the performance of the Group.

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 events 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
19 August 2024

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 six months ended 30 June 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 or future 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 condensed consolidated interim financial statements in understanding the activity taking place across Thungela's portfolio. The information was extracted from the reviewed condensed consolidated interim financial statements or information underlying the Interim Financial Statements. Certain financial measures cannot be directly derived from the condensed consolidated interim 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 condensed consolidated interim 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. 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 pages 96 and 97.

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	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
Statement of financial position			
Net cash (note C)	Cash and cash equivalents less cash held in the trusts[1], cash held pending ongoing price negotiation, 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

[1] Cash held in trusts relates to cash held in the Nkulo Community Partnership Trust and the Sisonke Employee Empowerment Scheme.

APM	Definition	Adjustments to reconcile to primary statements	Rationale for adjustments
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			
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 movement 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

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the six months ended 30 June 2024

The APMs used in the condensed consolidated interim financial statements have been reconciled as below:

A. Adjusted EBITDA

Rand million	Note	South Africa	Australia	Reviewed 30 June 2024 6 months Total
Profit before net finance income and tax		456	512	968
Add – depreciation	3	673	480	1,153
Add – amortisation	3	12	—	12
Add – restructuring costs and termination benefits	3	13	—	13
Adjusted EBITDA		1,154	992	2,146

Rand million	Notes	Reviewed 30 June 2023 6 months Total
Profit before net finance income and tax		3,748
Add – depreciation	3	613
Add – amortisation	3	12
Add – transactions arising from the acquisition of the Ensham Business		79
Acquisition and integration costs	9	79
Less – fair value gains on derivative financial instruments	14	(98)
Add – restructuring costs and termination benefits	3	26
Adjusted EBITDA		4,380

Rand million	Notes	South Africa	Australia[1]	Audited 31 December 2023 12 months Total
Profit before net finance income and tax		6,169	337	6,506
Add – depreciation	3	1,222	310	1,532
Add – amortisation	3	25	–	25
Add/(less) – transactions arising from the acquisition of the Ensham Business		80	91	171
Gain on bargain purchase	9	–	(565)	(565)
Acquisition and integration costs	9	5	449	454
Expenses for conditional shares granted to non-controlling interests	9	75	48	123
Fair value adjustments to acquisition related derivatives	9	–	159	159
Add – impairment losses	3	266	–	266
Less – fair value gains on derivative financial instruments	14	(97)	–	(97)
Add – restructuring costs and termination benefits	3	51	–	51
Adjusted EBITDA		7,716	738	8,454

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

B. Adjusted EBITDA margin

Rand million (unless otherwise stated)	Notes	South Africa	Australia	Reviewed 30 June 2024 6 months Total
Adjusted EBITDA	A	1,154	992	2,146
Revenue	3	12,046	4,706	16,752
Adjusted EBITDA margin (%)		10	21	13

Rand million (unless otherwise stated)	Notes	Reviewed 30 June 2023 6 months Total
Adjusted EBITDA	A	4,380
Revenue	3	14,359
Adjusted EBITDA margin (%)		31

Rand million (unless otherwise stated)	Notes	South Africa	Australia[1]	Audited 31 December 2023 12 months Total
Adjusted EBITDA	A	7,716	738	8,454
Revenue	3	28,045	2,589	30,634
Adjusted EBITDA margin (%)		28	29	28

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

C. Net cash

Rand million	Note	South Africa	Australia	Reviewed 30 June 2024 6 months Total
Cash and cash equivalents	12	6,588	1,803	8,391
Less – cash held in trusts	12	(822)	—	(822)
Less – cash held pending ongoing price negotiation	12	—	(815)	(815)
Less – loans and borrowings		(71)	—	(71)
Net cash		5,695	988	6,683

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the six months ended 30 June 2024

The APMs used in the condensed consolidated interim financial statements have been reconciled as below continued:

C. Net cash continued

Rand million	Note	Reviewed 30 June 2023 6 months Total
Cash and cash equivalents	12	14,259
Less – cash held in trusts	12	(617)
Less – loans and borrowings		(63)
Net cash		13,579

Rand million	Note	South Africa	Australia	Audited 31 December 2023 12 months Total
Cash and cash equivalents	12	8,897	2,062	10,959
Less – cash held in trusts	12	(717)	—	(717)
Less – loans and borrowings		(66)	—	(66)
Net cash		8,114	2,062	10,176

D. Sustaining capital expenditure

Rand million	Note	**South Africa**	**Australia**	**Reviewed 30 June 2024 6 months Total**
Stay-in-business capital expenditure		**317**	**285**	**602**
Property, plant and equipment	3	**277**	**285**	**562**
Intangible assets	3	**40**	**—**	**40**
Stripping and development capital expenditure	3	**140**	**—**	**140**
Sustaining capital expenditure		**457**	**285**	**742**

Rand million	Note	Reviewed 30 June 2023 6 months Total
Stay-in-business capital expenditure		339
Property, plant and equipment	3	258
Intangible assets	3	81
Stripping and development capital expenditure	3	105
Sustaining capital expenditure		444

Rand million	Note	South Africa	Australia[1]	Audited 31 December 2023 12 months Total
Stay-in-business capital expenditure		1,148	299	1,447
Property, plant and equipment	3	976	299	1,275
Intangible assets	3	172	—	172
Stripping and development capital expenditure	3	250	—	250
Sustaining capital expenditure		1,398	299	1,697

[1] Represents 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**	**Reviewed 30 June 2024 6 months Total**
Net cash generated from operating activities		**882**	**796**	**1,678**
Sustaining capital expenditure	D	**(457)**	**(285)**	**(742)**
Adjusted operating free cash flow		**425**	**511**	**936**

Rand million	Note	Reviewed 30 June 2023 6 months Total
Net cash generated from operating activities		4,742
Sustaining capital expenditure	D	(444)
Adjusted operating free cash flow		4,298

Rand million	Note	South Africa	Australia[1]	Audited 31 December 2023 12 months 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] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the six months ended 30 June 2024

The APMs used in the condensed consolidated interim financial statements have been reconciled as below continued:

F. FOB cost

Rand million	Notes	South Africa	Australia	Reviewed 30 June 2024 6 months Total
Operating costs	3	11,577	4,194	15,771
Less – industrial and domestic revenue	3	(1,681)	—	(1,681)
Less – depreciation	3	(673)	(480)	(1,153)
Less – amortisation	3	(12)	—	(12)
Less – commodity purchases	3	(772)	(691)	(1,463)
Less – inventory production movement	3	(687)	(316)	(1,003)
Less – demurrage and other expenses	4	(116)	(42)	(158)
Less – exploration and evaluation	4	(28)	—	(28)
Less – foreign exchange losses	4	(20)	(34)	(54)
Less – recharged costs from Anglo American – administration expenses	4	(30)	—	(30)
Add – fair value gains on biological assets[1]		—	3	3
Less – expenses related to contributions to the trusts[2]		(156)	—	(156)
Less – other administration expenses	4	(19)	—	(19)
FOB cost		7,383	2,634	10,017

[1] The fair value 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 R78 million as well as expenses recognised for the Sisonke Employee Empowerment Scheme based on services rendered by employees of R78 million.

Rand million	Notes	Reviewed 30 June 2023 6 months Total
Operating costs	4	10,604
Less – industrial and domestic revenue	3	(1,864)
Less – depreciation	3	(613)
Less – amortisation	3	(12)
Less – commodity purchases	3	(541)
Less – inventory production movement	3	(79)
Less – demurrage and other expenses	4	(132)
Less – exploration and evaluation	4	(27)
Add – foreign exchange gains	4	291
Less – loss on sale of property, plant and equipment	4	(1)
Less – recharged costs from Anglo American – administration expenses	4	(115)
Less – expenses related to contributions to the trusts[1]		(400)
Less – other administration expenses	4	(27)
FOB cost		7,084

[1] Expenses related to contributions to the trusts include contributions to the Nkulo Community Partnership Trust of R198 million as well as expenses recognised for the Sisonke Employee Empowerment Scheme based on services rendered by employees of R202 million.

Rand million	Notes	South Africa	Australia[1]	Audited 31 December 2023 12 months Total
Operating costs	3	21,553	2,184	23,737
Less – industrial and domestic revenue	3	(4,339)	—	(4,339)
Less – depreciation	3	(1,222)	(310)	(1,532)
Less – amortisation	3	(25)	—	(25)
Less – commodity purchases	3	(1,051)	(389)	(1,440)
Less – inventory production movement	3	(151)	(150)	(302)
Less – demurrage and other expenses	4	(249)	(21)	(270)
Less – exploration and evaluation	4	(63)	—	(63)
Add/(less) – foreign exchange gains/(losses)	4	269	(3)	266
Less – loss on sale of property, plant and equipment	4	(7)	(1)	(8)
Less – recharged costs from Anglo American – administration expenses	4	(135)	(24)	(159)
Less – fair value losses on biological assets[2]		(11)	(6)	(17)
Less – expenses related to contributions to the trusts[3]		(559)	—	(559)
(Less)/add – other administration (expenses)/income	4	(163)	342	180
FOB cost		13,847	1,622	15,469

[1] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.
[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 six months ended 30 June 2024

The APMs used in the condensed consolidated interim financial statements have been reconciled as below continued:

G. FOB cost per export tonne

Rand million (unless otherwise stated)	Note	South Africa	Australia	Reviewed 30 June 2024 6 months Total
FOB cost	F	7,383	2,634	10,017
Export saleable production (kt)		6,167	1,601	7,768
FOB cost per export tonne (Rand/tonne)		1,197	1,645	1,290

Rand million (unless otherwise stated)	Note	Reviewed 30 June 2023 6 months Total
FOB cost	F	7,084
Export saleable production (kt)		6,075
FOB cost per export tonne (Rand/tonne)		1,166

Rand million (unless otherwise stated)	Note	South Africa	Australia[1]	Audited 31 December 2023 12 months 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] Represents 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	Reviewed 30 June 2024 6 months Total
FOB cost	F	7,383	2,634	10,017
Less – royalties	3	(49)	(456)	(505)
FOB cost excluding royalties		7,334	2,178	9,512

Rand million	Notes	Reviewed 30 June 2023 6 months Total
FOB cost	F	7,084
Less – royalties	3	(163)
FOB cost excluding royalties		6,921

Rand million	Notes	South Africa	Australia[1]	Audited 31 December 2023 12 months Total
FOB cost	F	13,847	1,622	15,469
Less – royalties	3	(603)	(294)	(897)
FOB cost excluding royalties		13,244	1,328	14,572

[1] Represents 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**	**Reviewed 30 June 2024 6 months Total**
FOB cost excluding royalties	H	**7,334**	**2,178**	**9,512**
Export saleable production (kt)		**6,167**	**1,601**	**7,768**
FOB cost per export tonne excluding royalties (Rand/tonne)		**1,189**	**1,360**	**1,225**

Rand million (unless otherwise stated)	Note	Reviewed 30 June 2023 6 months Total
FOB cost excluding royalties	H	6,921
Export saleable production (kt)		6,075
FOB cost per export tonne excluding royalties (Rand/tonne)		1,139

Rand million (unless otherwise stated)	Note	South Africa	Australia[1]	Audited 31 December 2023 12 months 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] Represents the results of the Ensham Business for the four months from the acquisition date to 31 December 2023.

ANNEXURE 1

ALTERNATIVE PERFORMANCE MEASURES△

CONTINUED

For the six months ended 30 June 2024

The APMs used in the condensed consolidated interim financial statements have been reconciled as below continued:

J. Environmental liability coverage

Rand million (unless otherwise stated)	Note	South Africa	Australia	Reviewed 30 June 2024 6 months Total
Environmental provisions (A)	17	7,933	3,598	11,531
Investments held to fund closure activities (B)		5,089	849	5,938
Environmental rehabilitation trusts	17	3,925	—	3,925
Other environmental investments	17	1,164	849	2,013
Environmental liability coverage (%) (B/A)		64	24	51

Rand million (unless otherwise stated)	Note	Reviewed 30 June 2023 6 months Total
Environmental provisions (A)	17	7,673
Investments held to fund closure activities (B)		4,373
Environmental rehabilitation trusts	17	3,502
Other environmental investments	17	871
Environmental liability coverage (%) (B/A)		57

Rand million (unless otherwise stated)	Note	South Africa	Australia	Audited 31 December 2023 12 months Total
Environmental provisions (A)	17	7,841	3,855	11,696
Investments held to fund closure activities (B)		4,673	—	4,673
Environmental rehabilitation trusts	17	3,740	—	3,740
Other environmental investments	17	933	—	933
Environmental liability coverage (%) (B/A)		60	—	40

ANNEXURE 2

GLOSSARY

For the six months ended 30 June 2024

A number of terms have been used in the Interim 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 Emirate Dirham
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
CA(SA)	Chartered Accountant South Africa
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
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
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
EU	European Union
EUR	Euro
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
GBP	British pound sterling

GLOSSARY CONTINUED

For the six months ended 30 June 2024

A number of terms have been used in the Interim Financial Statements, using the definitions as detailed below continued:

Term used	Definition
Group	Thungela and its subsidiaries, joint arrangements and associates
IAS	International Accounting Standard, referencing a specific standard to be applied
IAS 34	Interim Financial Reporting
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	International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 13	Fair Value Measurement
Japanese Reference Price	The Japanese Reference Price is an annual contract price agreed to between select Australian suppliers, shipping out of Newcastle, and Japanese end-users. It serves as an industry benchmark for supplies of high-quality 6,000kcal/kg seaborne thermal coal in Asia
JSE	Johannesburg Stock Exchange Limited
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
JV participants	Sungela and Bowen, collectively, in relation to their interests in the Ensham joint venture and Nogoa joint venture
Kcal/kg	Kilocalories per kilogram
kt	A measure representing 1,000 tonnes
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, under the Thungela share 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 Proprietary Limited
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
Mt	Million tonnes
Mtpa	Mt 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.
Pamish	Pamish Investments No. 66 Proprietary Limited

Term used	Definition
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
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
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
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, previously the SACO Employee Partnership Trust
South African Secondary index price	Benchmark price reference for 6,000kcal/kg thermal coal at point of discharge in Northwest Europe
Sungela	Sungela Pty Ltd
Sungela Holdings	Sungela Holdings Pty Ltd
TFR	Transnet Freight Rail, a division of Transnet SOC Limited
The Companies Act of South Africa	The Companies Act 71 of 2008 (as amended)
Thungela International	Thungela International Proprietary Limited
Thungela Marketing International	Thungela Marketing International Holdings Proprietary Limited
Thungela or the Company	Thungela Resources Limited
Thungela Resources Australia	Thungela Resources Australia Pty 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
Transnet	Transnet SOC Limited
TRCFR	Total recordable case frequency rate per million man hours
Trusts	The Sisonke Employee Empowerment Scheme and the Nkulo Community Partnership Trust, collectively
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
UK Officials List	The official list of the FCA
US	United States
USD	United States dollar
WANOS	Weighted average number of ordinary shares outstanding
ZAR	South African rand

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
Rosebank
Johannesburg
2196
South Africa
Tel: +27 12 638 9300

POSTAL ADDRESS

PO Box 1521
Saxonwold
2132

This report is available at: **www.thungela.com**

DIRECTORS

Executive

July Ndlovu (chief executive officer)
Gideon Frederick (Deon) Smith (chief financial officer)

Independent non-executive

Sango Siviwe Ntsaluba (chairperson)
Kholeka Winifred Mzondeki
Thero Micarios Lesego Setiloane (passed away 1 May 2024)
Benjamin Monaheng (Ben) Kodisang
Seamus Gerard French (Irish)
Yoza Noluyolo Jekwa

PREPARED UNDER THE SUPERVISION OF

Gideon Frederick (Deon) Smith CA (SA)

GROUP COMPANY SECRETARY

Francois Klem

INVESTOR RELATIONS

Hugo Nunes
Email: hugo.nunes@thungela.com

Shreshini Singh
Email: shreshini.singh@thungela.com

MEDIA

Hulisani Rasivhaga
Email: hulisani.rasivhaga@thungela.com

SA TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Private Bag X9000
Saxonwold, 2132
Email: Web.Queries@computershare.co.za
Tel: +27 11 370 5000

UK TRANSFER SECRETARIES

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street, St Helier
Jersey, Channel Islands
Email: WebCorres@computershare.co.uk
Tel: +44 03 7070 2000

SPONSOR

Rand Merchant Bank
(a division of FirstRand Bank Limited)
Tel: +27 11 282 8000

UK FINANCIAL ADVISER AND CORPORATE BROKER

Panmure Liberum Capital Limited
Tel: +44 20 3100 2000

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