

**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

('Thungela' or the 'Company' and together with its affiliates, the 'Group')

## **Chief Financial Officer's Pre-close statement for the six months ending 30 June 2025**

### **Dear Stakeholder**

We are pleased to report that Thungela maintains a fatality-free business and has operated for 27 consecutive months without a loss of life. Amidst a challenging operating environment, with volatile coal prices and fluctuating foreign exchange rates, we remain disciplined in executing on our strategic priorities. In South Africa, the Elders project is beginning to produce export saleable production as we continue to ramp-up. The Zibulo North Shaft project remains on budget and is on schedule to be completed in 2026. In Australia, we have acquired the remaining stake in Ensham from our co-investors, as per the announcement released on 14 March 2025, and we will own 100% of the Ensham Business.

In South Africa, production in the first half of the year was bolstered by incremental underground production, while the opencast operations, predominantly at Isibonelo and Khwezela, were impacted by higher than expected rainfall. As previously reported, in Australia<sup>1</sup>, production and export saleable product qualities in the first half of the year were impacted by challenging geology. We expect production to improve in the second half of the year.

The Transnet Freight Rail (TFR) performance continues to benefit from ongoing industry collaborative initiatives. Rail performance for the period January 2025 to May 2025 was 55.5Mt on an annualised basis for the industry, reflecting a 7% improvement on the FY 2024<sup>2</sup> performance of 51.9Mt, and a 17% improvement on the H1 2024 performance. The improved performance is mainly as a result of fewer security related issues, improved locomotive availability and reliability, largely due to the additional locomotives introduced onto the North Corridor coal line. The signalling project is expected to commence in the second half of the year and this should further improve rail performance in 2026.

The threat of higher tariffs and the resultant instability in global trade has caused disruptions amongst the largest economies, constraining global economic growth and impacting energy markets. Ongoing conflicts in Eastern Europe and the Middle East continue to disrupt the supply chain universe and contribute towards the volatility in commodity prices.

Thermal coal prices have declined since the latter part of 2024, reflecting shifts in underlying demand and supply fundamentals. Demand has slowed due to the global economic slowdown, coupled with the high levels of stockpiles across our main export hubs, particularly India and China. Imports into these regions are further impacted by increases in domestic coal production for power generation and industrial consumption. Producers have been slow to curtail production and, according to Wood Mackenzie, at a Richards Bay Benchmark coal price of USD90.00 per tonne, approximately 50Mt of export thermal coal production from Indonesia is potentially uneconomical. Colombia's main producers are looking to cut between 5Mt to 10Mt of thermal coal production this year due to the low price environment.

The following are the key insights into our performance for the period 1 January 2025 to 31 May 2025 (the year to date<sup>2</sup>) and our expectations for the six-months ending 30 June 2025 (H1 2025), with guidance references relating to the full year.

- **Benchmark coal prices** continued to soften in 2025 with the Richards Bay Benchmark coal price<sup>3</sup> averaging USD91.74 per tonne for the year to date, compared to USD105.30 per tonne for FY 2024. The Newcastle Benchmark coal price<sup>4</sup> saw a steeper weakening, averaging USD101.71 per tonne for the year to date, compared to USD134.85 per tonne for FY 2024.
- **Discount to the Richards Bay Benchmark coal price** is approximately 14.6% for the year to date, compared to 13.1% for FY 2024. This reflects the weakening market, bearish demand and wider grade discount differential for all products to date in 2025. The average realised export price for product sold through Richards Bay Coal Terminal for the year to date is USD78.37 per tonne, compared to USD91.56 per tonne for FY 2024.
- **Premium to the Newcastle Benchmark coal price** has been approximately 8.1% for the year to date, compared to a discount of 8.0% for FY 2024. The average realised export price in Australia was USD109.93 per tonne, compared to USD124.00 per tonne for FY 2024. The premium is as a result of a number of fixed price contracts, representing approximately 70% of volumes sold, which were agreed at prices well above the Newcastle Benchmark coal price for the reporting period. A portion of these fixed price contract sales, representing approximately 25% of all sales in H1 2025, is however subject to an adjustment once ongoing negotiations have been completed. Revenue pertaining to these sales has therefore been recognised at a lower realised price to reflect earnings at an appropriate market related price. Final settlement of the 2025 price will accordingly trigger a price adjustment for tonnes already sold, which will have

a limited impact on earnings.

- **Export saleable production in South Africa** is expected to be approximately 6.4Mt for H1 2025, compared to 6.2Mt in H1 2024. The increase in production is mainly as a result of improved rail performance and incremental production at our underground operations. Production at the opencast operations was impacted by higher rainfall earlier in the year. Our full year production guidance remains appropriate as we expect further improvements to production in the second half of the year.
- **FOB cost per export tonne excluding royalties for South Africa** for H1 2025 is expected to be marginally above the upper end of the guidance range of between R1,210 to R1,290 per tonne, mainly due to the lower domestic revenue offset from Isibonelo, where production was impacted by the higher rainfall. Including royalties, the FOB cost per export tonne in H1 2025 is also expected to be marginally above the upper end of the guidance range of R1,220 to R1,300 per tonne. Our full year cost guidance remains appropriate in line with the improved production expected in the second half of the year.
- **Export equity sales for South Africa** is expected to be approximately 6.2Mt for H1 2025, compared to 6.0Mt for H1 2024, mainly due to the improved rail performance.
- **Export saleable production at Ensham<sup>5</sup>** for H1 2025 is expected to be approximately 1.6Mt (on a 100% basis), compared to 2.1Mt (on a 100% basis) in H1 2024. This is as a result of the development through more challenging geological conditions in the first half of the year. Production is expected to improve in the second half of the year. Our full year production guidance remains appropriate.
- **FOB cost per export tonne excluding royalties at Ensham** for H1 2025 is expected to be above the upper end of the guidance range of between R1,470 to R1,580 per tonne, mainly as a result of the lower production in H1 2025. Including royalties, the FOB cost per export tonne in H1 2025 is also expected to be higher than the guidance range of R1,650 to R1,780 per tonne. Our full year guidance remains appropriate as we expect improved production in the second half of the year.
- **Export equity sales for Ensham<sup>5</sup>** is expected to be approximately 1.7Mt for H1 2025, on a 100% basis, compared to 2.1Mt in H1 2024.
- **Capital expenditure for the South African operations** for H1 2025 is expected to be approximately R1.1 billion. This consists of approximately R600 million relating to sustaining capital. We expect a higher capital expenditure run rate in the second half of the year and accordingly the full year guidance range of between R1,400 to R1,700 million remains appropriate. Expansionary capital of approximately R550 million includes the ongoing spend on the Zibulo North Shaft project and the Lephalale Coal Bed Methane project and is in line with the guidance range of between R1,100 to R1,200 million.
- **Sustaining capital expenditure at Ensham** for H1 2025 is expected to be approximately R127 million (on a 100% basis). This is mainly due to the sustaining capital programme being weighted towards the second half of the year and a one-off capital expenditure expected in the latter part of the year to secure outstanding mining licenses. Overall, capital expenditure is expected to remain within the guidance range of R700 to R950 million.

#### **Commitment to capital allocation framework**

We continue to prioritise shareholder returns through a combination of dividends and share buybacks. The share buyback announced in March 2025 was completed for a total consideration of R328 million, and dividends of R1.4 billion were distributed to shareholders in H1 2025. We expect to continue to reserve approximately R800 million at the end of June 2025 for completion of our life extension projects, as well as the Lephalale Coal Bed Methane project. The capital allocation framework also seeks to cash collateralise our environmental liabilities over time; and we have contributed a further R188 million to the green fund in South Africa in H1 2025.

Net cash<sup>6</sup> at 30 June 2025, excluding cash pertaining to the Ensham fixed price contracts yet to be finalised, is expected to range between R5.9 billion and R6.1 billion. In addition, we continue to hold undrawn facilities of R3.2 billion.

Goedehoop and Isibonelo mines are approaching the end of their life of mine. As a result, we have commenced with a restructuring process at these operations. Further detail of the restructure will be communicated at the release of our interim results.

The recent softer price environment has demonstrated the importance of operating a cost competitive business and maintaining balance sheet flexibility. This allows us to complete capital projects to secure the future prospects of the business and to prioritise returns to shareholders through the cycle. We are pleased with the improvements that TFR has demonstrated during the first half of the year and we remain optimistic on the expected improvements in the second half of the year.

We remain confident in the long-term fundamentals supporting coal in the global energy mix and we remain committed in the near-term to deliver on our productivity improvements and enhance the cost competitiveness of our business.

The Group is expected to release its interim results on 18 August 2025.

**Deon Smith**  
Chief Financial Officer

**Table 1: Export saleable production by operation**

Export saleable production Mt	H1 2024 Actual (a)	H1 2025 Forecast <sup>7</sup> (b)	% change (b-a)/a
<b>South Africa</b>			
<b>Underground</b>	<b>4.4</b>	<b>4.6</b>	<b>5%</b>
Zibulo	2.2	2.2	-%
Greenside	1.1	1.1	-%
Goedehoop <sup>8</sup>	1.1	1.3	18%
<b>Opencast</b>	<b>1.8</b>	<b>1.7</b>	<b>-6%</b>
Khwezela	1.0	0.8	-20%
Mafube	0.8	0.9	13%
<b>Australia</b>			
Ensham <sup>1</sup>	1.6	1.6	-%
<b>Total</b>	<b>7.8</b>	<b>7.9</b>	<b>1%</b>

**Table 2: Export sales by segment**

Export sales Mt	H1 2024 Actual (a)	H1 2025 Forecast <sup>7</sup> (b)	% change
<b>South Africa</b>	<b>6.1</b>	<b>6.2</b>	<b>2%</b>
Underground	4.7	4.7	-%
Opencast	1.4	1.5	7%
<b>Australia</b>	<b>2.1</b>	<b>1.7</b>	<b>-19%</b>
<b>Ensham (100%)</b>	<b>2.1</b>	<b>1.7</b>	<b>-19%</b>
Underground	2.1	1.7	-19%
<b>Total</b>	<b>8.2</b>	<b>7.9</b>	<b>-4%</b>

**Footnotes**

- Following the completion of the transaction for Thungela to purchase the remaining 15% of the Ensham Mine from LX International, the results of the Ensham Mine are included in the Thungela Group results at 100% from 28 February 2025. Full details relating to the accounting treatment applied to the Ensham Business, including the acquisition of the 15% interest, will be provided in the Interim Financial Statements for the six months ending 30 June 2025.
- "Year to date" refers to the period from 1 January 2025 to 31 May 2025.  
FY 2024 refers to the period from 1 January 2024 to 31 December 2024.
- Richards Bay Benchmark coal price reference for 6,000kcal/kg thermal coal exported from the Richards Bay Coal Terminal.
- Newcastle Benchmark coal 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.
- Production at Ensham is crushed and screened before being sold into either the export or Australian domestic market. Sales into the Australian domestic market are at export parity prices and, as a result, all production at Ensham is considered to be export saleable production.
- Net cash, an alternative performance measure, is cash and cash equivalents less cash held in the Nkulo Community Partnership Trust and the Sisonke Employee Empowerment Scheme and other restricted cash.
- Based on the latest available management forecasts. Final figures may differ by  $\pm 5\%$ .
- Export saleable production for Goedehoop includes approximately 246kt (2024: 279kt) attributable to the Nasonti operation.

**Review of Pre-close statement**

The information in this Pre-close statement is the responsibility of the directors of Thungela and has not been reviewed or reported on by the Group's independent external auditor.

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A trading statement will be released once the Company has reasonable certainty on the expected ranges for earnings per share and headline earnings per share and to the extent required by the JSE Listings Requirements.

#### **Investor call details**

A conference call and audio webinar relating to the details of this announcement will be held at 12:00 SAST on Thursday, 26 June 2025. A recording of the audio webinar will be made available on the Thungela website on the same date - [www.thungela.com/investors](http://www.thungela.com/investors).

Conference call registration:

<https://services.choruscall.eu/DiamondPassRegistration/register?confirmationNumber=7688479&linkSecurityString=121b643bdd>

Audio webinar registration:

<https://ccmediaframe.com/?id=g9ZdyjkF>

#### **Disclaimer**

This announcement includes forward-looking statements. All statements other than statements of historical facts contained in this announcement, 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 Reserve and Resource positions), are, or may be deemed to be, forward-looking statements. 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. The Group assumes no responsibility to update forward-looking statements in this announcement except as may be required by law.

The information contained in this announcement is deemed by the Company 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 via the regulatory information service, this inside information is now considered to be in the public domain.

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Pannure Liberum Limited

#### **Sponsor**

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Rosebank

26 June 2025

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