Emerging markets will want coal for decades, says Thungela

By Promit Mukherjee and Wendell Roelf

8 Feb 2023

Thungela Resources expects strong coal demand from emerging markets for at least two decades and believes it can attract funding for as long as returns are attractive, CEO July Ndlovu said earlier this week.

Phola Coal Processing Plant near Witbank in Mpumalanga. Source: Reuters/Siphiwe Sibeko

Coal demand and prices have surged following Russia's invasion of Ukraine last year, which led some European countries to switch from lower-carbon gas to coal because of the disruption of energy supplies.

"I have no doubt in my mind that coal is here to stay for a lot longer than most people predict," Ndlovu told Reuters on the sidelines of Mining Indaba in Cape Town.

The highest demand is likely to be from emerging markets in Asia and Africa.

"We know that in those (emerging) markets coal use is likely to remain part of the energy mix for the next two decades, maybe three," he said.

Seriti to build wind farm to power its coal mines

Nelson Banya 3 Feb 2023

Logistics bottlenecks

Thungela, primarily a coal exporter with assets only in South Africa, was hit by port and rail bottlenecks in the country last year that caused the loss of almost 600,000 tonnes of exports. It also took the brunt of rolling power cuts in the country that curtailed its production. As a result, it has sought ways to diversify.

Last week it agreed to buy a 85% stake in Ensham coal mine in Australia from Japan's Idemitsu Kosan Co for $240m.

Ndlovu said the company will keep seeking opportunities to buy coal or other bulk commodities, but it is less keen to join the race for battery metals such as copper and cobalt.

He said funding for coal project acquisitions should not be difficult for the company given the prospects of returns.

"Where there are attractive returns there is always going to be funding," he said.