



NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

New Hope Corporation Limited (**ASX:NHC**) (the **Company**) announces an update regarding recent developments in the Group.

Malabar Resources Equity Investment

The Company, through a wholly owned subsidiary, has acquired a 15% interest in Malabar Resources Limited (**Malabar**) for a total investment of \$94.4 million.

Malabar is an unlisted public company whose flagship asset is the Maxwell Mine, an underground metallurgical coal project located 10kms south-west of Muswellbrook in the Hunter Valley. Construction of the project commenced in May 2022.

The Company's investment in Malabar:

- aligns with the Company's strategy to invest its surplus cash into coal assets that are low on the cost curve with long life approvals;
- adds meaningful equity tonnes at an attractive entry price investing alongside well respected founders who have a strong track record of developing coal projects and companies;
- diversifies the Company's asset base by providing exposure to metallurgical coal mined by low impact, underground methods;
- facilitates delivery of a project with strong technical and operational foundations and the ability to unlock value with the use of significant established infrastructure; and
- provides attractive investment returns over the life of the project with additional upside return opportunities from diversified enterprises including exploration and agricultural assets and the future development of an approved 25MW solar farm.

The Company's investment in Malabar Resources was pursuant to an equity raising conducted by Malabar Resources in which the Company acquired 75,530,455 ordinary shares at \$1.25 per share funded from existing cash. Malabar Resources' equity raising closed over-subscribed, with total equity capital raised of \$250 million. The equity raised by Malabar, together with existing cash of \$22 million, a \$165 million senior debt facility and \$75 million pre-payment facility provides Malabar with more than \$500million to fully fund the development of the Maxwell Mine.

Mining leases for the Maxwell Mine were granted in November 2021 and the project has received final state and federal approvals. The Maxwell Mine has an estimated life of 25+ years with more than 75% of the product suitable for steel making. Proved and probable reserves total 144 million tonnes¹.

Maxwell Mine will be developed in stages with bord and pillar mining and long wall development targeting 3.0 to 3.6Mtpa over an initial four year period followed by long wall expansion increasing forecast coal sales to 5.5 to 6.5Mtpa over the life of the project.

Development of the Maxwell Mine is substantially de-risked and capex is reduced by Malabar's ownership of existing surface infrastructure acquired from previous owners in 2018, with a replacement value exceeding \$300 million. Production costs are projected to be within the lowest quartile for similar seaborne traded products.

Malabar's assets also include:

- Approved 25MW Maxwell Solar Farm (Stage One) located on more than 105 hectares of rehabilitated mine land within the NSW Government's designated Hunter-Central Coast Renewable Energy Zone and with close proximity to high voltage network infrastructure, with the capacity to significantly increase large-scale solar generation and battery storage;
- Spur Hill exploration project (EL 7429); and
- Agricultural assets including the Merton Vineyard.

Malabar's strategy is to deliver low-impact underground mines which target metallurgical products, while co-existing and facilitating substantial sustainable, renewable enterprises.

Bengalla Exploration Licence Granted

The New South Wales Government has granted Bengalla Mining Company an Exploration Licence (ELA 6263) for an area of 556 hectares adjoining the western side of the Bengalla Mine.

Bengalla is the Group's cornerstone asset in which the Company has an 80% interest. Bengalla's mining operations are approved to produce up to 15.0Mtpa ROM coal until 2039. Production is planned to increase from 12.6Mtpa to 13.4Mtpa over the next two years in response to sustained, strong demand for high quality, high energy thermal coal.

Bengalla will conduct an exploration program over the area of ELA 6263 aiming to identify available economic resource to enhance production from Bengalla.

The grant reflects the New South Wales Government's support for the mining industry as an important contributor to NSW regional employment and economic development and as NSW's largest source of export income.

¹ Prepared in accordance with the JORC Code (2012 edition).

Termination of Undrawn Debt Facility

Following full repayment of the Group's amortising secured loan facility (**Debt Facility**) from operational cash flows as reported in the 31 October 2021 Quarterly Activities Report, the Company has elected to terminate the undrawn Debt Facility prior to its maturity in November 2023.

Based on current cash balance and projected cash flows up to the period of maturity, there is no reasonably foreseeable scenario in which the Group would require Debt Facility funding for general corporate purposes.

The Credit Support facility has not been terminated and continues to be utilised by the Company, mainly in relation to mining rehabilitation obligations at Bengalla.

The cancellation of the Debt Facility achieves cost savings and is a step forward in the execution of a broader capital strategy seeking to maximise long-term investor value and alignment to overall business strategy.

Operational Performance Update

While recent wet weather events have disrupted the operations at Bengalla, and the Hunter Valley logistics chain that supports it, impacts have been partially offset by the further strengthening of the coal price. During the weather event, conditions permitted Bengalla to undertake controlled water discharges in accordance with existing approvals providing risk mitigation against future weather events.

The past few months have seen heightened focus on maintaining energy security as a core component of navigating a just transition to a decarbonised economy. This has supported thermal coal pricing over the second half of the year and we expect pricing to remain at historically high levels for the short to medium term. To support the demand for domestic energy, Bengalla has also been able to sell more coal into the domestic market in addition to existing contracted domestic supply while the Hunter Valley logistics chain has been disrupted by wet weather.

Overall, the Company looks forward to providing further operational and financial information in the Quarterly Activities Report to be released in August 2022, and to releasing the full year financial results on 20 September 2022.

(ENDS)

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This ASX announcement was approved and authorised by the Board.