

Quarterly Activities Report

31 January 2024

Highlights

- Underlying EBITDA¹ of A\$179.9 million for the quarter, down 26.5 per cent on the previous quarter primarily due to realised pricing. H1 FY24 Underlying EBITDA¹ of A\$424.8 million, a decrease of 59.1 per cent against H1 FY23 of A\$1,038.5 million.
- Saleable coal produced of 4.1Mt for H1 FY24, up 29.4 per cent against H1 FY23. Saleable coal produced of 2.0Mt for the quarter, in-line with the previous quarter.
- Average realised sales price of A\$180.64/t² achieved for the quarter, compared to A\$211.40/t² in the October 2023 quarter.
- Commitment to increase equity interest in Malabar Resources to 19.9 per cent and potentially 23 per cent, consistent with our strategy of investing in low cost coal assets with long life approvals.
- Acquisition of West Muswellbrook ('AL19') tenement provides synergies to our mining and agricultural assets whilst providing the Company with long-term optionality.
- H1 FY24 cash generated from operating activities was A\$130.6 million with available cash of A\$480.4 million³, following payments of FY23 final ordinary dividend, special dividend and FY23 income tax payment totalling A\$444.2 million.

	Quarter ended			Year to date			Guidance
	Jan-24 (‘000t)	Oct-23 (‘000t)	Change %	Jan-24 (‘000t)	Jan-23 (‘000t)	Change %	FY24 (‘000t)
NSW operations⁴							
Bengalla Mine⁵							
ROM coal production	2,396	2,209	8%	4,605	4,293	7%	10,247
Saleable coal production	1,821	1,980	(8%)	3,802	3,162	20%	8,303
Coal sold	1,849	1,819	2%	3,668	3,344	10%	8,366
QLD operations							
New Acland Mine							
ROM coal production	458	238	92%	696	-	100%	2,014
Saleable coal production	228	63	261%	291	-	100%	980
Coal sold	103	-	100%	103	-	100%	655
QBH export throughput	636	843	(25%)	1,479	990	49%	4,139
Total							
Total ROM coal production	2,854	2,447	17%	5,301	4,293	23%	12,261
Total saleable coal production	2,049	2,044	0%	4,093	3,162	29%	9,284
Total coal sold	1,951	1,819	7%	3,770	3,344	13%	9,021

¹ Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) is a non-IFRS measure and has not been reviewed by our auditor.

² Excludes domestic sales as well as commodity price and foreign exchange hedging gains / losses.

³ Cash and cash equivalents of A\$296.1 million and fixed income investments of A\$184.3 million, which are reported as other financial assets.

⁴ Excludes strategic investment in Malabar Resources Limited (15 per cent interest).

⁵ Bengalla Mine 80 per cent interest.

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Safety and wellbeing

The All-Injury Frequency Rate for the quarter was 32.26, a decrease of 10.3 per cent from the previous quarter following safety resets and focused discussions conducted across the Group. On a twelve-month moving average basis, the All-Injury Frequency Rate has increased to 29.46 at the end of the quarter, compared to 27.41 at the end of the previous quarter.

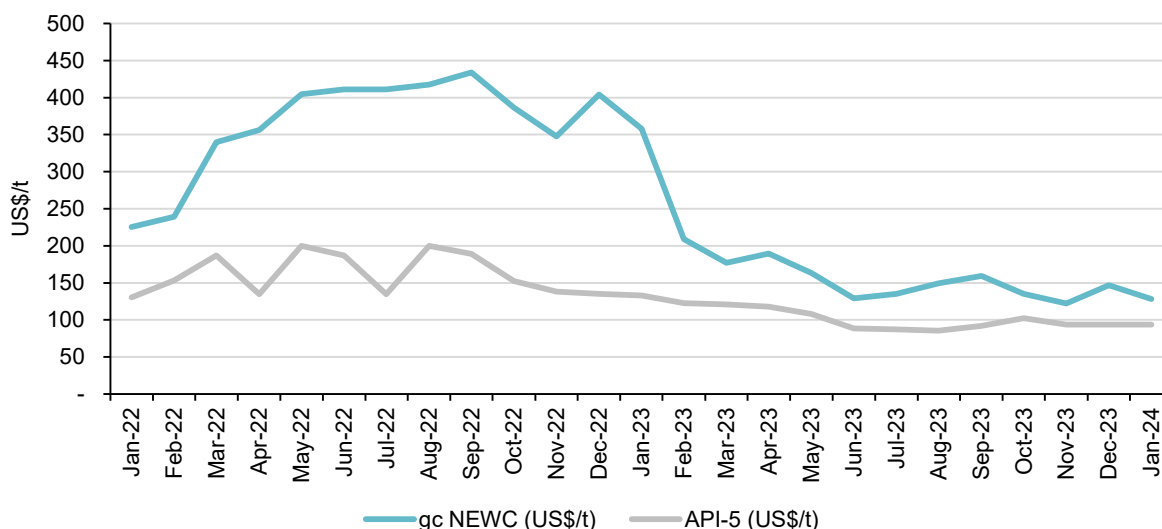
The Company’s twelve-month moving average Total Recordable Injury Frequency Rate (TRIFR) was 2.55 at the end of the quarter, up from 1.96 at the end of the previous quarter. Further safety and risk focussed discussions have occurred with a view to addressing the causes of recordable injury incidents. During the quarter there were seven high potential events and eight recordable incidents which were reported to the Regulator.

Marketing

The gC NEWC index average price for the quarter was US\$132.41/t, a 10.6 per cent decrease from the previous quarter of US\$148.05/t, and a 64.2 per cent decrease compared to the same quarter last year.

A mild winter in the Northern Hemisphere has resulted in soft demand, placing downward pressure on coal prices. High energy products have seen greater demand destruction compared to the API-5 price which has remained stable due to strong Chinese demand for lower energy coal supply. API-5 has created a floor for the gC NEWC and the expectation is that prices will stabilise at current levels. Bengalla Mine has the capability to alternate production between gC NEWC and API-5 with relative ease and we continue to optimise production and sales based on the margin rank determined from the changing pricing indices.

gC NEWC and API-5 Historical Pricing



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Domestic Coal Reservation Scheme

During the quarter Bengalla Mine supplied 0.20Mt¹ of coal to domestic customers under the NSW Domestic Coal Reservation Scheme which has a delivered price cap of A\$125/t. Moving forward, Bengalla Mine is contracted to supply 0.19Mt¹ of coal per quarter under the Scheme, which is currently scheduled to terminate on 30 June 2024. Following termination of the Scheme, Bengalla Mine will continue to support its domestic customers.

New South Wales operations

Bengalla Mine – 80 per cent owned

Prime waste movement of 12.1Mbcm for the quarter was 6 per cent lower than the previous quarter. Run of Mine (ROM) coal production was 2.4Mt, an increase of 8 per cent compared to the previous quarter due to higher dragline production following the shutdown last quarter, lower strip ratio and reduced truck/shovel performance due to higher wet weather interruptions.

During the quarter, the Coal Handling and Preparation Plant (CHPP) undertook its annual planned shutdown for the 2024 financial year. The CHPP was shut for 14 days allowing maintenance and key upgrade works to be completed.

Saleable production of 1.8Mt for the quarter was 8 per cent lower than the prior quarter primarily due to the plant shutdown. Coal sales for the quarter were 1.8Mt, in-line with the prior quarter. Bypass coal was increased during the quarter due to the CHPP shutdown and to take advantage of narrowing price differentials between the gC NEWC and API-5. Planned shutdowns and upgrades to both dragline and CHPP completed during the first half of the 2024 financial year will allow increased production rates in the second half of the financial year.

Bengalla Mine's Free on Board (FOB) cash cost (excluding State Royalties) was ~A\$80 per sales tonne for the quarter, a 4 per cent improvement on prior quarter. Bengalla Mine is on track to achieve its 2024 financial year FOB cash cost (excluding State Royalties) guidance of between A\$72 – A\$81 per sales tonne given the increase in volumes expected during the second half of the financial year.

Bengalla Mine Growth Project

The mining fleet's capacity to contribute to Bengalla Mine's expansion to 13.4Mtpa ROM was realised during the quarter with the upgraded mining fleet exceeding the 13.4Mtpa run rate during the month of January 2024. This was achieved through the delivery of 13 heavy mobile equipment items since inception of the project, with the remaining five supporting items due toward the end of the 2024 financial year.

Construction was largely completed for the CHPP tailings circuit upgrade during the quarter, which is due to increase washery feed capacity by the end of the 2024 financial year. The major CHPP tie-in shutdown was completed successfully during the quarter which initiated the integration and ramp up phase of the project.

¹ Bengalla Mine 80 per cent interest.

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Queensland operations

New Acland Mine – 100 per cent owned

New Acland Mine moved 1.7Mbcms of prime overburden material from the existing Manning Vale East pit during the quarter, up 5 per cent from the prior quarter. ROM coal production was 0.46Mt, an increase of 92 per cent compared to the previous quarter. Saleable coal production was 0.23Mt for the quarter, compared to 0.06Mt in the prior quarter. New Acland Mine's first coal export since recommencing operations, a shipment of 11Kt, sailed in December 2023 and was followed by a 92Kt shipment in January 2024.

During the quarter, New Acland Mine has utilised spot rail capacity to deliver product to the port in addition to contracted volumes and will continue to source spot rail capacity where available.

Construction of the Lagoon Creek Crossing is on track with completion expected late February 2024, allowing access to begin topsoil removal in the Willeroo pit in March. The refurbishment of the secondary CHPP was completed during the quarter with commissioning successfully undertaken, allowing both plants to be available for the increased ROM production in the second half of the 2024 financial year.

The Land Court of Queensland is yet to set dates for the hearing of the Oakey Coal Action Alliance's legal challenge to the grant of the Associated Water Licence by the Queensland Government.

Queensland Bulk Handling (QBH)

QBH export throughput was 0.64Mt for the quarter, a decrease of 25 per cent against the previous quarter due to lower overall customer volumes.

On 27 December 2023, New Wilkie Energy Pty Ltd, the company operating the Wilkie Creek coal mine and one of QBH's three customers, entered voluntary administration. In January 2024, production from the Wilkie Creek coal mine was suspended and receivers and managers were appointed. As at the end of the quarter, New Wilkie's external control process remained ongoing and its ability to meet its future throughput obligations to QBH remains uncertain.

Strategic investments

Malabar Resources Limited (Malabar)

Malabar's construction of the Maxwell Underground Mine continued during the December 2023 quarter with substantial progress made on the access road, overland conveyor corridors (including bitumen seal) and commencement of concrete ramp works joining the mine entry point to the stockpile area.

The bord and pillar operation, mining the Whynot Seam, continues to ramp up with the first low height continuous miner commencing in November 2023 and the second expected in February 2024. Place change panel operation commenced during the quarter with the second panel set to commence next quarter.

Malabar's activities to construct the longwall operation on the Woodlands Hill Seam have advanced with around 1000m of driveage completed on the two surface-to-seam declines and manufacturing of the longwall equipment progressing as scheduled.

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As announced to the market on 7 February 2024, the Company has committed to take up to A\$105 million of additional equity in Malabar through an institutional placement equity raising, which will result in the Company increasing its equity interest in Malabar from 15 per cent to 19.9 per cent, with potential to increase to an interest of approximately 23 per cent, subject to Malabar shareholder approval.

The Company's investment in Malabar aligns with its strategy of investing in low cost coal assets with long life approvals whilst also providing increased exposure to metallurgical coal mined by low impact, underground methods.

Acquisition of West Muswellbrook ('AL19') tenement

On 25 January 2024, the Company completed the acquisition of West Muswellbrook ('AL19') tenement together with a number of surface land titles from Idemitsu Australia. AL19 is an approximately 8,100 hectare assessment lease tenement located close to the western side of Bengalla Mine and proximate to the Maxwell Underground Mine in the Hunter Valley region. The acquisition of AL19 provides synergies to our mining and agricultural assets whilst providing longer term optionality for the Company. The Company has begun engagement with local landholders but is yet to determine and schedule any exploration activities within AL19.

Exploration

Bengalla Exploration License (EL 9431)

During the quarter, Bengalla received approval from the NSW Resources Regulator to carry out Assessable Prospecting Operations over EL 9431, an area of 556 hectares contiguous to the western boundary of Bengalla Mine. Drilling operations are expected to commence early in the next quarter.

Cash balance

During the quarter, the Company paid a total of A\$444.2 million related to the FY23 final ordinary dividend, final special dividend and FY23 income tax payment. The Company's available cash balance as at 31 January 2024 is A\$480.4 million, consisting of A\$296.1 million in cash and cash equivalents and A\$184.3 million in fixed income investments. Due to accounting standards, these fixed income investments are classified as other financial assets. In the last 12 months, the Company has invested surplus cash amounts into high yielding fixed income investments in order to earn greater returns on its cash balance. The Company's fixed income investments are liquid, easily accessible and have returned an annualised yield of approximately 11.6 per cent since inception.

ENDS

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