ASX Release
19 August 2024

Quarterly Activities Report
31 July 2024

Highlights

- Subject to final audit, Underlying EBITDA[1] of $859.9 million for the 2024 financial year, third highest result in the Company's history. Underlying EBITDA[1] of $216.3 million for the quarter, in-line with the previous quarter.
- Strong performances from Bengalla Mine and New Acland Mine contributed to 9.1Mt of saleable coal production and 8.7Mt of coal sales for the 2024 financial year, 26 per cent and 14 per cent higher than the 2023 financial year, respectively.
- Subject to final audit, Bengalla Mine achieved an FOB[2] cash cost (excluding state royalties) of $77.8 per sales tonne for the 2024 financial year, comfortably within guidance range despite non-controllable rail cancellations affecting fourth quarter volumes.
- Average realised sales price of $181/t[3] achieved for the quarter, in-line with the previous quarter.
- Cash generated from operating activities was $562.0 million for the 2024 financial year, with available cash[4] of $824.5 million, post proceeds from convertible notes offering.
- Successfully raised $300 million senior convertible notes, providing increased financial flexibility.

		Quarter ended			Full year			Guidance	
		Jul-24	Apr-24	Change	Jul-24	Jul-23	Change	FY24	%
Group									
ROM coal production	**('000t)**	**3,370**	**3,665**	**(8%)**	**12,337**	**9,335**	**32%**	**12,261**	**1%**
ROM strip ratio - prime	**bcm/t**	**4.4x**	**3.7x**	**(19%)**	**4.6x**	**4.7x**	**3%**	**n/a**	**n/a**
Saleable coal production	**('000t)**	**2,497**	**2,474**	**1%**	**9,063**	**7,217**	**26%**	**9,284**	**(2%)**
Coal sold	**('000t)**	**2,558**	**2,358**	**9%**	**8,686**	**7,605**	**14%**	**9,166**	**(5%)**
NSW operations[5]									
Bengalla Mine[6]									
ROM coal production	('000t)	2,425	2,955	(18%)	9,985	9,335	7%	10,247	(3%)
ROM strip ratio - prime	bcm/t	5.0x	3.9x	(28%)	4.9x	4.7x	(3%)	n/a	n/a
Saleable coal production	('000t)	2,053	2,191	(6%)	8,046	7,217	11%	8,303	(3%)
Coal sold	('000t)	1,988	2,188	(9%)	7,843	7,605	3%	8,366	(6%)
QLD operations									
New Acland Mine									
ROM coal production	('000t)	945	710	33%	2,351	-	n/a	2,014	17%
ROM strip ratio - prime	bcm/t	2.8x	2.7x	(5%)	3.4x	-	n/a	n/a	n/a
Saleable coal production	('000t)	444	282	57%	1,017	-	n/a	980	4%
Coal sold[7]	('000t)	571	170	236%	843	-	n/a	800	5%
QBH export throughput	('000t)	1,022	826	24%	3,327	2,009	66%	3,420	(3%)

[1] Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) is a non-IFRS measure and has not been audited.
[2] Free on Board.
[3] Excludes domestic sales as well as commodity price and foreign exchange hedging gains / losses.
[4] Cash and cash equivalents of $638.7 million and fixed income investments of $185.8 million, which are reported as other financial assets.
[5] Excludes equity interest in Malabar Resources Limited (19.97 per cent).
[6] Bengalla Mine 80 per cent interest.
[7] Includes purchased coal from New Wilkie Energy Pty Ltd. Refer to Queensland Bulk Handling (QBH) commentary section.

Safety and wellbeing

The All-Injury Frequency Rate (AIFR) for the quarter was 27.08, a decrease of 17.0 per cent from the previous quarter. On a twelve-month moving average basis, the AIFR has decreased to 32.60 at the end of the quarter, compared to 32.97 at the end of the previous quarter.

The Company continues to monitor Total Recordable Injury Frequency Rate (TRIFR) as a supplementary indicator of safety performance. The Company's twelve-month moving average TRIFR was 5.32 at the end of the quarter, up from 4.12 at the end of the previous quarter.

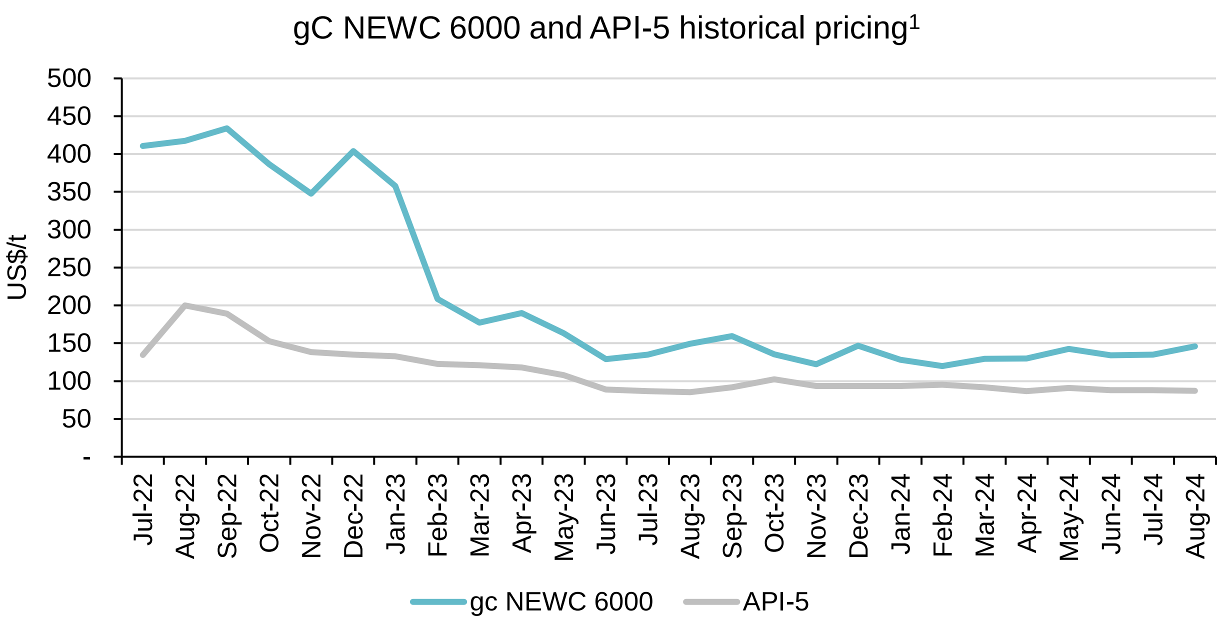
During the quarter there was one high potential event, one high potential hazard and 14 notifiable incidents which were reported to the Regulator.

Marketing

The gC NEWC 6000 index average price for the quarter was US$137.28/t, an 8.7 per cent increase from the previous quarter of US$126.33/t, and a 3.6 per cent decrease compared to the same quarter last year.

The thermal coal market was balanced during the quarter with pricing indices remaining at robust levels. Ongoing Chinese demand to satisfy increased electricity consumption continued to support API-5 pricing and provide a clearing house for thermal coal supplies. Despite stabilised pricing levels, volatility still exists, with minor demand or supply shocks having the propensity to move pricing indices by up to 10 per cent. We expect the thermal coal market to remain balanced for the rest of calendar year 2024, with potential tightening into calendar year 2025, meaning any supply disruptions, either locally or globally, could have significant positive effects on thermal coal prices.

The Company's forward sales book remains well supported, with more than 85 per cent of production for the next six months sold.



[1] *August 2024 coal pricing reflects month-to-date averages as at 16 August 2024.*

Domestic coal reservation scheme and royalties

The NSW domestic coal reservation scheme ended on 30 June 2024. Subsequently, increases to NSW coal royalties became effective on 1 July 2024. Royalty rates have increased from 8.2 per cent to 10.8 per cent for open-cut mines and from 7.2 per cent to 9.8 per cent for underground mines.

Whilst the NSW domestic coal reservation scheme has now concluded, Bengalla Mine will continue to support its domestic customers.

New South Wales operations

Bengalla Mine – 80 per cent joint venture interest

During the quarter, logistics constraints due to significant increases in rail cancellations caused by protestor disruptions, track issues, labour availability and adverse weather were experienced by many rail customers across the Hunter Valley region impacting delivery of product to the Port of Newcastle. Bengalla Mine was impacted by these disruptions, resulting in delayed coal sales of approximately 0.4Mt to 0.5Mt and further upstream impacts to production due to inventory constraints.

Given the downstream disruptions, overburden was a key focus during the quarter with Bengalla Mine moving 12.1Mbcm of prime waste, 4.9 per cent higher than the previous quarter. Run of Mine (ROM) coal production was 2.4Mt, a decrease of 17.9 per cent compared to the previous quarter due to adverse weather conditions, a higher ROM strip ratio and the slowing of coal uncovery and in-pit inventories to respond to the logistics constraints and to minimise future rehandle. However, as a result, Bengalla Mine now holds elevated levels of in-pit inventory and product coal stocks which will provide a strong production runway to start the 2025 financial year. Rail cancellations and resulting stockpile constraints led to lower washery input, with saleable coal production of 2.1Mt being 6.3 per cent lower than the previous quarter. Despite significant logistical disruptions, coal sales totalled 2.0Mt for the quarter.

The Free on Board (FOB) cash cost (excluding state royalties) was $76.3 per sales tonne for the quarter, a 4.0 per cent increase on the previous quarter due to rail disruptions resulting in lower coal sales. The 2024 financial year FOB cash cost (excluding state royalties) was $77.8 per sales tonne, comfortably within guidance range of between $72 – $81 per sales tonne, despite lower-than-expected coal sales in the fourth quarter.

Bengalla Mine Growth Project

The mining fleet possesses the capacity for 13.4Mtpa ROM run rates and the Coal Handling and Preparation Plant (CHPP) is currently ramping-up washery feed following the recent Tailings Capacity Upgrade. Whilst overall volumes were constrained due to downstream logistical disruptions, annualised growth throughput rates have been achieved ahead of schedule for the headline washery input metric of 12.9Mtpa. Achievement of this target completes the main productive metrics for the Growth Project, with remaining work focussed on supporting infrastructure.

Construction of growth infrastructure continued during the quarter, predominantly on a new public carpark and an integrated CHPP operations hub, due for completion by the end of the calendar year. Procurement commenced for warehousing upgrades to support the expanded fleet, with construction expected to commence within the next quarter.

Queensland operations

New Acland Mine

Following the introduction of a new Hitachi EX5600 excavator, a full quarter of operations in the Willeroo Pit and the commencement of night shifts, New Acland Mine recorded a strong operational performance during the fourth quarter to round out a successful first year of operations since the commencement of Stage 3.

2.7Mbcm of prime overburden material was moved from the Manning Vale East and Willeroo Pits during the quarter, up 39.8 per cent from the previous quarter. ROM coal production was 0.95Mt in the quarter, an increase of 33.1 per cent, whilst saleable coal production was 0.44Mt, up 57.3 per cent on previous quarter. Coal sales, which included coal purchased from Queensland Bulk Handling, totalled 0.57Mt, compared to 0.17Mt in the previous quarter, as New Acland Mine continues to take advantage of additional spot rail capacity. Domestic coal sales commenced in July 2024, with over 2,600 tonnes sold to customers across South East Queensland.

Progress in the Willeroo Pit has continued in advance of schedule, with the introduction of additional mining fleet capacity and the onboarding of additional employees. The site now has over 200 employees working at the operation, with further intakes planned for early in the 2025 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. New Acland Mine will continue mining activities in both Manning Vale East and Willeroo Pits and will continue to progress planning and surface infrastructure works in preparation for commencing mining activities in the Manning Vale West Pit targeting the second half of calendar year 2025.

In its first full year of production since commencement of Stage 3, New Acland Mine achieved 2.4Mt of ROM coal production, over 1.0Mt of saleable coal production and coal sales of 0.8Mt, all above 2024 financial year guidance.

Queensland Bulk Handling (QBH)

QBH export throughput was 1.0Mt for the quarter, up 23.8 per cent compared to the previous quarter due to higher New Acland Mine coal sales. Export throughput for the 2024 financial year was 3.3Mt, closely aligned to guidance of 3.4Mt.

During the year, QBH purchased 66kt of coal from New Wilkie Energy Pty Ltd (New Wilkie) with the purchase price payable offset against New Wilkie's outstanding obligations to QBH under the Port Services Agreement, which coal was then on-sold to New Acland Mine.

Strategic investments

Malabar Resources Limited (Malabar) – 19.97 per cent equity interest

During the June 2024 quarter, Malabar launched a major recruitment drive for more than 200 team members across various roles as the business progresses its readiness for the longwall operation.

Infrastructure activities at the Maxwell Underground Mine continue, including bitumen sealing of the permanent access road and civil works for the overland conveyor, which will transport raw coal approximately nine kilometres from the underground operations to the CHPP.

At the longwall operation, construction of the ventilation shaft has commenced, whilst development of the drift conveyor nears completion, with expected commissioning in August 2024. The first longwall roof supports were delivered to site during the June 2024 quarter. The initial longwall panels will require 72 roof supports, which will increase to 146 when the operation expands to a 300m longwall.

The bord and pillar operation continues to increase production with two place change mining units fully operational and site underground workings continuously expanding.

Exploration

Bengalla Exploration License (EL 9431) – 80 per cent joint venture interest

The Bengalla Mine has 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.

The drilling program commenced during the quarter, with three fully cored holes completed, totalling 907 metres and providing 384 core samples which are undergoing analysis for coal quality, geotechnical and geochemical properties. Another two fully cored holes are anticipated to be drilled within the next quarter. Two drilling rigs are assigned to the exploration program, and the priority remains on drilling fully cored holes to characterize coal and overburden.

West Muswellbrook (‘AL19’) tenement

The Company continues to progress conceptual studies for AL19, including the identification of exploration targets, geological model updates and potential operational scenarios for both open-cut or underground opportunities. The Company expects to report estimates for AL19 in its annual JORC Resources and Reserves statement in September 2024.

Capital management

Senior convertible notes offering

During the quarter, the Company successfully raised $300 million senior unsecured convertible notes due 12 July 2029 (Notes) with a fixed coupon of 4.25 per cent per annum. The Notes are convertible into fully paid ordinary shares in the Company, or at the option of the Company, can be cash-settled. The initial conversion price of the Notes is $6.63 per ordinary share, which represents a conversion premium of 30 per cent over the reference share price of $5.10 per ordinary share (Reference Share Price).

Concurrently, and in connection with the issuance, the Company purchased certain cash-settled call options (Capped Call Transactions) related to ordinary shares in the Company. The Capped Call Transactions provide the Company with an economic hedge up to the cap price, which is initially set at $9.18 per ordinary share, equivalent to an 80 per cent premium over the Reference Share Price. Entry into the Capped Call Transactions are designed to manage potential future dilution risk from conversion of the Notes.

The fixed coupon of 4.25 per cent per annum, plus the cost of the Capped Call Transactions are equal to an effective total yield cost of 6.3 per cent per annum which is materially below our current cost of equity. This provides the Company with a highly competitive rate of finance with no financial covenants, compared to more restrictive, secured financing otherwise available to the industry.

The Notes provide increased financial flexibility to support the Company's strategy to maximise shareholder returns through disciplined operational management, cost control, production growth and capital management.

Recent technical amendments to accounting standards will result in the Notes being classified as current liabilities, as opposed to non-current liabilities, due to the embedded conversion feature within the Notes. Notwithstanding the accounting treatment, the Notes have a maturity profile of five years, and an investor put option in three years.

Settlement of the Notes occurred on 12 July 2024, with listing of the Notes on the official list of the Singapore Exchange Securities Trading Limited (SGX-ST) having occurred on 15 July 2024.

Cash balance

The Company's available cash balance as at 31 July 2024, post the Notes, was $824.5 million, consisting of $638.7 million in cash and cash equivalents and $185.8 million in fixed income investments. The Company's fixed income investments are actively managed to be liquid over the short-to-medium period and have returned an annualised yield of approximately ~9 per cent since inception.

The Company intends to store the proceeds from the Notes in relatively low risk, shorter duration managed funds. This will allow improved returns compared to cash on deposit (targeting +150bps) and availability of funds when needed for operational or strategic opportunities as they arise. The Company may transition some of its current portfolio into shorter duration funds as visibility on alternative uses develop.

For more information, please contact:

Robert Bishop
Chief Executive Officer

Rebecca Rinaldi
Chief Financial Officer

Dominic O'Brien
Executive General Manager & Company Secretary

P +61 7 3418 0500
E cosec@newhopegroup.com.au

This ASX announcement was approved and authorised by the Board