Investor Briefing

Investor Briefing transcript

Date:	19 October 2026
Time:	11:00am AEDT/10:00am AEST
Presenting:	**New Hope Group:** Rob Bishop, Chief Executive Officer Rebecca Rinaldi, Chief Financial Officer Dominic O'Brien, Executive General Manager & Company Secretary **Malabar Resources Limited:** Wayne Seabrook, Executive Chairman Paul Verner, Chief Financial Officer

[START OF TRANSCRIPT]

Operator:
Thank you for standing by, and welcome to the New Hope Group Investor Briefing. All participants are in a listen-only mode. There will be a presentation, followed by a question-and-answer session. If you wish to ask a question via the phones, you will need to press the star key followed by the number one on your telephone keypad. And if you wish to ask a question via the webcast, please enter it into the Ask a Question box and click Submit.

I would now like to hand the conference over to Mr Rob Bishop, New Hope Group Chief Executive Officer. Please go ahead.

Rob Bishop:
Thank you. Good morning everyone, and thanks for joining us on what is an exciting day for New Hope and Malabar. I'm Rob Bishop, Chief Executive Officer of New Hope Group.

I'm joined here by Wayne Seabrook, Executive Chairman of Malabar Resources Limited. Also joining us, Rebecca Rinaldi, New Hope's Chief Financial Officer, and Dom O'Brien, New Hope's Executive General Manager and Company Secretary.

Today, we are pleased to share that New Hope and Malabar have entered into a binding agreement to combine our companies via a mutual Board-recommended Scheme of Arrangement. The transaction brings together two complementary Australian coal businesses.

It brings together New Hope's established, listed platform, a portfolio of long-life open-cut operations, operating cash flows, and financial capacity, with Malabar's underground operation that commenced longwall production in April 2026, a specialist underground mining team, strategic infrastructure interests, and additional longer-term growth options.

Together, the businesses will form a larger, diversified Australian coal producer with three operating assets across New South Wales and Queensland. This compelling combination for both New Hope and Malabar shareholders is a reflection of the strong relationship built between the two companies since New Hope's initial investment in 2022.

Before I step you through the transaction presentation, I would like to hand over to Wayne to share some opening remarks on behalf of Malabar.

Wayne Seabrook:
Yeah. Thanks, Rob, and it's a pleasure to be here. This is an important milestone for our company, and a strong endorsement of what our team at Malabar has built. The Malabar Board, unanimously supports this transaction, which it believes provides a great outcome for both New Hope and Malabar shareholders.

The transaction recognises the value created in taking our Maxwell asset through approvals, construction, commencement of bord and pillar in 2023, and earlier this year, the commencement of longwall production.

Importantly, Malabar shareholders are not exiting Malabar. They'll receive New Hope listed shares, and expect to own 21% of the combined group, retaining meaningful exposure to Maxwell's continued ramp-up, longer-term targeted growth, whilst being part of a larger, diversified group of coal operations.

Following the implementation of the scheme, Tony Haggarty and I will join the New Hope Board, supporting continuity, preserving knowledge, and providing a meaningful representation to the combined group.

The combination, we believe, creates a stronger platform for Maxwell while preserving the specialist underground capability and asset knowledge that underpins this development. We look forward to working with the New Hope team to close out this transaction. Thanks, Rob.

Rob Bishop:
Thanks, Wayne. I'll now take you through the presentation, which has been released to the ASX and is available on both companies' websites, before opening the lines for a Q&A session.

So, starting with the key terms on Page 4. Under the scheme, Malabar shareholders, other than New Hope, will receive 0.5 New Hope shares for each Malabar share held. Based on New Hope's closing share price of $5.84 last Friday, that implies a value of approximately $2.92 per Malabar share, and an equity value of 100% of Malabar of approximately $1.8 billion on a fully diluted basis.

On implementation, existing New Hope shareholders will own approximately 79% of the combined group, and Malabar shareholders approximately 21%. The transaction has the unanimous support of both the New Hope and Malabar Boards. The Malabar Board recommends that Malabar shareholders vote in favour, subject to the terms of the announcement.

In addition, Wayne Seabrook and Tony Haggarty will join the Board of New Hope on implementation, providing continuity of Malabar expertise. The scheme is subject to limited customary conditions.

These include Malabar shareholder approval at the scheme meeting, the independent expert concluding that the scheme is in the best interest of Malabar shareholders, and customary regulatory approvals. Completion is targeted for the first quarter of calendar year 2027.

I'll now hand back to Wayne to provide an overview of Maxwell Mine and why we see it as such a compelling asset.

Wayne Seabrook:
So, turning to Slide 5, which is Maxwell, and it highlights a high-quality underground coal mine in the Upper Hunter Valley. Thanks, Rob, for handing it across. Maxwell is an operating underground mine with substantial long-term growth pathway.

It's a large-scale, low-cost, high-quality operation, which includes the Whynot bord and pillar mine, and the longwall operation, which commenced in the Woodlands Hill seam, and will also later target the deeper Arrowfield and Bowfield seams.

Both the Whynot bord and pillar and Woodlands longwall are supported by infrastructure already in place and commissioned, including a substantial raw coal conveying infrastructure, an operating coal handling and prep plant, product stockpiling, train load-out facilities.

Maxwell is also strategically located in close proximity to New Hope's Bengalla operations in the Upper Hunter. The Maxwell is approved to extract up to 8 million tonnes of raw coal a year, supporting a 20-year mine life. The mine is currently ramping up, with about 600,000 tonnes of saleable coal produced in the financial year 2026.

Over the longer term, we're targeting approximately 5 million tonnes per annum of saleable coal production from the longwall, envisaging a 300-meter face, and approximately 0.5 million tonnes per annum from the Whynot bord and pillar, or that is, collectively, 5.5 million tonnes per annum in total.

We expect the mine to be positioned in the first quartile of seaborne thermal cost curve at steady state, and to produce high-quality coals. At our Maxwell mine, the infrastructure is already built, with an operating coal handling and preparation plant as I previously stated.

We've got about a 300,000-tonne product stockpile capacity, rail load-out facilities to support the ramp-up and future expansion. Long-term port capacity has also been secured across both Newcastle coal terminal operators through a 7.4% indirect interest in Port Waratah Coal Services, and a 5.5% direct interest in Newcastle Coal Infrastructure Group.

Lastly, there's also an exciting pathway for further growth via brownfield extensions to Maxwell. This is obviously built from existing site infrastructure. There is potential for additional longwall opportunities on the existing Maxwell mining lease, targeting the Arrowfield and Bowfield seams, with further potential upside, including the Warkworth seam beneath those two.

Longer term, Maxwell North is an opportunity to extend the existing operation on an adjacent tenement. That has a coal resource of about 1.1 billion tonnes, and common infrastructure. Environmental and technical studies on this project are underway, with indicative regulatory determination by the end of 2029.

I'll now let Rob talk through how the combined group's portfolio is positioned.

Rob Bishop:
Thanks, Wayne. So, turning to Slide 6. This snapshot of the combined group's portfolio reflects 100% ownership of Maxwell. We're very excited to have three high-quality operating mines in the portfolio, supported by exploration, port, and land assets.

In particular, the combined group looks forward to continuing to strengthen our existing community relationships in the Upper Hunter region, given the combined presence of both Bengalla and Maxwell.

This transaction will cement the combined group as one of Australia's leading ASX-listed coal producers, with these three complementary operating assets and a significantly enlarged resource and growth portfolio. On timings, the first step is the first court hearing, which we are presently targeting for December this year.

As mentioned at the outset, this puts transaction close during the first calendar quarter of 2027. These dates remain indicative, and Malabar and New Hope will update the market on timings as the transaction progresses.

Now turning to Slide 9. New Hope's strategy has always been to focus on low-cost, high-quality coal assets with long-life approvals that seek to deliver superior shareholder returns while operating responsibly.

Adding Maxwell to a portfolio consisting of Bengalla and New Acland enhances our leading Australian coal producer with a larger and more diversified business that is consistent with that strategy.

The combination also creates potential operational and regional synergies, particularly when we look at the two Upper Hunter operations together, including how we market our products, procure services, use infrastructure, and share people and expertise.

I think with increasing flexibility in the global seaborne coal market, with the ability to blend Maxwell and Bengalla coal depending on coal market conditions and customer requirements. Importantly, the combination strengthens our capacity to fund growth while maintaining our history of stronger shareholder returns.

As Maxwell ramps up, the combination, the combined group's scale, diversified cash flows, and financial strength will provide a stronger platform to support Maxwell through its next phase of development. The transaction is all-scrip, preserving our balance sheet strength.

I'll now hand over to Wayne to outline the benefits of the transaction for Malabar shareholders.

Wayne Seabrook:
Thanks, Rob. Those benefits you've just outlined are also relevant to our Malabar shareholders. For Malabar shareholders specifically, the scheme values 100% of Malabar at approximately 1.8 billion on a fully diluted basis, and that recognises the progress made in bringing Maxwell into longwall production.

The Malabar shareholders, of course, will retain meaningful exposure to Maxwell, and will therefore continue participating in Maxwell's ramp-up, its longer-term opportunities, and the potential benefits of the combination. Malabar shareholders gain further diversification through the exposure to Bengalla and New Acland while retaining the exposure to Maxwell.

In addition, our Malabar shareholders will also become shareholders in a company with an established dividend track record with more than 2 billion of fully franked dividends paid out by New Hope since 2022. Taken together, we believe this combination strengthens the business, delivers a positive outcome for both sets of shareholders.

Rob Bishop:
Thanks, Wayne. So, we return to Slide 10. A key benefit of this combination is a strong production growth pipeline it adds to the existing organic pipeline of New Hope. As New Acland and Maxwell reach steady state, the combined group has a pathway to a collective increase in production growth.

The longer-term profile shown on this slide is indicative only and is not a forecast. That growth comes with the expected first-quartile cost position on the seaborne thermal coal cost curve. Maintaining our low-cost position is extremely important given we operate in a cyclical market and want to ensure we protect our margins and our dividend profile through the cycle.

Alongside cost benefits, the combination also enhances our overall portfolio coal quality and, therefore, realised pricing. Maxwell provides the combined group with exposure to a semi-soft coking coal product opportunity, and additional high-energy thermal coal.

The additional high-energy thermal coal will enhance blending opportunities and increase the proportion of Newcastle reference pricing within our sales book. We see the growth in our high-energy coal product offering as beneficial to our customers and attractive value enhancement to our shareholders.

The combination also increases attributable resources by around 82% to approximately 5.2 billion tonnes. This additional resource is located entirely within the Maxwell precinct, giving us a substantial platform from which to assess future development opportunities in combination with those surrounding Bengalla.

Over to Slide 12. In terms of potential synergies, we see opportunities in marketing through product blending and customer relationships, and in procurement across rail, port, and infrastructure.

We can share people and expertise, use New Hope's corporate platform for shared services, and support Maxwell's ramp-up through the combined group's cash flows, balance sheet, and broader access to capital.

There are also potential tax benefits from the enlarged cost base, subject to a private tax ruling.

Beyond that, the precinct offers regional growth options to support increased value creation, including the potential of an additional longwall and the potential development of Maxwell North, either of which each of which remains subject to further studies and planning approvals.

You may recall a similar slide from our 2026 financial results presentation, Slide 13, which reinforces the strategic rationale for growing production now. Global coal demand is expected to remain strong as Australian supply declines, positioning the combined group to bring on production for New Acland and Maxwell as the market tightens.

Fully approved, long-life operations and high-quality coal and growth coming through New Acland and Maxwell, the combined group is well placed to meet part of that demand, and benefit from these market dynamics.

Over to Slide 14. Financial strength and returns to shareholders have always been central to New Hope's approach, and that has remained a focus with this transaction. We have consistently delivered strong shareholder returns across both high- and low-price environments, and that discipline will continue to guide our capital allocation decisions.

The combined group's balance sheet will provide capacity to support the operational and fund growth. Issuing shares to Malabar shareholders also adds approximately 1.3 billion of incremental free float market capitalisation, which should support trading liquidity and index positioning.

The last slide shows the pro forma capitalisation of the combined group. Importantly, going forward, we'll look at optimising the combined group's capital structure, including opportunity to refinance Malabar's existing financial arrangement arrangements and reduce funding costs.

Our capital management framework is unchanged, and it has always been underpinned by a disciplined focus on delivering sustainable returns to shareholders. So, just in conclusion, this transaction brings together two complementary Australian coal businesses.

The transaction cements the combined group as one of Australia's leading ASX-listed producers of low-cost, high-quality coal with three long-life operating assets, a larger and more diversified resource base, and meaningful production growth potential.

We remain focused on being a resilient, low-cost coal producer while executing our growth plans, which will enable us to continue to deliver shareholder value.

I'd like to thank Wayne and the Malabar team, as well as our respective boards, for getting us to this point. I'm sure there will be many questions, and we have Wayne and the broader New Hope Executive Team here to hands to answer them.

I'll open the lines for questions.

Operator:
Thank you. If you wish to ask a question via the phones, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. And if you're on a speakerphone, please pick up the handset to ask your question. And if you do wish to ask a question via the webcast, please type it into the ‘Ask a question’ box.

Your first phone question comes from Stefan Hansen from Macquarie. Please go ahead.

Stefan Hansen:
Good morning. Thanks for the presentation. Just two questions to start with, please.

Just on the 8 million tonne per annum opportunity of Maxwell, the presentation mentions the mine's approved to 8 million, but I think earlier there was a mention of a 2029 determination required to expand. Just wondering if you could give us some more detail on this?

Wayne Seabrook:
Yes, sure. So, yes, there's the current approval is 8 million tonnes out to 2047, and obviously the expansion of that or Maxwell North it would be either modification or a new approval. And with respect to the Maxwell North, yeah, we would be we're on the pathway to putting together you know all the pre-work and leading to a getting into the public process next year.

Stefan Hansen:
Okay, thanks.

All right, I've got another question if I could. Just on Maxwell coal quality, specifically the opportunity maybe to wash the coal to semi-soft and get into the met coal market. Could you just sort of give us an indication of what more work needs to be done here to take advantage of this?

Wayne Seabrook:
Yes, so we've all already demonstrated to ourselves that we can produce the semi-soft in a line with our geological model. The coal quality is that we're getting is fully reconciled to expectations. So, it's got the potential for the Maxwell mine to produce up to 75% semi-soft. And what we're already in discussions with customers about taking trial samples and shipment, so that we can build our profile in that market.

Stefan Hansen:
Okay, great. Thanks very much.

Operator:
Thank you. Once again, to ask a question via the phones, please press star one. Your next question comes from Glyn Lawcock from Barrenjoey. Please go ahead.

Glyn Lawcock:
Good morning. Thanks, Rob, Wayne. Maybe first question, just try to understand a little bit about the current ramp-up of the longwall at Maxwell to 5.5 million tonnes. You've got, I think, 150-meter panel at the moment, it's going to ramp up. So, how much more capital do you think we need to get us to the 5.5 million tonnes?

Wayne Seabrook:
So, we've already we ordered the capital to get it from 150 wall to 250, Glyn. So, we're currently about to finish that first longwall panel, which is shown in the presentation. The next one is again 150 meters, and that takes us out to the basically to the conclusion of the FY27 financial year. Then commencing in July '27, we start our first wider wall at 250.

And so all the capital is in place to do that. The equipment is being fabricated, etcetera. So the next two panels after that's 250. So we're funded out to that step to 250, then 2029 is a step up to 300. We will obviously push the wall as hard as we can and all the infrastructure, so we can determine exactly what extra capital we need to nudge it up to 300.

Glyn Lawcock:
So, you've said you've got the capital, does that you mean you've got it in place, but I mean have you spent it?

I'm just trying to think about how much more money you've got to spend capital-wise to get us to the 300-meter wide, over the next sort of two odd years.

Wayne Seabrook:
I'll turn to Paul Verner.

Paul Verner:
Yes, roughly, it's around $120-odd million is to be spent on the longwall expansion to 300. So that the actual equipment for the longwall is roughly half of that, and then the additional beyond that is for some of the coal handling infrastructure to be stepped up.

Glyn Lawcock:
Yes. Okay, so about $120 million over the next couple of years sounds like to get us there. And the bord-and-pillar, does that continue as well, so we pick up an extra 0.5 million tonnes, or does that sort of now fall by the wayside?

Wayne Seabrook:
No, that continues. It's a separate operation. It it's got a probably a 10-year life. Obviously, we've got very good you know, it's good coal prices. It's a higher operating cost. And so, you know, but the way that the market is, there's no reason that we wouldn't continue to run that. It's a very high quality coal. Typically, around about 6,600 kcals done on the ship, so we get a premium for it.

Glyn Lawcock:
And does that go for quite a while as well, or is it got a short life?

Wayne Seabrook:
No, it's got a 10-year life.

Glyn Lawcock:
Okay, thanks. And then, Rob, if I could just turn to you, just you've obviously put a few things in the presentation about the synergies, etcetera. Two of them being potential tax efficiencies, and the other one, interest rate differential. Could you sort of maybe put some numbers around that? Maybe even just on the interest rate differential, that, you know, obviously, Malabar probably has high-cost debt, hard to see it, obviously your capacity is much stronger. Just maybe anything you can comment further?

Rebecca Rinaldi:
Yes, thanks, Glyn. We're working through that at the moment, but at the moment, there is a significant cost of capital benefit. I mean, the look-through on the Malabar debt, you know, sits between 12% and 14%, and obviously, you see our convertible bond at the moment at 2.65%. So, we expect, as we work through with the Malabar team as the transaction progresses, to look at those markets that are available to us and bring that cost of capital down much further.

Glyn Lawcock:
Yes. And then, just a final question, just on capital management. Then, you know, obviously, it's an all-share deal, so do you expect any change to policy, or in in like maybe just reinforce what you think you'll be doing once we close the deal in 6 months' time?

Rebecca Rinaldi:
Yes, I guess the key driver for the transaction was to make sure our shareholders maintain that consistency of dividends. And that is a priority for the group, so we don't see that changing with the transaction.

Glyn Lawcock:
And that'll simply be like a payout ratio approach or just surplus cash always coming back, or how are you thinking about it now?

Rebecca Rinaldi:
Yes, so I guess we've never really had a stated dividend policy. It's really hard, given the volatility of coal price, to state a policy. So, you know, we look at what's coming up and what we've earned in the previous six months. I guess if you look at our dividend that we just paid recently off the back of, you know, reasonably high prices, we'll probably look to kind of maintain similar level.

Glyn Lawcock:
All right. Thanks very much. Appreciate it.

Operator:
Thank you. Your next question comes from Christopher Creech from Morgans Financial. Please go ahead.

Christopher Creech:
Morning, guys. Hey, Rob, just got a couple of questions for yourself. You've mentioned in previous results that you're not exactly looking at increasing your stake in Malabar, and obviously now you have taken the whole pie. Was there anything that was there that made you want to sort of pull the trigger, or was it just the natural acquisition you guys had had in mind?

Rob Bishop:
Yeah, thanks, Chris. You are quite right. I think this is really around timing was right. You look at where the Malabar team have got that asset to, and the benefits of the synergies which we can really realise by combining the two businesses. But, as we stated before, when we first got into this investment, it was really on-strategy.

And Wayne and the team have progressed to de-risk the asset and ramp it up, obviously, the longwall is in operation now, the bord-and-pillar operation is well established. It just makes sense to combine the businesses for all the reasons which we discussed in the presentation.

Christopher Creech:
Yeah, perfect. And then just a quick one on, I mean, it might be a bit too early for you guys to tell because it's still ramping up, but would we be expecting guidance for FOBs from Maxwell, or would it be very much like New Acland where you are not really expecting to give FOB guidance until it's fully ramped up?

Rob Bishop:
Yeah, it'd be similar approach to Acland. So, we will keep the market informed as to the timing of that, but certainly, it's a very similar situation to the ramp-up of Acland.

Christopher Creech:
Yeah, no worries at all. And then last one as well. With that debt, is there a leverage ratio that you guys are looking to get once you have got that on the books and start paying it down, or is there a comfortable comfort level that you guys are looking for?

Rob Bishop:
I think, even with the combined group, debt is still very modest on the balance sheet. And as Rebecca just highlighted before, we would be looking to improve that that cost of capital position as on the basis the transaction completes.

Christopher Creech:
Yep, no worries at all. Thanks so much for your time, Rob.

Rob Bishop:
No problem.

Operator:
Thank you. Your next question is a follow-up from Stefan Hansen from Macquarie. Please go ahead.

Stefan Hansen:
Hi, thanks again. Just on the Malabar Resources slide on page 24, could you just sort of talk through, it's various depths, there's a very large resource base there, but maybe sort of talk to how we should read that, and sort of combine it with the various seams that you were talking about earlier, Arrowfield, Bowfield like where that fits within the overall resource.

And how much, I guess, is immediately accessible from the current development, how much in expansion, and, I guess, beyond even the 8 to 16 million tonnes expansion, how we should be thinking about that that huge resource?

Wayne Seabrook:
It's a very large resource, as you say, and it's also informed by a lot of drill holes. So, we have obviously acquired these assets from some of our neighbours and from our first acquisition from Anglo back in 2018, and then more recently from our northerly neighbour. So, it comes with also about 2,300 drill holes roughly, too.

So, it's well informed, and that's shown by the how much of measured and indicated resource there is. And they are all pretty much in the same coal sequence, the Whittingham Coal Measures. So, across the seams, it's the various, Whynot, Arrowfield, Bowfield, the sort of names we talk about at Maxwell, repeat themselves across the leases.

And there's also some additional Whittingham that show themselves to be mineable in Maxwell North. So, the seams have got a lot of similarity. We have obviously approached this from underground perspective, and when we look at these resources, we only sort of show resources which are capable of being extracted through underground.

So, we are not targeting that big volume, but rather, we have got the opportunity to target the best of it available at the best capital cost and operating cost. So, what we are looking to do is basically replicate Maxwell because of the similarities in the seams, seam structure, etcetera. And so over time, bring into production similar tonnage from similar seams to what you see currently see at Maxwell.

Stefan Hansen:
Okay, great. Thanks, Wayne. And Rob, one final one from me, just on longwalls in general, obviously, they are great when they work, highly efficient, but often problematic. Just if you could talk about the New Hope team strength, or who you might be bringing on from Malabar to sort of, keep that the experience in the longwalls, and bring that into the New Hope team?

Rob Bishop:
Yeah, sure. And yeah, we have touched on that before. We regard ourselves as pretty proficient in open-cut, but I think the key thing here, this is a merger of two companies. There is a great team at the Maxwell mine, we intend to keep that team. There is a lot of specialists. We do have some within New Hope, but the bulk of it is within that the team at Maxwell, and we are looking forward to the continuation of their support to ramp that that asset up.

Stefan Hansen:
Good on you. Thanks for that.

Operator:
Thank you. Your next question comes from Daniel Roden from Jefferies.

Daniel Roden:
Hey, Rob, Rebecca, and Wayne, thanks for taking my question. Just wanted to have a couple quick questions. Just on the coal prepayments, when the merger, if and when the merger does complete, what is the transferability for the rest of the portfolio, can you pay that out of your, I guess, other producing assets?

And, can obviously see the balance there, but is that a pricing outcome, or is that a tonnage basis? Like, what's the structure of that prepayment arrangement, please?

Paul Verner:
I can answer that one. So, yeah, we do have multiple prepayments in place. They all have different terms, and some can be provided out of coal that's produced not from the Maxwell mine. Those prepayments do have review events in them, so that's something that we will need to work through once the once the merger occurs.

Daniel Roden:
Okay, cool, thanks. And what's the royalty structure like on the Maxwell tenements and any of the other tenements? Noting that there's a 1.25% life-of-mine that was sold during FY26, if I am not mistaken, are there any other royalty structures we need to consider and think about?

Wayne Seabrook:
No, that's the only royalty structure.

Daniel Roden:
Yes. No worries. Cool. And they're just probably leveraging off of the expansion potential at some of the assets, and you know, clearly done a bit of work with BHP on doing some, you know, transferring those underground leases for, you know, some tailings deposition sharing kind of thing.

I guess, you know, with Mount Arthur closing in 2030, like how are you guys thinking about the potential to do, I guess, more deals and potentially gaining access and control of some of that Mount Arthur infrastructure, noting that you do have a large resource base, potentially there's the ability for when you do switch on, you know, your second and third longwalls in that, you know, in that like Malabar region, you can potentially use that infrastructure and just continue, you know, operating there.

And that's a very capital-light way of, I guess, doing some expansion kind of methodology. Is that something that you guys are, I guess, thinking about or considering, and have you had those discussions with BHP? Thank you.

Wayne Seabrook: It's a bit too early to comment on that and, you know, and obviously one could speculate, but Mount Arthur, it's got approval out to mid-2030, you know, so some years in the future. We'll be looking to get our projects up and approved and where that could lead to is something for the future.

Rob Bishop:
I think both companies have strong relationships, given Bengalla and Malabar are adjacent to that pit, so at a site level, there's lots of mutual interaction. So essentially, you know, we look forward to working with that mine as it as it progresses out to 2030, and ensure we do what's right for the local community and broader region.

Daniel Roden:
Yep. Noted. And I might ask one more left-of-field one, and then I'll hand it over. But noting that you've got, you know, I guess exposure to sort of Mayfield Energy Precinct, as you've partnered with Akaysha Energy on a potential prospect of building a 1-gigawatt data centre out there powered by batteries and solar, and hooking that up to grid, etcetera. But like how do you think about the funding requirement of that over the next 12 months, 24 months?

And what I'm probably particularly interested is, you know, that it seems like it's a very advanced project in terms of the scope and scale, and doing the partnerships. How does that get commercialised within the

Malabar/New Hope portfolio? Is that something that you would be looking at commercialising and getting an equity stake in yourself, or is that something that might be peeled off in future divestment?

Wayne Seabrook:
All the above in some respects. So, the way that's structured with Akaysha, and it's a similar structure we've used in the past where we've got unique location with a lot of land, 126 square kilometres, a lot that we won't us, obviously, being underground, that we can make available.

And with being adjacent to the generating hub of New South Wales, and where the all the main East Coast transmission flows through, plus, Bayswater and Liddell Power Station, means we've sort of draped with high-voltage lines across our property.

So, it's a natural location for renewables at scale. So, the nature of our agreement with Akaysha, they're the experts for large batteries, they're already doing a number of them, obviously. And so, they are sort of fully funding all the sort of activity to take it right through approvals. And we've got a choice at the back end.

Either we just sit there and take good lease rates for the land that they would then exercise their option over. But we also have a right to participate up to a significant stake in the project at feed. And if we obviously getting when we get closer to that point, we can then make a number of decisions.

Do we want to participate? To what extent? How's it funded? Then does it get peeled off into a different entity? These are all, you know, decisions for the future, but the important message is that's it's there is, you know, the capital to advance it through the various approvals, there's connection inquiries, and all that sort of stuff is really not our expertise, it's not what our shareholders are investing in.

But so that's why we've structured it that way, and got a high-quality partner taking it through those pathways, and then we will have a choice to make, which would be fantastic when they get to that point.

Daniel Roden:
Perfect. Thanks, guys. I appreciate the answers, and I'll re-queue up, and give the opportunity for others. Cheers.

Wayne Seabrook:
Thanks.

Operator:
Thank you. Your next question is a follow-up from Glyn Lawcock from Barrenjoey. Please go ahead.

Glyn Lawcock:
Oh, thanks very much. Wayne, just try to get clear, just obviously, you've got an amazing large resource, and you've got the pre-existing wash plant and rail loop, what is the capacity of the pre-existing infrastructure you've got? Just you know, because, obviously, if you put a second longwall in, you know, ultimately, I assume you double your size to sort of 11 million tonnes underground product. Can the existing infrastructure handle that? Could you just sort of help me understand what you've currently got access to? Thanks.

Wayne Seabrook:
Yeah. So, the existing facility currently runs at 850 tonnes an hour, but we we've we'll be we'll be nudging that up to 1,100. Quite modest, you know, capex, less than $30 million gets it up to 1,100 tonnes an hour, which is enough for, you know, Maxwell at its fully approved production rate. You know, expansions beyond that would be, you know, access to either building further infrastructure or acquiring, you know, other infrastructure. So -- and we will obviously be considering the options in front of us.

Glyn Lawcock:
Okay.

Wayne Seabrook:
That's for the wash plant. When we get into the product stockpiling, we got 300,000 tonnes of capacity there. Our approval that we got in 2020 does allow us to increase that by 50%. So, it becomes a capex trade-off, about whether we whether we build that or not. And the transaction we did with BHP recently, we acquired a 3% stake in NCIG and along with that, the collateral permanent stockpile capacity down there sort of de-risks that that back-end.

Glyn Lawcock:
And the rail load-out, Wayne, sorry?

Wayne Seabrook:
Yep. Rail load-out, that loop and we own the rail spur, which goes to our loop and continues on to Mount Arthur. But that rail spur itself has got capacity of 50 million tonnes per annum. And yeah, so the only upgrade that would be required would be to improve the filling rate out of our TLO.

Glyn Lawcock:
And what's your TLO at the moment? Like that old rail load-out, your loader you've got to fill the trains, what's that capacity now?

Wayne Seabrook:
So, the capacity at the moment is constrained not by the loop, or by the rail spur, it's constrained purely by the train load-out bin. So, that currently runs at sort of 2,200 tonnes per hour. We will be investigating whether we'll go down the line whether we increase the capacity of that, or is there other infrastructure available that becomes redundant in the general vicinity that makes sense for us to access?

Glyn Lawcock:
So, final question, sorry, Wayne. If you thought about the business with what you can control, if you were to think about another longwall, you've clearly got the resource.

So if you thought about another longwall and the modifications you need to make to your TLO and your wash plant, what do you think the capital would be to sort of double the size of Maxwell within your current footprint? Assuming you get permit input that's a one side, what do you think the capital would be required nowadays to double Malabar?

Wayne Seabrook:
Well, probably a bit early to estimate on that. That's work that we're currently doing. We'll come back to you on that, Glyn. That's probably we'll probably be able to give you a better answer than that over the next month or two.

Glyn Lawcock:
Could I ask it a different way then, sorry, Wayne? How much have you spent? Do you reckon you'll spend? You got 120 million you said spend on the underground to get us to the 5.5. What's the total spend then to get us a 5.5-million-tonne mine underground that you will have spent?

Wayne Seabrook:
Yeah, so Paul, what's the total?

Paul Verner:
I think to answer your question, I think the high level numbers when we looked at are sort of $0.5 billion would be what it would cost to add another longwall to the Maxwell. And that's because you can piggyback on a lot of established infrastructure. So it's really the underground machinery and the conveyors that would be required, and then working out how you then manage the CHPP and the coal handling component.

Wayne Seabrook:
Yeah. The overland conveyor has got the capacity, which took a lot of spend. We put a lot of money in the ground with a 9-kilometer overland conveyor then. That doesn't, because that's got capacity of 2,500 tonnes an hour. So that can accommodate two longwalls themselves.

Glyn Lawcock:
Okay, that's great. Thanks very much. Good to know.

Operator:
Thank you. Your next question is from Daniel Roden from Jefferies. Please go ahead.

Daniel Roden:
Hey guys, again. So, just wanted to follow up as well on how you are thinking about the opportunity between optimising yield between thermal and semi-soft. So, noting your comments that the product quality is meeting your expectation, but just noting the market conditions between thermal and semi-soft at the moment.

Have you done any work internally on quantifying the opportunity of increasing yields via just selling into thermal markets rather than semi-soft? Is that an opportunity that you look more to?

Wayne Seabrook:
That's something we do obviously monitor. And when markets are like they are, given the additional yield you get from just producing a single product, obviously, that then dictates what price you otherwise need from a met coal product.

Obviously, different market conditions, the two can move apart, and it becomes very clear what product you should produce. So, we will ensure we have a production profile which gives us flexibility.

We will want to start putting in even modest sales away into the semi-soft market to demonstrate the quality of our coal and start getting engagement with blue-chip customers. And then when we get to, we'll be largely driven by exactly the point you make.

Daniel Roden:
All right. Thank you. Thanks for that. And, Rob, if I could be a bit cheeky, it's probably midway between reports, but while we've got on the line, like I just wanted to ask if you know, I guess how you're seeing the market at the moment? How are you seeing diesel supply availability? And I guess what you're seeing on the on the thermal markets, if that's something that you could answer?

Rob Bishop:
Yeah, sure. Probably similar to what we spoke about recently. But certainly, prices are elevated at the moment, obviously, off the back of the conflict. Hard to say which way that's going to go, but I think there is strength there in the market from a demand perspective, going through a change of season in the northern hemisphere.

So, I guess our take is that prices should remain elevated, potentially increase as we get to the back end of the calendar year. So talking about thermal coal prices for both low-ash and high-ash. From the diesel supply perspective, as we've indicated previously, we don't see any shortfalls.

We've probably got a couple of months' worth of outlook there. It's something we monitor closely. Yes, prices are heightened, but certainly for both companies, exposure is quite low, obviously, significantly lower for Maxwell given the type of operation it is being underground.

But even for New Hope, as a proportion of our costs, given our low strip ratio across our assets, diesel is a lesser proportion of our costs compared to some of our competitors. And obviously, the price realisation from higher coal prices significantly outstrips the marginal increase in costs as a result of diesel.

Daniel Roden:
Awesome. Thanks, Rob. Appreciate it. I'll hand over.

Rob Bishop:
No worries.

Operator:
Thank you. There are no further questions at this time. I'll now hand back to Mr Rob Bishop for any closing remarks.

Rob Bishop:
Okay. Thank you all for joining. We're looking forward to working with the Malabar team over the coming months.

You would all have seen that the timetable in the pack, so we'll work through that and obviously keep the market informed as we progress through that.

Thanks again.

Operator:
That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]