

# Quarterly Report

For the Quarter ending 31 March 2024

Issued 18 April 2024

## March Quarter 2024 (1Q 2024)

A\$180/t average realised coal price.  
\$260 million increase in cash holding.  
\$1.66 billion cash balance at 31 March 2024.<sup>1</sup>  
14.0Mt ROM coal production (100% basis).  
11.3Mt Saleable coal production (100% basis).  
8.8Mt Attributable saleable coal production.  
8.3Mt Attributable coal sales.

## Production Summary

At Yancoal, we always prioritise the safety of our workforce. We are proud that our Total Recordable Injury Frequency Rate of 5.9 remains significantly below the industry average<sup>2</sup>, and yet the increase in the rate in recent months is a reminder that worker safety must always be our first priority.

Saleable production volumes in the period were down 12% from the elevated level recorded in the final quarter of 2023. This was expected given the favourable operating conditions in 4Q 2023 and the natural variation in mine plans from quarter to quarter. The 47% uplift in saleable production from 1Q 2023 is a reflection of the strong recovery achieved over the past 12 months.

The overall realised coal price declined 8% from 4Q 2023, comprising a 12% decline in the realised thermal coal price and a 14% uplift in the realised metallurgical coal price. The realised thermal coal price was in line with coal index trends while the realised metallurgical coal price was better than the relevant indices due to higher priced carryover being supplied within the period.

## CEO Comment

Yancoal continues to generate robust cash inflows. The A\$180/tonne price realised was roughly double the cash operating cost we are targeting this year.

The production rate in the first quarter sees us tracking at the low end of the guidance range, in line with our previous advice that production was expected to be weighted towards the second half of the year. We anticipate higher output in future periods.

The company retains a strong financial position. We held \$1.66 billion in cash at the end of March. Of this sum, \$429 million goes to paying the fully franked 2023 Final dividend (A\$0.325/share) on 30th April.

Thermal coal markets faced a combination of weak demand due to a warm northern hemisphere winter and a soft global economy - and strong supply due to recoveries in exports from Australia, Indonesia, and other regions. The fact coal indices have not sharply declined under these adverse conditions suggests thermal coal markets remain relatively balanced.

We see Yancoal's large-scale, low-cost coal production profile as well suited to the current coal market conditions. Having no interest-bearing loans, a large net cash position and robust operating margins provides us with the capacity to act should suitable growth opportunities arise.

## 2024 Production Guidance (unchanged)

35-39Mt attributable saleable production.

\$89-97/tonne cash operating costs.

\$650-800 million attributable capital expenditure.

<sup>1</sup> Cash increase is the cash balance change from 31-Dec-23 to 31-Mar-24. All financial figures are Australian dollars, unless otherwise stated.

<sup>2</sup> Details page 3

## PRODUCTION AND SALES DATA

			1Q 2024	4Q 2023	PP Change	1Q 2023	PCP change	3mth YtD 2024	3mth YtD 2023	Change
ROM coal production, Mt										
Mine type	Economic interest									
Moolarben	OC / UG	95%	6.0	6.0	—%	3.1	94%	6.0	3.1	94%
Mount Thorley Warkworth	OC	83.6%	3.4	5.1	(33)%	3.3	3%	3.4	3.3	3%
Hunter Valley Operations	OC	51%	2.3	5.0	(54)%	2.7	(15)%	2.3	2.7	(15)%
Yarrabee	OC	100%	0.5	0.7	(29)%	0.6	(17)%	0.5	0.6	(17)%
Middlemount	OC	49.9997%	1.0	1.0	—%	0.7	43%	1.0	0.7	43%
Ashton	UG	100%	0.7	0.0	—%	0.5	40%	0.7	0.5	40%
Stratford Duralie	OC	100%	0.1	0.3	(67)%	0.3	(67)%	0.1	0.3	(67)%
<b>Total – 100% Basis</b>			<b>14.0</b>	<b>18.1</b>	<b>(23)%</b>	<b>11.2</b>	<b>25%</b>	<b>14.0</b>	<b>11.2</b>	<b>25%</b>
<b>Total – Attributable</b>			<b>11.0</b>	<b>13.4</b>	<b>(18)%</b>	<b>8.3</b>	<b>33%</b>	<b>11.0</b>	<b>8.3</b>	<b>33%</b>
Saleable coal production, Mt										
Coal type	Attributable Contribution									
Moolarben	Thermal	95%	5.0	4.8	4%	2.6	92%	5.0	2.6	92%
Mount Thorley Warkworth	Met. & Thermal	83.6%	2.2	3.4	(35)%	2.0	10%	2.2	2.0	10%
Hunter Valley Operations	Met. & Thermal	51%	2.8	3.3	(15)%	1.8	56%	2.8	1.8	56%
Yarrabee	Met. & Thermal	100%	0.4	0.5	(20)%	0.4	—%	0.4	0.4	—%
Middlemount	Met. & Thermal	(equity accounted)	0.5	0.6	(17)%	0.5	—%	0.5	0.5	—%
Ashton	Met.	100%	0.3	0.1	200%	0.3	—%	0.3	0.3	—%
Stratford Duralie	Met. & Thermal	100%	0.1	0.2	(50)%	0.1	—%	0.1	0.1	—%
<b>Total – 100% Basis</b>			<b>11.3</b>	<b>12.9</b>	<b>(12)%</b>	<b>7.7</b>	<b>47%</b>	<b>11.3</b>	<b>7.7</b>	<b>47%</b>
<b>Total – Attributable</b>			<b>8.8</b>	<b>9.7</b>	<b>(9)%</b>	<b>5.9</b>	<b>49%</b>	<b>8.8</b>	<b>5.9</b>	<b>49%</b>
Sales volume, Mt										
Thermal coal			7.3	8.7	(16)%	4.7	55%	7.3	4.7	55%
Metallurgical coal			1.0	1.4	(29)%	1.2	(17)%	1.0	1.2	(17)%
<b>Total – Attributable</b>			<b>8.3</b>	<b>10.1</b>	<b>(18)%</b>	<b>5.9</b>	<b>41%</b>	<b>8.3</b>	<b>5.9</b>	<b>41%</b>
Avg. realised price, A\$/tonne										
Thermal coal			159	180	(12)%	338	(53)%	159	338	(53)%
Metallurgical coal			334	292	14%	383	(13)%	334	383	(13)%
<b>Overall avg. realised price</b>			<b>180</b>	<b>196</b>	<b>(8)%</b>	<b>347</b>	<b>(48)%</b>	<b>180</b>	<b>347</b>	<b>(48)%</b>

### Notes:

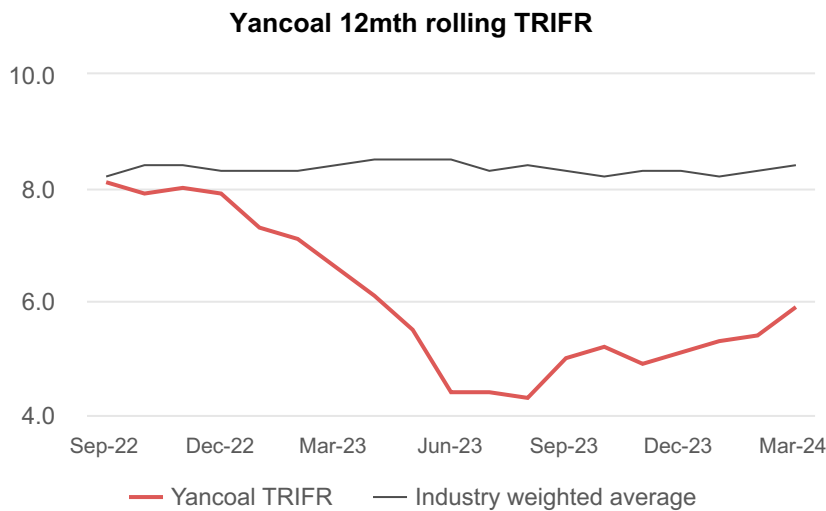
- ROM = Run of Mine; the volume extracted and available to be processed.
- Mount Thorley Warkworth Operational Integration Agreement was renewed from 1 February 2024 increasing Warkworth joint venture contribution from 65% to 80% and reducing Mt Thorley joint venture contribution from 35% to 20% resulting Yancoal effective interest increase to 83.6% from 82.9%.
- Attributable figures exclude production from Middlemount (incorporated joint venture and equity-accounted).
- 'Sales volumes by coal type' excludes the sale of purchased coal.
- Realised prices are provided on an ex-mine basis, excluding purchased coal and corporate contract volumes.

1Q = March quarter period  
 2Q = June quarter period  
 3Q = September quarter period  
 4Q = December quarter period

Mt = million tonnes  
 YtD = Year to Date  
 Met. = Metallurgical coal

PP = Prior quarter period  
 PCP = Prior year corresponding period  
 UG = Underground  
 OC = Open-cut

## SAFETY



The health and well-being of all Yancoal employees is always a key focus. The 12-month rolling Total Recordable Injury Frequency Rate (“TRIFR”) at the end of 1Q 2024 was 5.9, a slight increase from the 5.1 rate at the end of 4Q 2023; the increase in the rate over recent months is a reminder that worker safety must always be our first priority. The programs that delivered the improvement in 2023 remain in place and can address the recent trend. Notably the TRIFR remains significantly below the comparable industry weighted average of 8.4.

## COAL SALES AND COAL MARKET OUTLOOK

During 1Q 2024, attributable sales of 8.3Mt were 0.5Mt less than attributable saleable coal production, countering the stockpile depletion in the prior period.

Yancoal sells the majority of its thermal coal at prices associated with the GlobalCOAL NEWC 6,000kCal NAR index (GCNewc) and the All-Published Index 5 (API5) 5,500kCal index. Each contract has price adjustments for energy content and other coal characteristics. Typically, thermal coal produced in the Hunter Valley tends to have GCNewc index characteristics. In contrast, coal produced west of the Hunter Valley tends to have API5 Index characteristics or sits between the indices. There are multiple coal seams mined in each region, so the coal quality varies depending on where it was sourced in any given period. Yancoal’s metallurgical coal is typically sold at prices associated with the Platts Low Vol PCI FOB Australia and Platts Semi-Soft FOB Australia Indices.

During 1Q 2024, the API5 index averaged US\$93/t, down from US\$96/t in 4Q 2023; and the GCNewc index averaged US\$126/t, down from US\$136/t. The metallurgical coal indices also declined; the Low Vol PCI index averaged US\$164/t, down from US\$185/t; and the Semi-Soft index averaged US\$150/t, down from US\$161/t.

Yancoal's realised prices in any given period tend to reflect relevant coal price indices from prior periods due to various sales contract structures. Due to delayed sales volumes, the 1Q realised metallurgical coal price captured some pricing from further back in time than usual. Factors influencing the realised price can include: premiums (or discounts) to reflect market conditions; the capacity to wash coal and improve the product specifications; and the availability of coal for purchase and blending.

After converting to Australian dollars, in 1Q 2024 Yancoal recorded an average realised thermal coal price of A\$159/t and an average realised metallurgical coal price of A\$334/t. Yancoal's overall average realised sales price in 1Q 2024 was A\$180/t, compared to A\$196/t in the prior quarter and A\$347/t in 1Q 2023.

	Units	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
API5, 5,500kCal	US\$/t	194	195	141	125	102	88	96	93
GCNewc, 6,000kCal	US\$/t	372	421	381	242	158	149	136	126
Low Vol PCI, FOB Aust.	US\$/t	426	246	273	311	207	169	185	164
Semi-Soft, FOB Aust.	US\$/t	367	200	234	266	181	167	161	150
AUD:USD		0.72	0.68	0.66	0.68	0.67	0.65	0.65	0.66
API5, 5,500kCal	A\$/t	270	286	215	183	153	135	148	142
GCNewc, 6,000kCal	A\$/t	518	616	579	354	237	228	208	191
Low Vol PCI, FOB Aust.	A\$/t	592	360	415	456	310	258	285	249
Semi-Soft, FOB Aust.	A\$/t	510	294	356	389	271	255	247	228
Realised Thermal price	A\$/t	353	489	430	338	197	178	180	159
Realised Metallurgical price	A\$/t	446	434	389	383	403	360	292	334
<b>Overall realised price</b>	<b>A\$/t</b>	<b>368</b>	<b>481</b>	<b>422</b>	<b>347</b>	<b>226</b>	<b>197</b>	<b>196</b>	<b>180</b>

Source: GlobalCOAL, Platts, Argus/McCloskey, Reserve Bank of Australia.<sup>3</sup>

Note: A\$/t prices are a simple conversion using the US\$/t price and the relevant AUD-USD exchange rates for the period.

Thermal coal markets faced adverse supply and demand conditions during the period. Demand was impacted by mild winter temperatures in the northern hemisphere, allowing power generators to run-down previously accumulated stockpiles. In addition, the earthquake in the northeastern part of Japan in January and unplanned major maintenance shut downs at Japanese power plants also affected demand in the period. Indian demand was a positive element with coal-fired power stations increasing demand; although Yancoal has minimal exports into India, increased imports are constructive for regional trade.

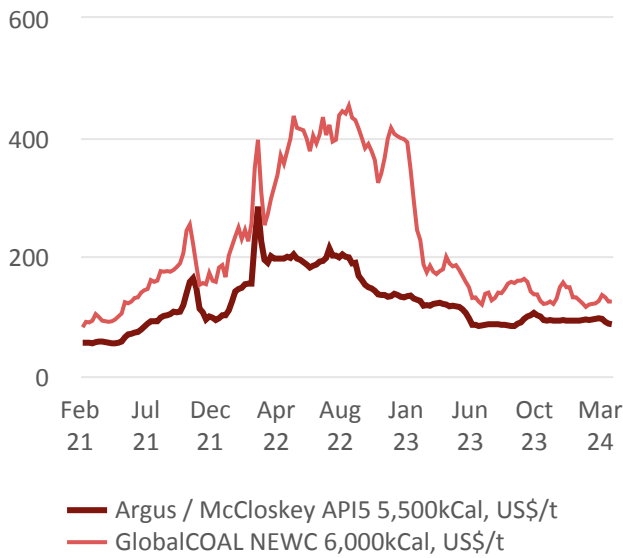
Conversely, exports faced minimal constraints during the period. Australian exports benefited from favourable weather conditions; increased Indonesian production exceeded increased domestic demand; Russian coal continued to find export markets; and South African exports appeared to have overcome recent infrastructure constraints.

Despite the combination of demand headwinds and supply uplift, the coal indices did not decline sharply. Overall, thermal coal markets still appear relatively balanced. We remain of the view that thermal coal markets and coal indices remain subject to short-term drivers and trader sentiment. As an example, the bridge collapse at Baltimore will impact USA coal exports into the Atlantic Basin, and potentially energy markets more broadly.

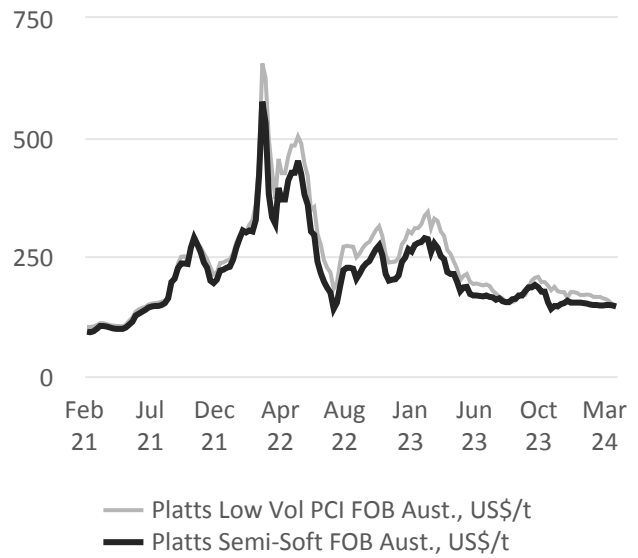
In the metallurgical coal markets, cyclone activity affected Australian exports early in the period, but the disruption was short-lived. USA metallurgical coal exports were already constrained prior to the bridge collapse, so that event will likely have less influence on those markets. Soft economic conditions in North Asia and Europe continue to depress steel demand. Previously, demand from India appeared less impacted, but steel market conditions are deteriorating there also. Similar to thermal coal markets, indices have declined gradually, suggesting markets are not overly imbalanced.

<sup>3</sup> The data and information provided by GlobalCOAL, Platts and Argus/McCloskey may not be copied or used except as expressly permitted in writing by the data provider.

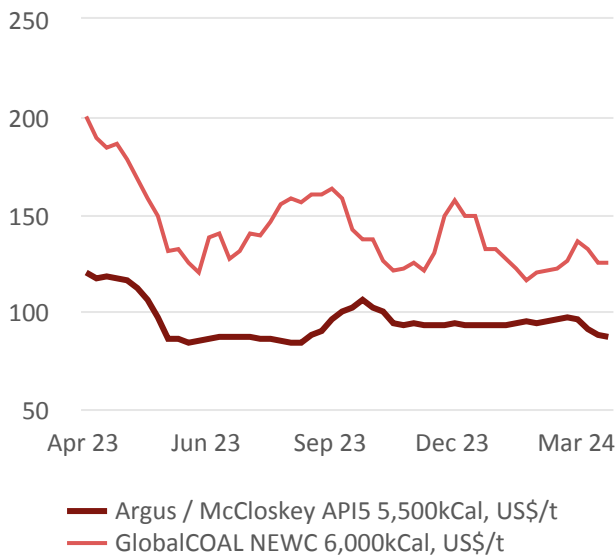
**Thermal coal indices - past 3 years**



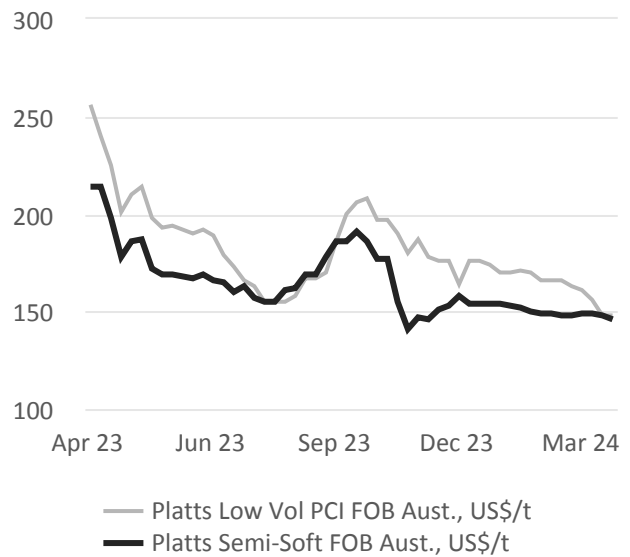
**Metallurgical coal indices - past 3 years**



**Thermal coal indices - past 12 months**



**Metallurgical coal indices - past 12 mths**



Source: GlobalCOAL, Platts, Argus/McCloskey

## ASSET PERFORMANCE

After consecutive quarters of increased output through 2023, there was an expected lull in the first quarter of 2024 associated with mine sequencing and seasonal wet weather that was further impacted by unplanned maintenance. That said, compared to the same period last year, our attributable saleable production was almost 50% higher.

Positive events during the quarter included Moolarben producing at near optimal levels, notwithstanding some limitations caused by the lingering effects of a train derailment in December and subsequent high product stockpile impacts. Also, the Ashton longwall recommenced production following the water ingress event in mid-2023.

## **Moolarben**

ROM and saleable coal production was similar to the prior quarter. Earlier in the quarter open-cut ROM coal production was inhibited by pit sequencing issues, but by the end of the quarter production rates improved as alternate mining locations and dump locations were opened.

In the underground better than forecast production mid-quarter recouped some of the output lost to an 8-day overrun on a longwall move in January. Production recovery will continue into 2Q 2024.

Despite some wet weather and lightning delays in the open-cut, as well as reduced throughput at the coal wash plant due to 'blocky' feed material, saleable coal production was up on the prior quarter. Product stockpiles are at elevated levels following a train derailment on the rail line servicing Moolarben in late 2023. Coal wash plant maintenance originally scheduled for October is being brought forward to April as a mitigation measure due to the elevated product coal stockpiles.

## **Mount Thorley Warkworth (MTW)**

ROM and saleable coal production was down from the prior quarter, in accordance with the 2024 mine plans. Following temporary weather delays and unplanned truck maintenance that impacted productivity, production rates were exceeding the mine plan projections by late in the quarter. We expect output levels from MTW to increase throughout the year as the last stages of a water storage dam project are completed, and equipment availability reaches target levels.

## **Hunter Valley Operations (HVO)**

Production volumes, most notably ROM coal, were down from the prior quarter. Wet weather, lightning stoppages and unplanned maintenance all affected mining activities. There was a flow-on effect to wash plant throughput as constrained ROM coal volumes restricted blending and resulted in lower wash plant throughput. The mine is seeking to increase output via a strategic review of wash plant maintenance tasks and potentially re-starting the second wash plant several months earlier than initially planned.

## **Yarrabee**

ROM and saleable coal production were down from the prior quarter due to a confluence of temporary weather and unplanned maintenance events. At times during the quarter ROM coal and saleable coal output levels were ahead of plan, indicating the mine can deliver when not impacted by unforeseen circumstances.

## **Middlemount**

ROM and saleable coal volumes were similar to the prior period. The volumes were negatively impacted by short-term effects of adverse weather and elevated absenteeism due to flu and COVID. The benefit of higher ROM production and coal wash plant feed rates were negated by lower yield caused by high ash content and stone bands in the feed material.

## **Ashton**

The longwall returned to operation during the period. The operating height was reduced from 2.5m to 2.4m in response to strata control requirements resulting from weak roof material or soft floor conditions. Wash plant performance improved through the period and during March it began operating ahead of planned levels.

## **Stratford Duralie**

The mine is managing pit wall stability and water management requirements as it works toward the end of coal production. For most of the period, ROM coal volumes were ahead of planned levels.

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## DEVELOPMENT PROJECTS and EXPLORATION

The MTW underground mine pre-feasibility studies are subject to further assessments, which should conclude in 2024.

The feasibility study for the renewable energy hub concept at Stratford Duralie continues, and should be complete by the end of this year.

Yancoal incurred \$3.75 million in exploration capital expenditure during the period at Hunter Valley Operations, Moolarben, Yarrabee and Stratford Duralie. The exploration work comprised 73 core and non-core boreholes for a total of 6,370m drilled. Drilling was focused on structure, resource classification, coal quality and geotechnical data for Hunter Valley Operations; limit of oxidation definition and coal quality at Moolarben; water monitoring at Yarrabee; and at Stratford to ensure no coal is sterilised within the proposed renewable energy hub area and to provide geotechnical information for the renewable energy hub feasibility study.

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## CORPORATE ACTIVITY

Ms Debra Bakker was appointed as an Independent Non-Executive Director (“INED”) effective 1 March 2024. Ms Bakker was also appointed as Chair of the Nomination and Remuneration Committee and as a member of the Audit and Risk Management Committee. Ms Bakker is a highly capable director, with experience encompassing precious metal, base metal and critical mineral mining, oil and gas development, shipping logistics, commodity trading and corporate financing.

Yancoal’s Annual General Meeting is scheduled for Thursday, 30 May 2024. The Notice of Meeting is scheduled for distribution later this month.

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## CONFERENCE CALL FOR ANALYSTS AND INVESTORS

The Company will host an audio conference call for analysts and investors. We will provide comments on the quarterly performance and conduct a ‘Question and Answer’ session.

Date: Friday 19 April 2024

Time: 11:00am Sydney

Webcast: <https://edge.media-server.com/mmc/p/zefb353o>

Participants are encouraged to use the webcast link to pre-register for the conference call. There is an option to have the hosting company call participants directly at the scheduled start time.

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Authorised for lodgement by the Yancoal Disclosure Committee. This report was compiled from verified material. The Yancoal Disclosure Committee evaluates and reviews the process and content to confirm the integrity of the report.

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