

Quarterly Activities Report

30 April 2024

Highlights

- Strong production quarter with 2.5Mt of saleable coal produced and 2.4Mt of coal sales, an increase of 20.7 per cent and 20.8 per cent on the previous quarter, respectively.
- Bengalla Mine achieved an FOB¹ cash cost (excluding state royalties) of A\$73.4 per sales tonne for the quarter, a 7.8 per cent reduction supported by some of the highest production and sales months in Bengalla's operating history.
- Underlying EBITDA² of A\$218.8 million for the quarter, up 21.6 per cent compared to the previous quarter.
- Average realised sales price of A\$179.78/t³ achieved, in-line with the previous quarter.
- New Acland Mine FY24 coal sales guidance increased from 0.66Mt to 0.80Mt following additional short-term rail capacity availability.
- Available cash balance of A\$381.3 million⁴, post payment of the interim fully franked dividend of A\$143.7 million and Malabar equity raise commitment of A\$79.7 million.

		Quarter ended			Year to date			Updated guidance ⁵
		Apr-24	Jan-24	Change	Apr-24	Apr-23	Change	FY24
NSW operations⁶								
Bengalla Mine⁷								
ROM coal production	('000t)	2,955	2,396	23%	7,560	6,915	9%	10,247
ROM strip ratio - prime	bcm/t	3.9x	5.1x	23%	4.8x	4.6x	(5%)	n/a
Saleable coal production	('000t)	2,191	1,821	20%	5,993	5,189	15%	8,303
Coal sold	('000t)	2,188	1,849	18%	5,856	5,492	7%	8,366
QLD operations								
New Acland Mine								
ROM coal production	('000t)	710	458	55%	1,406	-	n/a	2,014
ROM strip ratio - prime	bcm/t	2.7x	3.7x	28%	3.7x	-	n/a	n/a
Saleable coal production	('000t)	282	228	24%	573	-	n/a	980
Coal sold ⁸	('000t)	170	103	65%	272	-	n/a	800
QBH export throughput	('000t)	826	636	30%	2,305	1,474	56%	3,420
Total								
ROM coal production	('000t)	3,665	2,854	28%	8,966	6,915	30%	12,261
ROM strip ratio - prime	bcm/t	3.7x	4.8x	24%	4.7x	4.6x	(1%)	n/a
Saleable coal production	('000t)	2,474	2,049	21%	6,566	5,189	27%	9,284
Coal sold	('000t)	2,358	1,951	21%	6,128	5,492	12%	9,166

¹ Free on Board.

² Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) is a non-IFRS measure and has not been audited.

³ Excludes domestic sales as well as commodity price and foreign exchange hedging gains / losses.

⁴ Cash and cash equivalents of A\$198.3 million and fixed income investments of A\$183.0 million, which are reported as other financial assets.

⁵ Updates relate to New Acland Mine coal sales and QBH export throughput only. All other guidance figures remain as previously reported.

⁶ Excludes equity interest in Malabar Resources Limited (19.9 per cent).

⁷ Bengalla Mine 80 per cent interest.

⁸ Includes purchased coal.

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Safety and wellbeing

The All-Injury Frequency Rate (AIFR) for the quarter was 31.27, a decrease of 3.1 per cent from the previous quarter. On a twelve-month moving average basis, the AIFR has increased to 31.94 at the end of the quarter, compared to 29.47 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 4.12 at the end of the quarter, up from 2.55 at the end of the previous quarter. The Company has reviewed all incidents and apparent circumstances which have contributed to the increase in TRIFR and is targeting actions to improve performance.

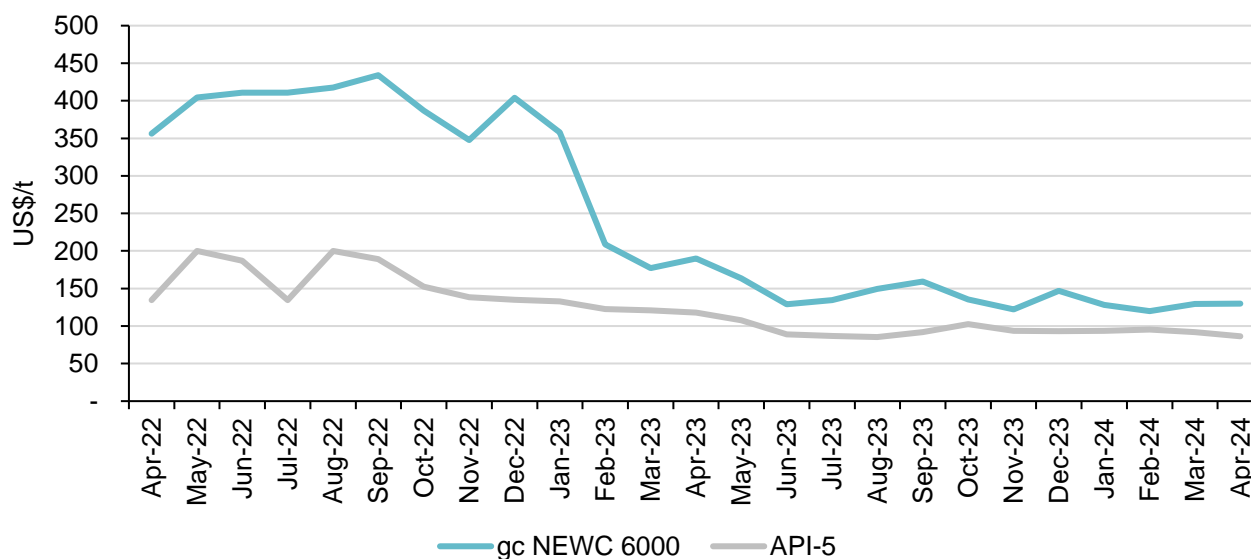
During the quarter there were three high potential events and eleven notifiable incidents which were reported to the Regulator.

Marketing

The gC NEWC 6000 index average price for the quarter was US\$126.33/t, a 4.6 per cent decrease from the previous quarter of US\$132.41/t, and a 34.1 per cent decrease compared to the same quarter last year. Despite the decrease in the index average price during the quarter, the Company’s average realised sales price in Australian dollars has remained consistent with the previous quarter due to favourable sales mix and foreign exchange rates.

The thermal coal market has stabilised during the quarter resulting in more consistent pricing compared to previous periods. Ongoing Chinese demand for lower energy products has seen the API-5 price influence the price floor for the gC NEWC 6000 index. We expect Chinese demand to continue for the remainder of calendar year 2024 with potential upside opportunity for the broader thermal coal market given current geopolitical events.

gC NEWC 6000 and API-5 Historical Pricing



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Domestic Coal Reservation Scheme

On 22 December 2022, the NSW Government introduced a Domestic Coal Reservation Scheme and price cap of A\$125/t. Bengalla Mine continues to comply with its obligations 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 joint venture interest

Following planned shutdowns and upgrades to both dragline and the Coal Handling and Preparation Plant (CHPP) during the first half of the 2024 financial year, Bengalla Mine recorded a strong operational performance during the third quarter.

Prime waste movement of 11.6Mbcm was 4.6 per cent lower than the previous quarter, however Run of Mine (ROM) coal production was 3.0Mt, an increase of 23.4 per cent compared to the previous quarter due to a lower ROM strip ratio of 3.9 compared to 5.1. Increased CHPP feed and higher washery yield contributed to saleable coal production of 2.2Mt, a 20.3 per cent improvement on the previous quarter. Bypass coal was lower as the CHPP was fully operational following the planned shutdown successfully completed in the previous quarter. Coal sales were 2.2Mt for the quarter, 18.4 per cent higher than the previous quarter due to increased production rates. March 2024 was the sixth highest coal sales month in the history of Bengalla Mine's operations.

Strong production rates achieved during the quarter translated to a significant reduction in Bengalla Mine's unit cost measures. The Free on Board (FOB) cash cost (excluding state royalties) was A\$73.4 per sales tonne, a 7.8 per cent reduction on the previous quarter. For the 2024 financial year, Bengalla Mine should achieve an FOB cash cost (excluding state royalties) toward the lower end of previously provided guidance of between A\$72 – A\$81 per sales tonne.

Bengalla Mine Growth Project

With the mining fleet exceeding 13.4Mtpa run rates, focus has been on the integration of the recent Tailings Capacity Upgrade project and processing capacity improvements, due by the end of the 2024 financial year. Early results are positive, showing a significant uplift in wash capacity across target seam types, demonstrated by quarterly average plant input volumes exceeding 1.0Mt per month, on a 100 per cent basis.

Construction of growth infrastructure commenced during the quarter, including open yard storage upgrades, a CHPP operations hub and a new public carpark in support of additional fleet and pit progression.

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Queensland operations

New Acland Mine

New Acland Mine moved 1.9Mbcms of prime overburden material from the existing Manning Vale East Pit and the recently accessed Willeroo Pit during the quarter, up 12.2 per cent from the previous quarter. ROM coal production was 0.71Mt, an increase of 55.0 per cent compared to the previous quarter whilst saleable coal production was 0.28Mt, compared to 0.23Mt in the previous quarter. Coal sales, which for the quarter included 0.03Mt of purchased coal from New Wilkie Energy Pty Ltd (New Wilkie), were 0.17Mt, up from 0.10Mt in the previous quarter.

New Acland Mine has continued to utilise spot rail capacity to deliver product to the port in addition to its contracted volumes. The Company anticipates further spot rail capacity being available and, as a result, has updated New Acland Mine's 2024 financial year coal sales guidance from 0.66Mt to 0.80Mt. New Acland Mine is close to acquiring a new 600t class excavator to accelerate the short-term ramp-up profile to take advantage of additional spot rail capacity that is expected to become available.

During the quarter, access to Willeroo Pit was gained via the Lagoon Creek Crossing, which was completed at the end of February 2024, enabling mining to commence in March. Whilst rebuilds of trucks and ancillary equipment continue, the majority of these works have now been completed.

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 0.8Mt for the quarter, up 29.9 per cent compared to the previous quarter due to higher customer volumes.

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. As a result, the Company has lowered QBH's 2024 financial year export throughput guidance from 4.1Mt to 3.4Mt.

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Strategic investments

Malabar Resources Limited (Malabar) – 19.9 per cent equity interest

Malabar continued to progress development activities at Maxwell Underground Mine during the March 2024 quarter, including bitumen sealing of the permanent access road and civil works for the overland conveyor.

At the longwall operation, over 1,300m of driveage has been completed on the surface-to-seam declines. Portal ramp concrete works have been completed and construction of the ventilation shaft has commenced. Manufacture of the longwall equipment is progressing.

The bord and pillar operation, mining the Whynot Seam, continues to ramp up with the second-place change panel operation commencing during the period.

On 21 February, Malabar completed an upsized ~\$180 million equity raise. As part of the raise, New Hope Group's total ordinary shareholding interest in Malabar increased from 15.0 per cent to 19.9 per cent, with the Company being allotted a total of 44,284,885 ordinary Malabar shares at A\$1.80 each, or approximately A\$79.7 million in total. The allotment was completed in two tranches, with all of the Company's entitlement having been allocated by 1 May 2024.

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. During the quarter, final environmental due diligence was completed over EL9431, and site preparation work commenced. Drilling has commenced in early May 2024, beginning with a series of coal quality boreholes.

West Muswellbrook ('AL19') tenement

Following the acquisition of AL19 on 25 January 2024, engagement with landowners within the assessment lease commenced during the quarter. A community consultation strategy is currently being developed to formalise how the Company intends to consult with stakeholders regarding future plans for the lease.

The Company has initiated desktop studies on AL19 to identify potential exploration targets and understand potential target areas for future open-cut or underground mining opportunities. These studies include the preparation of an updated geological model, which will further outline coal volumes and quality across the tenement, and the determination of the existence of JORC Resources and Reserves, in-line with JORC Code 2012 reporting standards.

Currently, the Company's work is limited to desktop studies, with no on-ground exploration activities planned for the immediate future.

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Capital Management

During the quarter the Directors declared an interim fully franked dividend of 17.0 cents per share, totalling A\$143.7 million, which was paid to shareholders on 1 May 2024.

The Company's available cash balance as at 30 April 2024, post the interim fully franked dividend and Malabar investment, was A\$381.3 million, consisting of A\$198.3 million in cash and cash equivalents and A\$183.0 million in fixed income investments. The Company's fixed income investments are liquid and have returned an annualised yield of approximately ~9 per cent since inception.

New Hope Group is focussed on maximising returns to shareholders and ensuring the significant value of the franking account is utilised. The Company expects franked dividends will be maintained as the preferred method of providing capital returns to shareholders.

ENDS

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