

ASX Release | 16 February 2023

Quarterly Activities Report January 2023



NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

Highlights

- Unaudited H1 FY23 Underlying EBITDA¹ of A\$1.04 billion, an increase of 89% against H1 FY22 of A\$55 million.
- As part of the on-market share buy-back plan, which commenced 18 November 2022, 5.7 million ordinary shares have been bought back for a total of A\$31 million.
- On 21 December 2022, the Company announced the successful completion of a reverse bookbuild to repurchase A\$75 million of the principal amount of its 2.75% Senior Convertible Notes (due 2026).
- H1 FY23 cash generated from operating activities was \$983 million with closing cash and cash equivalents of A\$1.07 billion, following material payments for FY22 Final dividend and FY22 income tax payment.
- Construction activities at Malabar's Maxwell Mine Stage One bord and pillar operation began.
- Thermal coal prices closed at US\$357.8 for the quarter, which is a 59% increase against the comparative quarter last year.

	Quarter Ended			Year to Date			FY23 Guidance
	Jan-23 ('000t)	Oct-22 ('000t)	Change (%)	Jan-23 ('000t)	Jan-22 ('000t)	Change (%)	FY23 ('000t)
ROM Coal Production							
QLD 100% owned and operated	-	-	-	-	701	(100.0%)	146
NSW 80% owned operations	2,067	2,226	(7.2%)	4,293	5,003	(14.2%)	9,862
Total ROM Coal Production	2,067	2,226	(7.2%)	4,293	5,704	(24.7%)	10,008
Saleable Coal Production							
QLD 100% owned and operated	-	-	-	-	370	(100.0%)	71
NSW 80% owned operations	1,540	1,622	(5.1%)	3,162	4,002	(21.0%)	7,651
Total Saleable Coal Production	1,540	1,622	(5.1%)	3,162	4,372	(27.7%)	7,721
Coal Sold*							
QLD 100% owned and operated	-	-	-	-	974	(100.0%)	-
NSW 80% owned operations	1,462	1,882	(22.3%)	3,344	4,557	(26.6%)	7,930
Total Coal Sold	1,462	1,882	(22.3%)	3,344	5,531	(39.5%)	7,930
QBH Export Throughput	473	517	(8.5%)	990	1,549	(36.1%)	2,248

* Includes Trade Coal Sales.

¹ Underlying Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) is a non-IFRS measure and has not been audited.

Health and Safety Performance

The All-Injury Frequency Rate for the quarter was 23.70, a decrease of 34% to the previous quarter. This decrease was driven by a decline in both first aid and recordable injuries. The Company continues to monitor Total Injury Frequency Rate (TFIFR) as a supplementary indicator of safety performance. The Company's twelve month moving average TFIFR was 2.44 at the end of the period. During the quarter there were three High Potential Events and ten recordable incidents which were reported to the Regulator.

Marketing and Logistics

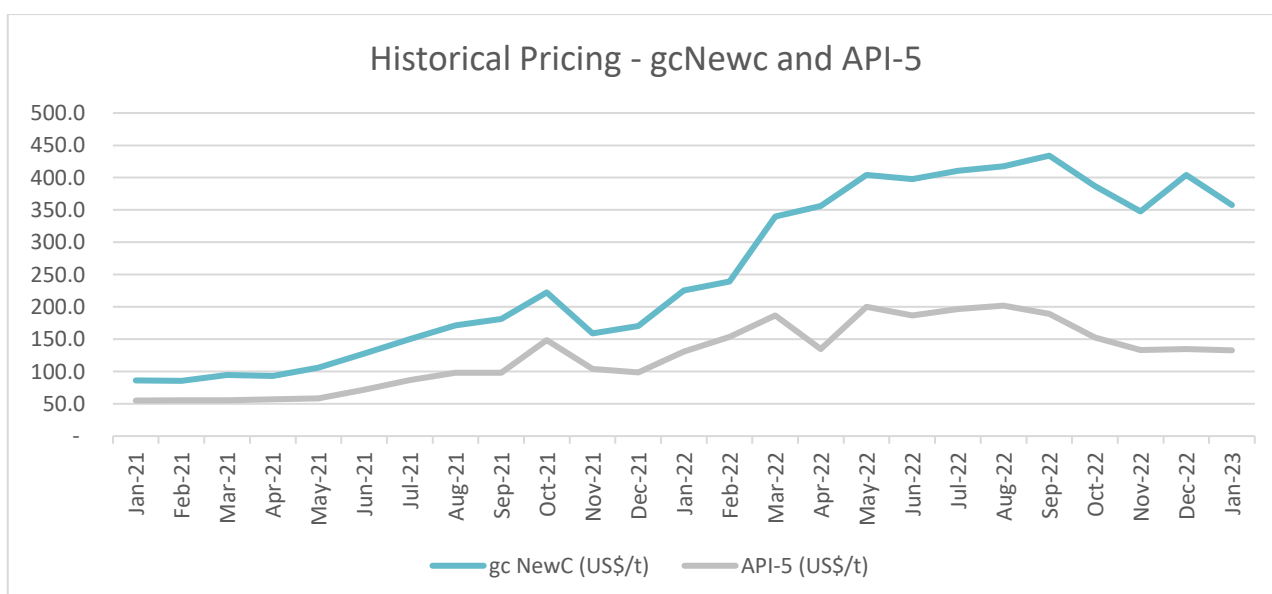
The gc NEWC index average price for the quarter was US\$369.8, a 99.9% increase from the same quarter last year of US\$185.0, and a decrease of 12% from the previous quarter.

Demand has been weaker than expected in Europe and Asia due to milder temperatures and decreased industrial activity. An improvement in demand is expected in the coming months following the ease of COVID-19 lockdown measures in China, and Japan further reducing Russian coal imports. Security of supply remains paramount from our key market base and continues to drive strong demand for our coal. We continue to maintain a heavily sold forward sales book.

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NSW Coal Reservation Scheme

On 22 December 2022, the New South Wales Government introduced a domestic coal reservation scheme and price cap of A\$125/t. On 23 December 2022, Bengalla was directed to reserve the lower of 280kt and 15% of production of coal per quarter until 30 June 2024 for domestic consumption. Due to grandfathering of Bengalla's existing domestic supply contracts, Bengalla will not be impacted by the price cap until quarter one 2024.



Queensland Operations – 100% Owned

The Company now holds all primary approvals required for New Acland Stage 3 and work is underway for resumption of mining operations.

Planning has begun for the infrastructure works, including roads, dams and mining access required for the two new mining areas. Refurbishment of existing heavy mobile equipment and the wash plant have also begun. First mining is on track for late FY23, and first coal shipment still expected in quarter one FY24.

An assessment centre was held at the Oakey RSL Club in January to accelerate the recruitment process for production and maintenance roles required as part of the operations ramp up plan. By mid March 2023, there will be over 100 locally based employees working at New Acland.

New South Wales Operations

Bengalla – 80% Owned

The truck and excavator fleet performed strongly with a 15% increase in total waste movement due to drier weather conditions and improved productivity. The dragline recommenced operations in December following a successful 27 day shutdown. Additional equipment capacity and a favourable weather outlook is expected to support a strong second half performance.

ROM² production was 2.07Mt, a decrease of 7.2% from the previous quarter due to the focus being on waste movement for the quarter. Saleable coal production was 1.540Mt, a decrease of 5.1% from the previous quarter. This decrease is due to lower ROM coal production but offset by higher wash yields compared to the previous period.

Bengalla Growth Project

The 13.4Mtpa ROM expansion is well progressed with the additional excavator (Liebherr 9800) expected to arrive to site ahead of schedule. Three of the seven EH5000 trucks are in production with another three to arrive on site by April 2023. A range of ancillary fleet including dozers, graders, scrapers and a watercart will arrive within this financial year. The Coal Handling and Preparation Plant (CHPP) spiral middlings project is expected to be completed in March 2023. The project will lift overall product quality, and reduce the quantity of higher ash, lower priced product. Work is underway to hire additional employees to support the growth project.

Malabar Resources Limited (Malabar) – 15% Owned

The Company, through a wholly owned subsidiary, owns 15% of Malabar Resources Limited. Malabar's flagship asset is the Maxwell Mine underground metallurgical coal project in the Northern Hunter Valley near Muswellbrook which is targeting up to 6.5Mtpa in 2025 following a staged ramp-up of operations.

In the quarter, construction activities commenced for the Whynot Underground bord and pillar operation. Delivery of mining equipment for the Whynot seam is well progressed, with a phased delivery commencing next quarter. Equipment supply contracts for the longwall have been executed and the restart of the CHPP facilities is well progressed.

Renewable energy studies continue, in partnership with EDF Renewables to deliver the approved large scale 25MW Maxwell Solar Farm (Stage One).

² Run of Mine

The Company's investment in Malabar aligns with its strategy to invest into low-cost coal assets with long life approvals. The acquisition diversifies the Company's portfolio by providing exposure to metallurgical coal, mined by low impact underground methods, and is expected to generate positive investment returns over the life of the project.

Oil and Gas

Oil production for the quarter was 71,652 bbls, however oil sale volumes were down 7% due to a build-up of crude stock as a consequence of minor refinery shutdowns. The Dora 3D seismic acquisition and processing was completed at ATP 2024 with interpretation of the data due to be complete in the next quarter ahead of drilling decisions. The construction of the Vali facilities and pipeline at ATP 2021 progressed well during the quarter with first gas scheduled to start next quarter.

Capital Management

On 18 November 2022, the Company commenced an on market buy-back of ordinary shares. From 18 November 2022 to 14 December 2022, the Company bought back 5,652,896 ordinary shares for a total consideration of A\$31.3 million.

On 14 December 2022, the Company announced a pause of the on market equity buy-back and commenced an on market buy-back of its 2.75% Senior Convertible Notes due 2026 (Existing Notes).

On 21 December 2022, the Company announced the successful completion of a reverse bookbuild to repurchase A\$75 million of the principal amount of the Existing Notes at a price to be determined by reference to the volume-weighted average trading price of the Company's ordinary shares over a pricing period (Pricing Period) from 3 January 2023 to 14 March 2023 (both inclusive). At the time, the Company confirmed that it will not undertake any activity under its on market buy-back of ordinary shares until completion of the Pricing Period. The Company did during this period, buy back Existing Notes on market, that were not part of the reverse bookbuild.

As at the end of January 2023, the Company had repurchased A\$42.8 million of the principal amount of the Existing Notes with A\$65.1 million remaining outstanding.

Given the surplus capital, prevailing market conditions and the speed at which the Company could execute a buy-back of the Existing Notes, buying back and cancelling the Existing Notes was the most efficient and cost effective after tax method of reducing capital.

The Final FY22 dividend of 56 cents per share, fully franked, was paid to shareholders during the quarter, totalling A\$490 million. The Company is focussed on returning funds to shareholders through dividends (both ordinary and special) and ensuring the significant value of the Company's franking account is utilised. While there are no material outlays of capital required for current projects in the short to medium term, the Company expects that dividend payments and share buy-backs will be maintained as the predominate capital management activities.