

ASX Release | 22 August 2022
Quarterly Activities Report
August 2022



NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

Highlights

- Underlying EBITDA¹ of A\$645m for the quarter following further strengthening of coal prices, and final unaudited Underlying EBITDA¹ of approximately A\$1.56bn.
- Chuwar Coal Mine fully rehabilitated with Queensland Government accepting surrender of the Mining Lease and Environmental Authority.
- Closing cash and cash equivalents A\$815m following the investment of \$94.4m into Malabar Resources Limited² and closing receivables of A\$504m.
- Thermal coal prices reaching record highs following the Russian invasion of Ukraine and concerns around global energy security. Quarterly gC NEWC finishing at US\$404.99/t.
- Strong operational performance at Bengalla despite uncontrollable adverse weather impacting production and impeding operation of the Hunter Valley logistics chain early July.

| | Quarter Ended | | | Full Year | | |
|---------------------------------------|-------------------|-------------------|---------------|-------------------|-------------------|----------------|
| | Jul-22 ('000t) | Apr-22 ('000t) | Change (%) | Jul-22 ('000t) | Jul-21 ('000t) | Change (%) |
| ROM Coal Production | | | | | | |
| QLD 100% owned and operated | - | 84 | (100.0%) | 785 | 4,009 | (80.4%) |
| NSW 80% owned operations | 2,484 | 1,840 | 35.0% | 9,327 | 9,993 | (6.7%) |
| Total ROM Coal Production | 2,484 | 1,924 | 29.1% | 10,112 | 14,002 | (27.8%) |
| Saleable Coal Production | | | | | | |
| QLD 100% owned and operated | 14 | 32 | (56.3%) | 416 | 1,828 | (77.2%) |
| NSW 80% owned operations | 1,893 | 1,578 | 20.0% | 7,473 | 7,761 | (3.7%) |
| Total Saleable Coal Production | 1,907 | 1,610 | 18.4% | 7,889 | 9,589 | (17.7%) |
| Coal Sold* | | | | | | |
| QLD 100% owned and operated | - | 87 | (100.0%) | 674 | 2,011 | (66.5%) |
| NSW 80% owned operations | 1,850 | 1,758 | 5.2% | 8,165 | 8,084 | 1.0% |
| Total Coal Sold | 1,850 | 1,845 | 0.3% | 8,839 | 10,095 | (12.4%) |
| QBH Export Throughput | 556 | 532 | 4.6% | 2,637 | 3,891 | (32.2%) |

* Includes Trade Coal Sales.

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

² ASX Release 3 August 2022, "Market Update" <https://newhopegroup.com.au/wp-content/uploads/2022/08/3-August-Market-Update.pdf>

Health and Safety Performance

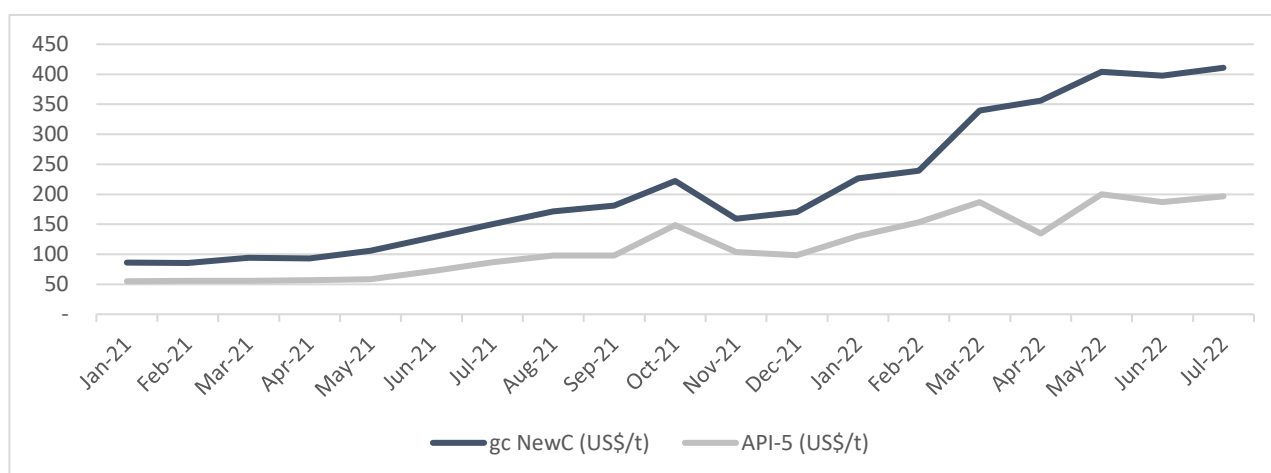
The All-Injury Frequency Rate for the quarter was 22.50 which is a significant improvement from last quarter. There was a 31% reduction in the number of injuries compared with the previous quarter which decreased the frequency rate. The Company considers that improved performance is driven by the successful implementation of enhanced supervisor development training to improve capability across the workforce to assist identify and better manage and control risk of injury in work activities. The Company is also assessing injuries by potential severity during investigation to determine improvements to risk management practices and controls. The Company continues to monitor Total Injury Frequency Rate (TRIFR) as a supplementary indicator of safety performance. The Company's twelve month moving average TRIFR has improved and is presently 2.61. During the quarter there were five High Potential Events and four Recordable Incidents which were reported to the Regulator.

New Acland operations reached a milestone of 12 months recordable injury free. This is an exceptional achievement given the uncertainty around the Stage 3 approvals.

Marketing and Logistics

The gC NEWC index price for the quarter was another record of US\$404.99. Rainfall during the quarter affected high quality thermal coal exports from Australia, providing support for high gC NEWC index pricing. Demand for high quality, low emission thermal coal remained strong and is expected to remain supported in the short term with the impending ban on Russian coal trade coming into effect in August 2022. A warmer than expected northern hemisphere summer increased coal burn, with customers now focussed on replenishment of stock before the onset of winter. Australian domestic coal demand particularly in NSW continues to be very strong, and the Company has sold further coal into the domestic market in addition to existing contracted domestic supply. With security of supply paramount into our key markets, our forward sales book remains heavily sold in the coming 12 months.

The differential between the gC NEWC index and the API5 continues to widen and supports our strategy of maximising washed high energy product. Work is currently underway at Bengalla to upgrade the current coal handling and preparation plant to increase the level of washed product produced by the operation. This work is scheduled to complete during calendar year 2024.



Queensland Operations

On 27 May 2022, the Company received notification that the Coordinator General issued her change report to the stated conditions for the Environmental Authority for New Acland Stage 3³. Following this, on 28 June 2022 the Department of Environment and Science issued the New Acland Stage 3 Environmental Authority⁴.

The Company is working with the relevant Queensland Government Departments to secure the New Acland Stage 3 Mining Leases and Associated Water Licence. While the Company awaits approvals outcomes, rehabilitation of Stage 2 mining areas continues. In addition, the Company is working on a restart plan to minimise the time to first coal to assist in filling unprecedented coal demand.

New South Wales Operations – 80% Owned

Bengalla production was impacted during the quarter by the uncontrollable adverse weather in July and COVID-related labour shortages with the operation losing a total of 15,186 truck hours (17.7%). Despite these impacts, saleable coal production was up 20% against the previous quarter. Sales volumes were 5.2% higher than previous quarter with a significant amount of coal stockpiled due to Hunter Valley logistics constraints during the month of July. This significant stockpile balance will provide a strong sales runway for the new financial year.

As a mitigation measure against further weather events, Bengalla purchased additional water discharge credits and were able to undertake controlled discharges during the July major wet weather event. These additional discharges, which occurred within existing approvals have provided significant water storage capacity to the operation in the case of further weather events.

While impacted by weather and COVID related labour shortages, Bengalla performed strongly for FY22. Saleable coal production was only down 3% compared to FY21 with the operation losing over 59,848 truck hours (18.3%) to unprecedented weather events and COVID labour shortages. Given the unprecedented demand for Bengalla's high quality product, the focus for FY23 is to prepare for an increase in current production levels. This supports the view that demand for high quality, low emission thermal coal will remain strong, and coupled with Bengalla's position on the cost curve the benefit to the Company is significant.

Bridgeport Energy

Oil prices continued to remain high during the quarter, with an average realised price of A\$162/bbl. During the quarter, Bridgeport sold 64,974 bbl of oil.

The Vali field development progressed with arrival of critical pipeline and facilities equipment. The three Vali field wells drilled to date were perforated and preparing for connection. The Odin well was successfully tested. This well will provide additional production capability once connected during calendar year 2023.

³ ASX Release 27 May 2022, "New Acland Stage 3 Update" <https://newhopegroup.com.au/wp-content/uploads/2022/05/New-Acland-Stage-3-Update.pdf>

⁴ ASX Release 28 June 2022, "New Acland Stage 3 Update" <https://newhopegroup.com.au/wp-content/uploads/2022/06/28-June-New-Acland-Stage-3-Update.pdf>

Rehabilitation update

Following the end of the quarter, the Company received the positive news that its Chuwar Coal Mine, located just 5km from Ipswich, has become the first open-cut coal mine in Queensland to be fully rehabilitated, with the Queensland Government accepting surrender of New Hope Group's Environmental Authority and Mining Leases for the site.

For more than 16 years, the Company has championed one of Australia's most ambitious and practical land management programs. The progressive rehabilitation methods go above and beyond what the environmental regulator requires, which is some of the highest environmental standards in the world.

The rehabilitation work at both Chuwar and New Acland are a clear and practical demonstration of the successful co-existence of mining and agriculture.

The Queensland Government critically assessed the project and concluded that all rehabilitation requirements had been met in full, deeming the site safe, stable, non-polluting, and able to support grazing.



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This ASX announcement was approved and authorised by the Board.