Quarterly Activities Report
31 January 2026

Market call transcript

Date:	16 February 2026
Time:	10:00am AEST / 11:00am AEDT
Presenting:	Rob Bishop, Chief Executive Officer Rebecca Rinaldi, Chief Financial Officer Dominic O'Brien, Executive General Manager & Company Secretary

[START OF TRANSCRIPT]

Overview of Quarterly Activities Report

Rob Bishop:
Thank you, and good morning, everyone. Thank you for joining our call today. I'm Rob Bishop, Chief Executive Officer of New Hope Group. I'm joined here by Rebecca Rinaldi, our CFO; and Dom O'Brien, our Executive General Manager and Company Secretary.

This morning we released our quarterly report for the second quarter of the 2026 financial year. Hopefully, you've had a chance to go through the report. But in any case, I'll briefly step you through our key highlights before we open up the line for any Q&A.

Operationally, it's been a solid quarter, and we're really pleased with the results for the first half of the 2026 financial year.

We have seen a deterioration in our safety performance for this quarter with our 12-month moving average TRIFR increasing from 2.61 to 3.80. The safety of our people remains our highest priority, and we are taking focused action to reverse this trend and restore the improvement trajectory achieved over the past year.

Group run-of-mine coal production was 4.1 million tonnes, up 5 per cent compared to the previous quarter, following a strong mining performance at both operations.

Saleable coal production was 2.8 million tonnes, 3 per cent higher than the previous quarter, driven by an increased focus on coal mining at New Acland, partially offset by lower production at Bengalla Mine driven by the 7-day planned shutdown of the Prep plant in December.

Group coal sales were 2.9 million tonnes for the quarter, 8 per cent higher than the previous quarter, reflecting improved logistics across the Group.

In terms of financials, the Group's underlying EBITDA for the quarter was $107 million, which was in line with the previous quarter. Our average realised price was $139 per tonne, a slight increase from the previous quarter, following improvement in both gC NEWC and the API-5 price.

This transcript has been prepared from a live briefing and has been reviewed for clarity and readability.

Turning to our half year results:

Prime waste movement was 34.7 million bcm, an increase of 13 per cent compared to the first half of the 2025 financial year. The increase in waste movement is driven by the continued ramp-up of the New Acland Mine and the re-alignment of Bengalla Mine's pit sequence following the significant weather event in the last quarter of the 2025 financial year.

Group run-of-mine coal production was 7.9 million tonnes, a decrease of 4 per cent compared to the previous half-year period, reflective of Bengalla Mine's focus on pre-stripping, partially offset by a decrease in New Acland Mine’s strip ratio.

The Group produced 5.5 million tonnes of saleable coal and sold 5.6 million tonnes of coal, both slightly higher than the previous half year result.

For the first half of the 2026 financial year, the Group achieved an underlying EBITDA of $215 million, reflecting a 59 per cent decrease compared to the previous half year period. This result was driven by a considerable reduction in the Group’s realised price from $173 per tonne to $138 per tonne, following a decrease in benchmark coal prices.

As at 31 January 2026, the Group's available cash balance was $616 million. Looking ahead, we remain confident on achieving our full year physical and cash cost guidance. New Acland Mine has performed above expectations to date, and we expect the operation to finish towards the higher end of its guidance range on coal volumes. In addition, Bengalla Mine is expected to return to the 13.4 million tonnes per annum ROM coal production rate during the second half of the 2026 financial year.

Following a combination of both capital optimisation and timing of spend, Bengalla Mine's 2026 financial year sustaining capital guidance has been reduced, reflecting our flexibility and disciplined approach to responding to market conditions.

The Company remains focused on increasing our production base and continuing to remain a low-cost producer. We are pleased with the performance in the first half of the financial year and we look forward to a productive and safe second half.

I'll now hand over to the operator to start the Q&A session. Thank you.

Q&A

Operator:
Thank you. Your first question today comes from James Williamson from Bell Potter. Please go ahead.

James Williamson:
Morning guys. Thanks for the call. Are you able just to elaborate on where you're finding the savings in regards to the lower Bengalla sustaining capex guidance? And is this essentially sort of pushing it out into later periods?

Rebecca Rinaldi:
Yes. Thanks, James. Good question. It is twofold. So part of that is not pushing the capital out, but just with certain delays that we're experiencing with approvals, we're required to undertake some of that capital. So some of it is slowly pushing out into FY27.

But there's also a program we're running at the moment to really optimise the capital profile for everything else and make sure we're responding to the current soft coal conditions. So optimising in terms of looking at pricing and looking at criticality and really making sure we're making the best decision for the business.

James Williamson:
Yes. Understood. And then maybe just on New Acland, are you able to run through the weather impact there and if you've seen that ease into this quarter and whether or not that lower waste movement carries through to mining going forward? Will that impact anything going forward?

Rob Bishop:
Are you referring to Bengalla, I think probably?

James Williamson:
Sorry. Yes.

Rob Bishop:
Yes, sure. So, with Bengalla, as we've touched on in the prior quarter, it had a fairly challenging start to the year. Essentially, the plan for the first half of the year as we go into the second half is to really align the pit sequencing there. We have seen a slightly higher strip ratio as a result of that.

And we will see fairly large volumes being moved in the second half of the year to get back to that 13.4 million tonne ROM run rate. That pit achieved that in the past. So, it is doable and proven. Unfortunately, we've just had weather impacts, which has inhibited us from pulling together a full year at that rate. So, second half is really about getting back to that long-term run rate of the 13.4 million tonnes.

James Williamson:
Yes, cool. And then sorry, also at New Acland, you said you experienced weather delays as well, and there was a 14 per cent reduction in waste movement there. Have you seen that ease going into the current quarter?

Rob Bishop:
So, Acland is going strong. You would have seen from the result. We've seen really good productivities of late, and we expect to hit the higher end of guidance at Acland. Certainly, when we caught up with you at the beginning of the year, we did have some concerns around logistics.

It's fair to say that the logistics providers for both the above and below rail have really stepped up and supported us up on our ramp-up. So, we're really pleased with their support, and that's really allowed Dave and the team on site to really crank up that mine and head well towards achieving that 5 million tonnes per annum, to get to steady state.

James Williamson:
Great. And then are there any sort of rail outages scheduled for the remainder of FY26 that we should be aware of there? And how are you managing those?

Rob Bishop:
There are scheduled outages, but we've got that in our plan. Previously, our issues were around unscheduled outages. So, we're confident, as I just said, with both QR and Aurizon really rising to our request to provide the rail to get product off site. So yes, there are scheduled outages, but our plan takes that into account. And we're confident we can get to that higher end of the guidance.

James Williamson:
Great. Thanks a lot. I'll pass it on.

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

Daniel Roden:
Hello guys. Thanks for taking the call. Just wanted to touch really quickly on, I guess, a couple of capital management things with the Bowen Coking Coal DOCA [Deed of Company Arrangement]. Can you quantify the financial guarantee and liability currently on the balance sheet? And I guess when do you expect the P&L and cash flow impacts from that? Is that expected in half one results?

Rob Bishop:
Yes. So yes, a good outcome there. Obviously, it was quite concerning when it went into administration. But as you would have seen, made public and per our quarterly, we've had a good outcome there. So, we get fully off risk for the bond, which is $45 million at the moment, and we do get a payment to New Hope of circa $12 million for settlement of outstanding and also future royalty obligations underneath that initial transaction agreement with Bowen.

So obviously, there's a few hoops to go through with creditors and further approval, but we're confident that will go through probably in the next two months. So good to be able to get a clean exit from that asset and what is a pretty positive outcome for the Group.

Rebecca Rinaldi:
And just to add, you'll see the accounting impacts come through our half year results. So, you'll recognise in the previous years, we have written off or provided for certain bad debts, essentially so that amount -- those amounts that went through the P&L - will be reversed in the 31 Jan result, which will come out in March.

Daniel Roden:
Yes. Yes. That makes sense. And is that -- I guess, does that cleanse everything related to the Bowen Coking Coal? Or are there still other, I guess, things that will be carried on the balance sheet post?

Rob Bishop:
No, that will be it. So clean exit from that asset.

Daniel Roden:
Yes. Awesome. And a good result there. And you called out the convertible notes just in the quarterly. I just wanted to touch on how you're thinking about, I guess, those from, I guess, a refinancing and cash settlement perspective. What are you looking for in terms of market conditions? Is it just price and I guess, utilising the cash balance on -- that you've got at the moment and debt, how do you think about that?

Rebecca Rinaldi:
Yes. Thanks for that. So, like you touched on in the quarterly, we are looking at all methods of financing. We do have that put risk coming in about 18 months, which if the conditions aren't great at the time in terms of share price, we expect that bond will be put.

Today, it probably won't be put given where the share price is. When we look at other financing opportunities, we have to look at obviously what's available, being a thermal coal producer, but the hybrid market is really favourable for us. So being either just a straight hybrid or those convertible bonds.

In terms of pricing, we expect pricing to be pretty competitive to the existing bond on foot, which is at 4.25% coupon. So, there's a few things that we've got our eye on. We don't need to rush to do anything. We've got time, but we want to make sure we're in front of that potential put date.

Daniel Roden:
Yes, makes a lot of sense. Okay. And maybe just last one for now not to muck you up but I just wanted to touch operationally. You noted that you've, I guess, forward sold three months of, I guess, coal. I guess what's the structure of that. Is that fixed and indexed? Are they obviously tied to the NEWC and API-5 linkages? I assume you've got FX assumptions in there, like you're pretty confident on that forward sales structure if there is a change in the underlying market?

Rob Bishop:
Yes. So that's right. That’s three months of sold forward contracts that are linked to both high-ash and low-ash indices. FX-wise, yes, that's obviously increased a bit. We do have some fairly favourable hedging in place for the Group. So, although it's ticked up over the 70 cent mark, we're hedged below that. So, our planned expectations do take that into account.

Daniel Roden:
Yes. And I assume you have a fair bit of, obviously, good visibility on the quality of those sales over the next 3 months because you have seen, I guess, a higher yield, higher quality, particularly out of Acland, I guess. Are you expecting that to continue over, I guess, kind of calendar year 2026 or like do you see a reversal in there like when do you expect that to happen coming back to normalisation?

Rob Bishop:
Yes. So, for Acland, the quality coming out is a bit of timing at play at the moment. So, you probably would have noticed in the first quarter, we had probably a higher portion of high-ash coal. Second quarter, it was probably positioned more towards low-ash.

We expect as we ramp up to settle back toa 60-40 split or thereabouts between the high-ash and low-ash, obviously, the majority of it being the low-ash coal. So really, just a bit of timing at play.

As we ramp up, obviously, we're in two pits at the moment. We're looking to get into the Manning Vale West pit back end of this calendar year and that will give us our sort of ability to get the right blend of product as we mine it.

Daniel Roden:
Thanks guys, really appreciate it. I will pass it over.

Rob Bishop:
Thank you.

Operator:
Thank you. Your next question comes from Glyn Lawcock with Barrenjoey. Please go ahead.

Glyn Lawcock:
Morning, Rob. Just a couple of quick ones if I could. So just the cash from operations was pretty much as expected, but you finished with a bigger cash balance than I think myself and the market thought. What was capex in the half? Are you sort of talked a little bit about what you're going to spend on sustaining at Bengalla, but I just wondered what capex was like?

Rebecca Rinaldi:
Yes, sure. Thanks, Glyn. It was lower than what we originally thought. So, you'll see in the quarterly that we have got the sustaining capital, which was below expectations. I guess that's partially the reason why we

reduced guidance down. So, there is timing implications that have come through there, but also just overall optimisation. So that's led us to increase that cash balance a little bit more than what we originally thought.

Glyn Lawcock:
Okay. So, we have to wait for the half for the final capex number, I guess?

Rebecca Rinaldi:
The overall capex, yes. The sustaining for Bengalla is in there, but yes, the Acland one, that will be in the half.

Glyn Lawcock:
Yes. Okay. And then maybe, Rob, just staying on Bengalla, obviously, costs are trending towards the bottom end of the range. Back half, you talked to increased volumes and lower strip ratio. Where do you think Bengalla goes over the next 6 and sort of 18 months from a cost perspective?

Rob Bishop:
I think Bengalla is really driven by unit costs driven by volume. As we've touched on, we have seen, I guess, a challenging start to the year, having to reset the pit. So, we have seen an increase in cost compared to prior year. And that's really, a bit part of it is the strip ratio increase.

But per the quarterly, you'll see that come off a bit. And I think as we ramp up to that 13.4 million ROM, you'll see volumes up again and you'll see unit cost decrease. So obviously, there's some uncontrollables in there with regards to just general cost of mining is increasing. We control what we can. Labour costs are increasing, all those things, but ultimately if we can keep pushing the volume out, that's where our benefit is from a cost control perspective.

Glyn Lawcock:
So prior year's achievable do you think or has there been other headwinds that prevent that from happening?

Rob Bishop:
I think we'll get back to closer to what prior years are. Ultimately, again, it's really volume driven. Obviously, anything controllable on site we will do justice, things out of our play like fuel costs and the like. If you see an increase in the price per barrel, that will flow through the business in diesel price, explosives.

But ultimately, it's usually correlated with an increase in coal price. So, I think what you'll see is if our cost base increase, you'll see that across the whole industry. But really for us, we focus on what we can control, that's moving dirt safely and productively and that ultimately keeps our unit cost down.

Glyn Lawcock:
Yes. And then just on the gC NEWC 6000, it's lifted up in the recent weeks. I mean it sort of lagged the met coal market. Has this been more the met coal market price dragging up gC NEWC or do you think there's something else at play from a supply and demand perspective that's seen the recent lift?

Rob Bishop:
It's probably a few things. You would have seen in the market that Indonesia has put constraints on production that's pushed up particularly the high-ash market into China. That ultimately, as that creeps up, that provides a bit of underpinning for the NEWC. You would have seen also potentially a modest volume of semi-soft coming out of the Newcastle Index or the market. So that obviously benefits the price as well.

So, I think, yes, we've seen an increase. Will it stay there, will it come down or will it go up? We kind of feel as though where it is at the moment sort of in the 110 mark, between 110 and 120 is probably sustainable. I don't see a big catalyst for it to move significantly north but nor do we see it moving down dramatically with that high-ash moving into the 80s. I think there's a justification there that we should see pricing move forward roughly where it is.

Glyn Lawcock:
All right. That's great. If I could squeeze the last one in. Just Anglo, the sales process has restarted. Is that something that New Hope and yourselves are thinking about? Or is it completely off the agenda for you guys?

Rob Bishop:
So yes, that's right. We've been approached on that. Anglo are keen to sell the whole portfolio as one. We're not interested in the whole portfolio.

Glyn Lawcock:
Okay, great. Thanks.

Operator:
Thank you. Your next question comes from Rob Stein with Macquarie. Please go ahead.

Rob Stein:
Hi Rob. Just a quick one, capital allocation. How should we think about the upcoming decision that's in front of you and the Board around what to expect around allocation given the cash balance, noting the buy-back was unutilised in the period?

Rob Bishop:
Yes. So, we announced the buy-back. I think we've executed about 10 million of that. I think where share price is at the moment, our focus is more aligned with dividends. We've touched on the capital profile in the business sustaining and growth capital execution. So really, our operations is the focus. Obviously, we're being disciplined with that, trying to minimise that as much as possible, but that's key to ensure the future viability of the assets. And then second to that is really franked dividends.

Rob Stein:
And can you just -- so just around Malabar, can you give us a bit of an update, just a bit more colour on how the project is tracking and what it's capable of over the next 12 to 24 months? And how New Hope shareholders are going to extract a return from that investment?

Rob Bishop:
Yes. So Malabar is going well. It's on track to hit first longwall coal towards the back end of this first quarter is the expectation. So, as you may recall that there's two operating pits there, there's a Bord and Pillar pit, which is starting to really bed itself down, get some good productivities there to put it in a profitable position even at these quite modest prices.

But really, the focus is getting development completed or installed and ramping up the longwall for the first panel. So, from an infrastructure perspective, things are going really well on the surface, overland conveyors, commissioned longwalls, all teething issues have been removed, crews have had good training, and that will look to really underpin the performance of that longwall once it's installed.

So that install is happening days away now. They're firming up the final mining of the face road and installation should go to plan, given that it's been on surface for quite a while now. So really positive time for the crew down there and Wayne and the management team.

So, it's really about bedding in that first longwall, continuing to get development aligned with that, ensure we've got enough development float as we get into the second and third and fourth longwall panel.

Rob Stein:
In terms of how sort of cash flows from that vehicle back to New Hope, when are you -- what can investors expect around a return on investment, noting the asset does have debt against it? How should we think about that?

Rob Bishop:
Yes. So that's still a little time away, and that was in the plan. Obviously, it's a new underground operation. So obviously, the key milestone here is getting to a point of positive cash generation. As you touched on, there is a couple of debt pieces in there to allow it to get to this point.

So, we'll be looking in the coming years to look for dividends. Obviously, that's going to be driven by not only productivity, but also pricing. So fundamentally, the assets are solid, conditions are really good underground.

We expect the longwall to achieve what we thought it would when we first got into the operation. And obviously, once debts covered off, then we'll look forward to some good distributions, which will benefit all shareholders, including New Hope.

Rob Stein:
Thank you. That's really good colour. Thank you.

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

Rob Bishop:
No problem. Thanks very much for everyone dialling in. We appreciate you coming into the call. Have a great day.

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

[END OF TRANSCRIPT]