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Operator: Good day, and thank you for standing by. Welcome to Yancoal's third-quarter 2023 production report conference call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you need to press star, one, one on your telephone.

You'll then hear an automated message, advising your hand is raised. You can also submit your questions via the webcast. Please be advised that today's conference is being recorded. I'd now like to hand the call over to Mr David Moult, CEO. Thank you. Please go ahead.

David Moult: Thank you, Desmond, and thank you to everyone on the call for joining this briefing on Yancoal's third-quarter production report for 2023. I'm joined on this conference call by several members of the Yancoal management team. I will provide a summary of the activities from the third quarter based on the production report published on the Australian Securities Exchange, and Stock Exchange of Hong Kong yesterday, 19 October.

We will then open the call to a question-and-answer session, with the call scheduled to conclude at midday, Sydney time. I'll speak to the content of the production report. There is no presentation pack for this conference call. The Yancoal website holds past presentations for any participants that require additional information on the Company.

Yancoal's operation and financial performance is made possible by our people. The total recordable injury frequency rate, which was 5.1 at the end of September, lies well below the industry weighted average of 8.3, an outcome made possible by the continued wholesale support for the safety initiatives across all the Yancoal mine sites. I once again commend everyone involved in delivering this performance.

Yancoal reported another robust financial performance during the quarter. We added $324 million to our cash position through the three months. This is after all the operating and corporate costs, including the capital expenditure and progressive tax payments we are now making on a monthly basis.

After distributing a further $489 million in dividends during the period, we held $920 million in cash at the end of September. The Company is debt-free, and we continue to accumulate cash each month.

The good weather continued in the September quarter, and minimal weather disruptions contributed to increased production. Total ROM coal volume for the quarter was over 16 million tonnes, and Yancoal's attributable saleable production increased 7% to 9.3 million tonnes.

We have previously discussed our need to prioritise pre-strip and overburden removal activities at most of our mines to facilitate better productivity and output in the subsequent quarters. This effort is proving effective. Attributable output during the quarter was similar to levels we achieved in prior years.

We are pursuing opportunities to lift overall production again in the final quarter, particularly at Moolarben, where we've been working on conveyor availability, and the longwall face will return to its normal length after a planned shortening, the result of a proactive measure to protect an Indigenous heritage site on the surface.

At Ashton, longwall operations remain suspended due to a water inundation event. The recovery and repair work will likely take the remainder of the year to complete. We currently expect to return to normal operations toward the end of the fourth quarter. The production loss from Ashton is modest in the context of Yancoal's total production. But we look forward to having its high value metallurgical coal back in our product profile in early 2024.

Labour shortages are abating, and we expect Yancoal's upward production trend to extend into the fourth quarter. We have retained the 2023 guidance of 31 to 36 million tonnes, and cash operating costs of $92 to $102 per tonne.

Yancoal continues to meet its obligations under the New South Wales domestic coal reservations directions. We delivered 251,000 tonnes of coal to domestic power generators during the quarter. The New South Wales Government will increase coal royalty rates for coal exports at the conclusion of the domestic coal reservation directions, which is mid-2024. The current royalty rates will increase by 2.6%, and this will affect several Yancoal operations, including our three primary assets, Moolarben, MTW, and HVO.

The cash generation I described earlier is directly linked to increased production, combined with our realised coal price. Our realised thermal coal price was $178 per tonne for the quarter, and our metallurgical coal price was $360 per tonne. The overall realised coal price of $197 per tonne was down marginally from the June quarter, but coal pricing still remains strong.

By the end of the quarter, the relevant thermal and metallurgical coal indices were trading up. The start of coal stockpile accumulation ahead of winter across Asia and Europe, disruptions in the Chinese domestic market, and lower hydro generation in India all contributed to the thermal coal price trend. In the metallurgical coal markets supply-side constraints in Queensland and stronger demand from India provided pricing support.

The timing of our shipments resulted in a sales lagging production by a few hundred thousand tonnes in the quarter. We expect to catch up on these sales, as well as deliver a further increase in our attributable saleable coal production in the final quarter. I will now hand back to Desmond so that we can commence the question and answering session.

Operator: Thank you. As a reminder to ask questions on the phone, you may press star, one, one and wait for your name to be announced. There are no questions from the phone line. Please continue.

Brendan Fitzpatrick: Thank you, Desmond. Brendan Fitzpatrick from the Investor Relations team. I'll take the opportunity to read out some of the questions coming through via the webcast platform, and invite any participants to submit further questions via the platform.

The first question from **Albert Onzen**. Albert would like to know where we see coal sales in the market going in 2024–2025, given the trends in alternative energy and other aspects of the global energy markets.

Then a second question from Albert. What's the outlook for the Company's debt profile, capital management, and growth prospects in the longer term?

David Moult: Thanks, Albert. I picked on a couple of points actually in the main part of my response today. But what I might do is pass across to Mark Salem, our Head of Marketing, to give a more detailed overview of how we see the market at the moment.

Mark Salem: Thanks, David. Thanks, Albert, for your question. I think it's very safe to say that the demand for coal in the seaborne market is still going to be very strong going into '24 and '25. We recently participated in the Australian Japanese coal conference. Japan, being one of our major markets, asked us to ensure that we could continue to source or supply that market well beyond 2030 in their attempts to make sure that that market is well-powered. So, we're not expecting any changes to the world demand in '24, '25 as a result of any renewable progression in electricity generation.

Brendan Fitzpatrick: Thank you, Mark. Then the second part of the question regarding our outlook for debt, growth, and associated components, I'll pass to Kevin Su, our Chief Financial Officer.

Kevin Su: Thanks. From a capital management perspective, we have been deleveraging the Company pretty well. That doesn't mean, as a company, we will always keep a 100% debt free; when there's a great opportunity that shows up, Yancoal will be confident to take up some sort of leverage. But, for now, in such a high-interest environment, we will be cautious in managing our debt profile, which we have saved a significant amount of financial resources to pay dividend to the shareholders.

Brendan Fitzpatrick: Thank you, Kevin. The next question coming from **Mark Callagher**. Mark's asking if we can provide a comment on how much cash tax was paid during the quarter? I note that in our quarterly, we did make reference to progressive tax payments being made by the Company at this point.

Kevin Su: This particular number wasn't disclosed in the quarterly. So, whatever we are going to say is not audited amount anyway. We will be very cautious to disclose such number, but I wouldn't probably give a range.

Brendan Fitzpatrick: I'll interject for a moment. We're always mindful that we're typically paying tax at or around the corporate tax rate. So that would usually be the start point for any assumption being made by investor or market participants. So, Kevin, perhaps in that context, if we just acknowledge that we can see the cash generation that was made during the quarter, and a corporate tax rate applied on that cash generation that's disclosed in the quarter would be a basis for people forming a view on the cash tax that was potentially made on a periodic basis.

Kevin Su: Yes, it will be the right proxy.

Brendan Fitzpatrick: We'll leave that one there. We'll move on to the next question coming from **Jon Ogden**. It's a specific question related to diversification. In this case, John is asking if there is any interest in the Mt Arthur Mine in New South Wales.

David Moult: Thanks, John. The Mt Arthur Mine has been around for a long time. But I think our strategy has been well documented previously that we're really looking at coal in the metallurgical sector when we look for assets. So, I would suggest at this moment in time, if it was to become available again in the future, we don't have a lot of interest in Mt Arthur.

Brendan Fitzpatrick: Thanks, David. We have a question from **Glyn Lawcock at Barrenjoey**, directed to David. Are there any additional thoughts on the met coal outlook? It seems there are a number of disruptions to supply from Yancoal and other participants in the market, such as BHP and South32 in the September quarter. Has this been the driver of recent strength in price, or are there other drivers at play?

David Moult: Thanks, Glyn. Look, I'll let Mark comment on that again. He's closer to the market on some of those issues than I am. But, I can't think of anything that's sitting behind it, other than some of the comments you make yourself. But I might ask Mark to take that question.

Mark Salem: Yes, there has been those small supply disruptions. But, in addition to that, what's driving some appreciation in the prime hard coking – low vol and hard coking coal price - has been demand from India of recent times. It's that demand from India that's really driving some of the more recent strengthening in pricing.

Brendan Fitzpatrick: Thank you, David. Thank you, Mark. A question coming through from **Sara Chan at Morgan Stanley** related to fuel cost. Given the recent spike in oil price, is there any comment on earning sensitivity to diesel price?

Then looking at the sales mix, how much coal was sold domestically in regards to the Australian energy preservation, and is there any comment on the coal preservation for the fourth quarter?

David Moult: On diesel, our guidance, as it stands, we've factored in our view on diesel price, taking account of current issues globally. So, the guidance we've reconfirmed today, we are comfortable on that. I did say during the quarter, we sold 251,000 into the domestic generators. So that was our part of the domestic reservation policy. The domestic reservation policy now runs through until the end of June 2024.

Of course, for quarter four, we will be talking to generators as we go into this quarter and, of course, providing coal up to potentially 300,000 up to our cap. But I'm not suggesting that's what we're going to sell this quarter, but that is our cap on what we're required to reserve.

Brendan Fitzpatrick: Thanks for that. We've got a follow-up question from **Glyn Lawcock at Barrenjoey**. On costs, there was the comment, labour shortages are abating. Having guidance of $92 to $102 per tonne. Any comments on expectations into calendar 2024 in terms of headwinds and tailwinds to drive cost outcome?

David Moult: Thanks, Glyn. I don't think there's really any other headwinds out there at the moment other than we've already been dealing with, and some of those headwinds are pulling back a little bit. I think labour shortages are abating, and we are now getting ourselves back into sort of – I wouldn't suggest fully manned position but very close to being fully manned.

I think we told you previously at one of the previous quarters that we renegotiated all our site enterprise agreements last year. So, we're pretty comfortable, for all our site-based personnel, what our labour costs are going into 2024. I think the big driver always with our unit cost is volume, and we are seeing a quarter-on-quarter improvement, and we would expect that to continue into 2024. So, again, I think what you'll see is start to see some of the volume effect coming back as 2024 develops on our cost.

Brendan Fitzpatrick: Thank you, David. As usual, the official guidance for 2024 will be made available with our financial result in February, as per standard practice.

Looking at a question from **Alexander Beer**, can you please talk about the three main mines? The ROM coal production from Moolarben, Mount Thorley, and Hunter Valley Operations was very strong at 5.3, 4.5, and 4.5 million tonnes for the quarter, respectively. Is there a comment on the run rate we see for these mines, heading into next year?

David Moult: Thanks, Alexander, for that question. Yes, it was a strong quarter for the three mines, and I think we're seeing this momentum now in our performance coming back in, as we're starting to move through away from the wet weather, getting our inventories back in place, getting the structure of our mines back in, and reducing the amount of water that we're actually holding on site at the moment.

So, what are you seeing, I think, is a move back to more what I would call a, in inverted commas, normal type of performance from our three big operations. All I'll say on '24 is we don't see anything in 2024 that would suggest to us at the moment that we'll not be producing at our normal type of output for those three big mines.

Brendan Fitzpatrick: Thank you, David. I do have a few more questions still on the webcast, but I'll take a moment to come back to Desmond, and ask if there are any questions waiting on the phone line?

Operator: As a reminder to ask questions on the phone, you can press star, one, one, and wait for your name to be announced. There are no questions from the line. Please continue.

Brendan Fitzpatrick: Thanks, Desmond. Coming back to the webcast, **Jon Ogden** has some follow-up questions on coal markets. The first one's whether we see the conflict in the Middle East having any effect on buying strategies in the coal markets.

Then a second question, somewhat longer-dated in nature, do we have any thoughts on when China's demand may peak, given the renewable capacity ramp-up in their marketplace? What cause could that have for coal demand for domestic production and imports to deteriorate?

David Moult: I might let Mark comment on both of those. But I would make one comment on the first one, and that is that, and we've talked about this quite a bit, about how fragile the energy market is globally, not just in coal but in coal, oil, and gas. I think any sort of conflict anywhere around the world is potentially going to have some sort of impact on that energy balance globally. But, Mark, I'll let you comment a bit more detail on those two.

Mark Salem: Yes, of course. Just on the Middle East crisis, and we say, in terms of looking at stocking up on coal more rapidly, we've seen some appreciation in oil pricing as a result of the crisis that's happening in the Middle East. We normally see the market react very quickly to situations like the Russian-Ukraine crisis, and the crisis in the Middle East. Because Europeans have been so well-stocked, we would normally see that coming into that European market. It really hasn't impacted the Asian market, per se, and so we're not seeing the rapid stock buildup following as a result of the crisis in the Middle East.

In relation to China, Australia has only started to resume exports to China this year, following the geopolitical ban that had previously existed. Year-to-date China imports are hovering at around 350 million tonnes so far, which is a public number. So, if you annualise that, that means their imports are going to be around in excess of 460 million. That really is a peak in China import demand, seaborne import demand. So, it's a very positive sign still coming out of China. China is still a very good market for Yancoal product. We're not really seeing that import market necessarily is going to fall in the near future.

Brendan Fitzpatrick: Thank you, Mark. We have another question from **Glyn Lawcock at Barrenjoey**. With regard to strategy, is there interest in South32's Illawarra and Eagle Downs met coal mines, given the comment earlier that interest in met over thermal is something we've referenced previously?

David Moult: Thanks, Glyn. As always, we don't really comment on individual projects. We do keep very close to what is out there. Our business development team do look at opportunities. They run the ruler over lots of things that never make it any further. But, look, I wouldn't comment on the two, but certainly we'll be keeping a very close eye on what becomes available in the markets.

Brendan Fitzpatrick: Thanks, David. Another question coming through from **Chris Keane**, looking to clarify the comments earlier. Tax gets taken quarterly at corporate rates, and that's reflected in the cash bill quarterly, confirming there's no large end-of-year tax payments. Because it is worth noting, as I'll just make an extension to the comment from Chris, that we did have that large tax payment for the 2022 period, which we made during this calendar year. I'll hand that one over to Kevin for the first comment.

Kevin Su: Thanks, Chris. As we mentioned, currently we are paying tax on corporate rate, and then it's very much a monthly PAYG process as the normal business does. As for the large tax payment, I think the comment we can give is we, as a company, we follow a very robust capital management strategy. So, we will try our best to avoid lump payments if the Company is already in a tax payable position. So, from PAYG perspective, this will be managed so that we can have a smooth capital profile. Thanks.

Brendan Fitzpatrick: Thank you, Kevin.

That's the last of the questions I have showing on the webcast platform. We'll extend the conference call for a short while longer just to see if any questions come through. In the meantime, I'll hand back to Desmond to double-check if any questions have occurred on the phone lines.

Operator: There are currently no questions from the line. Please continue.

Brendan Fitzpatrick: I don't see any questions coming through on the webcast. I'm mindful that it might take a moment for someone to type a question. But if nothing comes through in the next 30 seconds or so, I'll hand back to David for closing comments. No, no further questions coming through. If people do have questions, by all means, contact the Company through the details on the Yancoal website, and we'll be able to respond outside the conference call. David, back to you for the closing comments.

David Moult: Thank you, Brendan. I'd just like to thank everybody for your time this morning in attending the Yancoal third-quarter update. It was a strong quarter. It's good to be getting the dry weather now, and getting our mines back to where we want it to be. We are seeing that progression the way we indicated earlier in the year, and we look forward to continuing that into the future. I thank everyone again for attending this morning, and hope you all have a good day.

Brendan Fitzpatrick: Thank you, David. Desmond, could you please conclude the call for us?

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

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