

# Quarterly Report

For the Quarter ending 30 June 2024

Issued 18 July 2024

## June Quarter 2024 (2Q 2024)

A\$181/t average realised coal price.  
\$318 million increase in cash balance.<sup>1</sup>  
\$1.55 billion cash balance at 30 June 2024.  
13.9Mt ROM coal production (100% basis).  
10.3Mt Saleable coal production (100% basis).  
8.2Mt Attributable saleable coal production.  
8.6Mt Attributable coal sales.

## Production Summary

At Yancoal, we always prioritise the safety of our workforce. While still below the industry weighted average, we aim to reverse the recent upwards trend in our Total Recordable Injury Frequency Rate and recapture the positive momentum established in the first half of 2023.<sup>2</sup>

ROM coal volumes in the quarter were similar to the first quarter, while saleable volumes were slightly lower after wet weather delays. The 18% increase in attributable saleable production compared to 1H 2023 is a reaffirmation of the strong recovery achieved over the past 12 months.

The A\$181/tonne overall realised coal price was steady in 2Q 2024, comprising a 2% higher realised thermal coal price and a 5% lower realised metallurgical coal price compared to 1Q 2024. The realised thermal coal price was in line with coal index trends while the realised metallurgical coal price was better than the relevant indices due to higher priced carryover tonnes from prior periods, product blending and optimisation strategies.

## CEO Comment

Yancoal continues to generate robust cash inflows. The A\$181/tonne price realised for the half was roughly double the cash operating cost we are targeting this year.

Largely as expected, the production rate in the first half sees us tracking at the low end of the full year guidance range. However, as in 2023, production volumes are expected to increase in the second half.

The company retains a strong financial position, holding cash of \$1.55 billion at the end of June. This was after paying \$429 million for the fully franked 2023 Final dividend (A\$0.325/share) on 30th April.

Like last quarter, thermal coal markets recorded increased export supply from Australia and Indonesia. Despite this, thermal coal markets appear relatively balanced. Coal indices varied week to week, but the average price remains well supported.

We see Yancoal's large-scale, low-cost coal production profile as well suited to the current coal market conditions. Having no interest-bearing loans, a large net cash position and robust operating margins provides us with the capacity to pursue suitable growth opportunities as they arise.

## 2024 Production Guidance (unchanged)

35-39Mt attributable saleable production.

\$89-97/tonne cash operating costs.

\$650-800 million attributable capital expenditure.

<sup>1</sup> Increase in cash balance is the increase from 31-Mar-24 to 30-Jun-24 before 2023 Final dividend distribution paid in April.

All financial figures are Australian dollars, unless otherwise stated.

<sup>2</sup> Details page 3

## PRODUCTION AND SALES DATA

			2Q 2024	1Q 2024	PP Change	2Q 2023	PCP change	6mth YtD 2024	6mth YtD 2023	Change
<b>ROM coal production, Mt</b>	Mine type	Economic interest								
Moolarben	OC / UG	95%	4.9	6.0	(18)%	6.0	(18)%	10.9	9.1	20%
Mount Thorley Warkworth	OC	83.6%	4.2	3.4	24%	4.3	(2)%	7.6	7.6	—%
Hunter Valley Operations	OC	51%	2.7	2.3	17%	3.1	(13)%	5.0	5.8	(14)%
Yarrabee	OC	100%	0.5	0.5	—%	0.5	—%	1.0	1.1	(9)%
Middlemount	OC	49.9997%	0.9	1.0	(10)%	0.7	29%	1.9	1.4	36%
Ashton	UG	100%	0.7	0.7	—%	0.1	600%	1.4	0.6	133%
Stratford Duralie	OC	100%	0.0	0.1	(100)%	0.1	(100)%	0.1	0.4	(75)%
<b>Total – 100% Basis</b>			<b>13.9</b>	<b>14.0</b>	<b>(1)%</b>	<b>14.8</b>	<b>(6)%</b>	<b>27.9</b>	<b>26.0</b>	<b>7%</b>
<b>Total – Attributable</b>			<b>10.8</b>	<b>11.0</b>	<b>(2)%</b>	<b>11.7</b>	<b>(8)%</b>	<b>21.8</b>	<b>20.0</b>	<b>9%</b>
<b>Saleable coal production, Mt</b>	Coal type	Attributable Contribution								
Moolarben	Thermal	95%	4.5	5.0	(10)%	4.8	(6)%	9.5	7.4	28%
Mount Thorley Warkworth	Met. & Thermal	83.6%	2.5	2.2	14%	2.6	(4)%	4.7	4.6	2%
Hunter Valley Operations	Met. & Thermal	51%	2.0	2.8	(29)%	2.4	(17)%	4.8	4.2	14%
Yarrabee	Met. & Thermal	100%	0.4	0.4	—%	0.5	(20)%	0.8	0.9	(11)%
Middlemount	Met. & Thermal	(equity accounted)	0.6	0.5	20%	0.5	20%	1.1	1.0	10%
Ashton	Met.	100%	0.3	0.3	—%	0.0	n/a	0.6	0.3	100%
Stratford Duralie	Met. & Thermal	100%	0.0	0.1	(100)%	0.1	(100)%	0.1	0.2	(50)%
<b>Total – 100% Basis</b>			<b>10.3</b>	<b>11.3</b>	<b>(9)%</b>	<b>10.9</b>	<b>(6)%</b>	<b>21.6</b>	<b>18.6</b>	<b>16%</b>
<b>Total – Attributable</b>			<b>8.2</b>	<b>8.8</b>	<b>(7)%</b>	<b>8.5</b>	<b>(4)%</b>	<b>17.0</b>	<b>14.4</b>	<b>18%</b>
<b>Sales volume, Mt</b>										
Thermal coal			7.5	7.3	3%	7.3	3%	14.8	12.0	24%
Metallurgical coal			1.0	1.0	—%	1.2	(17)%	2.0	2.4	(17)%
<b>Total – Attributable</b>			<b>8.6</b>	<b>8.3</b>	<b>4%</b>	<b>8.5</b>	<b>1%</b>	<b>16.9</b>	<b>14.4</b>	<b>18%</b>
<b>Avg. realised price, A\$/tonne</b>										
Thermal coal			163	159	2%	197	(17)%	159	256	(37)%
Metallurgical coal			318	334	(5)%	403	(21)%	334	389	(16)%
<b>Overall avg. realised price</b>			<b>181</b>	<b>180</b>	<b>1%</b>	<b>226</b>	<b>(20)%</b>	<b>180</b>	<b>278</b>	<b>(35)%</b>

### Notes:

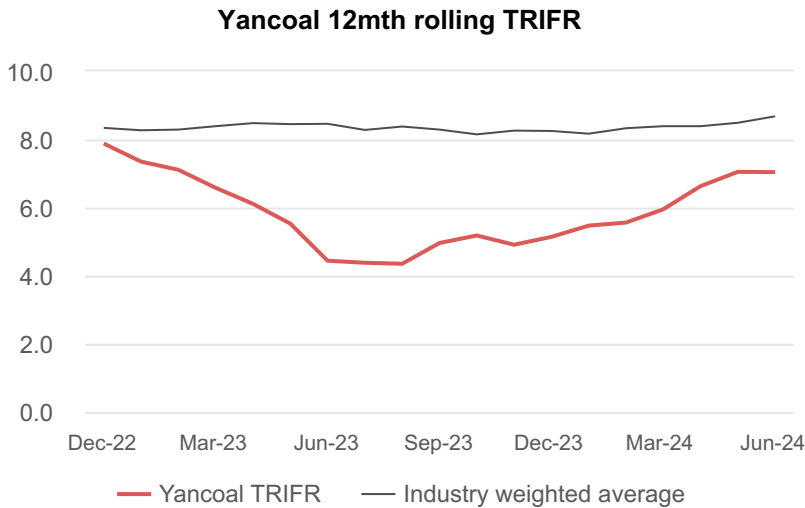
- ROM = Run of Mine; the volume extracted and available to be processed.
- Mount Thorley Warkworth Operational Integration Agreement was renewed from 1 February 2024 increasing the Warkworth joint venture contribution from 65% to 80% and reducing the Mt Thorley joint venture's contribution from 35% to 20%, resulting in Yancoa's effective interest increasing to 83.6% from 82.9%.
- Attributable figures exclude production from Middlemount (incorporated joint venture and equity-accounted).
- 'Sales volumes by coal type' excludes the sale of purchased coal.
- Realised prices are provided on an ex-mine basis, excluding purchased coal and corporate contract volumes.

1Q = March quarter period  
2Q = June quarter period  
3Q = September quarter period  
4Q = December quarter period

Mt = million tonnes  
YtD = Year to Date  
Met. = Metallurgical coal

PP = Prior quarter period  
PCP = Prior year corresponding period  
UG = Underground  
OC = Open-cut

## SAFETY



The health and well-being of all Yancoal employees is always a key focus. The 12-month rolling Total Recordable Injury Frequency Rate (“TRIFR”) was 7.0 at the end of 2Q 2024, an increase from the 6.0 rate at the end of 1Q 2024.

Whilst still below the comparable industry weighted average of 8.7, we are committed to reversing the recent trend through re-invigoration of the programs that delivered the improvement in 2023.

## COAL SALES AND COAL MARKET OUTLOOK

During 2Q 2024, attributable sales of 8.6Mt was 0.4Mt above attributable saleable coal production, countering the stockpile accumulation in the prior period.

Yancoal sells the majority of its thermal coal at prices associated with the GlobalCOAL NEWC 6,000kCal NAR index (GCNewc) and the All-Published Index 5 (API5) 5,500kCal index. Each contract has price adjustments for energy content and other coal characteristics. Typically, thermal coal produced in the Hunter Valley tends to have GCNewc index characteristics. In contrast, coal produced west of the Hunter Valley tends to have API5 Index characteristics or sits between the indices. There are multiple coal seams mined in each region, so the coal quality varies depending on where it was sourced in any given period. Yancoal’s metallurgical coal is typically sold at prices associated with the Platts Low Vol PCI FOB Australia and Platts Semi-Soft FOB Australia Indices.

During 2Q 2024, the API5 index averaged US\$89/t, down a few dollars from US\$93/t in 1Q 2024; however, the GCNewc index averaged US\$136/t, up from US\$126/t. The metallurgical coal indices were stable; the Low Vol PCI index averaged US\$164/t, the same as the prior quarter; and the Semi-Soft index averaged US\$152/t, up from US\$150/t.

Yancoal's realised prices in any given period tend to reflect relevant coal price indices from prior periods due to various sales contract structures. The 2Q realised metallurgical coal price continues to capture pricing from further back in time than usual, as well as the benefit of product blending and optimisation strategies. Factors influencing the realised price can include: premiums (or discounts) to reflect market conditions; the capacity to wash coal and improve the product specifications; and the availability of coal for purchase and blending.

After converting to Australian dollars, in 2Q 2024 Yancoal recorded an average realised thermal coal price of A\$163/t and an average realised metallurgical coal price of A\$318/t. Yancoal's overall average realised sales price in 2Q 2024 was A\$181/t, compared to A\$180/t in the prior quarter and A\$226/t in 2Q 2023.

	Units	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
API5, 5,500kCal	US\$/t	195	141	125	102	88	96	93	89
GCNewc, 6,000kCal	US\$/t	421	381	242	158	149	136	126	136
Low Vol PCI, FOB Aust.	US\$/t	246	273	311	207	169	185	164	164
Semi-Soft, FOB Aust.	US\$/t	200	234	266	181	167	161	150	152
AUD:USD		0.68	0.66	0.68	0.67	0.65	0.65	0.66	0.66
API5, 5,500kCal	A\$/t	286	215	183	153	135	148	142	134
GCNewc, 6,000kCal	A\$/t	616	579	354	237	228	208	191	206
Low Vol PCI, FOB Aust.	A\$/t	360	415	456	310	258	285	249	248
Semi-Soft, FOB Aust.	A\$/t	294	356	389	271	255	247	228	231
Realised Thermal price	A\$/t	489	430	338	197	178	180	159	163
Realised Metallurgical price	A\$/t	434	389	383	403	360	292	334	318
<b>Overall realised price</b>	<b>A\$/t</b>	<b>481</b>	<b>422</b>	<b>347</b>	<b>226</b>	<b>197</b>	<b>196</b>	<b>180</b>	<b>181</b>

Source: GlobalCOAL, Platts, Argus/McCloskey, Reserve Bank of Australia.<sup>3</sup>

Note: A\$/t prices are a simple conversion using the US\$/t price and the relevant AUD-USD exchange rates for the period.

Thermal coal markets experienced balanced supply and demand conditions during the period. There were good levels of demand, but also relatively high end-user stockpile levels. Some buyers shifted away from Russian supply after the USA applied further sanctions, resulting in the redistribution of cargoes across international markets. China sourced additional imports to counter a temporary supply reduction resulting from safety inspections; then by the end of the quarter, rainfall increased bolstering hydro power generation and alleviating the need for additional imports. Indian demand continues to rise on residential and industrial power requirements, as it has yet to see the seasonal uplift in hydro generation. In Japan and South Korea, elevated stockpile levels contributed to weaker import demand.

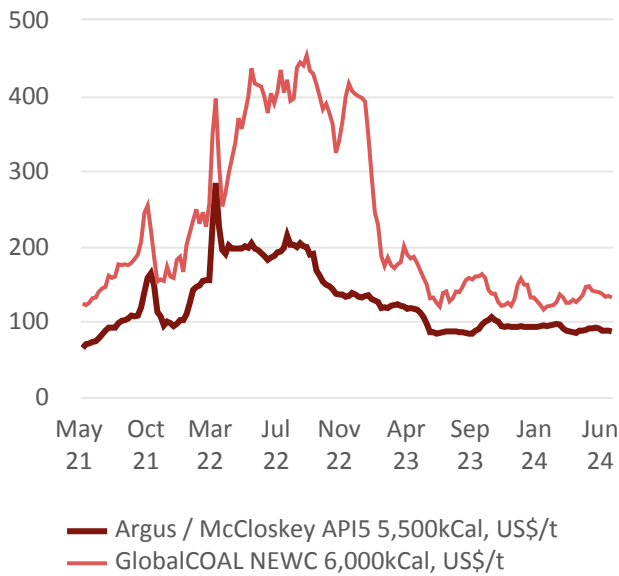
Indonesia had some weather disruptions at smaller mines, but its primary operations have been performing well. Indonesia's exports were up 30% in the first five months of the year, compared to 2023. It is a similar story in Australia where exports were up 12% in the first five months of the year despite some rainfall disruptions. Also exports from the USA remained consistent, despite the Baltimore bridge collapse. Colombia also had steady export levels. The one exception was South Africa, where infrastructure constraints returned, impacting its exports.

Despite the continued supply improvements, thermal coal indices were relatively stable and in fact the GCNewc index increased 8%. Overall, thermal coal markets still appear relatively balanced. We remain of the view that thermal coal markets and coal indices remain subject to short-term drivers and trader sentiment.

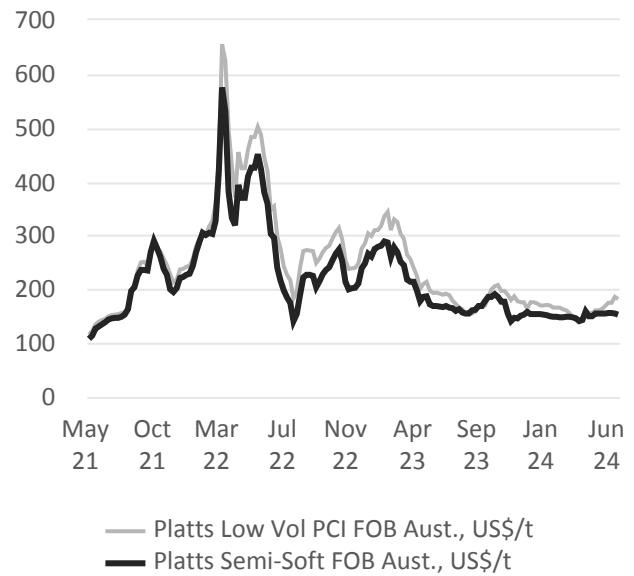
In the metallurgical coal markets, reduced supply was countered by the reduced demand typically observed during the northern hemisphere summer. Similar to the thermal coal market, sanctions on Russia most likely lead to a redistribution of metallurgical coal cargoes across regional markets. India had been a positive driver in prior periods, but demand was lower during the quarter; it may pick-up after the election cycle and monsoon season both conclude. Japanese imports of metallurgical coal weakened as automotive industry activity softened. Demand from China was also lower despite good sentiment and stimulus factors. Similar to thermal coal markets, indices fluctuated during the quarter, but the averages were very similar to the prior quarter.

<sup>3</sup> The data and information provided by GlobalCOAL, Platts and Argus/McCloskey may not be copied or used except as expressly permitted in writing by the data provider.

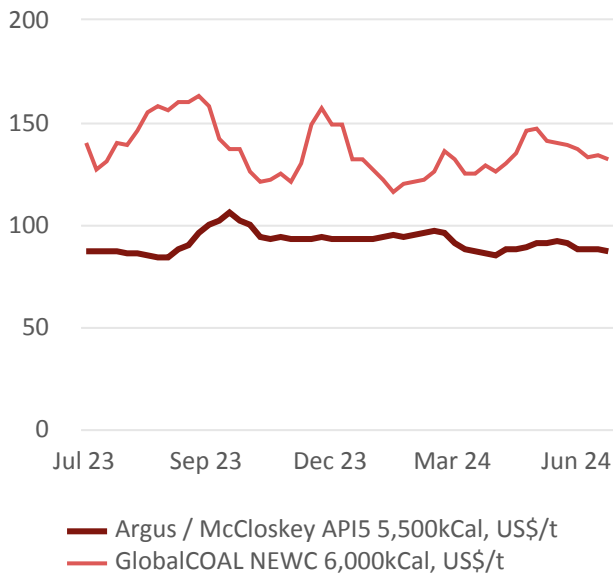
Thermal coal indices - past 3 years



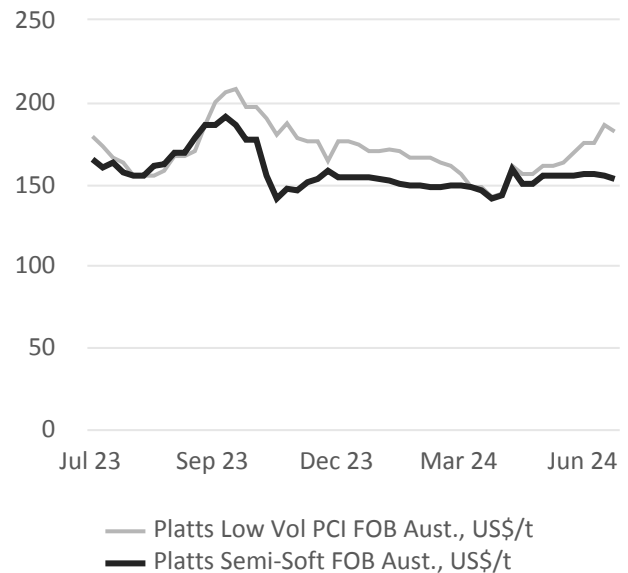
Metallurgical coal indices - past 3 years



Thermal coal indices - past year



Metallurgical coal indices - past year



Source: GlobalCOAL, Platts, Argus/McCloskey

## ASSET PERFORMANCE

The Australian Bureau of Meteorology (BOM) moved to a La Nina weather pattern watch during May after calling an end to the El Niño weather pattern in Australia during April. We have already seen above average rainfall in parts of eastern Australia during the quarter impacting our operations. In NSW, Moolarben and MTW managed to offset some of the losses through changes to the mine schedule including prioritisation of coal and shorter haul cycles. Yarrabee also experienced wet weather and the productivity impacts of managing geotechnical issues.

The mitigation measures developed and implemented post the 2021 / 2022 exceptional rain events have made a positive impact in reducing losses and maintaining forecast production volumes. Sites are now much better positioned to deal with adverse wet weather events. There is however, still the need to suspend operations at times to ensure site safety and avoid damage to assets.

### **Moolarben**

A scheduled longwall move commenced in May and completed in June. The longwall move reduced saleable coal output. Prior to and after the longwall move, production rates were higher than projected.

In the open cut mine, ROM coal production rates, wash plant throughput and wash plant yield were all meeting or exceeding targets despite the wet weather impacts late in the quarter.

### **Mount Thorley Warkworth (MTW)**

The load and haul fleet utilised shorter haul cycles at times during the quarter to offset impacts from wet weather and lower truck availability. ROM coal delivery was trending above projections for most of the quarter due to strong overburden movement enabling exposure of critical coal sources. Mining activity during the quarter also saw the 9020 Dragline recommence production following the completion of coal removal from the previous strip.

Product coal volumes were above forecast as a result of higher yielding seams with better than average coal characteristics were brought forward in the schedule. The higher yield offset lower feed volumes due to various constraints impacting wash plant throughput rates.

### **Hunter Valley Operations (HVO)**

ROM coal production increased from the first quarter despite hinderances that included adverse weather delays, blasting issues and below target truck fleet availability.

Initially product coal was impacted by reduced wash plant feed resulting from ROM coal production delays and minimal ROM stocks, however, by the end of the quarter the mine was able to bring forward ROM coal production and recover some of the lost saleable coal.

### **Yarrabee**

Difficult geotechnical conditions and constrained mining conditions in the small open pits continued to impede mining at Yarrabee. The team has continued the focus on improving performance through increased availability and utilisation of the truck and excavator fleets.

### **Middlemount**

The mine was tracking ahead of plan until wet weather affected output at the end of June. During June the mine received over a third of the average annual rainfall. The production outage resulting from the rainfall was utilised to carry out maintenance work on the wash plant.

### **Ashton**

Poor conditions in the roof requiring additional strata control effort, interrupted power supply and unplanned maintenance all affected longwall output during the quarter. A longwall move scheduled to start in June slipped to July and will impact production next quarter.

### **Stratford Duralie**

During the quarter, extraction of coal ceased at Stratford slightly ahead of schedule due to geotechnical challenges and the site has now commenced the transition to mine closure. Wash plant operations continued through June to wash remaining coal stockpiles. Activities now focus on managing the transition to mine closure with extraction of coal having ceased at both Stratford and Duralie.

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## DEVELOPMENT PROJECTS and EXPLORATION

The MTW underground mine pre-feasibility studies are subject to further assessments including synergies with the open-cut, which should conclude in 2024, likely leading to a feasibility study in 2025. Should the development proceed, it could significantly extend the future production profile.

At HVO, the Joint Venture is working through the approvals process to allow operations to continue within the existing mining license footprint. The timeline to complete the process may run for several more months.

On 28 June 2024, the NSW government granted the Stratford Renewable Energy Hub project “Critical State Significant Infrastructure” status, recognising the importance of projects such as this to provide the long-duration storage required to decarbonise the NSW economy. The development application and accompanying environmental impact statement for the project will likely be lodged in Q3 2024. The feasibility study is progressing and is on track to be completed during Q4 2024.

Yancoal incurred \$3.9 million in exploration capital expenditure during the period at Hunter Valley Operations, Moolarben, Yarrabee and Stratford Duralie. The exploration work comprised 66 core and non-core boreholes for a total of 8,366 metres drilled.<sup>4</sup> Drilling was focused on structure, resource classification, coal quality and geotechnical data for Hunter Valley Operations; limit of oxidation definition, structure, coal quality and environmental surveying at Moolarben; water monitoring at Yarrabee; and at Stratford to ensure no coal is sterilised within the proposed renewable energy hub area and to provide geotechnical information for the renewable energy hub feasibility study.

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## CORPORATE ACTIVITY

On 28 June 2024, Cinda International advised it had completed its second block trade of the year. It sold 20 million shares reducing its stake in Yancoal from 9.21% to 7.69%.

The only other significant shareholder in Yancoal is Yankuang Energy Group, who holds 62.26% of the issued shares. Therefore, the combined position held by Yankuang Energy Group and Cinda International is 69.96%<sup>5</sup>. In addition, approximately 0.49% is held by Management, either directly or by the trust used to hold shares for potential future vesting to Management under Yancoal’s equity incentive plan.

On 30 May 2024, Yancoal conducted its 2024 Annual General Meeting . All resolutions were passed with ~95%, or more, support from the number of votes cast on each poll.

On 29 April 2024, Yancoal released its 2023 Annual report and its P4 Sustainability Report 2023; both reports are available on the company website.

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<sup>4</sup> Reported expense is Yancoal’s attributable share. Hole count and drill metres are on a 100% basis

<sup>5</sup> Rounded to two decimal places

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## CONFERENCE CALL FOR ANALYSTS AND INVESTORS

The Company will host an audio conference call for analysts and investors. We will provide comments on the quarterly performance and conduct a 'Question and Answer' session.

Date: Friday 19 July 2024

Time: 11:00am Sydney

Webcast: <https://edge.media-server.com/mmc/p/etnp7tc3>

Participants are encouraged to use the webcast link to pre-register for the conference call. There is an option to have the hosting company call participants directly at the scheduled start time.

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Authorised for lodgement by the Yancoal Disclosure Committee. This report was compiled from verified material. The Yancoal Disclosure Committee evaluates and reviews the process and content to confirm the integrity of the report.

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