Webcast notes

Operator: Welcome to Yancoal Australia's 2024 Financial Results Webcast. I would now like to hand the conference over to your speaker today, Brendan Fitzpatrick, Investor Relations Manager.

Brendan Fitzpatrick: Thank you, Desmond, and thank you to everyone for joining us on this briefing on Yancoal's 2024 Financial Results. As mentioned, my name is Brendan Fitzpatrick, the Investor Relations Manager.

To present today's briefing, we have several members of Yancoal's executive leadership team, including:

- Mr Yue, Chair of the Executive Committee and Acting CEO,
- Kevin Su, Chief Financial Officer,
- David Bennett, EGM Operations,
- Mark Salem, EGM Marketing,
- Mike Wells, EGM Finance, and
- Laura Zhang, Company Secretary.

After the executive team completes the review, we will move to a question and answer session.

The commentary provided today is based on the 2024 Financial Results and associated announcements published to the Australian Securities Exchange and the Stock Exchange of Hong Kong yesterday, 20 February 2025.

Slide 2 and slide 3 contain notices and disclaimers relevant to today's presentation and the forward-looking statements it contains. Please make yourself familiar with the content on these two slides. Throughout the presentation we use Australian dollars unless otherwise stated.

I invite Mr Yue to present introductory comments on Yancoal's 2024 financial results.

Mr Ning Yue: Thank you, Brendan. I welcome everyone on the call. 2024 was a very good year for the Company. We finished the year with our best ever half-year production performance. In the inflationary cost setting, we brought our cash cost down. Our cash generation enables both a dividend payment and the potential to pursue growth.

Mr Ning Yue: [Interpreted] Safety is first. We have been continuously strengthening our safety management and striving to optimise our safety performance. We delivered on our production guidance in 2024. From nearly 63 million tonnes of ROM coal, we generated almost 37 million tonnes of attributable production, a 10% increase on 2023. Our realised coal price, while lower than last year, was still very healthy at A$176 per tonne. We delivered on our cost guidance. A strong second half brought the full year cash cost down to $93 per tonne. This gave us an implied cash operating margin of $66 per tonne.

Our strong production, good realised price, and low cost drive financial performance. $6.9 billion of revenue and $2.6 billion of operating EBITDA at a 37% margin were great outcomes. We delivered $1.2 billion of profit after tax and finished the year with close to $2.5 billion in cash. The Board has decided to return $687 million to shareholders. This is a payout ratio of 56% and delivers shareholders $0.52 per share fully franked. I will now hand over to the management team to take you through the detailed 2024 results presentation.

Brendan Fitzpatrick: Thank you, Mr Yue. Slide 5 shows our safety performance. The TRIFR statistic improved late in the year, but it's not at the level we would like it to be. Safe mines are productive mines, and we remain committed to improving the trend through targeted safety intervention activities. Keeping our workforce safe is always our first consideration. Our TRIFR may be below the industry average, but we are keen to see it improve.

Our focus on sustainability, as with safety, is constant. In 2024, we moved beyond the environmental, social and governance report published in past years and in April we issued our first Sustainability Report. We will release our 2024 Sustainability Report alongside the Annual Report in late April. I'll now hand over to David Bennett to take you through our operational performance.

David Bennett: Thank you, Brendan. Slide 7 summarises the operational drivers behind our full year performance. As Mr Yue touched on, we delivered on our production and cash cost guidance. We operated in accordance with our mine plans and hit the midpoint of both target ranges.

The 10% increase in attributable saleable production to 36.9 million tonnes was a good outcome. This included a 17% increase in the second half over the first half where we produced almost 20 million tonnes. As Mr Yue mentioned, this was the best half year performance we have ever had. It was a pleasing result that we're able to counter the

inflationary cost environment with increased production and a focus on cost control, delivering a 3% decrease in our cash operating costs.

Coal sales exceeded production as the marketing team did a great job optimising our products to meet the market conditions. I'll leave it to Mark Salem to speak further on coal markets and realised prices in later slides.

Total ROM coal on a 100% basis was almost 63 million tonnes. Our mines are much better placed to mitigate the effects of rainfall events after investing in additional water storage capacity and associated infrastructure. However, we still curtail activity during rainfall events to ensure safety and avoid asset damage. This was the case during 2024.

At the Moolarben open-cut mine, the single largest contributor to our attributable saleable production, operations ran so well we achieved the annual permitted ROM limit of 16 million tonnes well before the end of 2024. The output we delivered in the second half of 2024 demonstrates what can be achieved when the mines are operating at, or near, optimal performance levels.

Attributable saleable production was up 10% compared to 2023. The increase in saleable production was in part the result of the successful completion of our site's mine recovery plans. The strong second half performance I mentioned is close to the limit of what our portfolio of mines can produce over a six-month period. This will link into the production guidance discussion later in the presentation.

We have started 2025 well and are aiming for more consistent output through the year; but do anticipate the first quarter will have lower production than the rest of the year due to the mining sequence. We have included slide 10 in the presentation pack to display our three largest mines in context of other Australian thermal coal mines.

The total cash costs are on an energy adjusted basis to counter the influence of coal quality on the operating margin. While the comparison may not be perfect, the key takeaway is clear. Our three largest mines are some of the best thermal coal mines in Australia. We also consider the people we have operating these assets as some of the best in the country. Large-scale low-cost mines such as these remain viable when many other mines struggle through coal price cycles.

Cash operating costs were $86 per tonne in the second half and $93 per tonne for the full year. Increased production was the key driver of the 3% decrease in full year costs and the 15% decrease in second half costs, together with an unwavering focus on cost control. In coal mining, like other bulk commodity industries, the unit costs are strongly influenced

by production volumes. Unfortunately, cost inflation factors from recent years including labour, explosives, electricity and spare parts are now largely embedded in our cost base.

Operating costs also escalate naturally as mines mature, typically resulting from higher strip ratios and increased truck haul distances. Cost control has always been and will continue to be a key focus for all of us. From what we can see reported across the industry, our cash operating costs remain at the lower end of the cost curve.

Turning to slide 12, we demonstrate why keeping cash operating costs low is critical. Our implied cash operating margin was $66 per tonne. The combination of cost inflation and increased state government royalty rates has pushed up the industry cash cost curve significantly over the past few years. I'll now hand over to Mark Salem to cover the coal markets.

Mark Salem: Thank you, David. Yes, 2024 was definitely a year of supply recovery, and thermal coal pricing was relatively stable. We saw Australian thermal coal exports increase by approximately 2%, but we also encountered supply growth from other exporting countries. This increase in supply was met by the demand growth coming from China's expansion of coal-fired capacity and India's strong demand for electricity.

We priced our thermal coal against the API5 and GlobalCOAL Newcastle indices. Our realised price in US dollar terms sits between these indices as shown in the chart on slide 13. Our realised thermal coal price was A$160 per tonne, down 24% from 2023.

Metallurgical coal markets exhibited declining demand in the second half of 2024. This was driven by weakening steel market conditions, as global steel output fell approximately 6% compared to 2023. China's demand growth continued; however, it was met by strong land-borne metallurgical coal imports from Mongolia and Russia.

In the first half, our realised price in US dollar terms was benefiting from product quality and contract structures. In Australian dollar terms, our realised met coal price was $276 per tonne for the year, down 22% in 2023. In 2024, approximately 86% of our attributable sales were thermal coal, with the balance being weaker grade metallurgical coals. This product split varies period to period depending on which coal seams are in production at each mine and how we can maximise the market opportunities.

Turning to slide 16 we show our market splits. We continue to optimise the revenue contribution of our various coal products to specific markets. China is a significant buyer, both on volume and revenue basis. Customers in China tend to take a lot of the API5 equivalent quality coal we produce. Our Japanese customers purchase a significant portion

of our higher calorific value thermal coals combined with a mix of PCI and semi-soft coking coals. This market was our second highest revenue generator last year.

There are various groups providing forecasts for international thermal coal markets. A common theme we see in recent forecasts is the ongoing revision when coal demand will peak and at what level. Delays to projected closure of states for existing coal-fired power plants, combined with new facilities coming on stream, are driving the ever-evolving increasing demand profile. As you can see, since we last included this slide in the second half of 2024, revisions to the forecast have seen the projected demand peak lift once again.

On slide 18, we look at projections for seaborne thermal coal supply over the next 10 years. Approval and financing challenges for new mines compound natural reserve depletions. Over time, global demand for coal will undoubtedly diminish as energy markets transition. That being said, there is a growing appreciation that coal still has a meaningful role and there is the potential for supply shortfall in the coming year.

Even in a relatively balanced coal market a 5% shift in supply or demand can have a notable influence on prices. In the seaborne metallurgical coal market, demand for mature regions like Europe and Northern Asia are forecast to decline over the next 15 years. However, this could be outpaced by growing demand from emerging economies, leading to an increase in total demand. Unlike the thermal coal market, some supply growth is projected in seaborne metallurgical coal markets.

Looking at the profile in the prior slide, the supply keeps pace with demand. This suggests a balanced market driven by short-term fluctuations in economic and sentiments. I will now hand over to Mike Wells to cover our financial performance. Thank you.

Mike Wells: Thank you, Mark. Starting with the key numbers on slide 21, Mark talked about our lower average realised coal price in 2024 and this was the main factor behind our revenue decreasing by 12%. With the good work done by our teams to keep costs under control, it was primarily the lower revenue that impacted the other key lines of the income statement.

When looking at the cash flow statement, the 69% increase in the operating cash flow stands out. However, as you may remember, we made a $1.4 billion tax payment in 2023 with respect to our record earnings in 2022. That distorts this comparison. As noted at the start of the call, at the end of December we held close to $2.5 billion in cash and other

than some lease liabilities, we are debt free. We are starting 2025 in a very strong financial position.

The two charts on slide 22 show the correlation between average realised price, revenue, operating EBITDA, and the operating EBITDA margin. As we have said on prior calls, realised coal price is the primary driver of our financial results given our production and cost profiles. $2.6 billion of operating EBITDA at a 37% margin was a strong result.

Taking our year-end share price and balance sheet, the EV to EBITDA ratio was just 2.4 times. The profit after tax and operating cash flow tend to replicate the revenue and EBITDA profiles. The step up in operating cash inflows include the impact of the one-off tax payment in 2023 I mentioned earlier. I will now hand over to Kevin Su to complete the presentation.

Kevin Su: Thak you Mike. Looking at Slide 24, it's worth remembering that in the three years to early 2023, we repaid more than US$3 billion of loans. That repayment transformed the capital structure of the Company. These loan repayments have already saved us around $300 million in finance costs per year for the past two years. These savings are meaningful contributors to the $2.5 billion cash position we have.

Turning to slide 25, not only did we repay all our debts, Yancoal has also rewarded its shareholders very well during the past six years. The Board has allocated $687 million to a fully-franked final dividend for 2024. This is $0.52 per share at a 56% payout ratio. Using the year-end share price of $6.50 per share, the final dividend provides an 8% dividend yield. If we take the recent share price, it would be even higher.

Including the 2024 dividends, we will have distributed $2.5 billion of unfranked dividends and $2.5 billion of the franked dividends since 2018. A total of over $5 billion, or $3.85 per share. Deducting the 2024 dividend payments from December cash balance, we still hold $1.8 billion. Combined with our ongoing cash generation and access to debt markets, we retained a considerable capacity for potential corporate initiatives.

Over the past 20 years, we have grown shareholders' returns through acquisition and expansion. We have very capable team that continuously assess potential growth opportunities. At this time, we will not be drawn on speculation about specific scenarios. If events warrant disclosure, we will inform the markets in accordance with our regulatory obligations.

Slide 26 has our operational guidance for 2025. We are looking to repeat our strong operational performance of 2024. The attributable saleable production guidance is 35

million tonnes to 39 million tonnes. As David explained, the first quarter production will be a little lower, but we are looking for a more even profile than last year. This should take away some of the production risks at the tail end of the year.

We are once again targeting cash operating costs per tonne of $89 per tonne to $97 per tonne. If we can deliver flat costs in the current inflationary setting, we see that as a positive outcome. Our capital expenditure guidance is $750 million to $900 million. Continual reinvestment is required to ensure our large scale mines remain low cost mines.

The 2025 capital cost incorporates ongoing mining fleet replacements, some carry over of 2024 spends, and the additional capital development work. Each year we will continually balance volume, quality, efficiency metrics, operating costs, and our capital expenditure to deliver the best possible outcome. This year is no different. Our executive team and the people on site are focused on delivery. I will now hand back to Brendan to coordinate the Q&A session. Brendan.

Brendan Fitzpatrick: Thank you, Kevin. An additional observation before we start the Q&A session. The appointment process for Yancoal's next CEO is underway, but the timeline to completion is subject to several factors. We will make an announcement to the market once it is appropriate to do so.

Also, there are appendices and additional information for reference at the end of the presentation pack.

We will move on to the question and answer session.

Operator: Your first question comes from the line of Peter Wang from CICC.

Peter Wang: (CICC, Analyst) Congratulations on the financial performance achieved. I have one question for the management. Considering that the production and cost guidance for 2025 remains unchanged compared to 2024, could you provide additional insights on any potential cost improvement opportunities? Thank you.

Brendan Fitzpatrick: Our production guidance, both for attributable production and cash operating costs, are replicated from last year. We are actually quite pleased to be aiming for flat costs, given it is an inflationary cost environment that we currently face. The unit costs are typically heavily influenced by the production volumes, as David Bennett mentioned in his comments.

In terms of cost-saving initiative, there's several elements that go into our cost guidance. Labour's one of the largest components, fuel and consumables are other elements. We've

talked in the past about the increases we've faced from third party providers for spare parts and the like.

Perhaps I'll turn over to David Bennett to see if there's something we can say in terms of observations about the cash cost elements. Mindful of course that we have several mines of different production profiles and different scales that contribute to the average cash cost we report at the Group level. David.

David Bennett: Thank you, Brendan. Thank you, Peter, for your question. First and foremost, in our minds, we have a very large focus on productivity to drive the unit cost down as low as practicable. Increasing our productivity and getting the most from our assets, whether they're our geological assets, our equipment assets, our human assets, is the best way for us to lower unit costs.

At the same time, each of our sites has a laser focus on ensuring that we reduce cash costs across our operating sites as much as we reasonably can. Mostly that relates to things like contractor spend, for example. We have procurement processes where we analyse different contracts; parts and consumables is another big area for us. Those two elements combined reduce the overall cash cost spend component, and with the volume being protected, it really does equate to - hopefully - a lower unit cost for us.

Peter Wang: (CICC, Analyst) I have another question. We have also noted an increase in CapEx guidance. Could you elaborate on what's driving the higher CapEx? Is it also because of the inflationary pressure?

Brendan Fitzpatrick: Yes, Peter, it's a good observation. Inflationary cost elements are part of it. You might have noticed that we did not fully utilise our capital allocation in 2024, so there are some items carried over to this year. There are some capital development works also. David Bennett's far better place than I to give you the detailed insights. David.

David Bennett: Thanks, Brendan. Thanks, Peter, for your question. Look, with regard capital, I think Kevin touched on it in his presentation a few moments ago. The carryover component is one part, but also making sure that we capitalise our business with regard to our assets, our mining fleets, for example, to make sure that they can operate productively and at the lower end of the cost curve is all important to us.

To that point we're continuing to bring in new fleets this year to replace existing fleets that have reached the end of their serviceable life. In some cases, there's some additional fleet to open up some new mining areas and account for the slightly longer haul cycles that we see in some of our mines year to year as I spoke about earlier in the presentation.

Operator: Our next question comes from the line of Mengchen Ma from Huatai Securities.

Mengchen Ma: (Huatai Securities, Analyst) First of all, I would like to say congratulations on 2024 performance. It's a tremendous increase from the first half of 2024.

I would like to follow up on the CapEx guidance. You just mentioned it's mainly about adding more fleet. So, I would like to know, is that something about the Moolarben Extension Project? If it's not about the Moolarben, so can you share more about the Moolarben Extension Project update, and will that cause more CapEx when it's moving forward to the next step?

Brendan Fitzpatrick: David, perhaps you could give a comment on where the fleet's going and what position we are in regard to the comment on the Moolarben extension.

David Bennett: First of all, with regard to additional fleets, we are putting some additional fleet into our Yarrabee mine site, where we're opening up a new mining area. Mount Thorley Warkworth has a small increase in truck fleet as well to combat slightly longer haul cycles that we envisage this year and into the future years. Likewise with Hunter Valley operations.

With regard to Moolarben, it will be largely operating on the same fleet size that it's operated on over the past couple of years. With regard to capital for Moolarben, however, and around the approval of future mining areas, there's always expansionary capital that is required for projects, such as setting up new haul roads, water management activities, for example, monitoring type activities.

So, in every mining approval, there's inherent capital that is required to be spent to make sure that the new mining areas that we go into are adequately set up to be productive and ultimately generate the outcomes that we're seeking.

Mengchen Ma: (Huatai Securities, Analyst) My second question is about the exports given 29% sales went into China in 2024. We've noticed that the Chinese coal price has been declining for the past few months. How do you see the Australian coal exports to China for this year, especially given the Chinese coal price compared to last year would be much lower? As we all know, the Australian production cost has been increasing for years. So how do you see the dynamic changes for the Australian coal export for the seaborne market?

Brendan Fitzpatrick: Mark Salem, could I ask you to provide a comment on how we're viewing the Chinese domestic coal supply and pricing and the influence that has on Australian exports?

Mark Salem: Thank you for the question. Very simply, the current prices delivered into China seaborne inputs are still cheaper than Chinese domestic supply on an equivalent basis. So, there is still a market and there's still strong demand coming from China for Australian thermal coal.

As we said in our presentation, we look to optimise the revenues to various markets, and China still demonstrates a good return for the quality of coal that they consume and the quality of coal they import. We are expecting a very similar product mix profile into China in 2025, and we believe China will maintain imports at a similar level to 2024. Price competitiveness is an ongoing issue for us to contend with in the marketplace.

Brendan Fitzpatrick: Mark, could we test that second component a further? In the presentation David showed the position of our large thermal coal mines relative to the Australian industry. The read-through on that is there are other exports out of Australia which are relatively high cost and potentially struggling in this coal price setting. Do you have any observations on a likely supply reaction or reduction out of Australia in response to the current coal price markets?

Mark Salem: To put that into context, from our major mines, and as you said they're in the lower cost quartile. Even at these current low prices, there is still very good viability.

In relation to a supply adjustment as a result of the declining prices, the declining prices has been only occurred over the last three to four months in terms of the significant drop. So, we're really going to have to see some of the other producers incur a little financial pain before any supply cuts are taken, but that scenario could occur within the next six months.

Brendan Fitzpatrick: Thank you, Desmond. I'll start to utilise the webcast for the next set of questions. I note that many of the questions are similar in nature, so I will amalgamate or consolidate questions in the interest of efficiency.

I will start off with a question - a high-level question. What has caused the recent decline in the share price? A very simple response. We've delivered on our production and cost guidance. We've had a very strong operating performance and we've delivered our

dividend as per the Constitution. I think the simple answer is it's very closely related to sentiment resulting from the coal market conditions. As Mark Salem has just identified, coal markets have been weak in recent times, and I would suggest that the share price performance for Yancoal is reflective of what we're seeing across the broader coal sector.

On that topic of dividends, moving to another set of questions. Dividend is coming up several times through the webcast profile. Kevin, I'll turn to you. We have questions asking about the dividend that was just paid. Could you confirm the dividend payment in relation to the Company Constitution, and the continuity of that dividend policy going forwards.

Kevin Su: Thanks, Brendan. Yancoal's Constitution stipulates that dividends should be no less than the higher of 50% of NPAT - net profit after tax - or 50% of free cash flow. In that case, for what we are currently paying, $0.52 per share is 50% free cash flow. So, we can definitely confirm Yancoal is consistently paying our shareholder in line with our Constitution.

Brendan Fitzpatrick: In terms of the forward outlook, there is one query there with regards to timing of dividends. I will just clarify that for the dividend announced in the full year results - the 2024 final dividend - the payment date is 30 April 2025, and the record date will be 14 March 2025.

Moving on to the topic of production, there's a question coming through with regards to capacity utilisation. It appears to be somewhere around the 90 percent level according to the question coming through. David, could we have some comments on what restrictions we face or what ability we have to maximise our utilisation of the equipment and how that ties into the productivity focus you were talking about earlier.

David Bennett: Whilst I can't quote a capacity utilisation rate, what I would say is that we always plan our production profiles to be both challenging and achievable. We have a very strong focus on productivity and cost as I spoke about earlier. Each of our mine sites has a different set of constraints and different potential upsides, no different to any mining operation.

As can be seen in our second-half 2024 results, we ran our operations close to our maximum capacity of 20 million tonnes. This year we're aiming for a much more consistent profile, as we spoke about earlier. Q1 will be slightly lower, but what I can assure people

of is that across all of our Yancoal operations, we have a laser focus on productivity. Getting the most out of our assets, the most out of our capital, as I spoke about earlier, and delivering the best results that we can.

We are very, very focused on productivity right across all of our sites to unlock not just the budgeted coal, but any potential up-price that we see beyond that.

Brendan Fitzpatrick: There are several questions coming through on the topic of capital management and allocation of capital going forward. As we've noted, Kevin's provided commentary on the dividend. We've paid a dividend as per policy. Capital returns has been a part of Yancoal's focus for the past several years. It's not for me to speak on behalf of the Board. The dividend is always determined by the Board - typically at the end of each half year and full year financial period.

We've also talked about retaining cash at this point in time. As Kevin mentioned, there's about $1.8 billion still on the balance sheet at the end of December, after allowing for the dividend that's been allocated. We've talked of the intention for further growth. Yancoal has a history of growth. We've just completed our 20th year and we've got to where we are through acquisition, optimisation, and expansion of assets.

What we've said in the past is we're open to continuing that process. We've got a great team with an excellent skill set, and operational platform to leverage up here in Australia. We could look at opportunities outside Australia, but Australia is certainly where we've got strength.

Similarly, we're strong in the coal market. We're one of the best coal miners in the business as far as we're concerned. We are the current second largest coal producer in Australia as we see the numbers. We've talked about having some of the best thermal coal assets in the business. Adding further thermal coal to our production profile may not be the best opportunity, but we've certainly talked about potentially adding metallurgical coal if we can find the appropriate asset at the appropriate price.

We would consider going beyond the coal industry as we've indicated in the past, but that would take the application of further study and resources; but we do have a very capable business development team that's been looking into many, many opportunities. As and when is appropriate, we would inform the market of any potential new way forward. As Kevin mentioned in his comments earlier, there's no point speculating on specific scenarios

at this point in time. As per our policy, we don't talk to specific assets or transactions that are underway, whether we are involved or not.

Turning to the question list, there's still a lot of questions coming through on the coal markets. I'll join a few of them together and ask your comments, Mark Salem.

We talked about China earlier and the increasing profile of supply in China. What does the demand look like in China, and will that be an influence on our general view for the commodity price outlook, specifically on the thermal coal market?

Mark Salem: If we look at China in terms of being a producer of over four billion tonnes of coal. The amount of imports that they bring into the country of coal in total, is around 500 million tonnes. So, the imports are only a small portion of their overall production and consumption.

The demand for imports is generated on the back of the higher quality coal and the fact that imports are typically cheaper in the Pearl River Basin in the southeast area of China compared to domestic supply. That's really what's driving the continuing imports. As I mentioned before, we're not expecting the quantity of imports in 2025 to be different to what has been imported in 2024. So, we're expecting consistent demand. Some of the independent forecasters are predicting small growth, but it's less than 10% from the current number. That said, it can have a big impact on prices. We just have to monitor that very closely.

The winter in China at the moment is very mild, and a reason why coal prices are down at the moment is because stocks are high. So, we really need to see that drawdown of coal stocks to happen, which is expected as a result of the end of Q1, Q2, coming into the summer burn, and then we can see the true impact of coal imports going forward, but we're not expecting anything less than 2024.

Brendan Fitzpatrick: It's interesting that observation you're making about the stock levels and consumption of those stocks. It's one of the specific questions that I see on the webcast. Are the stock levels particularly different than we would normally see at this time of year, both in China and other major markets, and is there a timing for a restocking phase we might anticipate?

Mark Salem: Yes, they are different. We see nearly record high stocks at Qinhuangdao, which is one of the major ports here in China that supplies the domestic China markets. Generally, there's high stocks at most of the power plants. That's what's really driving the current price structures.

In relation to recovery from these stocks, typically following a mild winter, we normally have a hot summer. That could encourage a lot of burn. So, we are expecting these stocks to really be drawn down towards the end of Q1 coming into Q2.

Operator: We have a question from Alex Xu from Millennium.

Alex Wu: (Millennium, Analyst) My first question is regarding HVO North. When do you expect us to receive an update on this?

Brendan Fitzpatrick: HVO North, you're referring to the application for a mining lease extension. We are in the process of waiting for a response on the interim 18-month extension request. We're ideally going to receive that in the coming months.

If that comes through as we have requested, then we have until the end of 2026 to complete the application process for the licence renewal for the additional number of years. I'll hand over to David to see if there's anything specific that's worth mentioning on that process.

David Bennett: No, I think you've covered it, Brendan. The application, or the modification, has been submitted, and we're looking for a favourable outcome sooner rather than later.

Alex Wu: (Millennium, Analyst) The second question is regarding the sustaining CapEx of $750 million to $900 million. As you alluded to, there's some fleet replacement going on. Can I just confirm if this is a step up from the previous year because of the fleet replacement, or should we think this is more of a one-off bump in the next couple of years?

Brendan Fitzpatrick: You're quite right. We have been working through a fleet replacement cycle over the last couple of years. I will hand over to David to make a comment about what's included in this year's budget and how it fits into the forward years. Although mindful that we only provide capital expenditure guidance on a year-by-year basis, so we only have the live guidance for this year.

David Bennett: Thanks, Alex. As you alluded to, and I've touched on earlier, there is an increase in fleet and most of that is sustaining CapEx to replace fleets that are at the end of their serviceable life with a mix of some new fleet coming in, just to make sure that we maintain a fleet that is reliable and productive.

Coupled with that, we talked earlier in the presentation about capital around the Moolarben open-cut extension and the need for project capital there as well. The other things that are in the mix, of course, rebuilds, Coal Handling and Process Plant works, maintenance shutdowns, haul road relocations and the like, they all in the mix. In short, this year we see as a peak spend for capital at Yancoal. We'll go through our normal budget and strategic planning process as the year progresses and identify future capital requirements post that.

Brendan Fitzpatrick: I'm looking through the webcast questions. As mentioned earlier, a lot of them are similar in nature and we seem to have captured a lot of the main thematics here.

A general question in terms of production capacity. David, you mentioned earlier that the second half of last calendar year was the best performance we've ever had and touched on the observation that that's near the limit of what the mines can produce. The question I see on the webcast is, is there any capacity to increase the production range going forwards?

David Bennett: Thanks Brendan, thanks for the question online. Look, there's always opportunity to increase the production range for our mine sites. That comes down, really, to understanding the particular mine, the deposit, and where the sweet spot is in terms of the value of that operation.

You can add more fleet and increase the production profile, subject to other constraints. However, it really depends on where that value sweet spot exists. However, some of our mines are limited with regard to their environmental approvals. If you look at Moolarben open-cut at the moment, it's limited to 16 million ROM tonnes. As I spoke about earlier in the presentation, it delivered 16 million tonnes in 2024.

Other mines have different environmental approval limits, but typically if we're running around our market guidance, and in the case of second-half 2024 at 20 million tonnes, that at this stage is the upper end of what we can produce. Notwithstanding good mining conditions and productive practices in place, we can always do a little bit better than that. That's what we strive to do.

Brendan Fitzpatrick: Thanks David. Should we clarify, are we talking about incremental production gains? We don't have any expansions or large-scale growth projects underway right now. So, in terms of the scale of impact, we're talking about percentage increases, not step changes.

David Bennett: Yes, correct, Brendan, that's right. Yes, percentage increases. When conditions are good, we like to over-deliver because we inevitably know we'll get the wet weather periods and some other impacts that we need to mitigate. So, we certainly have that surge capacity there to be able to mitigate the times when we're not as productive due to other factors like rain and the like.

Brendan Fitzpatrick: Perhaps we should just tie that back to the production guidance comment and the observations we made earlier. The first quarter this year will be a little weaker due to the mine sequencing. The mines can run at levels for periods of time, a quarter or a half year, but cannot run at maximum levels for 12-month calendar year, due to longwall moves, the mine sequencing, the maintenance schedules and so on, is that correct?

David Bennett: Yes, that's correct. Absolutely. We see months that have really strong peak performance. Like you mentioned, first quarter this year will be a little bit lower, but from then going forward you'll see a flatter profile. Again, to the comment that I made earlier, we always plan our budgets to be challenging budgets. We certainly don't plan our budgets to contain too much contingency, but whilst they are challenging, they are achievable at the same time.

Brendan Fitzpatrick: I'll hand over and ask Mr Yue if he could please make his closing remarks.

Mr Ning Yue: Thank you, team. In 2024, we delivered on our guidance and aim to deliver a similar operational performance in 2025. We are in a very strong financial position and rewarded our shareholders with another healthy dividend. We hold cash that allows our Board to consider further growth opportunities.

The Company will focus on continuing strong production, cost control, and the balanced allocation of capital. We look forward to giving you our next update in April after we release our first quarter production report. Thank you to everyone who joined us on this call. Have a great day.

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