Whitehaven Coal Investor Briefing 10 December 2020 - Transcript

Operator: Hello, and welcome to Whitehaven Coal's Market Briefing. Today, you are able to view the briefing via webcast and listen via webcast or teleconference. At this time, I'd like to introduce Paul Flynn, Managing Director and CEO of Whitehaven, who will be hosting today's event. Paul, please go ahead.

Paul Flynn: Thank you operator, and welcome everyone to today's investor briefing. What a year it's been, between several years of drought and then bushfires now a year ago, and on top of that, the COVID-19 pandemic. It hasn't been possible to host site tours as a part of the operations as we would have normally done. So we thought we'd bring to you our two largest operations, Maules Creek's open cut mine, and our Narrabri underground mine to you today.

First, a quick outline of the agenda to get things started. We're off to Maules Creek via a virtual site tour. This will be in the form of a narrated video that will give you the context of our largest mine. This will be followed up by a presentation covering progress of the mining operations as they are today. Then we're off to our Narrabri underground operation, and we will start with the virtual tour again, followed up by a presentation as we've done – or we will have done – with Maules Creek. To round out the formalities of today's activities, there'll be a presentation on our previously-announced productivity and costs initiative, Project Strive. At the conclusion of these sessions, we will open up the lines to take questions for a live Q&A session.

Joining me today is Ian Humphris, our EGM of Operations, who'll be delivering the site-based presentations after the guided tours have completed. We also have with us today our CFO, Kevin Ball, who many of you know, will be here for the Q&A session where the three of us will participate after the mine tours and presentations.

Now we're off to Maules Creek. I hope you find this virtual visit interesting and informative.

[MAULES CREEK MINE VIDEOS SHOWN]

Paul Flynn: Welcome back from Maules Creek. I hope you enjoyed the virtual tour coupled with the presentation from Ian on progress to date. Now we're off to Narrabri, where Ian will give you an overview of the optimized program of work there at Narrabri, and he'll also follow up with our Project Strive update.

[NARRABRI MINE & PROJECT STRIVE VIDEOS SHOWN]

Paul Flynn: Welcome back everybody, and I hope you've enjoyed the virtual tours and also the presentations and explanations of our operations. I'll trust that's given you a better understanding of coal mining, our operations themselves, and the future potential of both our largest mines. And we're going to move now into the Q&A session. So Ian, Kevin and I are here to answer questions for you. We'll take the questions, I believe firstly, through the audio, and then we can see that questions have already been submitted online and we'll address those next. I'll identify the question on the online ones and also read out the question for the benefit of other people who can't see that. We'll hand back to you, operator, to move into the Q&A

Operator: Thank you. If you'd like to ask a question, you can do so via the phone or webcast. To ask a question via the phone, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. A voice prompt on the phone line will indicate when your line is open. Please state your name and company before posing your question. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. To ask a question via the webcast platform, please message your question in the messaging box found below the video window of the webcast. Your question will be read out by a member of the Whitehaven management team. We will go ahead and pause to allow our queue to assemble.

Paul Flynn: Thank you very much. It looks like the webcast people have jumped in quickly. So we might just start with that. The first question I can see there comes from Paul McTaggart and the question is an update on the impact of NCIG damage on Whitehaven's exports.

Thanks for that question, Paul. Look I'll answer this question briefly and then Kevin will jump in as he's intimately involved in this. But broadly, our expectation is that we'll be able to get the necessary tonnes that we want to export over the next six to 12 months through the existing capacity in both the facilities. It's an evolving situation here where the outlook for repair and resumption of shipping at its previous levels is still being investigated and understood. But in the meantime, there's plenty of capacity in the system for us to be able to move tonnes through PWCS. Kevin?

Kevin Ball: Thanks, Paul. So NCIG – many of you would understand that NCIG recently went through an approval process and received government approval to expand to 79 million tonnes. So it has plenty of capacity and with one ship loader in operation to two berths, it has about 46 to 48 million tonnes capacity. It was pushing through about 54 or 55 million tonnes, and clearly the management team there is focused on squeezing a little bit more out of that one ship loader. The difference between the 46 and the 47 and the 54 and the 55 is really going to be met through PWCS and producers who will be shipping through NCIG are working closely together to access the capacity there at NCIG and to make sure that PWCS capacity is available.

The program of work is being assessed, that should take place and a real answer there on how long this is going to be out for in the first quarter of 2021. But as Paul said, the balance here of the 8 million tonnes instead will be met by capacity at PWCS. So we don't expect to see any real impact to the annual shipment tonnes.

Paul Flynn: And just adding to that, I think as well, Paul, any costs associated with this – any increased cost of working associated with this – we don't expect to be impacting Whitehaven. The port itself has insurance coverage for these very purposes. So our belief is that we'll be able to get the tonnes through, as Kevin said. There's plenty of available capacity at PWCS. And the increased cost of working will be covered by the insurance at the port, and our insurance, which we have, covers this also, but we don't think we're going to have to invoke that either.

The next question I can see there, question two, is from Michael Howell. And the question is, so the 300 panels will be mined before 203?

Now, if I understand that – Michael, look, I think what you're trying to say is that will the 300 panels development to be done? I think that's the right thing that I'm interpreting that as? Certainly as we're mining 203, 204, 205 to go through the 200 panels sequence, the 300 panels development will be done concurrently. So there will be work being done in that area at the same time, but 300 panels themselves won't be mine until we switched back into that shallow ground. Ian, do you want to add anything to that?

Ian Humphris: Thanks, Paul. So, the development of the 300 panels is anticipated to occur in about ‘25. So we will have mined panel 203, and at least 204 development. And as you said, the mining between 200 panels and the 300 panels then become sequential.

Paul Flynn: So we might move now to our next question. Can we give a bit more detail around the $50 million of cost savings? What are the initiatives that we're looking at and where do we see the main benefits will come from? This from Matt Hodge. Ian?

Ian Humphris: Okay. So Project Strive is an enterprise-wide initiative endeavour. And the $50 million is a combination of a number of activities that we recognize. Probably the big ticket items are around getting consistency across our sites, things like short interval control, setting KPIs, changing the plans and acting on those in a rapid manner to ensure that we can get productivity improvements. There will be some smaller initiatives, and there'll be some longer-term initiatives around mine planning to reduce haulage costs and those type of activities.

Paul Flynn: Thanks, Ian. I'll move on to the next question now. This is from Paul Young. Can you step through the CAPEX spend profile and timing on Narrabri Stage 3?

Thanks, Paul. So going through the CAPEX spend profile, stage three, what we're saying to you here today is there's a combination of four and six panel extraction. And then obviously the optionality for longer panels later into the Southern domain. The CAPEX that we've guided before was about $400 million. That remains the same. That does include a new long wall to be able to mine in areas where we have a narrowing seam profile. And as Ian's described in his presentation, for a period – a good period, actually – we'll have a walk-on, walk-off arrangement with both our existing long wall and the new one. So not operated concurrently, but one sequencing the other with no downtime in production associated with change outs and relocations. Ian, CAPEX profile?

Ian Humphris: I think that's correct, Paul. We’ll have a majority of the spend around that 2025 being around that new long wall. The next couple of years, obviously we were trying to work out what we need to have as far as studies, this is up-front work to optimize the program.

Paul Flynn: Thank you. I’ll go onto the next question, which is on a similar theme. The 200 series north to south – I presume that’s production, Peter, north – cutting from north to south – in the 200, 300 series, which way mining 203 whilst doing the cut and fit in 201 and 202, go from both sides and new southern roadways.

Okay. There's a lot of stuff in there, Peter. We'll try and pull that apart, because you've got a lot of questions in there. 200 series, Ian. North to south.

Ian Humphris: The panels 203 and 204 we plan to mine, running from south to north, and then on 205, we'll change it around and run from north to south. And that's aligned with the principles stress directions, and getting a better outcome on the three.

Paul Flynn: On the 300 series, which way?

Ian Humphris: 300 series will all be from south to north. And obviously we’d need to get it developed, the 300 plans done and then the 301 sufficiently develop the two gate roads at panel 301.

Paul Flynn: And Peter’s question goes on then to say, mining 203 whilst doing the cut and fit in 201 and 202?

Ian Humphris: Cut and flit is anticipated to start in FY22, the second half of FY22. And we'll continue to add about 600,000 tonnes a year for six years. And then we do have options if we find that very successful and we want to ramp it up. We could increase that and put another panel in there. But at this stage, for those two blocks, 201 and 202, we’re expecting that six year window. And as the presentation demonstrated, there are other areas outside ML that we'll be looking to develop and get approvals for over the next coming weeks.

Kevin Ball: I think we'll go on the phone now, Paul.

Paul Flynn: Thank you. We'll go to the phone now, operator.

Operator: Yes. Thank you. Once again, if you'd like to ask a question, you may press star one on your telephone keypad. And please state your name and company before posing your question. We'll take our first question. Caller, please go ahead.

Lyndon Fagan: Hi, there it's Lyndon Fagan from JP Morgan. I'm not sure if you can hear me.

Paul Flynn: Yes, we can, Lyndon

Lyndon Fagan: Great. Thanks, Paul. Look, the first question I've got is really whether you could touch on the sustaining CAPEX profiles, the Maules and Narrabri. I guess we've talked a bit about some of the near-term projects and opportunities, but with some of the management change, just wondering whether you're able to give some high-level numbers on sort of modeling sustaining CAPEX into the future?

And then the next question was really just around the projects Vickery and Winchester South. Not really getting a mention today, but you know, at the quarterly you said that spot thermal was too low, so these projects at the moment – I guess we've had had a bit of a rally and just interested in your perspective on whether anything's changed yet. Thanks.

Paul Flynn: Thanks, Lyndon. I'll try and answer those in two parts. No major change to our sustaining CAPEX guidance on the open cuts or at Narrabri itself. Probably the better way to answer that would probably to deal with that in the half year's results, which are not very far away, to the extent there's any change there. But with this profile of work that's going on, no material change from those two sustaining CAPEX assumptions.

From a Winchester South and Vickery's perspective, you're right. There's not a great mention of those today, and all it's really just the virtual mine tours that we wanted to make sure was the focus of today. And your question there quite rightly is that with the comments that we've made previously about Vickery and the desire to see a better pricing backdrop in order to examine the financial decision to move ahead with Vickery, look, its early days. We're very welcoming of the price improvements that we've seen. You can imagine our desire here is to continue to create balance sheet capacity to prepare ourselves for that very day when we do push the button on Vickery. So that's – it's nice to see the price is enabling us to do that. But it is early. And so we're not going to take our foot off the gas here in terms of driving our costs down in the short term. And we certainly haven't released the reins on CAPEX spend across the business as a result of a $77 coal price today. So we're going to keep that tight. We're going to create some more capacity within the balance sheet, and we won't be revising those settings, I think at all, until we get to the end of the financial year. But it certainly does provide a very, very helpful backdrop now for the evaluation and the continued work that goes on those two important projects.

Speaker: Winchester South?

Paul Flynn: Winchester South – noted. Sorry, Lyndon, I'll just add another point on that one. Some of you may have noted that we have launched EIS with the government for Winchester South, which is very exciting. And next week we will be releasing our reserves and resources for the project. Again, our commitment was to try and slot that in before Christmas, and we will be doing that next week. So you'll get details shortly about the day of that, and also an opportunity to have a discussion after that release of that information.

Lyndon Fagan: Thanks, Paul.

Operator: And we'll, go ahead and take another question from Glyn Lawcock from UBS. Please go ahead.

Paul Flynn: Morning, Glyn.

Glyn Lawcock: It seems like quite a dramatic divergence, I guess, from what we were thinking 12 months ago. So is it fair to say, you know, like the step around in 110 you've done more drilling and as you've developed the area the ground has just got worse again? Because it seemed like we were, you know, the fault was starting to get smaller. So it's got worse, it seems, as you've headed towards, you know, 110, 111. And then I guess with that in mind, what sort of confidence do we have now when we look at the south? You know, like you're leaving 111, does that mean for 208, 209? I would assume they're similar depths of cover. I guess I'm just trying to make sure I understand, you know, like what's the risk to future mine's development. Thanks.

Paul Flynn: Thanks, Glyn. I might try and start off with that answer there, and then I'll hand off to Ian to assist as well. Look there's no doubt that we've known about the primary fault there in 110 for some time. And as you say, as we do a little bit more work, we've examined that more thoroughly. And I suppose we've got to take a step back, firstly, and remind ourselves, the backdrop of our optimization for Narrabri has been the context of, you know, constrained capital environment. No doubt about that, and with coal prices only a few months ago at cyclical lows. And so a lot of that has been present in our thinking to drive an opportunity, in fact, for the southern panels in that shallow ground with a higher production rates and lower costs as soon as possible with the backdrop.

But looking at the step around now at 110, yes, we we've examined that in more detail. There is another smaller fault that makes navigation through that area more complex. And we think in the spirit of de-risking and getting ourselves into a more consistent production profile that the step around is warranted. Ian?

Ian Humphris: So, just building on that you know, we've done a lot of work on risk assessments being done around that fault. Expert opinions and to try and assess what the opportunity would be to get through there. And when we sort of looked at the economics of the amount of delays we think we might get, the coal quality, and I guess as we work up through the seam you get to the other side, and the fact that the fault has a forward displacement just makes the risk too difficult in our mind to go through. So we looked at the step around, the time involved to do that and the costs and our view is that there is upside in using the step around method.

Paul Flynn: And Glyn, in terms of confidence in the southern domain, that's a good question. But obviously we've been examining the southern domain for a long time now, and our view is that it has less features in it than what the north has got, and that's one of the motivating factors to get back to that shallow ground in particular and stay in that shallow ground as long as possible. So you can see the analysis that we're looking at here shows the four and six kilometre panels scenario as a compelling alternative in our mind to the ten kilometre panel scenario. And, because in that southern ground, you're shallow, producing quickly. Your costs come down because of all the extra costs associated – roof support, degassing, everything drifts off. And we also know – of course there will be features down there, but we know there's less major structural features there than there has been in these panels to the north.

Glyn Lawcock: Okay. And Paul, if you can still hear me, a year ago you gave indicative unit costs for when you went into panels 203 to 206, and then 207 to 209. Are you still comfortable with those indicative costs you provided us then when we move into the south and the shallower ground again?

Paul Flynn: Yes. And I think the best benchmarking exercise that shareholders can do in their own time is have a look at the corresponding panels in the northern areas where we've mined in the past. And you'll see the volumes and – you'll see in the segment note to the accounts, everyone goes there and has a look at this. They can pull it apart a bit. You'll see the volumes and the costs associated with that. They support those numbers that we've given previously.

Glyn Lawcock: All right. That's great. Thanks, Paul.

Paul Flynn: Thank you. I believe we can go over to the webcast questions now. Thank you. We've got another question here from Peter O'Connor. Production guidance for Narrabri, slide 22, says 7 to 8.5 tonnes of ROM from stage three. Does the 600,000 tonnes cut and flit add to this, or is it inclusive?

It's inclusive. So it's inclusive, but by the way, those numbers, Peter – just to be clear also – the 7 to 8.5 million is not just stage three related. That's our estimate in the southern panels. So both things listing panels and also the six kilometer panels below. Back to you, operator, I believe.

Operator: Thank you. We will go ahead and hear our next question from Peter O'Connor with Shaw and Partners. Please go ahead.

Peter O'Connor: Hi, Paul. This is a really clunky process. Thanks for being patient taking my questions.

Paul Flynn: Sorry about that, Peter.

Peter O'Connor: It's all right. I'm surprised by the change in just a year, although in thinking about the change, I really do agree you've de-risked what you're doing. I never believed the 10 kilometre panels were the right risk for you. Anyway, just to understand the sequencing. So you're putting the mains down to do the 200 panels. So you said three, four, five, your mind, but you've got the optionality do six as a 10 kilometre panel. So how do I think about your development plan? When's that critical point when you go 10 kilometers or you go 4 kilometers? And is it more about the operations and the success in doing those panels in the south, as Paul said, lower gas, lower roof support, better costs, to give you the confidence to go to 10, or is it – where's that point where you make that decision about going 10 or keeping the 200 panels the way they are?

Ian Humphris: Thanks for the question. So the first panel that we think that we can go to a 10 kilometer would be 206. So we've got optionality from that point of time on whether we do 10 kilometres or stick with a 4 kilometre and the 6 kilometre panels. In the briefing , we talk about the walk-on, walk-off, and some of the initial work we've done, we believe that the walk-on, walk-off arrangement, which means that we would have to bring the new long wall in slightly earlier, is a similar production profile as the 10 kilometre panels, because you avoid delays effectively at every changeover. There are also some, I guess, de-risking aspects of not having everything in – all your eggs in one basket, for want of a better term, with a 10 kilometer panel having the 4 kilometer and the 6 kilometer.

So I don't know if that answers your question. We were continuing to work on that. So we are not locked in one way or the other from 206 onwards. I think you asked about the development then. So we need to do the 200 mains development, which will commence next year, to ensure that we're in position to turn around when we have the mine 205 in the reverse direction. And then in 2025 we will have to start doing a 300 mains development, which will give us enough time to then do – go start going across for the 301 mains and develop the gate road for panel 301. And there'll be some, I guess, alternating between if we stick with the 4 kilometre and the 6 kilometre options between, say, the 200 panels 205, 206, 207, whilst enabling 301, 302 and 303.

Paul Flynn: 206 is the first opportunity for a 10 kilometer panel, if you choose to go that way. As Ian was saying, we do believe the walk-on, walk-off opportunity with a new long wall, not in parallel, but in sequence, does actually give us a compelling alternative to the 10 kilometer panels and the risks that go with all those things associated with 10 kilometre panels, including mid-panel overhauls and maintenance.

Peter O'Connor: So Paul with the kit that you get – the new kit, it's obviously low seam. Can you use the existing high seam kit, the 4.3 meter kit in that lower area?

Paul Flynn: Thanks. That's a good question, because what we've done is configured it in a way that we stay in, obviously the thicker seam sections for as long as we can. And that's in the shallow side and that's conducive when all the positive things we want about being in that shallower ground for longer. As you went west, you know, you end up approaching the areas where the thinner seam is, but that actually coincides with the time when the existing long wall is at the end of its life and we needed a new long wall anyway. This whole proposition actually is about advancing the capital associated with a new long wall by a few years, and being able to run them – walk on, walk off and drawing out the life, if you like, of the old long wall. By the time you get west, then you won't to be able to use that one anymore. The dilution will be too great, and it'll be at the end of its life anyway.

Peter O'Connor: Got it. Okay, great. Thanks very much for the colour.

Operator: We do have a follow-up question over the phone from Glyn Lawcock with UBS. Please go ahead.

Glyn Lawcock: Just on the capital number, you've given us $400 million. That was the same number we got a year ago, but it sounds like we're adding an additional long wall now to provide the step on, step off. So how do you think about total capital for stage 3 expansion now relative to what we were given last year and the changes you're announcing today?

Paul Flynn: Thanks, Glyn. The $400 million is about $420 million, I think, is a better estimate of where we're going with stage 3. That does, as I said, include a new long wall. But if you're looking period on period on that work, we have some of the development work associated with the 200s is part of operations versus what was the stage three when you cross the boundary into the EL. Ian?

Ian Humphris: That's correct. So we capitalize, as far as the project capital we're talking about, the mains, the 200 mains and the 300 mains. And the first, I guess, going across in the 301 until we get sufficient development there to then capture that in our normal capital process at our mine sites for the gate roads.

Glyn Lawcock: So if I understood that Paul, you sort of – I think you said $420 million then, so obviously some savings on long-term costs.

Paul Flynn: That's right.

Glyn Lawcock: So does that give us the ventilation we'd need to go way down into the south and everything? So $400 million and then you've got –

Paul Flynn: Yes, it does.

Glyn Lawcock: Then you've just got the development that goes through each year, like we've currently got going through $25 million a year at the moment on mains road development.

Paul Flynn: That's correct. And so there’s a ventilation shaft required and necessary fans, but that doesn't come out for some years later. There's a new long wall, as we've talked about. There's a number of conveyors needing to be sorted out for the 300 mains. And then we're also looking some efficiency mechanisms for the coal handling system that would probably need to be bought in and around that 2025 period of time.

Glyn Lawcock: Okay. So as you say, it's inclusive of – well, it was inclusive. The $400 million last time was inclusive of mains road development. So similar number over the next ten years, then it sounds like – sort of thing.

Paul Flynn: Right.

Glyn Lawcock: All right. Thanks very much for the clarification.

Paul Flynn: Thanks, Glyn.

Operator: And we do have another follow-up question over the phone. We'll go ahead and hear again from Peter O'Connor with Shaw and Partners. Please go ahead.

Peter O'Connor: Kevin, could you just remind us of what rail and port capacity are? I know in the description through the Hunter Valley system you talk about 2 million tonnes per month. What are they on port and at the rail at the moment? And for how long?

Kevin Ball: Peter, that’s good question. We have about 14 million tonnes in NCIG usually and about 9 million tonnes of PWCS. So that's about 23 million tonnes in total. And we’re using – this year I think our guidance is around the 20 million tonnes of sales, so we're using that 20 million tonnes. There's a little bit left over in there. On the below rail we're back about where were operating, and on above rail where we're probably a million or so over on that. And that's why we're looking forward to trying to get into this southern grounds a little bit earlier than we were planning so that we could utilize that a little bit earlier.

Kevin Ball: The unutilized port capacity. So if you talk about that, you thought of 3 million tonnes and our average port and – our average port and rail cost, about $22/t or $23/t.

Paul Flynn: The 2 million tonnes that’s referred to in the presentation, Peter, that's certainly – that's an annualized rate, so we certainly have capacity arrangements to do that. There's given. The port is the primary one where you've got the underutilized and we're keen to utilize that as much as possible. The rails are better matched as Kevin was saying, and there are surge capacity in those arrangements to be able to take more. We've been purposely short or keeping ourselves shorter than port on above and below rail, because we know we can get the surface capacity on an ad hoc basis as and when we require it. That's just been a better position to have. The port decisions obviously we've had for some time, and the delays of Vickery obviously have meant that we kept that for a little longer than we were expecting to.

Kevin Ball: I was going to say the below rail, the way to think about that is that there are multiple users on that track and so there's rail, there's passenger trains, there's other producers and there's us. So across that group, we're generally able to access that or have been able to access for the last six or seven years what capacity we needed on an annual basis. And as Paul said, the surge capacity that the above rail providers have, so when you want surge capacity we are negotiating arrangement with our two contractors.

Peter O'Connor: Okay. Thanks, Kevin. Paul, can I ask, one other one on Narrabri? Just in part of your risk mitigation planning for the sale, do – you talked about another shaft. Obviously you made that because you're a long way away from the portals, but is there any risk mitigation or thought put to where you end up putting another decline down there if you get stuck ventilation or development? Or is that just – you confident that we'll never have to happen, even though you're that far away from the portal?

Paul Flynn: No, there's been extensive ventilation modeling done. And you know, we've looked at whether we need two shafts or one shaft and where they're best located. And we were confident that I guess where we've got to in the capital assumption we'll meet our requirements for the reminder of the mine life.

Peter O'Connor: Okay. Thanks.

Paul Flynn: Okay, I'll go over to the webcast now. It seems, we've got a question there from Paul Young. Thanks, Paul. The question is – just for everyone's benefit – can you provide an update on the AHS truck fleet and step through the rollout plan for a 100% AHS? Also remind us of the CAPEX and if you can potentially reduce the truck fleet with the expansion to 16 million tonnes per annum?

A few questions in there. Ian, I might hand to you for that, because there's a few pieces in this puzzle.

Ian Humphris: Okay. So first of all, provide an update on the AHS system. So we always planned to have a staged ramp-up, and that's been going now for about ten months using the EX3600 excavator, which is one of us smaller excavators on site, but with the full size EH5000 trucks. Over the last 10 months, we've moved about 2.6 million cubic meters of dirt. And that trial has been very successful, and there've been a number of developments as we worked with Hitachi to implement that system. We were sufficiently comfortable with where the system was at to introduce a larger EX8000 excavator working with the same autonomous EH5000 trucks, and that commenced about – just about a week ago. And now we're working through that process with Hitachi to get ourselves comfortable with how the system operates.

The plan will be then as we get that and we introduce the interaction that will occur not only with the autonomous, but with the manned equipment, our plan is to have our coal haulage still with operators in it. So that will be the next stage of development, how those two work together. This has obviously been done in conjunction with our mine planning to ensure that there's good match between what the most efficient mine plan is and when we introduce the AHS system. There was a second part –

Paul Flynn: So it was CAPEX profile from Paul. On AHS.

Ian Humphris: On AHS? There's no additional costs associated with AHS. We have an arrangement obviously with Hitachi as to how those costs are split. But I think that everything as far as – there's no additional CAPEX associated with AHS other than we have provided before.

Paul Flynn: And just the opportunity for reduction of the truck fleet. But he's saying as part of the expansion of 16.

Ian Humphris: The work we're doing in and around the 16 million tonne case – and as Paul said, you know, in the capital constrained environment we've had recently, we've been sort of managing how we work through that. So there's some approvals required to go to 16 million tonnes that require an element of background work studies and things to be undertaken. So we've been doing that in parallel with really giving our long-term mine plans a fine tune and working through what the optimum designs would be by the 13 million tonnes and higher. The AHS system really gives you a greater productivity on your trucks. So I think in answer to your question, the trucks will be fully utilized. And when we fully utilize them, we will need additional excavation capacity. So that's what we're working on at the moment. Whether that's another, say, larger excavator, or a slight variation in the size of our smaller excavators is the plan we're working through at the moment.

Paul Flynn: So not the premise of that question, Paul, not necessarily less trucks, but better utilization of the trucks we've got and perhaps a little bit more digging capacity. Your question relatedly then after I can see there is timing for an EIS for the expansion of Maules.

Look, Paul, the studies there, we believe don't actually need to be a full EIS and they'll be in modification to the approval. We have been cautious, as I've mentioned before on this, muddying the waters by lodging requests like that whilst Vickery approval processes were still ongoing. So there's still a little bit more work to do that, but we want to get Vickery approved and out of the way first.

Paul, I can see your next question, on in-pit dumping. And the question, is in-pit dumping ahead of schedule? Complete now in 2024 opportunities – 100% in pit dumping by 2024 being the question, and what are the OPEX benefits that you can remind us of, please, with in-pit dumping.

Ian Humphris: So that target date of FY24 will be the case. We're continuing to work as we speak now on accelerating that. We've exposed the bottom seams of the pit more recently, and we're looking to see how we can open those areas up to accelerate, I guess, that the quantities of in-pit dumping that we always plan to ramp up. The recent ex-pit dumping per period of time

– smaller amount, as we go on, which will be a, I guess, an optimization of our haulage cycles to still have a little bit outside of the pit. But by FY 24, we will be very close, if not complete to 100% in-pit dumping.

And the second part of the question, with the in-pit dumping, obviously our haulage profile reduces and the necessary cost reductions with those will occur.

Paul Flynn: We've given a steer on this in the past with our investor day previously. But what Ian's highlighting here is that our underlying productivity this year have improved, and this is excluding AHS. And so there is some further work required – and we can go back and refresh this – to consider the impact then after of in-pit dumping a little bit earlier than planned, and the AHS opportunity then after as well.

Operator: And once again, that is star one if you'd like to ask a question on today's call. We'll go ahead and take our next question from Peter O'Connor with Shaw and Partners. Please go ahead.

Peter O'Connor: Paul, I've got three more. Especially on the debt given the obsession about your debt profile and funding, at the full-year result and also the September quarter, Kevin or Paul, wouldn't mind your thoughts on how your financial liquidity etc. is tracking today, given I guess the current spot price the EBITDA would be north of $400 million today compared to where it was. Any thoughts on an update debt outlook, debt profile and deleveraging?

Paul Flynn: Thanks Peter. And I'll try and answer that firstly. I mean, obviously with the guidance that we gave at the half year and then followed up by the quarter – third quarter – we had said that, you know, we'd been holding our own from a drawdown perspective and we've been continuing to do that in recent months, which is good. And so, but that I mean, we're so close to the year end – to the half year end it wouldn't make sense to update the market, obviously, with firstly the quarter – the second quarter production and then obviously half year results coming out then after.

So you'll have to hold your breath there a little bit on that, but obviously as you've noted, things are better as a result of, you know, not just how our sales profile and drawing down those stocks and normalizing stock levels now. And then the average sale prices are looking good today. But don't forget, you know, there is a bit of a lag with that. We still have a title on some of the less-than-exciting prices that were the product of the last few months. They'll wind their way through the system. But certainly sales that we're making now are looking very good. And then interestingly, we're seeing more interest in semi-soft, having now seen settlements specifically with semi-soft and PCI recently come back into the zone of what's a reasonable thing for us to do.

Peter O'Connor: Paul, the September quarter you mentioned that the Vickery joint venture was not front of mind for those parties that may or may not have been interested due to COVID, etc., but they were keeping up to date with the progress secondary approval, etc. Given your comments about semi-soft interest of late, has that dialogue, has that interest changed? And are they more front of mind now? Those parties –

Paul Flynn: The answer to the question is no, not immediately Peter, because it's – I mean the behavior of these people is not a spot based observation. You know, these are views of things over time. We've been keeping the interested parties up to date with where we're at. In fact, I only had a meeting this week with one of them to give them an update on that. So the interest is still there, but the reality is in the case of our Japanese friends in particular, you know, they're going through a third wave. And so the difficulties with COVID are front of mind for them rather than putting their foot on Vickery. Because I know that we're obviously not going to leave them behind and rush off with somebody else. We'll make sure a proper process is run when these parties are able to participate in it with a pricing backdrop that's supporting them doing that.

Kevin Ball: And Peter, I was going to say that the first quarter of sales in September was at the cyclical lows. We've certainly improved in the last two months. So October was a better month than September and November again was a good amount there, and December was like at the $75 to $100. I'm certainly looking forward to a better '21 than calendar year 2020, and I think looking to retire some of the debt and run this process with the group through this next year when we're able to travel and conditions will be more normal.

Paul Flynn: I think that's, that's a key point for us. And we were just talking about this with some Japanese friends last night. I mean, one of the first things on our plate as a company, once travel restrictions have been lifted and it's responsible to travel, you know, is to get round to our friends in Japan and, you know, make sure that the face-to-face contact that is an essential part of any discussion around Vickery and sales more generally takes place. So we're all waiting for that to happen.

Peter O'Connor: And Paul, can I wrap up with a left-field question? Succession. How are you placed? Are you committed to delivery of Narrabri stage three and Maules Creek expansion, Winchester and Vickery? Is that something – given you're one of the longest running CEOs in the mining space for the moment?

Paul Flynn: Gosh, Peter. That is a left field one. But, somebody had asked me this recently before and you know, we've got a tremendous business. It's got plenty of potential and we're – and you can see we're moving to, you know, to make sure that we realize that. You know, we had a tough year last year with drought and so on and our own deeds to a degree. But all the operations are pointing in a very positive place now. This year has been really busy, despite COVID. So we've got the EIS for Stage Three in, and we have launched EIS now for Winchester South. So you can see a bunch of these things coming together. It's an exciting place to be, and I'm committed to it. But the only thing I can really say is that's a question you'd be better off leveling at our chairman rather than me.

Peter O'Connor: Okay, I'll do that. Thanks, Paul, appreciate the candid feedback.

Paul Flynn: If there's no further questions – thank you. Well, it looks like we're out of questions, but you know where we are. And so if there's any follow-up questions – and we've conveyed quite a lot of interesting information today which we've been discussing obviously through the Q&A session, but I hope you found the virtual mine tours informative. As I say, there's a bit of everything in there for the people who don't know Whitehaven so well, but still a lot of content there for people who've been following us for some time. And so I hope that's useful for you.

As I said a little bit earlier, next week we'll be releasing the reserves and resources for Winchester South, and we will be holding a teleconference after that to explain the ins and outs of landing on that. That's a very exciting development for us, and having lodged EIS last week with the government goes to its adequacy review process now in Queensland. That's definitely a good step forward.

So thank everybody for their participation today. I know the technology has its wrinkles a little bit at times. I suppose we're all a little bit used to that, given the COVID year we've been in. And given the COVID backdrop, I do hope that if we haven't been able to catch up with you in recent times and we're not able to do before the year ends, I do wish you all, a very safe and relaxing holiday. And we'll speak to you all with the first quarter in early 2021. I think that's 14th January. And then obviously the half year results about a month later.

So I wish you all the best. To the extent that there are questions, just contact us through Sarah, myself, Ian, Kevin. And we wish you all a restful and safe holiday season. Thank you.

Operator: This concludes today's market briefing. Thank you for your participation. You may now disconnect.

END OF RECORDING