Whitehaven Coal's Winchester South Resources and Reserves Briefing 16 December 2020 - Transcript

Operator: Thank you for standing by and welcome to the Whitehaven Coal Winchester South Resources and Reserves Briefing. All participants are in a listen only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question you will need to press the star key followed by the number one on your telephone key pad. I would now like to hand the conference over to Mr Paul Flynn, Managing Director and Chief Executive Officer. Please go ahead.

Paul Flynn: Thank you Operator and good morning everybody. Thank you everyone for taking the time to dial in today to this short call just to follow up this morning's release of our inaugural reserves and an update on our resources for our Winchester South project.

What I thought I might do is go through some of the key highlights of what we've included in our announcement today and then open the line up for discussion. About the project, of course, and more generally I suspect given the passage of news flow over the last few days.

I'll just kick off with Winchester South. We're very pleased to be able to bring to you the first reserve and an enlargement of our resources after what's been now a couple of years of intensive work from our team in reviewing this opportunity. We're very pleased with the numbers, now we're just at 1.1 billion tonnes in resources and we can go into the detail of that a little bit further on.

But in terms of reserves, our coal reserves are at 350 million tonnes, so a significant amount of reserves and an estimate of our marketable reserves now at 210 million tonnes. So both numbers well supportive of a significant project over a long life. On that life we feel that there's going to be between 20 to 30 years of life.

We have scaled the project up from its 10 million tonne run rate up to 15 and I will note for everybody's purposes that the EIS has been lodged with the government. It will now go through the adequacy review process, which is somewhat different to what happens here in New South Wales. Many of you will be familiar with the Queensland jurisdiction, so that does take several months.

They're estimating between four and six - the government, that is - before the EIS goes on public exhibition. But the process has started, which is very good. The project Capex - we put up there for that enlarged 15 million tonne per annum version at $980 million. That is costed up with the biodiversity offsets and other things included and also an appropriate contingency for a PFS level project Capex estimate.

There are a range of products here, as everybody knows, in the Rangal deposits and this one is no different in that sense. We are going to have a couple of variations of semi-hard coking coal there and also we're definitely going to have some PCI quality coal come out. The big swing on this project is there is quite a bit of thermal to bring to the market also, which I'll talk about why that's an advantage to this project in a moment.

But they are big numbers. They're obviously significantly larger than what we published in the past. Not a mile away from the inventory, in inverted commas, estimate that Rio Tinto published for the Winchester South process when they sold their coal assets.

But over the last few years we've put a lot of holes in the ground, as you can see from the announcement. We've gone back and re-examined all of the historical data that we've had available to us. We've been able to move a lot of what was in inventory under the previous owner's assessment of the project into resources, which has been very positive.

So, overall, it's a really interesting project. It is enhanced by bringing on more of the Fort Cooper Coal Measures than we originally thought. Certainly the Leichhardt and Vermont seams - people will be familiar with that in terms of the neighbouring projects. In terms of the products that they produced and the price revitalization that they achieved and the yield scenarios that go with each of these projects.

But what we have provided here for you is at least a cross-section of the representations as seen over there on page 5. Which shows you that the VML for Fort Cooper is actually right at the bottom of the theoretical pit, below the Leichhardt and Vermont seams, and that coal is readily and will be cheaply available to us.

But the question for us, as we've explained to many of you over the last couple of years of ownership is, what do we want to do with all of that coal? Now some of that does lend strength to the coking properties of the upper two seam sections and the balance of that is it's essentially very cheap to acquire thermal coal. So what do we want to do with that?

Our view is we should maximise the utilisation of that, given that it is - once you've taken the Vermont upper seam there is a lot of coal there which will come out very cheaply, so we should maximise the extraction of that. So in this reserve estimate we have included a significant amount a portion of that and further optimisation of the various product split scenarios will be done as we move through PFS to feasibility level of detail.

But we're very pleased to bring that out. We had committed previously that we would publish this before Christmas this year. The extra time that it took was well used in terms of understanding the various scenarios and optionality that this project represents.

It's obviously in a very interesting neighbourhood where there are other projects, as everybody understands. To our immediate east, Olive Downs. To our immediate west, Eagle Downs. Then immediately north and adjacent to us, BMC assets in Poitrel and Daunia. So it's quite interesting when you look at the neighbourhood that we're in.

But we're happy with the results. I think the project - you can see that it's going to be large. There's plenty of optionality in product and then with a strip ratio there of 5.2 to one, even as you maximise the Fort Cooper extraction and the overall yield does come down as a result of doing that, this is going to be a significant project that will add value to shareholders over time.

So with that I might just stop there and hand back to our operator to get some discussion going on the announcement this morning or if anyone wants to talk about other matters more generally.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speaker phone, please pick up your handset to ask your question. Your first question comes from Peter O'Connor from Shaw and Partners. Please go ahead.

Question: (Peter O'Connor, Shaw and Partners) Good morning, Paul. Something to start with. The timetable from here - you mentioned the EIS submission process. In terms of that plus further approvals and PFS FS, could you map that out for us? My second question - in your release you talked about CRU November forecasts. What are they and why did you apply discounts to those?

Paul Flynn: Yes, okay, I'll try and cover that off as well. Yeah, look, time-wise Peter, we’re essentially saying that we’ve probably got two years ahead of us here now before we will think about – probably more likely two and a half years now before we would think about commencement of construction. The construction, as we’ve said, is probably going to take two years. This is a large project and even though it’s in a very benign location from a construction development perspective – well-established coal precinct – we do think it will take two years because it is going to be a sizeable project. But we’ll the first step for us is the adequacy review for the government, public exhibition then after, so I think the earliest construction could start, would essentially be two and a half years from now.

Question: (Peter O'Connor, Shaw and Partners) Delivery of the feasibility study, will we expect that in line with that timeline, towards the end?

Paul Flynn: That's right, towards the end. I mean there's a lot of – this is pre-feasibility level, as we're all acknowledging here. A lot of good work has gone into it, so refinement over time, feedback from the government and as you know, you go into the more detailed examination of how you actually want to build this project and the costs associated with that and the product strategies that will fall out of that as well, because there's lots of different variations that we can play here. So that will take some time but we're very pleased with the robustness of the PFS level of detail that have been used for our first reserve and it's certainly reaffirms our views of the project of what it was when we bought it and certainly gives us encouragement going forward.

Now in terms of price decks, we have examined all the price decks that people use, so we use Wood Mac as much as we use crude. We have given the range of products that we've used here, are projected in a range basically from a discounted range, in the order, the average sales price is going to be around AU$115 to AU$125 basis, is what we're saying. That's a blended outcome. But the price decks themselves, we use one just as much as the other, they're not that far away from each other over time and crude's been a pretty good reflector of actual prices over time.

Question: (Peter O'Connor, Shaw and Partners) That's dollars of the day?

Paul Flynn: That's right.

Question: (Peter O'Connor, Shaw and Partners) Okay, thanks.

Operator: Thank you. Your next question comes from Matt Greene from Goldman Sachs. Please go ahead.

Question: (Matt Greene, Goldman Sachs) Good morning Paul, thanks for the updates. If I could just ask a few questions just on the production and yield splits by thermal and met coal, particularly in the first five years as you ramp up to 15 million tonnes. Then just on the Capex, I see the $980 million excludes the truck and shovel fleet, is the plan there to transition, I guess, start off with the contractor mining and then perhaps transition to an operated AHS? Just on that, on Capex, I see you're looking at a long wall and continuous mine for the deeper Moranbah measures, can you just provide some colour and some timing on that and in particular as to how you'll bring in the Moranbah measures into the mine plan? Thanks.

Paul Flynn: Thanks Matt, I'll try and cover off that because you've got three questions there, from what I can see. The product split's yet to be landed and as you can see, the marketable reserves versus the reserve itself, there's obviously an implied yield there. Now that's a blended outcome across various product strategies. We will be refining this over time, but we thought we'd use a conservative approach to this. That yield level is conservative. Certainly most people who are familiar with projects around us in the Rangal Coal Measures, would acknowledge that the Leichhardt and Vermont will yield much higher yield numbers than what we've depicted there.

We've depicted a lower number because we do think that Fort Cooper coal is worthy of taking out, not just because there are components of it that do, as I said before, add to the coke strength of the upper seams, but it's essentially very cheap to get at coal and there's a lot of it, so we will take some. We know there are markets for that because existing by products from Rangal Measures projects already exist in the market and this will be no different in that sense.

Truck and shovel operation, yes we've assumed that that's the basis of the way in which cost rates have been used for our reserve estimation to date. Further works required in terms of what we want to do there, as you would expect for a feasibility, the types of scenarios we're imagining is very much looks like Maules in terms of large-scale diesel hydraulic excavators, but there are other options, as everybody would acknowledge, rope shovels and others, which may have some role to play here, but that's for further examination over time.

The Capex, look, I don't want anyone to get too excited about any longwall opportunity here. As you can see the documentation, it's quite deep and it's obviously a resource only. We have done quite a bit of work on it, so the team's had a good re-examination of the historical data that's been available to us here and we're including it because we're referencing its existence, not because there's any current plans for any underground opportunity for us. There are obviously opportunities with our neighbours, if that was to ever come to pass, but it wouldn't be something we would be doing based on what we know about it today. So I definitely would like to leave you with, to downplay any suggestion that we're going to be building an underground mine the same time we're building or later in the life once we've built an opencut mine.

Operator: Thank you. Once again, if you'd like to ask a question please press star/one on your telephone and wait for your name to be announced. Your next question comes from Lyndon Fagan from J.P. Morgan. Please go ahead.

Question: (Lyndon Fagan, J.P. Morgan) G'day Paul, just trying to frame the project in regard to the balance sheet. So I guess I've got net debt forecast around $800 million, excluding leases, when you next report and we're looking at a $1 billion project here, with Vickery also kind of in the pipeline. I'm just wondering what you're looking for in terms of the balance sheet and coal markets to feel comfortable in pressing the button here to go ahead. Then maybe also you could give a bit of context on how Vickery ranks against Winchester. It looks like Winchester is coming out in front and I guess what does that mean for the timeline on Vickery? Thanks.

Paul Flynn: Thanks Lyndon. In terms of net debt, I mean the numbers that you're quoting now are interesting but not entirely connected to whatever it might be from a balance sheet perspective at the time FID on Winchester South or to be in the future. So that timeline that I mentioned there before, you're certainly two and a half years away from that. What the balance sheet will be at that time is subject to a lot of assumptions of course.

We've been managing the balance sheet well and Kevin's not here with us to talk to this, but we've been managing the balance sheet well during the course of the COVID year, calendar wise, as it's been and net debt has been very steady during a time of low pricing. So lots of scrambling going on there and then when we get to the end of this half year, you'll see our numbers come out in mid-Feb and that will be consistent with how we've been tracking throughout the course of the year.

I mean there's obviously a tail of lower pricing that we're experiencing now which is for contracts that were settled or initiated and settled during the COVID period, but yeah, broadly we've been managing that well. So I won't get into too much about predictions about what sort of balance sheet state will be at the time that we want to make that call.

You're second part of that question is quite an interesting one in terms of the relevance to Vickery and its pathway to development. Now everybody will understand that we've obviously got our state-based approvals for Vickery, but we are waiting for the resolution of a process that the Federal Government is managing, whereby the children of the world, in inverted commas, have sought to injunct the Federal Minister from approving Vickery. Now that is slated for a hearing now in the beginning of March, which as frustrating that is, it is what it is and we're not the ones driving that process.

So Vickery, a little bit delayed in terms of that particular matter, but not unexpected and for that matter, Winchester South, when it gets to that point, may be the subject of those types of things as well. There's no way to predict that, other than to say predominantly met coal project in the right basin, supported by the government, should stand a better chance in terms of that type of activity. So the question you're saying in terms of ranking is an important one and the Board, I won't prejudge what the Board wants to do on this, because they are – as one gets slowed and the other one accelerates, as if one's doing well, that question becomes more pointed.

I think in relative terms, if you looked at two standalone projects on their own, Winchester South would probably come out ahead on a standalone comparison. But that's not the way we look at this thing necessarily, because Vickery does have other associated benefits for our broader business, where obviously Winchester South doesn't have the benefit of that, given that we are moving into a new jurisdiction with new products and different exposures port and rail wise, which are all positive, because we see that diversification as being good, all that I'm pointing to is that Vickery does have associated benefits for the existing business in the Gunnedah Basin that will be used as part of the assessment when you're forced ranking projects.

Question: (Lyndon Fagan, J.P. Morgan) Thanks Paul. Maybe just if I could sneak another one in, you've spoken about selling down part of Vickery in the past, is selling down part of Winchester something you'll look to do as well?

Paul Flynn: Certainly on the table, Lyndon, that we've had enquiries, inbound enquiries. We haven't been actively promoting this discussion at all, but we have had inbound enquiries, which is positive. So I mean there's not that many projects around that people are looking to bring on, so that's been good, so it would be part of our consideration of funding, but longer-term strategic positioning for the project, our preference, as you know, is generally with end users. We've had enquiries both on the met side and also on the thermal side, which is quite interesting and yet to be further pursued, but we welcome the inbound interest and it still forms part of our strategic thinking and how we position the project.

Question: (Lyndon Fagan, J.P. Morgan) Great, thanks Paul.

Operator: Thank you. Your next question is a follow-up question from Peter O'Connor from Shaw and Partners. Please go ahead.

Question: (Peter O'Connor, Shaw and Partners) Thanks Paul. Just to Lyndon's point about balance sheet, so I accept your answer, thank you very much for that, but no level of debt that is required either as a target or a minimum or a maximum for you, could that push the button on the projects?

Paul Flynn: Well I think we refer, Peter, back to our previous discussions on this. We haven't changed. We've said 15% gearing through the cycle is where we want to be, but we've always qualified that by saying that during our construction phase, we wouldn't be adhering to that. So I think the important question will be, as Lyndon's alluded to, is what would you prefer? We've also always said that we would never try and build two projects at once and so there will be a question of ranking and so if they were both lining up at the start line ready to go and you assess them on a level playing field, one might prefer Winchester South, but as I say, we've still got to bring into consideration all of the associated synergies with Vickery in our existing business.

Question: (Peter O'Connor, Shaw and Partners) To your point about the - for the current approval status Vickery, so is March - that's likely to be it for the approval process or do we have other issues that we need to be aware of that may even compress that timeline? Because it still would feel, even in March, the second quarter calendar '21, that's still a two-year float between that and FID on Winchester.

Paul Flynn: Yes, there's still a big gap there, Peter. Yes, there's still a big gap but as you know, things can - we've just come through a very bumpy period and whilst coal prices feel a lot better now, there's a lot of turbulence in the waters as we speak. So I think that makes everybody a little cautious.

To answer the first part of your question, there's nothing further that we know that has been a cause for concern. Our interaction n with the government who's running it, the case is obviously for - theirs to manage and we're obviously a very, very, interested spectator, although we're not joined to the proceedings as yet. We may choose to do that later on but we're not at the moment.

Our understanding is, the government wants to get rid of this quickly. They don't see this case as being of merit. Our view, from what they tell us is, that the considerations that this case is based on are actually already inbuilt into the existing approvals processes. So there's no need to duplicate that.

So our understanding is the government wants to deal with this as soon as possible. The unfortunate aspect of that was the judge wasn't available to deal with this over this break period and so the first week of March is the first opportunity to deal with that.

Question: (Peter O'Connor, Shaw and Partners) Okay, bummer.

Paul Flynn: Yes, very annoying.

Question: (Peter O'Connor, Shaw and Partners) A segue, if possible, back to product type. You mentioned having extra thermal coal is a good thing. Is that just relating to the accessibility of Fort Cooper measures?

Paul Flynn: Yes, Peter, look, it's - yes. It's very cheap coal to get as you can - I mean, whilst the picture on page 5 is indicative for you, it - what it shows you is that at the pit floor, once you've taken the two primary coking seams, there's a hell of a lot of coal sitting below there for little or no effort to get.

So it does obviously give the economics a real boost when you've got a project which adds a lot of coal at - it might be a one-to-one type, one-to-two type strip ratio to get. So are you - the question to you is, are you going to take it? If it's one-to-one and there's a lot of it and the capital cost associated with processing more coal can be supported, then you will do it.

So we're in quite a unique position. I'm not aware of any other project where the Fort Coopers are so near to the bottom of the last seam, others have taken in the past. There's usually a big gap between the Vermont Upper and the top of the Fort Cooper seam.

Our project is very unique in having them very accessible at the bottom, right below the last seam that we were going to take anyway.

So I know plenty of people have looked at this in the past and just economically haven't been able to make it work because of that distance whereas we don't suffer that impediment.

Question: (Peter O'Connor, Shaw and Partners) It's not a view on thermal coal so much as it's the economics of that extra product. Thank you.

Paul Flynn: Yes.

Question: (Peter O'Connor, Shaw and Partners) Thank you.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question is a follow up question from Matt Greene from Goldman Sachs. Please go ahead.

Question: (Matt Greene, Goldman Sachs) Hey, Paul, just a couple more for me, please. Just on costs, you mentioned on a price basis, you're looking at about AU$115 to AU$125 on a blended outcome. Are you willing to give perhaps a range on your FID costs?

If not, actually just a sort of footnote said that the transport charges have been provided by Whitehaven. Are you able to give us an idea unto what your real import assumptions are there and have you assumed 100% of exports will be going through a DBCT and what gives you the confidence that you'll be able to get that allocation at the port?

Paul Flynn: Yes, thanks, Matt. A few questions involved in that one. Look, I'm going to reserve the right to give a cost guidance number here at a later date. I mean, we're giving you a strip ratio number so you should be able to do your maths and work out where we think that will be.

We've given you an implied yield by the marketable reserves relative to the reserve itself. So I'll steer away from doing that right at this time.

We have assumed that coal does go through DBCT. We have assumed that and again, being in the precinct it is, you'll see - I'm sure you'll be able to pull out comparators in terms of what the combined rail and port costs are for projects in that area.

Now, it is that - that port is contracted. We do know there's surplus capacity in it held by people. They are currently evaluating an expansion scenario and a study is being performed by the port, which we have put our hand up for.

So that is our working assumption now, that we'll either get capacity from existing people who are long or that the - to the extent that that study does deliver further capacity out of the port, then we'll be in the queue. I think that we're at the front of the queue as far as the participants of that study are concerned. But that is - that's certainly the working assumption.

Question: (Matt Greene, Goldman Sachs) Okay, thanks, Paul.

Operator: Thank you. Your next question is a follow up question from Peter O'Connor from Shaw and Partners. Please, go ahead.

Question: (Peter O'Connor, Shaw and Partners) Paul, is this a suitable call to ask the question which is on everybody's lips about the Chinese versus Australia coal fracas?

Paul Flynn: I thought we'd get there, Peter, so fire away.

Question: (Peter O'Connor, Shaw and Partners) So how do you see this impacting the markets? I know your exposure is minimal but that's by volume instead of fixed price. How do you see this playing out? Is it affecting you? If it's not affecting you, can you be indirectly affected by price and also, how do you see that playing out?

Paul Flynn: Yes, look, it's one of those difficult ones to get your head around, Peter. I certainly acknowledge that. From the physical perspective, as you've said, quite rightly, we don't have a physical connection. It's just the indirect impact on prices or where the displaced tonnes are trying to find their way into markets that we service and thereby causing some disruption.

We're not seeing that but I do think this market is separated into two halves. Two different products, being the met market and the thermal market. Obviously they're vastly different in size. As a result, they behave differently.

If we look at the thermal side firstly, we think - we actually think that the trade flow re-alignment has taken place already on the thermal side of the business. So to the extent that tonnes have needed to be re-directed from otherwise Chinese destinations, they are finding a home in other jurisdictions and we can see that moving around.

India is obviously taking a lot of coal and everyone's not producing as much as they were anyway. So - other than China. China's producing a lot of coal to satisfy their own needs.

But we don't - whatever this announcement turns out to be, official or otherwise or correct as reported or otherwise, we actually think the thermal markets have already taken that into account and so not a lot to fear from that from our perspective.

On the met side, you saw the met settlement which is a decent number and - or that semi soft and PCI numbers were at reasonable proportions of the current hard coke number. So that's good but we do think that market's got a little bit more - it suffers more, of course, because China's producing more met, trying to satisfy more of its needs from that.

I think there are some physical constraints being - playing out there because they are taking coal from non-traditional jurisdictions. Be that the US and Canada, say, for instance. So essentially, they're buying coal from not logical long-term supply points and doing it at a price which is less than favourable for them.

Obviously that hard coke price internally in China is also gone for a run as well.

So one way or another, this needs to settle down but I do think that the thermal side of things is in a better position. I still think there's a bit of an adjustment required for the met market. The met market is smaller, as you well know and all those boats sitting off the coast of China there, there's a lot of met involved in that and it's not as easy to solve as it is for the thermal side of it. So that's my thoughts on that.

Question: (Peter O'Connor, Shaw and Partners) The current situation with semi-soft pricing on a spot basis relative to hard coking coal, call it 75%. The latest settlements have come out in - how do they give you that and then how do you see that playing out?

Paul Flynn: Well I think the settlements are around that number. So that's actually pretty good and reflective of where we've been historically but for the last couple of years where there's been a massive distortion in the market as we've talked about every quarter.

From our perspective, we - at those numbers, at those numbers, it's still - it's low from our perspective when you add in our premiums and energy adjustments onto the thermal prices. But if we've got good customers who are buying on the quarterly settlement price, we are engaging with them on that.

So - but it has to be on that price. We're obviously not going to sell any of our coal on the spot basis at these numbers. It's well underwater to do that. But for a longer-term decent customer who wants to buy in the quarterly pricing, we'll do that and have.

Question: (Peter O'Connor, Shaw and Partners) Okay, thanks Paul.

Operator: Thank you. Your next question comes from Brenton Saunders from Pendal Group. Please, go ahead.

Question: (Brenton Saunders, Pendal Group) Good morning, Paul. Just a follow up on the NCIG and PWCS issues, if there's anything there that is causing you - causing any disruptions? Or maybe just an update on what the status quo is there?

Paul Flynn: Yes, thanks, Brenton. Good question. Look, this one is unfolding, is probably what I'd say. If you step up at a high level and have a look at the available capacity in Newcastle between the two ports, our view is, there's enough capacity to accommodate all the tonnes that we would like to be exported through Newcastle.

Now, of course, the delay required in remediating the damage to one of the shiploads at NCIG, the timelines for that are yet to be finalised and it will take a little bit of time yet before there's a clear line of site of that.

In the meantime, you've got two berths with one loader. One effective loader at NCIG. Now, that single loader is doing - on a stand-alone basis, more than what it was doing before. So we think there's upside in that and then there are also the options for some temporary loading capacity to use the second berth to essentially mitigate the shortfall created by one of the loaders being out for a period.

There's plenty of tonnes available at PWC as you well know, Brenton, so it's really just about having a discussion with the other suppliers about utilising some of their long take or pay.

The capacity framework agreement that governs both ports and the way in which these types of scenarios are dealt with, is helpful in that regard because it does provide pricing arrangements in the event that there are issues in terms of trading capacity from one to another.

So we feel we can get our tonnes through. There will be a little bit of a short-term delay in current - in the current months, just in terms of - just because there's only one - there's one loader working. So the tonnes that are already down at the port, that we already had down at the port at the time of the event, they seemed to take a little longer to load into the ships that are waiting. But any new tonnes will end up going over to PWCS, as we have done in the past, in any event.

So we think we can manage capacity pretty well with the system as it currently stands. The key question here for us is, what's the timeline required to fix the damage so we can get back to full capacity at NCIG? Because that's where we prefer to load through. But in the meantime, there is enough capacity at PWCS to satisfy our needs.

From a cost perspective, I'll cover off on this as well. From a cost perspective, any increased cost of working, there's insurance cover for this. Firstly, at the port and then our own but based on what we've seen already, we generally think that we won't even have to touch our own insurance coverage in this instance. It will be based on the port's coverage that manages any increased cost of working.

Question: (Brenton Saunders, Pendal Group) Thank you very much.

Operator: Thank you. Again, if you would like to ask a question, please press star 1 on your telephone, and wait for your name to be announced. Your next question is a follow-up from Peter O'Connor from Shaw and Partners. Please, go ahead.

Question: (Peter O'Connor, Shaw and Partners) Paul, when you're dealing with PWCS versus NCIG, the cargo assembly nature of PWCS versus the stockpile build at NCIG and your haul distance from Gunnedah, does that just make it logistically a juggling match? Does that add to costs because you've got to organise that rail or is that something you can work through to manage that cargo assembly set-up?

Paul Flynn: Yes. Good point. Thanks, Peter. Yes. Yes. It does. I mean, we prefer NCIG because we can decouple the production process from the loading of ships. That's – and we do accept an increased cost associated with that.

But demurrage is generally not a feature of the NCIG facility at all. Whereas obviously if it was tying up a berth at PWCS for longer given our long cycle time in each train, you do generally incur demurrage. But the aggregate of demurrage and the lower cost at PWCS is not a world apart. It's still less than the equivalent cost for NCIG.

So, we're – it's functionally less-preferred if I can call it that. But we're very glad that there's plenty of capacity over there at PWCS in this instance. But our natural home is NCIG, as you well know, just because it's functionally better for us to not worry about synchronising production with loading of ships.

Question: (Peter O'Connor, Shaw and Partners) Do you mind if I just switch back to China? The comment was made where power utilities were advised of a price cap of RMB640, circa US$95. What – or how should I think about that in terms of how price will play out in the market on an import basis? Is that a critical number or is that – how does that work?

Paul Flynn: Well, I mean, they've got their espoused ranges, Peter. I'm not an expert on the Chinese market, to tell you the truth, but they have their espoused ranges, and the levels you're talking about, that's getting up there in the no-go zone, and – but I suppose when they're trying to stimulate the economy as well, which is driving some of that internal demand, which is driving more production internally.

They're not able to satisfy demand from obviously much cheaper and accessible seaborne coal; it's definitely a problem. So, whilst this continues to go on, I expect those numbers to probably stay high, and with our customer's economies – our customer's economies, from Whitehaven's perspective, all showing good signs of life, the underlying support for a decent price in the second half of the year looks pretty good.

As I say, the thermal adjustment, we think, has largely been taken in the market already. So, further angst in this regard, at least from the thermal side of things, we don't think presents any immediate disruption for us.

Question: (Peter O'Connor, Shaw and Partners) Thank you.

Operator: Thank you. Once again, if you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. We will pause as we wait for participants to join the queue.

There are no further questions at this time. I will now hand back to Paul for closing remarks.

Paul Flynn: Well, thanks, operator. Look, thanks everybody, once again, for taking the time to dial in. I know everybody's got other things on their mind at this time of year.

It was a commitment we wanted to make sure we held to in publishing the reserves and resources. I'm sure as you work your way through the pack and the tables at the back of our announcement, there may be further questions. You know where to find us.

We're generally around this week and looking to try and take a little bit of a break as well over the Christmas to New Year period, but we're back early on. But it – there's always e-mails and the phone.

So, thanks once again. I wish everybody a safe, restful, and enjoyable break. We'll look forward to engaging with you all in the New Year. Thank you.

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

END OF RECORDING