WHITEHAVEN COAL FY FY25
"Full Year FY25 Financial Results"

INVESTOR CALL TRANSCRIPT

Date: 21 August 2025 Time: 10:30am

Introductory comments / Overview of Full Year FY25 Financial Results

Paul Flynn:

Good morning, everybody. Thanks very much for taking the time to join us today for the full year results for Whitehaven Coals financial year 2025. I'm joined here, as always, with Kevin Ball, our CFO and our IR team with Kylie and Keryn here to support as well. As usual, Kevin and I'll go through the slides and you bear with us and we'll get to the Q&A session for what's been a very good year for Whitehaven as our first full year of our expanded footprint with our now enlarged portfolio of assets. Quickly turn over. Of course, there's some forward-looking statements here, so I draw your attention to the disclaimer that's there.

Let me just start the highlights and I'll start with safety being an important feature of our business, first and foremost. Safety performance has been good, so we're pleased with the result now with our expanded business and our TRIFR was 4.6 for the year. I've given you just some numbers there incorporating some historical data, so the New South Wales and Queensland combined performance is there for you to see. On a five-year average basis, which is how we set our targets, you can see that we're doing pretty well relative to the average of the last five years. So, we're pleased with the progress but more work to be done, of course. Another pleasing aspect of our performance here is that our environmental enforcement actions performance has been pretty good, three years without any incidences at all. Again, the team is very focused on this, making sure that we manage ourselves properly in compliance with all the various conditions.

There are thousands of them upon us on any given day and so we need to make sure that we are compliant with all of those. I'll turn over now to the highlights. I know you've seen some of these, but it's important just to call out some of them. We've had a very good year and certainly, execution has been excellent across pretty much every dimension of our business. We're pleased with it. Of course, Daunia and Blackwater successfully integrated into the business and have either met or exceeded there on guidance. At 39.1, we have a very good result, 60% better than last year and the top end of our range. Equity sales also in the very good part of our range of 26.5 as a result of the Queensland acquisition, a good step forward. The average price for the year at 215 was broke up in two parts, as you can see. Queensland 232 average income for the average revenue for the year. New South Wales 193.

Our costs at 139, we're just below the bottom end of our guidance, which was a terrific result from the team. So, nice to bring that round. The total revenue at 5.8 split between Queensland at 3.5 and New South Wales at 2.2 billion. The underlying EBITDA at 1.4, you would've seen one of that accrue in the first half and in the second half, 400 million broadly consistent with the downturn experienced certainly in that second half. And certainly, have a year of two halves in this particular financial year. The underlying NPAT 319, $309 million was a decent enough result. Given all that I've just mentioned, the statutory result is actually double that at 649. Our underlying NPAT at $649 because it includes the one-off gains associated with formation, the joint venture. As a result of these good outcomes, the board has seen fit to declare a fully franked final dividend of 6 cents per share, which will be paid on the 16th of September and equal in value buyback of up to $48 million will be engaged in over the next six months as well.

The aggregate of this works out to be about 60% of our underlying NPAT in line with the capital allocation framework which has been updated and we'll talk in a bit more detail on that a little later. Now, those highlights are great and it's easy to look at that at a superficial level, but let's just dive very quickly just to the structural change within the business that I wanted to highlight for you, and this is an important point I think for our shareholders to see. What we've provided here for you is the attributable tonnes per share and then also the attributable EBITDA per share and that's now analysed across pre and post buyback and then pre and post-acquisition. So, what you can see here is a really interesting story where because we haven't used new equity, the buyback obviously drives a significant step forward in terms of attributable tonnes per share and attributable EBITDA per share.

And then when you overlay the acquisition across the top of that, then you can see the big step forward that the attributable EBITDA per share also takes as a result of that. So, you can see in the context of EBITDA per share, you're actually three times what it was if you're a shareholder as you've taken this ride with us through this very short period of time through which we've executed both the buyback and the acquisition. Obviously, the chart or the bar to the right on both these scenarios just point to a bright future and as you can see, there'll be volume growth as we know there will be. We're driving hard to move our costs down. Productivity improvements and costs out will drive better margins and our margins are pretty low based on the cyclical low position we're in at the moment. And of course, the continued use of our buyback is going to amplify the positive effects of all the above as we go forward. So, nice structural change for our shareholders to be in.

Moving over to markets and I'll just focus on this again. I know you watched many of these aspects, but I will just summarise quickly. Obviously, two sides of our business with the thermal and the met side of our business now, which are much more balanced and lower risk business, which is great. The POV performance during the course of the year certainly has taken more of a cyclical turn and has dropped 32% down to 196 for the year, whereas the thermal side actually a little less dramatic than that 11% down year-on-year down to 121. Now, we've seen some good signs since June that says the thermal side has firmed, which is good. On the met coal side of things also, there would appear to be some nice policy announcements coming out in China in particular focused on constraint of surplus production of coal and of course surplus steel production, which I know there's been lots of conversation about that.

So, I think those two factors and also a settling position potentially on the side of the trade discussions and tariff related movements does point to hopefully further stability in the market. And with the effects of those policies than China, we expect there to be firming of the market and prices will go along with it. You've seen this slide before, 64% of our revenue was generated on the met side, 36% on the thermal side of our business, and you can see the distribution of the sales by destination. Japan clearly remains the standout for our business. Terrific market takes nearly half of our total volume, which is good. India's actually emerged. It's always been a part of our business, but India has emerged 11% now, which is good because that footprint we know will expand considerably as we go forward.

A new thing for us of course, is sales into China. That's obviously met based having never sold really any thermal coal there and then in Malaysia and Korea taking up 7% of the business overall and there's a spread of other smaller destinations. But yeah, Japan continues to be an excellent market for us. We remain confident about the outlook for the business because there's a supply demand gap here that we know is going to continue to drive robust pricing into the future. On the thermal side, there on the left-hand side of the page there you can see out to 2040 a projected gap there from Quality Insights to assisting us with our views on these things, it's about 150 million tonnes difference between the runoff of mines and the growing appetite for thermal coal across our region.

On the metallurgical size, perhaps more modest growth, but this is actually a more modestly sized market. So, the 61 is actually really important in a market that's actually much smaller in total volume. And so, both of which give us the confidence to move forward and we look forward to enjoying the tension that this supply demand delta creates in the pricing market. The upside of things, I'm not going to go over too far because I know you've seen all that through the procession of quarters during the course of the year, only really to summarise that we've had a very good year operationally and we've done well relative to the guidance we gave you at the beginning of the year. We took a conservative position in doing that, and I'll get to guidance in a moment. We've done the same again in this year in terms of taking a conservative view, but the 39.1 is in the upper end of our guidance, very good, and the sales are similarly so at 30.2. So, very good results across the business.

If I move over to the actual operations themselves, the '24 Queensland, very good start to our first year of ownership and we want to continue to see that momentum going into the new year. Both new mines, Blackwater and Daunia have certainly exhibited better than historical performance over the last few years, and so that's terrific. Proportionately, Daunia has had a step up, which has been really good. Blackwater is doing the same, but we will want to see more momentum in this year from both of them and we're encouraged to think that that will come. We did send ourselves a target of $100 million out of cost by 30 June of the year. We did achieve that, which is very positive. The teams have done a great job there in Queensland in delivering on that undertaking, and you saw the benefit of that come through that cost at 139 for the year. We'll continue to see further cost-outs and benefits and productivity improvements in the course of the new year.

New South Wales did a good job as well at 19.1, that rounded out a solid year. The open cuts did very well. Narrabri obviously less than what we would've liked, but it did have a very long and extensive change out for eight weeks as we did some serious refurbishment work on many of the legs with that change out. So, 19.1 off the back of that was actually a solid outcome all round. We're looking forward to seeing that continue in this new year. As far as Narrabri goes, we have some revised CapEx news for you, which was the action item I had asked to come back and release that to the market once we gone through the various hurdles with our joint venture partners. We had done that, so I'll speak to that shortly.

The only other thing to mention off the back of this is similarly with last year where we had $100 million dollars out of Queensland, it was our cost-out target, in this year, we are seeking to take another 60 to 80 million dollars of cost out of the business and that is across the whole business. As I mentioned in the quarter just gone by, our focus has turned to New South

Wales as well just to make sure that we are optimising the underlying structure of the business there in the same way as we've been doing in Queensland. And so, the 60 to 80 million dollars that we're intending to take out here covers both New South Wales and Queensland and corporate by the way, and that is outside the guidance range that we'll talk about a little bit later on. With that, I'll hand to Kevin.

Kevin Ball:

Thanks Paul. I'm over on the five-year financial graphs. As you know, '22 and '23 were really strong years with [inaudible 00:11:47] coal prices compared with FY25, which you'd have to think you're at the bottom of the cycle on the second half of FY25. A full year underlying EBITDA, as Paul said, of 1.4 in FY25. You can see the scale and the benefits that have been delivered to us by acquiring Daunia and Blackwater with nearly 900 million of EBITDA contributed by those two mines. Underlying NPAT at 319, a pretty strong first half and a pretty soft second half with coal prices where they were at. At a statutory level, I've got to apologise, these accounts have got a lot of noise in them as a result of that acquisition and divestiture, but we're going to take you through that and we can explain those in slides that are coming up.

Our results are translating really well into cash. You can look at the cash generated from operation versus the underlying EBITDA and you can see that's translated into net debt coming down from 1.3 billion in FY24 to 600 million in FY25. So, we're pretty happy with that. We reported 1.355 billion of underlying EBITDA. The D&A combined at 607 million includes 238 million for New South Wales and 369 million for Queensland. That's lower than what we initially guided and that really reflects the settlement of the acquisition accounting within the 12 months of ownership. We had net underlying financial expenses of 289 million, about 190 of that relates to the interest payments on the U.S. $1.1 billion credit facility. And the balance of that is drawn from a number of places. Other interest charges of 40 odd leases, lease interest of 14 million, some non-cash unwinds of provisions of about 50, amortisation of the upfront fees on setting up that facility for 20. And then we had some interest income of 27, which was down substantially from last year.

An underlying income tax expense ratio of about 30% continues to hold. So, you can use that in your models, and it came to an underlying NPAT of 319 million. As I said, there's plenty of noise in these numbers, but it's good noise. We've got $330 million of net gains from recurring items on a post-tax basis, and that's all spelled out in note 2.2 to the financials. But if you've got questions, just give us a call and we're going to take you through those things. We booked a post-tax gain on the sale of the 30% of Blackwater of 274 million. And because coal prices were lower than we expected when we went into the contingent price mechanism with the BMA, we remeasured that at the end of the year and we booked a gain of 289, but that just simply reflects that we haven't paid BMA what we expected because coal prices softened. We had about $37 million of post-tax transition and transaction costs when we sold the 30% and we fleshed out SAP and we had a little redundancy and restructuring costs in Queensland. So, that's those explanations.

As you know, the U.S. denominated debt, the cash and the deferred consideration is all in U.S. dollars. So, when we retranslate that we pick up some gains and losses here. So, the total of these are about 195 million tax. If I take you over the page, we said we'd give you a little bit better detail on depreciation, amortisation and finance, and hopefully we do that. If you look at the depreciation amortisation net finance for FY25 D&A came in at 607, as I said before. We said we'd be about 750 on guidance when we talked to you earlier this year. We're better than that because... just reflected the acquisition accounting where we rebuilt or restructured that cost of acquisition just at the end of the year. The FY25 D&A for Queensland, there was some one-off adjustments, there was some assets in there that we'd had on the books when we brought them on that we found were surplus, so we took the hit on that.

But for depreciation, we estimate it's about 16 to $18 a tonne of own coal sold for New South Wales and about 23 to 28 bucks a tonne for Queensland. And because a lot of the depreciation charges based on units of measure, it's a function of how well we produce in the pit, how well productivity informs. On the amortisation side, that's about $6 a tonne, and I think that's pretty safe to use in your models. And I think the net financial expense, we've told you where that is historically. But there's plenty of noise in that number with $568 million of net finance expense, 200 and I think it's about 219 of that in cash and non-cash is about 350. This year, in this financial year, you should expect that we will look at refinancing the U.S. $1.1 billion. The long call period for that finishes in March 2026, and we would expect to be talking to potential providers of debt capital over this next year. So, stay tuned for that as we go through the year.

The segment result over the page on that, we give this to you. I think this is a really handy slide. From this you can pretty much work out what the unit cost is at each of those bases, New South Wales and Queensland. But what you really do see is Queensland contributed $3.5 billion dollars of revenue, close to 60% of overall revenues and nearly $900 million in EBITDA. So, the acquisition has helped to diverse Whitehaven Coal quite well. The net finance expense of 289, the underlying components we talked about, I expect that to be down next year. As I said at the half year, the financials really do show the benefits of that diversification. As Paul said earlier, you see that in the participation per share all without issuing a share in the process, so a good outcome.

Moving forward. We've told you we think we can do better at Daunia and Blackwater. That's certainly the focus in FY26 and we're really well-placed, I think, to look at a recovery in coal prices and see that translate to better economic performance. Over the page. As I said, we think we could continue to improve. At the group level, we realised $215 a tonne and a unit cost of $139 and we paid the various governments an average royalty of $25 a tonne. In Queensland, that's a tiered structure. The average royalty in Queensland was about 12.5% and the average royalty in New South Wales, as you know is a flat structure, it's about 10. So, on the cost side guidance was about one 40 to 155. We thought it'd be a higher year and we expected it to be a higher year because we closed Werris Creek, put that into rehab, that was a really low cost operation, bypass 100%, closer to the port. And we brought on Vickery and we're digging a box cut at Vickery where we're mining through the hill at Tarrawonga. So, '25 and '26 are periods of higher cost in this operation.

Productivity improvements, we've focused on that pretty heavily in Queensland and in New South Wales. We're seeing benefits from that and we've reduced the cost in Queensland, but I think there's still more to go there. As we said, we'd rebuild blasted stocks at Blackwater, that's helping us. There's still more to go on the productivity front there in ROM volumes, but I think overall, in the bottom of this market, it's been a pretty good outcome. That'd be my summary for it. So, I'm pleased with the second half result and I'm pleased with the strength of the balance sheet. If I take you over the page, this is just a standard bridge that we use each year. It'll help you understand how we think about things. You can see in New South Wales price was softer. And this is trying to bridge you from $1.4 billion EBITA which had one quarter of the whole operation in to 1.355, which had all of Daunia for all of the year and three quarters of Blackwater in there for the year. But you can see softer coal price.

Were down on volume because of Werris Creek closing and Vickery just starting up. Our costs were up as a result of that switch in proportion of coal from different places and higher cost operations. But you can see $600 million in EBITDA, which is the proportion of the year from that operation that's come through in here. So, it really has contributed quite strongly to the performance. If I go over the page under net debt again, it's been a really busy year. You can see that the business delivered $1.1 billion of cash. We had to pay BMA 1.104, which is a combination of the U.S. $500 million, the $363 million in stamp duty that we paid. And then there was about $56 million that we got back in a completion adjustment from BMA. So, that's how you get to the 1104 and the 1719 is the sell down of 1,000,000,082 to Nippon Steel and JFE.

In that process of selling down Blackwater and in that process of re-measuring that contingent liability, there was taxes that had to be paid. That's about 150 million. So, really, the 1719 is more like 155 net. And the capital expenditure and other acquisitions of 448 is what we spent on capital expenditure, what we spent on the remaining 7.5% of the final payments there for the 7.5% of Narrabri. And we also bought a seat at the table at the DBCT coal tunnel in Queensland, so that was 24 million and we gave shareholders 200, well call it 200 million. It rounds up to that in here.

The next line in there is really the leases that are paid for and we've got some foreign exchange variations and others, but we finished the year with net debt at about 600 million, which we're really pleased with. And I think the balance sheet with 10% gearing and a leverage ratio of less than a half is really well positioned to get through the bottom of this cycle. And we've seen the coal prices turn later in the year anyway. So, a strong balance sheet with gearing of 10%, a leverage that's less than half a turn. We've got plenty of liquidity on the balance sheet, so I think that's good. The sell down or the receipt of the proceeds from selling down that 30% joint venture interest in Blackwater improved our liquidity, but we're holding that cash on the balance sheet or 500 million of that to meet the second payment to BMA next year. Okay.

Coal price contingent payments, we paid 9 million on the 2nd of July, so that's structure, which was really an upside down side sharing structure is working as anticipated, and if I look at where we're up to in July year to date, we don't expect to pay anything out of the April, May, June, July period. So, coal prices need to recover in order for us pay to BMA out of this. And as I said, we intend to reposition our funding sources. So, I think a very busy year, but a pretty good year, a business really well positioned bottom of the cycle with a turn coming and looking forward to 2026. With that, I'll hand it back to Paul.

Paul Flynn:

Thanks, Kevin. I'll just switch over now to the refresh of Whitehaven's capital allocation framework and just reminding everybody I suppose we're not looking for wholesale change with the capital allocation framework. It's certainly served us very well and we get good feedback on the clarity that this provides, but we have said that with the acquisition that we would revise that at the end of the two years, but because we've been able to accelerate the de-risk in the balance sheet with the sell down of Blackwater, we committed to revising that and announcing that with the full year results. And this is the outcome of that process. As I say, it served us well in terms of balancing the needs for CapEx within the business. And so, I'll just go through the parameters that we've changed within the capital allocation framework itself. As Kevin's mentioned, we are modestly geared and we'll continue to stay that way and both on a gearing metric but also on a leverage basis as well, depending on how you'd like to measure it.

If we look at historically, in our business, which was half the size, the payout ratio from group NPAT was 20 to 50%. That was wider than what we think is necessary now with a broader based, lower risk business. So, we are narrowing the range of that and elevating the top end. So, we've gone from 20 to 50 to now 40 to 60 of our underlying group NPAT. That's an improvement. That is total returns. When we look at that and the two instruments we're using in which to deliver those returns through dividends and buybacks and basically, we're going to take a position where we have a balanced in value approach to dividends and buybacks now within that 40 to 60% range. As we've already noted at the beginning of the presentation, we're at 60% in this current year.

That's the changes to the structure of the capital allocation framework itself. Of course, money to be spent on... Well, in the internal competition for the allocation, that incremental [inaudible 00:25:30] of capital remains the same. So, whether it be money for internal projects, Vickery or stage three or M&A from time to time, they must go through the same hurdles that this dictates. As I say, it's served as well. We don't have any M&A on our agenda at all. So, that part is not part of the immediate considerations for how to allocate capital within the framework. So, if we look at the outcomes the 16th of September, we will pay, as I said earlier, a 6 cent fully franked dividend which totals about $48 million of capital. We intend to buy up to about the same amount, $48 million, in shares back over the next six months through our buyback program.

So, a balanced by value approach, as we've mentioned. And that takes the full year dividend outcome to 15 cents per share, fully franked. And with the buybacks added in, that's 191 million of capital returned, which represents, as I said, 60% payout ratio of the underlying group NPAT. I hope those changes, everyone can process those. I think it's a better outcome where we before. It should be more consistent payout ratio than what we've had before with the 20 to 50. So, a narrower range but the top end is higher and a balanced approach in value to delivery of the dividends and buybacks.

One of the other action items we had or commitments we made to you to come back to you with was obviously the revision of the Narrabri stage three capital. I do want to spend a little bit of time just going through that. So, I've got a couple of slides here which does that. Now, a couple of key points I should just mention which are influential in terms of the revision of CapEx. Obviously, the much delayed approval of stage three was something which was grinding on us for some time unfortunately, which has been very annoying. And then that consumption of time going through that process also diminished the opportunity for the walk-on walk-off scenario as we mentioned before. And so, we have jettisoned the idea of having the walk-on walk-off and we've now deferred the decision on a new longwall for 10 plus years.

The other decision which we've taken which is influential and this is to look at the changing the direction of mining. Under those other scenarios we were going to go from north to south, and in the scenarios we've now adopted, now we are going from south to north. That makes a number of different changes relevant here. That means access will be used through the 201 mains for the 300 series panels. And so, you only incrementally drive the 201s as you need incremental access, but the 300 series mains and the 301 mains are no longer required to be done up front. In fact, the 300s, not at all. 301 access is only required in the same vein as 201, as you need to incrementally drive it to get access to develop the next panel. So, that will be incremental over time, not something which was going to be a large liquid capital up front with the previous iteration of stage three. So, a much lower CapEx profile now as a result, and I'll walk that through.

The assumption in terms of volumes for us modelling out Narrabri, we're in the six to seven million tonnes range, and I think as we talked about, I got the question last quarter about this as well and that's how we think about the average volumes for Narrabri over the life of mine. I'm over the page now just to go through what the implications of this are. The previously discussed 800 to 850 capitals has changed dramatically. Narrabri stage three capital is now 262,300, the bulk of which is actually deployed to the maintenance of our existing longwall. We will make this last longer. There's clearly a trade-off there in terms of less capital up front, more in maintenance over time to make sure we keep this wall in good shape. Of the 262,300, we've already spent 40 of it, there's about 15 in the new guidance that we're giving you and then there's a bit more that's got to go into this. Well, the balance of capital goes over the next six years outside of guidance, but a big reduction from the 800 to 850 as I say.

If you looked at like-for-like basis on an inflation adjusted basis, that'd be well over a billion dollars in capital for this project. Given Narrabri has been producing less in recent times, the deferrals in the receipt of approvals and our view on the direction of mining, this is a far superior outcome from our perspective from a capital management perspective, but also then given the competing demands that the enlarged business has for capital, this obviously needs to fight for its capital just like every other site does within the portfolio.

So, I think there are positive changes to be made. Just to go through quickly some of the other outcomes from that. We've given you some numbers there in terms of the sustaining CapEx requirements for the mine. So, life of mine is 8 to 9 dollars. In the next couple of years, that does go higher in the short term just to be setting up balances of infrastructure needed over the next two years, but life of mine is the 8 or 9 dollars that you should use in your model. Remaining CapEx for the 200 series panels, there's about $80 million in that, and 60 million of that will be spent between '26 and '27. Overall, we feel like a much better optimised plan for Narrabri, big reduction in capital required for Narrabri. The trade-off in tonnes is not too difficult at six to seven we feel that's an appropriate thing to do, but overall, a much better outcome for our investment in Narrabri.

I'll flick over now just to our guidance. I'll start by saying look, last year and the year before we took a measured approach to guidance. So, we took quite a conservative position which we thought was prudent to do. We feel it's prudent to do that again. We're only a year into bedding down these assets and there's more bedding down to do even though the year has shown great promise and we've delivered good outcomes the upper end of our guidance. So, our intention is to do the same, but we are going to start the year with sensible guidance that doesn't bank in everything. Just for everybody's understanding, it's the same approach as the last year. We're talking about 37 to 41 million tonnes of ROM at the group level, we're talking about managed sales, 29.5 to 33 million tonnes across the group as well.

And obviously, just to remind everybody when they're comparing year to year that of course the sales guides at the equity level is only 70% of Blackwater, I'm sure everyone understands that, but just to remind everybody because when you look at the numbers year-on-year, you think, oh, what's the difference? But of course, we've sold 30% of Blackwater and very happy to have done that. The cost guidance itself at 130 to 145, we're reminding everybody know, we came at 139, just below the bottom end of our guidance. We're certainly aggressively targeting costs again to try and drive a better outcome. But again, let's just be conservatives to start off with here. The 60 to $80 million I've mentioned already that run rate change of annual cost savings, we want to see by 30 June at the end of this financial year 26. We did deliver on the 100 million last year, we intend to deliver on this as well, but that is outside of the guidance. So, on top of the guidance range that we've given you there.

And there are other levers there to continue to drive to drive improvements. Blackwater, obviously, we're continuing our journey with the pre strip inventories being rebuilt. We are continuing to see good opportunities with the AHS system and the productivity that we can deliver by driving that harder with the support of the OEM, and we're always trying to maximise our margins by tweaking and refining not just the marketing strategies but then also the cost base of the business more generally. So, there will be more of that in this new year as the 60 to 80 highlights. As I say, we intend to deliver that on top of the cost outcomes that naturally form from our guidance. Given what we've done with Narrabri, you can see the CapEx profile for this year is lower than last year, and so our CapEx guidance there, 340 to 440 reflects not just the times with markets being what they are, but also that lower CapEx expectation for demand for Narrabri with the revised approach to stage three.

With that, I think we'll finish up the formal presentation. A very good year from us. We're happy to have got through the first year well, setting ourselves up for FY26 in a positive way, and look forward to the questions in the session with the sell side analysts. Thank you.

Question and answers:

Operator:

Thank you. Sell side analysts, 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 are on a speakerphone, please pick up the handset to ask your question. Your first question comes from Rahul Anand from Morgan Stanley. Please go ahead.

Rahul Anand:

Hi Paul and team, thanks for the call. Two from me. Firstly, on Narrabri. Very good rationalisation there obviously on the renewed mine plan, and I think absolutely makes sense to allocate capital judiciously to the asset given its history and growth options that you have within the portfolio now post-acquisition of BHP assets. I just wanted to touch upon some of the guidance that's been provided and updated for Narrabri. So, obviously you've gone to 6 to 7 million tonnes, there's minimal impact to the mine life there as well. How should we think about the coal quality impacts, costs impacts and potentially where you can make up the lost tonnes from within the portfolio? Where would your targets be? That's the first one. I'll come back with a second on the guidance. Thanks.

Paul Flynn:

Yep, thanks Rahul. I'm not sure how you manage to be the first question every one of our calls but well done to you. We're happy to have bottomed out the CapEx revisions for Narrabri. We think that's a more sensible approach. As we've said and you rightly point out, given its recent performance, this is the right answer given the competing demands of capital within the business. The coal quality does... We've said that the ash does increase over time, and so that changes its profile. As everybody knows, it sits just under gC NEWC spec today and that does drift further into say, if I can just use in round terms, it drifts further over time into the Korean market. And at the back end of its life, there's actually some 5,500 as well. That's okay, it's still our cheapest coal by some margin and so at that 6 to 7 million tonne rate, well even less it's still our cheapest coal.

That's the right way to think about it in terms of volumetrically. The blending opportunities across our business with that coal is the bit that is very interesting to us because, and just to use the most extreme example, you all understand what the API5 number is today relative to GC NEWC, and to be able to capture that benefit with blending is part of the reason why Narrabri continues to be very interesting to us. And of course, that's part of the reason why Vickery continues to be very interesting to us because the two of those married together, that's essentially $40 up for grabs there in blending benefit across the difference between API5 and GC NEWC. That's how we think about it. There's of course more tonnes.

I think the other part of your question was just what are the other tonne options in the business? Vickery course is one of them that requires capital. That's off the table for the next 12 months, as everybody has heard from us in the past. That's prudent given where the market's at. But as I say, Vickery itself is a very interesting prospect and in the right market is going to come on at some point in time, if I can say that. The returns as a standalone project, very interesting to us, as is that blending benefit I've just highlighted.

And then Maules Creek continues. Once Maules Creek continuation project is approved, we'll be able to reorient the pit and we feel that that is the key to getting close to the 13 million tonne approval. Maules continuation project is actually set at a 14 million tonne approval, actually. But that's just to cover the spikes. We'd be very happy to see the continuation project deliver the 13 million tonnes, that that would be very positive with that increased strike length that reorienting the pit run north to south would deliver, that would certainly give us the productivity benefits that we struggle to attain in the southern end of the lease. At the moment, we're at pit intensity. Mechanical intensity in the pit is the enemy to good productivity. So, we think that will free up the fleet in a much more positive way. That's where we certainly expect to get more tonnes.

Queensland is just another story altogether, of course, in terms of incremental tonnes. We've got great aspirations for both sites up there and of course, Winchester South in time. As many of you have visited the sites, you'll see that the potential there, we're delivering on that potential. We've delivered more tonnes than they've seen in recent years in this past year, and our plan is to do that again. Okay, we've given you conservative guidance, but I think that's the right thing to do.

Rahul Anand:

Great. No, you've kind of answered my second question, but I'll bring it up anyway. FY26 guide, obviously you just touched upon Queensland, so the guidance is basically FY25 production already sits at top end of guidance for next year. '25 was basically your first year, you had weather impacts there and yet you produced quite well. And then if I think about NSW as well, very marginal lift into guidance for next year. Narrabri, I think, just has this current longwall move but none others planned for next year. And then Maules as well at 11.5 rate, a bit of gap between the 13 that's nameplate. Admittedly, you don't get there without the investment, but you would think that you can potentially year-on-year do a bit better. So, I guess the question is, is this basically just being too conservative in terms of guidance or are we missing some impacts that you're potentially expecting to production from Queensland and NSW into next year?

Paul Flynn:

We're just being conservative again. I think that's the right thing to do. I wouldn't say too conservative, I'm just saying conservative. As you rightly pointed out, the midpoint of guidance is what we did last year that's factual. And as we did in this past year, we planned to get in the upper end of our guidance and we certainly want to do that. Now, we're at the beginning of the year, not towards the end of the year where obviously you could say that with greater confidence, but that is our intent, and we feel like we've got the momentum to carry that into the year, but we are not going to bank that all at the beginning of the year. I think that would be the wrong posture to take as far as guidance setting goes. But all of what you've just summarised is appropriate.

We have had weather, there's no doubt. So, you only just have to look out the window. Not for you if you're in Melbourne, but here in Sydney and NSW and Queensland, we've had certainly some weather. So, we've taken that into account, of course. Narrabri is back and cutting but it's had a slow ramp up, so we've factored that in as well. I think it's the right thing to be conservative in this instance and we certainly plan to under promise and over deliver, to use that overused term or phrase. That's the intent here for sure. Not just on the volumes but on the cost as well.

Rahul Anand:

Understood. That's very clear. Thank you very much. I'll pass it on.

Operator:

Your next question comes from Paul Young from Goldman Sachs. Please go ahead.

Paul Young:

Morning, Paul, Kevin and IR team. Paul, just to touch on, I think, the under promise over deliver strategy, which is the right one, I think, for FY26, but just to dig into the Queensland guidance a bit more and considering we were up on site in June and we just saw how well the Daunia truck fleet is performing and also what you managed to achieve at Blackwater. So, just curious around the... Is it a simple approach how you set the guidance, and by the, I'm not disagreeing with it. Obviously, the sites come through with their budget for the year. Are you just applying a simple safety factor and the same safety factor across both Daunia and Blackwater? I'm just wanting to understand what the strategy is and how you've come up with that guidance.

Paul Flynn:

Yep. Yeah, thanks Paul. Look, we've just been conservative, Paul. As everybody, you included, would've seen the opportunity up there. We are delivering on that. The weather in the first month of the year has been unceasingly annoying, but that's okay. We're at the beginning of the year and the momentum, the team is doing really well. So, we're positive that we can do well, but we have taken a conservative position. I think it's the right posture to take. I mean this is only the second year. Whilst we feel like we've got our hands around the assets better, we've still got some work to do in terms of getting that pre-strip where we want it. The fact that we've mined faster has actually chewed into the incremental improvement in the pre-strip inventory balance. Now, you would've seen that, well we talked about that when we're up there. So, we need to step that up again because we're mining faster and that's a high quality problem.

And Daunia itself, no doubt, no doubt can do better. It's had a very good year. Proportionally, it's done better than Blackwater, but that's easy to say because it's a smaller mine and the things we're able to do there have a more immediate effect than the longer term systemic alignment that we need in terms of getting the drag line system working better. The AHS system is delivering a good step up and we want to see that continue in the year. It still needs to get to manned equivalent basis, that's our target. And that's the pressure you're keeping on CAT to help us achieve that.

Paul Young:

Yep. No, understood. And then just with respect to the strategy over the medium term, Paul, and I think where you've come out with on focusing on just Brownfields CapEx and reducing Narrabri really sensible and returning more capital to shareholders, which is great as well. And you've obviously got the deferred payment second to third payment to BHP, I think, Kevin, in the June quarter of next year. So, you've still got some cash outflows with the BHP payment. So, Paul is it, I know you're option rich, if I call that as far as a few projects are shovel ready, you've got working through synergies with Daunia and with Winchester South, but you've got a lot of organic options. But there's also a lot of inorganic options as well that I'm not going to go through them all, but you know them up in Queensland and close to both your assets. So, is it more the fact that you just get through this fiscal year, get through that payment, assess everything and then just make a decision on where you think the best opportunity is?

Paul Flynn:

There's a lot in that one. There's a lot in that question. Gosh. Or comment. There's a bunch of stuff in there, Paul. The next bullet payment, well in hand. We have the money in the bank, it'll stay there, that won't be touched. Rest assured, the balance sheet is in good state to be able to deal with that as and when it arrives. And then you've obviously just got the 100 million U.S. that's the further 12 months then from then on the third year anniversary. Again, that's not something which would trouble the business too much at all. You're quite right, we have internal options. Those internal options are all about sweating the assets today, make driving what we've got harder. As I said, Vickery, which is the obvious answer for some of the reasons I've mentioned earlier. Vickery is obvious and fully approved to do so, but not in this market.

We've taken that view and the board is 100% behind the notion of that. Let's sweat the assets and continue to drive the returns and let's get the cost base even sharper. That's our focus for this year. Just margin protection because the market has been a little bit variable to say the least. And margin protection should be the balance that... The assets that you're talking about around our space, they're not particularly compelling from our perspective given the other options we have. That's how we think about it. So, don't expect to see us playing in any of those spaces at all. Look, that doesn't mean we don't have a look at stuff. Of course, we look at everything as you know, but they don't form part of our strategic picture, if I can say that. We've just got too many... As you say, we don't have too many options. We're options rich, I think you coined that phase, and prioritising those options is the job we had before us. We're keen to make sure we make the right decisions in maximising our returns to shareholders.

Paul Young:

Yep, understood. Thanks Paul.

Operator:

Our next question comes from Chen Jiang of Bank of America. Please go ahead.

Chen Jiang:

Good morning Paul, morning Kevin, thank you for taking my question. My first question is a follow-up on Narrabri stage three on slide 26 and 27. It's good to say you have 500 million CapEx reduction, which is very significant because you don't need to purchase longwall or construction of ventilation, et cetera. But I'm wondering, I guess you have assessed the economics benefit of mining the 200 versus 300, but I'm just wondering, is there any other trade-off in volume, quality or geopolitical conditions, not mining you previously planned, and also what stop you from mining Narrabri beyond the 7 million pound per annum? Thank you.

Paul Flynn:

Yeah, thanks Chen. There's a lot in that question too. I'll try and get through it all. Our view of Narrabri is that this is the right answer given its recent history. And quite frankly, given the other options within the business, Narrabri still forms a very important piece of our puzzle. And so, six to seven is the right answer volumetrically, given that we're not contemplating the walk-on walk-off scenarios as I said. So, you will have change-outs and so that tempers the total volume that you might've otherwise achieved had you been able to eliminate the change-outs by virtue of having two longwalls on a walk-on walk-off scenario. As I say, it's an important piece of the puzzle, it is our cheapest coal, and there's certainly very good blending options within the business with the high-quality thermal that we had coming out of both Maules and of course, as I mentioned earlier, Vickery.

There's nothing else that stands in our way in optimising that. The 200 panels, it's not a 200 versus 300 type thing, it's just a sequencing. 200s will get done before we get into the 300s. There is preferentially obviously a desire to stay on the shallower side of the mine. As you can see in the diagram there, the panels that we're highlighting that sort of get taken first are the ones in that shallower end before. So, we don't take all the ones in the 200, could we flip over to the 300s to stay in the shallower side of the mine. That is just us optimising what we believe to be the right answer from a volume and cost perspective in the mine. It also actually coincidentally corresponds with the better quality side of the mine as well. So, there's a little bit more CO2 as you go to the western boundary and the ash certainly creeps up a little bit more there too on that side of the mind. It's about all of us just pulling the right levers we feel to make sure we optimise our investment in Narrabri.

Chen Jiang:

Thanks for that, Paul. Maybe a question for Kevin, please. Kevin, you mentioned earlier in the call why haven't we refinanced the U.S. 1 billion debt. Are you happy to carry the U.S. 1 billion debt on your balance sheet or is there any plan to deliver it from here, given you have changed your dividend policy based on the group NPAT? So, if you de-leverage your balance sheet, that will improve your dividend going forward. Thank you.

Kevin Ball:

Oh, Chen, that is a really good question. I'm going to say for U.S. $1.1 billion of debt, we are collateralized well beyond that from a security perspective. What we're looking for is a better price structure, a little more flexibility in terms, and we're probably going to look to see if we can put more in the capital stack outside of private capital. We'll be looking for a lower rate and we'll be looking to try and push this business or help get this business towards that top end of that double B if not investment grade credit. The feedback from investors through this last few years is they've been delighted with providing us that capital. We've been delighted in taking that capital and buying these two assets. So, it's been a great deal for all of us.

We are two years in, it's settled down. We've got reasonable numbers, we should be able to go to market and tell a pretty good story, I think Chen. I'm looking forward to doing this over or the whole team is. Kylie as the GM of Capital Markets is leading this charge. So, we'll be busy in '26 doing that. And to Paul's point, the focus of the CFO in '26 is about putting the funding structure in place for the long term, not on M&A.

Chen Jiang:

Sure. Just a follow-up on your answer. So, there's a plan to reduce your interest payment going forward after you'll refinance?

Kevin Ball:

Reduce the interest payment. I think we'll finish up building... keeping debt on the balance sheet but managing the cash position to get to a net debt position that works because the business of funding a coal business is about maintaining relationships with providers of capital and you want to keep those relationships warm. So, you manage that through a net cash position and that gives you flexibility through facilities and cash to manage whatever comes your way in the process. But underlying that, Chen, is a plan to keep sufficient liquidity on the balance sheet that no one calls you up and says, "Oh, you're in trouble, aren't you?" And we've done that pretty well, I think, for a few years now, the best part of the last decade to be honest. Thanks.

Chen Jiang:

Yeah, sure. Thanks for that, Kevin. Thank you. Yeah, I'll pass it on.

Kevin Ball:

Thank you.

Operator:

Your next question comes from Lyndon Fagan from JP Morgan. Please go ahead.

Lyndon Fagan:

Oh, good morning. I'm just wondering if you're able to give a split of the Queensland production guide between Daunia and Blackwater. Thanks.

Paul Flynn:

Sorry, Lyndon you wanted the split, is that what you said?

Lyndon Fagan:

Yeah.

Paul Flynn:

Yeah. Okay. We prefer to keep it aggregated. We took the decision now over a year ago that we will provide guidance on a state basis. You can see where we ended up last year. So, you can infer a split there pretty reliably. But yeah, we won't be giving guidance on an individual mine by mine basis.

Lyndon Fagan:

Well, from a qualitative point of view, I guess if ROM calls up 3.5% at the midpoint, which of the assets is... Is one doing better than the other? Obviously, it's going to be heavily weighted to Blackwater, but any colour?

Paul Flynn:

We're happy with the guidance that we've given you and you can use the average realisations that we've given you and you can see where that... That implies obviously a product mix which we've also given you. You've got enough there for your models, I think.

Lyndon Fagan:

Okay, no worries. And then I guess on the cost-out front, is this year, the last year that you expect to realise a bit of cost-out related to the new management regime, or do you expect that to be a multi-year thing still? I'm just wondering if the exit rate of this year is sort of a steady state, Whitehaven operating regime.

Paul Flynn:

Yeah, fair call, fair call. I do think in terms of overt cost reductions initiatives that we publicly discuss, I do feel like this would be the second and probably last year of that. Cycles dictate cost focus as and when, as you know. So, this is not the first time we've focused on our cost base and it's the right time to do it. Obviously, Queensland with the transition in, it was right to deal with that then and continuation of that in this year, but we didn't turn our attention to New South Wales just because we had our hands full, but we will be doing that this year. So, in terms of overt expression of further cost targets over and above guidance, yes, I think you can say this is the last of that, but that doesn't mean the cost journey will stop or that you should use that as the exit rate because what we do see, what takes over is a productivity drive.

That's where we think the real upside comes. Say for instance, just to use a case in point, at the end of this year... We would like to see the continuation project of Maules Creek done by say '28, and the productivity benefit with the same fleet of being able to manage the fleet across a much bigger strike going north to south is going to be a really nice productivity benefit for us, and obviously the cost base of Maules Creek. So, the conversation in subsequent years will all be about productivity and that will manifest itself in improvements in our cost base. But I think yes, the 60 to 80 we've tabled for this year is at this point in time, it's the last time we need to be talking explicitly about a separate programme outside of our normal cost and productivity focus.

Lyndon Fagan:

And a quick follow-up of that cost-out number, how much would you apportion to New South Wales? Considering you've been running those assets a long time? I can't imagine there's too much fat.

Paul Flynn:

Yeah. Well, that's right, but every side of the business creeps over time, particularly when your focus over the last few years has been drawn to something else. And inflation has had its way with the business and the cost base. And so, you are right to say that New South Wales has been ours all along and therefore, it should be reflective of how we want to operate. But I would say it here that turning our gaze to New South Wales is already unearthing opportunities for us. That's not to mention that the corporate side of things shouldn't also. Everybody should share the load in the cost focus. So, rather than trying to split it up for you, I'll just say that Queensland has got more to do, New South Wales needs to tip in. We'll report to you how this is going during the course of the year.

Operator:

Right. Thanks Paul. Your next question comes from Rob Stein from Macquarie. Please go ahead.

Rob Stein:

Hi Paul and Kevin, thank you very much for the update. I've got a question on the capital allocation framework. When we look at the 40 to 60% of NPAT, when we're thinking about this from a one-half to second-half point of view, are we to infer that the first half you're going to keep a bit of your powder to dry conservatively so that on a full-year financial basis you'll meet the target? Or are we to think about this as in any given period, you'll pay out 40 to 60%? And I've got a follow-up. Thank you.

Kevin Ball:

No, I can answer that one really quickly. And it's as simple as this. We've typically been conservative in first half. We've typically always been conservative in first half. We view our numbers as being an annual result, and so we would generally be conservative in the first half and then true up in the full year. And I don't see that changing. This is not a real estate investment trust, it's a commodity business.

Rob Stein:

Thank you for that. That's useful for forecasting, so I appreciate that. And then just on the refi or the upcoming refi, are we to expect this to come as one big chunk? Are you thinking about it as diversifying your funding sources? How should we think about this as a combination of bonds, loans and particularly the flexibility that long-term debt can give you? Just any steer on that would be interesting.

Kevin Ball:

Have been sitting in the steering committee, have you? The short answer for that is I think yes, we'd like to diversify capital sources, but we're really happy with the group of investors we've got. That group of investors or capital providers also have different arms that provide funding at different levels and pricing structures. We're really early in this process. We are seeking to diversify. For your modelling purposes, I think what you need to consider is that today we're probably paying about 10.5 on this thing and I think you'd be looking at somewhere with a seven handle on it, seven to eight for a funding price that comes through it. If I got better than that, I'd be pretty happy. But at the moment, markets are priced pretty well, actually. They're really constructive. So, if I got to a six, I think I'd be delighted. But for your modelling purposes, I think seven to eight, pick a number in that range and that's probably where we're aiming to get to. And it's probably likely to get concluded after the non-call period expires in March next year.

Rob Stein:

Thanks. That's really helpful. Appreciate it.

Operator:

Your next question comes from Lachlan Shaw from UBS. Please go ahead.

Lachlan Shaw:

Yeah. Morning Paul, Kevin, and the IR team. Thanks for your time. Just a couple of clarifications. So, just on the capital guide for FY26, the range 340 to 440, can you give us a bit of a sense in terms of what's in the bucket and how do you think about what's going to put you at the top end of that range versus the bottom end? I'll come back with my second. Thank you.

Kevin Ball:

Yeah, happy to. There's money in there for the development projects at Winchester South and Vickery as we keep pushing those a little bit forward. We are very careful in what we commit to and spend there, but clearly we're looking to move those forward. About half of that, I think, is component maintenance, which is really our major overhauls on gear that we've acquired. I think we're going to spend that money because it really does support the productivity of the business over the coming years and we need to do that right. And the balance of that is material that we're working our way through and traditionally we revisit and review as we go through and we're very tight on how we spend that. Our underperformance in capital or our underspend on capital in the past has been really around the non-major overhauls and about those things that we take a good look at through the year. That's probably the answer I'd give you, Lachlan.

Paul Flynn:

We've rarely hit. We've always been relatively parsimonious in our capital, I would say. Last year obviously, [inaudible 01:02:43] our guidance. And obviously, when the market is in this state of condition as well, we'll look very judiciously at the capital. I think that the number is already pretty tight. For the sake of your modelling, take the midpoint and we'll update you during the course of the year how we're going.

Kevin Ball:

Could be safe.

Lachlan Shaw:

Yeah. Got it. That's really helpful. Thanks guys. And then just maybe back to Narrabri, the six to seven capacity guide is helpful. You talked about the mine plan, shallower cover versus deeper cover. Do you have a sense about how that might vary when you're moving between the shallower sections and deeper sections just given all the learnings in the past of the asset?

Paul Flynn:

Yep, that's an interesting topic. Yeah, we have a lot of learnings that came from the 100 series panels of course, and you've been there and seen with us the journey as we've moved from the shallow side of the mine to the deeper. We have seen lower productivity in the deeper grounds for sure, and an increasing cost associated with increased roof support that goes with that. So, when you're on the shallow side of the mine, you can unwind the roof support to some degree. So, there is an improvement on that size and just productivity generally improves when you're in that shallower ground. And that's just weighting event related.

Our desire for sure, and there are lead times associated with developing these panels, as you can see from the diagram, the panels are not of equal length between the 200s and 300s. They're six kilometres long in the 300s. So, the lead time associated with developing a panel there is longer than what you would otherwise take in the 200s. So, that dictates how quickly you can actually get into the 300s. So, the plan as depicted there is sculpted in a way that allows us to get over to the shallower side of mine as soon as we can because we know there's productivity and cost benefits in doing that. Qualitative, as I mentioned earlier, the coal quality is actually better on that side of mine too.

Lachlan Shaw:

Right. Thank you. I have one more but I'll pass it up for now and come back. Thanks.

Operator:

Your next question comes from Glyn Lawcock of Barrenjoey. Please go ahead.

Glyn Lawcock:

Morning Paul. You've obviously outlined conditions impacted your business in the first six weeks of fiscal '26. Can you help me understand what did that shave off your guidance for this first six weeks from the weather we're experiencing outside?

Paul Flynn:

The guidance is the guidance. So, I'm not going to go in a raging exercise, Glyn, on if you had weather or you didn't have weather. But we've obviously had impacts. We've had impacts from both states in weather. And the most notable obviously, as you would've seen has been flooding in the Gunnedah region. That was nowhere near as significant as the last flood we had. And so, broadly we've lost about a week there across our operations there. Now, the mines themselves are fine, as you know, it's the access into them that causes us the grief. If the rivers rising and the access is about to be cut off, we've got to evacuate everybody. So, we've lost a week across the operations in New South Wales, whereas in Queensland, it's been wet and that's been more of a productivity issue as opposed to having to evacuate everyone. You're still there and working, but productivity can drift off when you're parking up equipment because of damage to roads and things and so on. So, yeah, we have taken into account that's what would be prudent to do and we have done that.

Glyn Lawcock:

Okay, thanks. And then you made a comment about Narrabri, it's obviously starting back up next panel in, but you said slow ramp up. What issues now are we experiencing? Leading into that you gave us some idea of CapEx and sustaining for Narrabri, now that you've had Queensland for a good year and a bit, what do you think the sustaining capital is for the business as a whole as well? Thanks.

Paul Flynn:

Yeah, we've given you Narrabri's sustaining CapEx. We haven't given you guidance for the business as a whole because there are different profiles to that and we'll give you annual guidance there anyway and we'll tell you if there's other issues. There's no particular lumpy capital in there other than the fact we're getting into a new rhythm with the drag lines and shovels and the chunkier stuff. We are uncovering that there's a little bit more maintenance required there than what we probably planned, but it's well manageable within the envelope of what we thought we would be doing. And then of course, there's fleet renewal over time, which both in New South Wales and Queensland we'll update the guidance for you as and when. Narrabri, the only thing that I'm pointing to there is that we've been just cautious just because we went through a very significant overhaul of the wall and we'll continue to do that because we didn't get to give all the trucks a birthday. Half of them got a good birthday, which is nice and it's just a matter of how much time you've got.

So, we'll rotate that through successive maintenance periods as we give them a birthday. It's easier, obviously, to do it during a change out, but there's only so much time you get that done. We can do some of that work in our maintenance days and we are doing that as we go through this year. But we had a few commissioning issues just because it was such an extensive refurb that we gave the wall. There were a few issues that went on and that contributed to slower productivity rates with weighting events when you stopped, as you know. Overall, we're in reasonable form, but we're taking it cautiously and we're in better shape now, but we're taking it cautiously just because we want to make sure that we understand all the areas where targeted maintenance is required because we have laid in, as you can see from the guidance we've given you, a little bit more sustaining CapEx required to make this longwall last longer.

Glyn Lawcock:

All right. And what do you think a new longwall would cost us, Paul? I know it's 10 years away, but if I had to buy one today, just roughly.

Paul Flynn:

Yeah, that's a really interesting question. I would've said to you a couple of years ago, three, 400 million, but I don't think that's real anymore because there's no one... That would've been a European procurement, whereas I don't think that's the case anymore. So, I think the numbers are likely to be half that and would come out of China. Given that they are the experts in underground mining and 60, 70% of their volume comes from underground, longwall being a big piece of that. They are the experts and we are obviously using Chinese technology in our trucks now and the big refurb that we've been through incorporates a lot of Chinese gear. So, we're comfortable with that and we understand that quality and dimensions of that. Generally, it's been pretty good, but I would've said half that historical cost, Glen.

Glyn Lawcock:

Interesting, I guess, that option then to push it out 10 years just for the sake of 200, but I guess you've done all the maths.

Paul Flynn:

Yeah, we've done all the maths, we've looked at it all. There's the lead time associated with it as well. And then there's the other competing uses of capital and then there's the point in the cycle you're in. So, all of those things have to be married in that capital allocation framework and we're comfortable with the decision in terms of the approach we've taken now.

Glyn Lawcock:

All right, thanks Paul. Appreciate it.

Paul Flynn:

Thank you.

Operator:

Your next question comes from Rob Stein, Macquarie. Please go ahead.

Rob Stein:

Thanks for the follow-up. Just on the contracts with Aurizon for Maules, noting that contract's been restructured, is there any implication on what that means for Maules going forward in terms of upside capacity? And do those savings, do they amortise to '26 or '27?

Paul Flynn:

Yeah, thanks, Rob. That's been an important development for us. It does provide us a structural change in our cost base for New South Wales, not just Maules. That contract is for New South Wales and that starts at 1st of July. So, we're still under our current arrangements with both PN and Aurizon for the balance of this financial year. So, we need to make sure that everyone remains focused in what's otherwise a transition period for PN to take on the balance of work. But yeah, it was a very competitive process and from our perspective, it results in a material improvement to our costs. On a per tonne basis, Kevin?

Kevin Ball:

Three, four dollars

Paul Flynn:

Yeah, it's between three and four dollars a tonne improvement on New South Wales. So, it's-

Kevin Ball:

In '27.

Paul Flynn:

In '27. Yeah.

Kevin Ball:

So, in effect, as Paul says, we've right sized the number of consists or train consists for the tasks that we have and we've created enough flexibility to deal with growth in periods to come. So, we're really pleased with the outcome and the process we went through.

Paul Flynn:

Yeah, there's two dimensions to that just to highlight that the number we've given you, the three to four dollar range is the aggregate of two things. We took the opportunity to ensure that we were able to minimise surface, take-off pay exposure, which we were carrying for some time, that's gone. As Kevin says, we've now got flexibility to surge as required with these new arrangements, and then there's just the cost-out opportunity which came from that tender. So, the aggregate of those two impacts is in that three to four dollar range for New South Wales. So, half that obviously when you consider the group on a per tonne basis.

Rob Stein:

Thank you. That sounds like a really good result.

Paul Flynn:

Yep. Thank you.

Operator:

That concludes our question and answer session. I'd now hand back to Mr. Flynn for closing remarks.

Paul Flynn:

Whitehaven

Thanks everyone for your time and interest in wrapping up the year-end financials. Another good year for us. Business is doing well, but if there's any outstanding questions anyone has, you know where to find us. I look forward to engaging with you all over the coming weeks. Thank you.