

WHITEHAVEN COAL Q2 FY26 “December Quarterly Production Report”

INVESTOR CALL TRANSCRIPT

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Introductory comments / Overview of December 2025 FY26 Quarterly Production Report

Paul Flynn:

Morning, all. Thanks very much for joining our December 2025 quarterly report. I know everyone's got a busy day ahead of them with various calls on, so I'll try and get through our highlights quickly, and discussion on our quarter, and move on to the Q&A. So thanks very much for making the time. But for us, we're pleased. We feel like we've underpinned a good first half with a December quarter that's built nicely on the September quarter. So I'll just run through the highlights for us.

Safety has been very good, I have to say. We continue to make good strides here in this area, and I think the enlarged group is starting to see more consistency across the group, which is very positive, at 2.9 for our TRIFR. The Managed ROM production for the quarter just on 11 million tonnes was fantastic. So 21% up on September.

Relatedly, the equity sales produced coal at seven million tonnes for the quarter, relatedly 18% up on September. So I think that lays a good foundation for the second half of the year. Obviously, the met coal market's improved, so we've seen a 9% improvement there quarter on quarter. Nice to see. Extra volume in the quarter has allowed us to bring our costs down relative to the first quarter. So we're about the \$135 mark per tonne, subject to all the auditing processes that go with that, which we'll release with the half year results shortly.

In terms of cost savings, we're on track to deliver our 60 to 80 million dollars, which is really good. So we can talk about that. We'll talk about the detail of that actually at the half year in terms of progress and where we're actually seeing the savings come from.

And overall, our net debt came down to the tune of \$100 million during that period. And so that's a positive movement given the activities of the quarter.

From a split between the two halves of our business, Queensland, 10.3 million tonnes for the half, versus 9.7 million tonnes in New South Wales for the half. So Queensland ROM production, 5.6. Good result. New South Wales at 5.4. We'll get into the ins and outs of the individual mine performances shortly. The Queensland equity sales at three million tonnes was actually surpassed, surprisingly. This is quite a reversal from our normal pathway, is New South Wales at four million tonnes for the quarter. Average December prices realised were at A\$225 for Queensland and A\$163 per tonne for New South Wales. So overall, good set of numbers, and I think that really lays a really good foundation for the second half of the financial year.

The volumes we split over the page for you as usual. So as I say, 11 million tonnes, very nice to see that quarter come in versus the nine on the previous quarter. That sets us up at 20 million tonnes overall for the year and puts us in a good position for the run home in the second half, to be able to point towards the top end of our guidance, which is nice. I won't go through all the details of individual sales and equity ROM, so you can see all of that there.

I'll jump over to some more commentary on the performance of the individual mines. Queensland operations of 5.6 million tonnes, that's very good to see. We've had the weather, as everybody knows, in and around. And so that's been a positive result. We have had some weather post the quarter end as well, which everybody's aware of and we've had plenty of inbound discussion on. So we can talk about that in the Q&A, but overall sites have done very well.

Blackwater at four million tonnes, 24% up on September, Daunia is 1.6 million tonnes, 11% up on September. So both doing well. Blackwater sales at 2.7. So a little bit lower than September, but that's just a timing related matter of when we're washing and shipping coal. Daunia 1.1 was 17% higher than September quarter. Again, shipping does affect the Daunia outcomes month to month and quarter to quarter, just because a ship is a large proportion of the production of a particular month. So if it slips from one month, then you actually do see the differences.

New South Wales operations at 5.4 million tonnes ROM production for December, very positive. Sales were strong. And so our managed sales of our own coal, 4.9 million tonnes in the December, so 39% up. Overall, operations have been pretty good. Stocks are reasonable at 1.4, 32% lower than September, but that's a function of the fact that we've actually sold well during this quarter.

Maules production at 2.6, a little bit lower than where we'd like to be, even though higher than the September quarter. So the momentum is building there after the weather we had in the first quarter, but we didn't gain all the ground back that we wanted to gain this quarter, so there is a sequencing thing which will play out in the second half. And as you know, we generally have a little bit more weighted to the second half. So Maules Creek will be part of that delivery in the second half.

Narrabri has done well, and I think that's nice for people to see. 1.8 million tonnes for the second quarter is a big improvement, 48% up on September. September was okay, but December has done even better.

Just reminding everybody there's no change-out in this year. And even though we continue to drive well in Narrabri, I don't think we should be just annualising that number quite yet for everybody. Just let's get through the next few quarters and make sure we've got consistent build in production performance as we've been seeing in recent times. But very, very encouraging, so nice to see.

Narrabri sales, of course, because we had an abundance of coal during the period. Obviously the sales mix is influenced by the abundance of Narrabri coal in that period, so you'll see that in the realisations, and we can talk about that a little bit further.

Gunnedah Ops did what they needed to do. So 900,000 tonnes in the quarter, you can see the split between Vickery and Tarrawonga, 600,000 versus 300,000 respectively. So good results from them, and a good reliable performance from the operations and our production team.

Flipping over the page, as I say, the equity sales, seven million tonnes was very good. The sales mix for the period at 53% in revenue for met coal sales, versus 47, obviously takes into account the sell down of Blackwater, but probably more influentially, the strong sales in New South Wales is really the driving factor of that. And when you flip over to the back page, you'll see the volumes, you can see why that is influenced by the thermal sales in this particular quarter. So timing related matter generally, but when you have an abundance of coal coming out of Narrabri in particular, that is influential in terms of the split of revenues in a particular period.

Queensland operations, 225, as I mentioned before, up 13% from the average of A\$200 in the September quarter. The PLV average of \$200 US for the quarter was up 9%, as I mentioned earlier. So that's nice to see the improvement there. And you can see the bookends of the range there at 191 versus 212 for that period.

We realised \$150 US, so 75% of the PLV for our met coal sales, which is broadly in line with the average that we've seen over the 12 month realisation period.

The split between sales of our met coal was 63% for the primary products, the hard coke and the semi-hard, and 34 for the PCI semi-soft. Again, that'll be influential in terms of the realisations that you see. It's nice to see the hard coke coming up, but there has been a delayed effect in the secondary products, so the PCI and the semi-soft and their relativities to the PLV has responded post the quarter end, so we've seen improvements there, but not in the quarter itself in the same way.

New South Wales operations, the average price of A\$163 was good. Aussie, that is. That is down on where we've been in the past, at 7% higher for the September quarter. Overall, the realisation outcome is a little low, so just at 99% of the average of GC Newc for the period.

But again, that is an abundance of Narrabri coal turning up with a flurry, which is excellent. But as a result, that changes the mix in terms of obviously the premium products in New South Wales, versus the Narrabri quality profile and the associated pricing that comes with that.

Look overall, overall I think it's a good set of results. And whilst we're very conscious of the weather that's been up in Queensland in more recent times since the quarter end, we did actually experience perhaps less than the allowable weather days that we normally budget for in the first half, but we've chewed a few of those up in the start of the second half. So we can talk about that if anyone wants to dive in that a little bit more.

Otherwise, the market itself, we feel pretty good with the improvements that we're seeing. We still hold firm to the view that both the met coal and the high CV thermal coal markets are structurally constrained, and we're seeing that play out. So whether it be weather or supply constraints or logistics constraints in Queensland in particular, which we've seen a bit of not just during the last quarter, but certainly manifesting itself with this weather related activity post the December quarter end, does serve to constrain. And you've seen the pricing of the PLV respond accordingly.

Over on production costs, I think as I say, we've done pretty well. So at \$135 for the half, that's a pretty good result. That's towards the bottom end of our range that we've given you. Our commentary in the first quarter was a little higher than that, but with the volume improvement in the second quarter, you can see the impact that that has. So that's positive. The colour on the A\$60 to A\$80 million of cost outs that we're working on, we will give you that with the half year results, but we feel good about hitting our target there, which was very positive across all of our sites.

Balance sheet is what it is. I mentioned that already, but we're making cash right through this period, and hopefully we've seen the worst of all that, but that's a nice thing to be able to say, when we know that many of our peers have got their various challenges going through there, but we've been able to put ourselves in a good position and the business feels more robust, even at the bottom of the curve.

Payments to BMA, you can see that there, this is an estimate, but obviously it's been ... a period of subdued pricing was always going to indicate a lower contingent payment, if not at all. But in more recent times, the improvements means that we are actually going to pay something, based on that improvement in prices in more recent times. So very shortly, we'll have the second payment to BMA of \$500 US, which is already in hand, as you know, from the sell down at the Blackwater joint venture

formation. So that's very positive. And that will then throw us into the third year, of course, in terms of elapsed time from the deals consummation. So in the third year, we only have \$100 million US actually payable as a deferred payment. And again, tripping over from the second into the third year for the contingent payment, obviously we haven't and don't expect to pay anything significant in this year, and we've given you an estimation there of about \$9 million US, but you can do your own calculations in terms of where this goes in terms of the current improvement in prices, if that is maintained.

So you can do the math there. Say for instance, if you're using \$250 US, you've got our realisations, and then you also know what the trigger threshold is at 134 for next year. So you can do your own calcs there in terms of what you think the contingent payments might be for the third and final year, once we enter that in April.

The share buybacks, if you've seen, we've been trucking along there, not at any great pace, but we've certainly taken a few shares off the market there, which is good 4.4 million shares being bought back for a total of \$32 million. And so we'll continue to value the buyback process, and we'll update you on the half in terms of how we see the buyback playing out in the second half.

Nothing really to see on development projects, so I won't really go into any of that. Other than to say we finished up obviously the hearings at the back end of December for Winchester South, and we'll wait for a judgement to come out. I suspect there's a few months before we'll see anything there, perhaps the middle of ... perhaps the end of this financial year, so the middle of the calendar year would be based on previous performance. But we feel confident about what's going on there and so we feel like that will come out in an orderly fashion, but obviously there is always the risk of an appeal. And so let's see how that plays out.

Based on the solid quarter and the production and the cost outs and our cost performance more generally, we feel pretty confident about where we are from a guidance perspective, so that all remains unchanged.

So you can see from a raw and production perspective and our sales performance, which I say has been very good, to turn the first half of 20 million tonnes puts us in a good position because historically, you know, we've got a little bit more in the second half than we got in the first half, and so that's going to put us well positioned in terms of where we go.

Subject to weather, of course, in Queensland in particular, puts us in a good position to build upon that for a good second half performance. So overall, happy with all of that. I might throw open to everybody for Q&A. I've got Kevin and Ian here with me as well, so any questions on the finance side or operationally, please feel free to ask questions. So over to you, operator, and we'll get the Q&A started.

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're on a speakerphone, please pick up the handset to ask your question. Your first question today comes from Rahul Anand with Morgan Stanley. Please go ahead.

Rahul Anand:

Hi, good morning, Paul and team. Thanks for the call. Two operations related questions from myself. Obviously, a very strong period at Narrabri benefiting from no longwall moves, but then also the strong ground conditions, I believe, given it's in the shallower part of the ore body. Just wanted to understand, is there anything to call out for the second half of the year in terms of ground conditions that you can foresee beyond the longwall move? And then perhaps into next year when you step into 204, are there any learnings from 106, perhaps, that we should be thinking about when we start thinking about the numbers for next year in terms of production? That's the first one on Narrabri. I'll come back with a second. Thanks.

Paul Flynn:

All right thanks, Rahul. Look, Narrabri has done well. That's not to say without, it's not without its ups and downs. In Q1, as we called out with the September quarter, we had certainly a range of mechanical issues associated with that very extensive refurbishment of the wall, and roof falls that went into that as a result of having mechanical outages, but we've done really well to close out that quarter, of course, and then this quarter builds nicely upon that. Ground conditions are decent, but that doesn't mean you don't have waiting events and falls from time to time. And we've had a little bit of that, but we continue to operate very well. So I think the team are managing that.

We have seen good performance and we expect that to actually continue for the balance of the year. And as you've noted, there is no change-out in this year, but we may need to revise and won't come into this year, but in terms of when it falls in terms of the new financial year, we may need to bring that forward a little bit, a few weeks if we continue to perform the way we are.

So, look, it's very positive in terms of the activity levels there. And as I say, we had a flurry of coal during the quarter, so the

sales team needed to jump on that rather than having it sit around because it is a logistics business and you need to move the stock, which we've done. But otherwise, yeah, look, I think it's encouraging. Ground conditions as you're alluding to probably incrementally better in the next panel, quite frankly.

So those intrusions that we've mentioned with the washout of the seam actually diminish as we step further away from that side of the mine. So still in shallow ground in relative terms, but the influence of those intrusions diminish in the next panel.

Rahul Anand:

Got it. Okay, perfect. And I'm sure there'll be more questions on Blackwater, so I'll step away into Maules Creek just sticking with NSW. On that asset, look, in the past, we've obviously heard Whitehaven having the intention to have a more sort of balanced year first half to second half. But again, it seems like the production there seems to be weighted in the second half. And I know it was in line with your plan for this year, but how are you thinking about the production weightings in that asset, and how do you see the potential to push that asset a bit more towards its licence capacity?

Paul Flynn:

Yeah, that's a good question and probably one which requires a more detailed response than we could probably give you right now, Rahul. But look, more broadly, Narrabri ... Maules Creek has done well, but it hasn't delivered all the tonnes that we would like evenly throughout the course of the year. And as you're rightly pointing out that it's been second half weighted and it will be again this year.

Now, operationally, we are turning the pit around. So in turning the pit, we are in a period of some spatial constraint, if I can say that, and that drives a certain level of inefficiency in terms of how we're driving production there. So as you know, the Maules Creek Continuation Project, which we're in the process of pursuing our approval for, will allow us to reorient the pit basically along strike north to south, and open up a lot more ground, and you'll see productivity improvement so that we can perform at a level, as you say, which is more indicative of the approved production limit of the site of 13 million tonnes.

So once we're able to do that, then I think that the efficiency of the site will improve dramatically. But at the moment, the mechanical intensity in this constrained area that we're in at the moment, does cause us to be less productive than what we would think is going to be indicative longer term once the continuation project is approved. Anyone add anything to that?

Ian Humphris:

Yeah, no, that's correct, Paul. And so, Rahul, you know how the multi-seam operation goes there and the footprint we've got. So the coal really comes as it comes, as we go down, and we don't have a lot of control. As Paul said, we are starting to turn the pit around, so we'll be set up for continuation, and then once that happens, we can then make the strike length a lot longer and give ourselves some more flexibility.

Paul Flynn:

Yeah, I think that's a key point that's often overlooked here. I mean, it's not a two or three seam mine, is it? We've got three or four times that depending on which part of the pitch you're in. And so that does add complexity to the operations.

Rahul Anand:

And how long would it take all up in terms of getting the mine turned around, and when would you be at a spot where you're comfortable that you've got enough fronts open and you're seeing the benefits of that?

Ian Humphris:

Yeah. I mean, as Paul touched on, we are turning the orientation so it'll be in the right direction for the longer term plan, but the ability to go into the new areas, obviously dependent on approvals, but hopefully around the '27, '28 period, that would be good.

Rahul Anand:

Brilliant. Okay, that's very helpful team. I'll pass it on. Thank you.

Operator:

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

Paul Young:

Yeah, morning, Paul, Kevin, Ian. And Paul, thanks for the call, and good quarter, and all the summary, pretty comprehensive actually on I think all the items in the quarterly, but just want to touch on the wet weather in Queensland. It seems like most of the coal miners, this time around, seem better prepared from an inventory perspective and pumping, et cetera, the ability to pump water out, et cetera, and recover from this. So what is the sort of state of play for Blackwater and Daunia in the pits, and how quickly can you recover from the recent rains?

Paul Flynn:

Yeah. Look, Paul, I think you're right in terms of everyone's preparedness for the weather was good, and our stock levels, as you can see, put us in a good position to deal with our shipping requirements as soon as the port was back up and running, at DBCT in particular. I think everyone's managed that better than they did in previous episodes of heavy weather. And I think we've done well, so pleased with that. I mean, overall, the downtime post the December quarter was, rounded up, call it a week in terms of downtime. But with stocks at healthy levels, and as long as the port is open, we've been able to recover pretty quickly on that.

There has been some logistical constraints, and this is not weather related, just with haulage, and we've noted some of that, particularly down the Blackwater line. So we've seen disruptions there, which have been causing us some consternation in the December quarter, but that is improving now.

So we understand the labour constraints have been resolved, or being in the process of nearly being fully resolved, and that will allow us to be shipping at a level more consistent with where we'd like to be. But yeah, look, I think we're in a decent position to deal with weather. Of course, we're only at the beginning of the season, and so I just caution everybody that there'll be more of that, obviously, as we balance out through Q3, maybe a little bit of Q4, but the team is doing a great job in preparing for it and managing it once it occurs.

Paul Young:

Yep. Thanks, Paul. And maybe bringing Kevin to the conversation on just with the balance sheet, Kevin, just cashflow movements. I know you're reporting in February, so you'll give us all the numbers, but just high level, just a modest reduction in net debt in the quarter. Was that mostly related to just that buildup in stocks, and just receivables and inventories, Kev?

Kevin Ball:

Yeah, yeah. Look, I think the stem was really kind to us. So the vessels were front half of December loaded. We managed to collect an awful lot of that in December, so it was a good period. But I'd say, Paul, don't underestimate the effort across the whole business in managing through the bottom of the cycle. It's an effort by everybody in the business, as a way, I'd say.

Paul Young:

Okay. All right. Thanks chaps.

Operator:

The next question comes from Daniel Roden with Jefferies. Please go ahead.

Daniel Roden:

Good day guys. Thanks for having the questions. The first one I just wanted to touch on was, I guess, coming into more of an outlook, getting into the second half FY26, obviously pricing has improved a fair bit. And I just wanted to, I guess, understand from your perspective, what are some of the changes you're seeing to your price realisations? If I'm looking at some of the underlying data, it looks like your products are benefiting a decent amount relative to some of the other products in the market. So just wanted to see if you had any comments on, I guess, the outlook on, not just price, but price realisations for your products as well?

Paul Flynn:

Yeah. Thanks, Daniel. I think I've got what you're saying. You've got a bit of scratchy line there, so I'll try and cover that off, but if I haven't covered it all, just let me know. The outlook for the second half looks pretty good, obviously, with prices responding. Initially, the PLV went first, as I said, and then the low vol hard coke has followed realisation wise, but then you've seen the PCI and semi-soft starting to improve in relative terms also. I mean, the semi-soft type levels that we're seeing their realisation relative to the PLV in the late 60s, we think that's a little low. And so we're working hard to try and drag that up. But when you're in a rising market, there's a lag impact, as you know, and you've seen the reverse of that in the falling market. We outperformed obviously relative to the index for the quarter in the falling market, but it takes a while to manifest itself in those realisations in

a rising market.

But we are seeing good results. You just look at the PLV, look at the low vol relative to the PLV. I mean, that's pretty decent realisations there now. Our products, generally, we're trying to structure all of them relative to PLV rather than ... We don't particularly want long-term exposure to the low vol hard coke index. So we're trying to move all our sales across to a relative PLV basis, and only a few more to go on that. So overall, I think we're improving our realisations as we go, but as I say, in a rising market, you'll need to have a couple of quarters to see the full effect of that.

Daniel Roden:

Yeah. Okay. And maybe just on, I guess, the near term aspects, when we were at the site visits at Daunia and Blackwater last year, you outlined, I guess, several initiatives and operational levers that you could pull to, I guess, capture any strength in the market. I guess if you are seeing ... we are seeing a bit of strength in the market right now, maybe that lasts a little while, maybe it doesn't, but what are the, I guess, trigger points for that? And if you could remind us on what some of the, I guess, the near term levers you could pull, like the thermal coal bypass, improving yields, maximising the Blackwater CHPP, what are some of the initiatives you could pull near-term and what [inaudible 00:26:07] would you need to see to, I guess, execute on them?

Paul Flynn:

Yeah. Look, I think we're just using the opportunity ... with the demand being good, we're using opportunity to sort through our customer contracts and chase down the best realisation profile for contracts that we can. So in this December quarter, we end up having a little bit less hard coke than we would've liked out of Narrabri, sorry, out of Daunia. So that turns around in this quarter that we're in now. So that will be nice to see. That product is well sought after. And so we are using that opportunity to drive the realisation improvements that we were chasing before. We're not chasing the thermal in this year, so there'll be a little bit of that turns up from time to time, as you can see, I think 3% revenue-wise in this period. But we're not chasing that and we won't activate that until we've actually filled up the wash plant as we discussed at great length when we were on that site visit, as you say.

So we do want to fill the wash box up before we start expanding opportunities by taking advantage of the infrastructure in the north for the thermal bypass opportunities. But overall, we're basically just trying to drive our costs down in this period, continue to do that, drive the productivity for the existing dig fleet we've got. We think we've got plenty of capacity to do more in the installed fleet. So we'd like to see a little bit more productivity upside manifest itself there, before we start putting more equipment into the pit.

But overall, happy with the productivity improvements we're seeing. Just let's see how the weather goes in Q3, but I think we're well prepared as Paul was asking before, about, just recently on active management of the weather impacts in the Queensland regions.

Daniel Roden:

Yeah. Okay. And if I could just throw one more quick one in, but I guess at the acquisition of the Queensland assets, there was kind of an outlined plan around reducing the overall strip ratio, I think specifically at Blackwater, and the target for that was FY27 completion. I guess, what's the run rate of that? Are you seeing further improvements, I guess, into FY27 and kind of beyond, but if you could just, I guess, make a comment on how you're seeing, I guess the stripping ratio at Blackwater and Daunia?

Paul Flynn:

Yeah. Look, Daniel, just to clarify that, it's not a strip ... I don't want people getting confused about strip ratios coming down as a result. I think that was, what we were referring to was a deficit of pre-strip ground that we inherited when we bought the place, Blackwater in particular you're referring to. So we're doing well. We're doing well in terms of recovering that ground. So we inherited a deficit of pre-stripped ground. So we're obviously stripping hard and we have put in more capacity, as I just mentioned, to actually deal with that. So we are on track to get ourselves into the green zone, as our TARP refers to, at the end of this financial year. And so the challenge here is that because we are mining a little quicker than what historically the mine has been doing, we are consuming that. So the pressure's on us to keep going.

So we thought we might get to the end of that journey earlier than the full two years of our ownership, but because we are mining quicker, the inventory of pre-strip ground will be in that green zone at the end of this financial year.

So you've still got another six months to go. But overall, no change in strip ratio, just so I can be clear for everybody, just so there's no confusion about that. We're not targeting some reduction in strip ratio, or that is not related to that. The strip ratio is consistent over time. It's just that we inherited a deficit in pre-strip ground that we are correcting.

Ian Humphris:

Any other aspect of that we've touched on is to get the blasted inventory up so we can do that. And we're largely on that path. To be frank with you, we are managing that within the cost environment, so we're not out in advance of where we need to be. And those inventories are healthy, but also tend to fluctuate around the wet weather as well.

Daniel Roden:

Yeah. Sorry for the confused question. I appreciate your response. I'll hand it over. Thanks.

Operator:

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

Glyn Lawcock:

Morning, Paul. Happy New Year to you. Just, maybe, just a little bit more detail if you could, just so we're obviously well prepared for the wet weather, got a rain event, which was quite severe. Does that put you now on the back foot if we get more rain events? As you say, we've still got another couple of months of wet season, or do you think you could cope with another one as well?

Paul Flynn:

Yeah, thanks Glyn. Happy New Year to you too. No, no, I don't think it puts us in any accumulated position here that we should worry about. No, our team was able to, be able to deal with the water as and when it came onto the site, and we were just well prepared to manage the flow of volume of water. We're able to manage our discharge points well. We're able to manage our environmental compliance in terms of quality of water leaving site and so on. So I think that's all gone very well. It doesn't leave us with any accumulated issues that we need to be able to counter if there's further water. We actually have plenty of water storage at Blackwater in particular, not that we want to use anymore because we feel we've got adequate water. We've got a few years of water, basically, on site. And over time, we would like to reduce that, but we do have plenty of water.

So the more immediate impacts, as you know, it's really just about if we've got an accumulation of water in a particular pit and it's obviously at the bottom of the pit, but if you've got coal down there, then you're obviously going to get the water out of the way before you can get to the coal. And so at any one point in time, we generally have one of our pits with a lot of coal exposed. And so if it goes underwater for a week whilst you're pumping, then that can cause some delay in that coal release. But other than that, I think we're in decent shape.

Ian Humphris:

Yeah. And I think just building on that, as part of getting to know the products and some more flexibility around stockpiling, et cetera, the sites did a great effort in actually getting some of that coal that was in the bottom of the pits up to what we call our top of pit ramps. And I think you would've seen it there. The infrastructure and the road quality for the sort of coal haul roads is excellent. So even in the wet weather, it's very easy to get going and keep the feed into the prep plant. So good job by the site there.

Glyn Lawcock:

Okay. That's good to hear. And then Paul, not an easy one, I guess, because it requires quite a bit of digging apart, but just when you look at the price move, we've put on about \$70 a tonne in the last couple of months, which is great. When you talk to your customers and you look at, it's been a combination of maybe demand and the weather, can you split that apart? Do you have a sense as to the customers thinking 250s, run too hard, they're happy? I mean, obviously they would've liked to be paying 185 like last year, but just thoughts around sort of pulling apart whether this has really just been a rain event price move, or is there something else as well? Thanks.

Paul Flynn:

Yeah. I don't have a split for you, Glyn. And just the way you've couched the question, you understand that I won't be coming out with one of those. But yeah, the question you are-

Glyn Lawcock:

No, just qualitatively.

Paul Flynn:

... Yeah, yeah. It just highlights the complexity of that dynamic. I think that there is definitely two parts to that as you point out.

The customer side of things, we've definitely we've got more demand, so that is definitely improving, and we're seeing that out of India in particular. So that's nice to be able to say. That's been coming for a while because you may recall in previous quarters, the last two quarters we've mentioned that the customers were asking for upside tonnes in their contracts. So that is good to see. There's no doubt that the weather plays a part of all of this. And as we've seen, there's been constraints. The weather, in particular last year and this year hit the coast pretty hard, but not so much the pits as much. And so the coast knocked out the ports and their ability to get the logistics change flowing as quickly as we'd like.

So I do think there's a good portion of this is weather related, but as I say, we're at the beginning of the season, and let's see how the balance of the year plays out. But it's not all weather. There's definitely underlying customer demand which is driving demand. I mean, I know I keep saying it, but I wish we had more Daunia, because Daunia is definitely in high demand. And as I mentioned in answer to a question earlier, we are using that opportunity to make sure that we can sell to the right customers who are going to pay us what we believe to be the right price for that product. The limitation of all that is obviously there's only so much of it, and it'd be nice to have a bit more.

Glyn Lawcock:

All right. Thanks for the colour. Appreciate it.

Paul Flynn: Thank you.

Operator:

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

Rob Stein:

Paul and team, two questions from me. Interestingly, you'd wish that you had a bit more Daunia. I'm just curious, given the current market environment, potentially some coal assets changing hands, does that change your M&A strategy, given that you could potentially come into a period of high pricing, which may accelerate your de-gearing? And then I've got a second follow-up question that's related.

Paul Flynn:

Yeah, thanks, Rob. Look, no M&A activity on our front. We're pretty much just doing what we do, and ensuring that we don't lose focus on the optimisation of these assets now, nearing two years into our ownership. But the aspects of Daunia that I mentioned before, the reason why I say that is that Daunia is a very low-ash hard coke product, and it's in demand because generally ash levels are rising in the PLV market. And so it's a very good blend stock for people. That's why people chase it because they like it. It's got good coking properties, but actually is the low ash in particular that allows them to tolerate some of the higher ash profile hard cokes that are now starting to enter the market. So that puts it in strong demand. So we can sell that two or three times over if we had more of it. It is just that the limitations of the site and that we're ... and our processing capacity, that it is what it is. But obviously the scarcity keeps the demand.

Rob Stein:

Thank you for that. And so then, as a follow-up then, with the optimisation focus, you're looking at high pricing, probably, if you considered this three to six months ago, you would've thought more around returns, refinancing, et cetera. Does that put you in a better position to potentially raise payouts to shareholders? How do you think about the refi in that context, given that I think on the last call, the one before, we've spoken about potentially tapping the US market at some stage this calendar year?

Paul Flynn:

Yeah. Yeah. Look, better pricing begets more happiness for shareholders moreover, right? It absolutely does. So payout ratios and things are well established with our capital allocation framework. But when cashflows are improved, then of course we can look at where we position that within those ranges. So we're very focused on that, and shareholders have been very supportive during this period when we've been navigating through a relatively austere period from a cashflow perspective, and everybody's been doing the same. And so I think we've been responsible through that period. But to see this better pricing now and the next quarter or two, I think that'll trickle into the bank account, will make things generally easier. And the refinance is more based on the fundamentals of the longer term business anyway, rather than the spot pricing. But Kevin and the team are well entrenched in that process already. And Kevin, you want to make some remarks related to that?

Kevin Ball:

Yeah. Look, I'd say, I think, like you say, good prices puts smiles on people's faces, but the real thing in refinance, is the acquisition transformed Whitehaven from ... It brought a much better balance into the business. And the other thing it brought, now that we've had two years of ownership, we've really been focused on trying to convince an equity market, and position ourselves in a debt market, that these assets are solid through the cycle and will deliver solid returns. And that's really been our focus. We want to get the value out of these assets. And happily, I'd say we're not done, we're on track and we're delivering. But I do think we're well positioned to have a discussion with debt markets about a new Whitehaven Coal, different to a Whitehaven Coal in say 2020. And I think that's broadly the discussion we're having with people, and we're getting plenty of inbound inquiries about how can we help.

So I think I'd say it's less about spot, more about run a business for the long term, and run a business properly for the long term. And that's what we're seeking to do here.

Rob Stein:

Thank you very much. Pass it on.

Operator:

Once again, if you wish to ask a question, please press star one on your telephone. Your next question comes from Chen Jiang with Bank of America. Please go ahead.

Chen Jiang:

Good morning, Paul and Kevin. Congratulations on another strong quarterly update. My first question is related to the coal market. Obviously the PLV market, as you mentioned, is tight, cyclone, et cetera, and spot US \$250 per tonne. I'm wondering if you can provide any colour in the, I guess, non-PLV coal market. It's more like a second tier quality coal market, by talking to your customers in Asia, how's the demand and supply, like, versus PLV? I guess, by looking at PCI and semi-soft coal price versus PLV, it seems like the discount to PLV have increased, so the spread is widening. Is my understanding correct? Thank you.

Paul Flynn:

Yeah, thanks, Chen. Yeah, look, it is wider because the PLV is taking the run first, for sure. And so there's a lagging effect that we would perceive that's going to play out and improve over the coming quarter. And so I think the semisoft is a real good case in point. As I say, I think 68%, I think our realisation was in the quarter. Our conversations with customers are certainly at levels above that. Now, it's not 75%, say for instance, of course, but we do feel like 67, 68 is too low. And so our discussions are focusing on an improvement on that in the second half. Now, everybody keeps their cards close to their chest in terms of those negotiations, but nobody's saying it shouldn't be higher. It's just a matter of how high can we get it up in these coming quarters? So I think that will change, but I think the PLV jumped ahead quickly, and you see the low-vol went with it, but the PCI and the semisoft will take a little bit further to trickle down.

So I think that directionally is going the right way. It's just that I think the next quarter will be interesting to see where it lands.

Chen Jiang:

Sure. Thanks for the colour Paul. Maybe another question for Kevin, please? Kevin, by looking at the current buyback program announced, I think last February, 72 million, that is going to expire this quarter. And then looking at the value of shares bought back, it seems like 94% almost completed. I understand that you have a 40 to 60% payout now. I'm just wondering if the board has any preference of dividends versus buyback? Thank you.

Kevin Ball:

Look, I think good question, Chen. I'd say to you that that buyback program over the last two or three years has really helped this business quite solidly. I think the dividends, we've got a bunch of shareholders that prefer franked dividends. We've got a bunch of shareholders that prefer buybacks. I think we'll get to February and the board will sit down and say, "Well, what's the program that will apply in the second half of the fiscal year '26?" And you'll get that with the financial results. But I think the business is doing well. It's got a robust balance sheet. I think you should expect to see us continue in the same path we've had for a number of years, just moving forward with dividends and buybacks, and really positioning the business and maintaining the business for the long term.

Chen Jiang:

Sure. Thanks for that. Thank you, Kevin. I'll pass it back.

Operator:

Thank you. I'll now hand back to Mr. Flynn for closing remarks.

Paul Flynn:

Thanks all, once again, for joining the December quarter for Whitehaven. We're very happy with the second quarter and the building blocks we've put in place for, now the second half. If there's any further questions that we haven't been able to knock off during the course of the Q&A and the presentation, please get in touch with us. Look forward to engaging with you all over the coming weeks, and thanks again for your attention today.
