Whitehaven

WHITEHAVEN COAL Q4 FY26
"June Quarterly Production Report"

INVESTOR CALL TRANSCRIPT

Date: 28 July 2026 Time: 10:30am

Introductory comments / Overview of March Quarterly Production Report

Paul Flynn:

Good morning, everybody, and thanks very much for joining us now for the June quarter production report. Very pleased to put a final quarter to this financial year that rounded out a year full of second half disruptions in fact, whether that be weather or conflicts obviously around the world. But despite all that, I think we've done well to button down the year and record some positive numbers to give us aggregate positive yearly outcomes. So, as usual, I'll just go through the highlights and then we'll get to Q&A. And, as usual, I'm joined by our COO, Ian Humphris, and our CFO, Kevin Ball.

So just to round out the Q4 round out to the year, our total recordable injury frequency rate was a very positive outcome for the group. So safety has delivered 3.3. It's the TRIFR and that's actually a record for the expanded business which is very positive to see. The June quarter ROM production at 10.7 million tonnes was a nice increment over and above the weather-affected March and we've crested 40 million tonnes, 40.3 in fact, for the year as a group which is very positive to see.

The June quarter equity sales at 6.3 million tonnes and, again, the total for the year on an equity basis at 26 million tonnes. Revenue mix at 57% metallurgical, 43% thermal for the year. The FY 26 unit costs of 132 came out well and I'm sure we'll talk a little bit about that a little bit later in Q&A. Our CapEx, again, on the lower side of our range that we've provided at $350 million. On the cost saving initiatives, we have done well coming in between the 60 to $80 million range of annualised savings that we've mentioned before and I'll talk a little bit about that further. Net debt at $1.3 billion Aussie is as expected and where we were guiding you earlier. That is after paying the second of the large payments to BHP or to BMA of $500 million US.

Just in terms of the highlights quickly on Queensland versus New South Wales, Queensland ROM production at 5.7, New South Wales at five million tonnes round. Queensland equity sales at 3.2 million tonnes and New South Wales equity sales tonnes there at 3.1. In terms of realised pricing, June quarter for Queensland at 247 Aussie, June quarter for New South Wales, $197 Aussie. So I just changed it up a bit more like the state of origin but New South Wales slightly ahead there in a couple of other metrics.

Over to the table here, you can see the impact of obviously the second half, as I say, disrupted in some ways as it has been. So if you look at the totals there, 10.7, as I mentioned already, at a group level, nice recovery over 9.5 in the June quarter weather-affected as it was. You can really see the impact of that when you go drop down to the Queensland versus New South Wales comparison. Queensland, obviously, very weather-affected in the March quarter. Bounced back nicely at 5.7, as we mentioned, 41% improvement based on the March quarter.

New South Wales, obviously, bearing less of the brunt of weather in the March quarter. Rounded out a good year at just on five million tonnes versus 5.4 for the March quarter. So good recoveries overall, but you can see the impacts of one state versus the other with the weather in one and less so in the other. As I say, 5.7 was a good result, 41% up on quarter-on-quarter basis. Our managed sales at the produced level of coal at four million tonnes for the June quarter, slightly down on the March quarter as we sold despite the weather impacts impacting in that quarter.

The June closing stocks in Queensland at 2.1 million tonnes are reasonably healthy carrying that into the FY '27 year. At 20.1 million tonnes for Queensland for FY '26, that's a very positive outcome. Our managed sales or produced coal at 15.9 million tonnes were at the top of our guidance range for FY '26. Blackwater's June quarter at four million tonnes was very healthy and a nice recovery for the team based on the wet weather in the March quarter. Very positive to see that.

Daunia, which was less weather affected than Blackwater, you can see quarter-on-quarter, has been relatively consistent and landed 1.7 million tonnes of ROM production for the June quarter, which is nicely up on March. But not proportionately the same step forward that Blackwater had, given the weather-affected outcomes that it had for the March quarter. Overall, very positive result.

Moving on to New South Wales, five million tonnes, as I mentioned, for the managed ROM for New South Wales. As I say, New South Wales slightly got over the top of Queensland at 20.2 million tonnes and our managed sales have produced coal at 16.8 million tonnes are at the top of the FY '26 range. The open cuts have done very well during the course of the New South Wales year. Particularly in this quarter, Maules Creek doing very nicely. The Gunnedah open cuts also being a model of stability and producing consistently through the course of the quarter.

Maules Creek at 3.5 million tonnes are broadly in line with the March quarter. So they've had a nice six months, obviously less affected by weather. Gunnedah ops have done a similar sort of performance in this year, so both the Tarrawonga and Vickery doing what they planned to do for the year which is nice to see. Narrabri's ROM production at 600,000 tonnes for the June quarter was 38% down on March.

There's certainly been a disappointing quarter from our perspective with a combination of the intrusions into the coal seam and the addition of a fault across perpendicular to the distressed directions in this panel has caused us certainly some lower productivity during the course of this quarter. But it's nice to see that improving now and we can talk about that in the Q&A section of this call.

Flipping over to sales, June quarter delivered equity sales at 6.3 million tonnes, so 3.2 versus 3.1 for New South Wales, 7% lower than March. We had 6% improvement on our previous corresponding period. The achieved prices for Queensland, an average of $247 Aussie for the June quarter was slightly up on March and an average for the year there at 229 for FY '26. The PLV across that period averaged $238 which is broadly in line, as I say, with where we've been in March.

The PLV averaged 214 for the full year which was up on last year at US average for the year 196. Our operations realised price is $176 US per tonne and that's about 74% across the four products of a realisation relative to the PLV Hard Coke Index. The split of our primary coking products versus the secondary is 61% for the hard coke and semi-hard versus 35% for the PCI semi-soft and 4% attributed to thermal sales during that period.

Switching over New South Wales, as I mentioned earlier, $197 a tonne Aussie for the quarter, 13% up on the March quarter, and this compares with an average of 177 Aussie for the full year. The June quarter, actually, is 136 US per tonne, 14% up on the March quarter at 120. Obviously, energy security concerns playing out as a result of the conflict in the Middle East in this space. The GC NEWC averaged $118 for the full year which was slightly less than last year at 121.

Moving on to the dynamics in the market. As we say, the met coal market, whilst we have been recording better prices, don't forget the currency has been moving during this period when we're seeing prices. We have added in the back table on the back just the currency that occurred on a quarter-on-quarter basis for you, just to remind you of that fact. We've had a lot of questions about realised pricing being better. That's true but the currency during the heightened periods of the conflict has also consumed part of that face value, the price benefit that we would've otherwise seen.

But we are entering a period now where, obviously, we've had mine closures as a result of safety concerns in China. You definitely have had some reduced sales into the Indian market by virtue of the weather and monsoons season being upon us now. But you've actually had better mining conditions in Queensland as a result of the period post the weather of the March quarter which has actually seen Queensland produce better. And so, there's a little bit more coal in the market at the moment.

Flipping to the New South Wales' side and, obviously, the thermal side of the market does benefit from the energy security concerns associated with the conflict in the Middle East. And so, you've seen some volatility of that rising and falling as a result of the announcements that come from the progression of that conflict. In more recent times, we've seen that re-elevate again as a result of further announcements. But again, there is a volatility to the news flow associated with this. Unfortunately, the thermal price seems to track it, which makes it a little bit difficult for projections going forward.

The market dynamics themselves remain unchanged. So we think structurally we're well-positioned on both the met and thermal side of the market. We certainly see, longer term, being... Met coal demand is certainly going to be short longer term and the thermal side of things would see a similar impact there as well. I don't think anybody needs a lesson in terms of the approvals times line. So no matter what the prices are, the supply side response on both the met and the thermal responses to any increase in prices would be muted. Of course, in Queensland in particular, any supply side response needs to be viewed in the context of the royalty regime which is going to keep a damper on any new capital being deployed into that space.

Over to production costs at $132, I think we've outperformed there in terms of rounding out the year. A combination of active management, our costs, and better performance across the year being at the upper end of our sales and ROM targets certainly assisted in that regard. As I say, we've done well on the cost out targets and we will... Going through the final verification processes for the landing point between the 60 to $80 million that we've achieved for the year and we'll confirm that at the time of the full year results. But we've done a very good job there in terms of managing the volumes.

Of course, it's slightly assisted by the lower cost side of the portfolio being New South Wales, being proportionately a little bit higher in this year than it was in previous. So that, certainly, has had a benefit as well. On the balance sheet side of things, I think that predictably 1.3 billion net debt, there's no real excitement there. That was pretty well-covered in terms of what the cashflow projections were that I could see from the various analysts.

But, obviously, the highlight during the course of the quarter was the landing of the refinancing very, very successfully as we've spoken about already. The $1.5 billion US facility that we had as a result of acquisition has been refinanced through the bank and bond market, very successfully lowering our costs of finance and that'll be a structural improvement for the weighted average cost of capital that now applies to Whitehaven. Payments to BMA as a result of deferred and contingent payments. Of course, we paid the last of the large payments, 500 million US.

We now enter the last year of the deferred payment schedule so the only outstanding amount there on the deferred side of things is $100 million US. Of course, we entered the last year of the contingent upside sharing arrangements with BMA and we've given you the number that we pay there, $58 million, for the second year of that arrangement. And then, we've also given you an estimate of where we're tracking for the first quarter of this last... year three of this arrangement being about $53 million US.

On the buyback side of things, during the course of the quarter, we purchased 2.4 million shares at a total cost of $21 million. The total buyback expenditure during the course of the half was $32 million, consistent with the announcement that we made in February. So we have concluded the buyback program that was announced at that time. Over the course of the full year, we purchased 10.1 million shares and bought back at a total of $77 million so the buyback had performed well for us.

We will give further guidance in terms of dividend and buyback related outcomes when we deliver the full year results. From a project's perspective, there's nothing particular to draw your attention to there. So I'll skip scratch across to the conclusion for the year and that is a good result to recover from both weather impacts and the volatility associated with the Middle East conflict and diesel pricing variability as well.

And so, I think the team's done a really good job. If I just reflect on the guidance quickly, managed ROM at 40.3 million tonnes, split pretty evenly across New South Wales and Queensland. Very good outcome given the circumstances for the year. The sales at 32.7 at a managed level. Again, New South Wales and Queensland done very well in that regard. Our costs, of course, I think that is the standout in terms of where we've been able to land at $132 Aussie per tonne for the year.

Of course, that'll be subject to final auditing with the full-year financial results. But a very good outcome in that regard, given the uncertainty that had been certainly prevailing across the entirety of the six months... the second half of the year. Capital expenditures, as I mentioned, it's on the lower end of our guidance so actively managing our capital and our cashflow. With the positive production outcomes for the year, I think the team's delivered a pretty solid outcome to the end of this full financial year. So with that, going to conclude and we might hand back to the operator and start the Q&A. Thank you.

Question and answers:

Operator:

Thank you, sell side analysts. If you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press *2. If you're on a speakerphone, please pick up the handset to ask your question. Your first question comes from Dan Roden with Jefferies.

Dan Roden:

Awesome, cheers. I just wanted to get a bit of commentary. Obviously, your Q4 costs were fairly low and I think lower than most people had expected for the quarter, just given the commentary on diesel from Q3. I just wondered if you could provide a bit of commentary on, I guess, what underlying drivers you were seeing in the quarter. How much diesel cost did contribute to your Q4? And then, I guess how much was the inventory driven or I guess a lower stripping volume? Thanks.

Paul Flynn:

Yeah. Thanks, Dan. I'll make a couple of comments there. Yeah. Look, the cost performance, you may recall when we had our March quarter, despite the weather impacts, we had commented at that time that cost-wise, we had done better than the first half in Q3. We rounded out the half year at 135 and we had gone under that to a good measure in Q3. But we were forecasting that with the volatility that was confronting us, particularly with the escalation in diesel costs, we were seeing quite a significant jump in diesel costs. At one point there, it went double what our budgeted rate of diesel was during the course of Q4.

But as you're right to say, not so much strip ratio impacts, I wouldn't say that's really played too much of a part. There's definitely a mix between New South Wales and Queensland which helps. The Q4 volumes have been good in particular. Now, you've seen the open cuts in New South Wales do very well and Queensland, Blackwater in particular, having had a very subdued weather-affected March did really nicely in June. As I say, Daunia was actually quite consistent during the course of the year.

But the spikes in diesel prices, so no change in the consumption of diesel. In fact, you'd say generally we consumed a little bit more because the volumes are a little bit higher. But it did come off the peak of it quite quickly in June. And so, that was a good relief. Now, that's not to say it's going to come down to pre-conflict levels but it's definitely improved. As I say, the volumetric equation and the weighting between New South Wales and Queensland worked in our favour. Not just in the quarter, but over the course of the year. Is there anything you want to add to that, Kevin, on diesel?

Kevin Ball:

No, I... I'd probably say when we gave you that guidance in April, that was about the peak of diesel prices. Almost the week after that, the discussion started between Iran and the US and diesel prices came off quite quickly. So I think our guidance was based on the fact that that $2 a liter for diesel would've carried through the quarter when, in fact, we really only saw one month of it in the period. I agree with Paul. It's a mixed combination between New South Wales and Queensland. The open cuts in New South Wales, very good mining conditions, and they perform very strongly.

Dan Roden:

Great. Awesome. No. Thanks for the colour. That was good. Maybe just a bit of colour on Narrabri. Obviously, a bit of a push back in, I guess, the recovery there in the longwall panel move and this push out from eight weeks to nine weeks. Just wondering if you can provide a little, I guess, colour and, I guess, what your confidence is that this is, I guess, isolated to Longwall 204 and you're not going to... I guess what's your confidence that you're not going to see these go through to the next 205 panel and I guess the rest of the 200 series?

Paul Flynn:

Yeah. Thanks, Dan. Yeah. Look, Narrabri, definitely had a tough time. We did encounter a relatively isolated fault that was, as I mentioned, running perpendicular to the stress directions across the panel which sort of caused some roof instability. So in abundance of caution and bumpiness from a production perspective, we did stop to reinforce the roof structure. Particularly, on the main gate side where obviously where all our infrastructure is.

So that did take some time out of the quarter for us. But that was the right thing to do and we're seeing better performance as a result of having put the time into that. So as disappointing as the quarter's tally was, we feel like we're in a better place already and starting to see better production rates already. Now, you just want to see some consistency of that as that improvement continues. So, Ian, do you want to add anything-

Ian Humphris:

I think just building on what Paul said, I mean, we had to do the extra, I'll call it preventative work, in that main gate area which we're largely through now and we're starting to see the benefit of the extra work we did on the leaks earlier on in April. So we're hitting some steadier run rates now to get through the rest of this block.

Paul Flynn:

Yeah. I think, look, from my perspective, it's a little frustrating at a level because we've done very well across the year. You can see the cost base. If we had more Narrabri tonnes, that cost would've come down further because they are our cheapest tonnes. We certainly feel whilst the change out is a little bit longer because we want to do a little bit more work in that and what we've previously told everyone is that's step two of the large overhaul that we're giving the wall as a result of making the decision not to go and buy another wall. So the wall, certainly, is performing better in the areas that have had the full overhaul already. But as I say, we've still got plenty of work to do in this next change out. Once that's done and moving into 205 where we know the intrusions are much less intrusive, we're certainly expecting to see much better performance than what we've seen to date.

Dan Roden:

Perfect, guys. I appreciate the colour. I will hand over in the queue. Thanks.

Operator:

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

Paul Young:

Morning, Paul, Kevin, and Ian. Hope you're well. Question on just Queensland volumes. Looking at where the year ended on Blackwater and Daunia, Blackwater declined a little bit year-on-year. Daunia increased a bit year-on-year and, actually, to above the six million tonne rate on run-of-mine which is sort of the medium-term target. Obviously, where weather impacted Blackwater maybe more so in the June half. But just curious around looking into '27, not expecting guidance, of course, now, but is there a bit of stripping catch up required on Blackwater? And then on Daunia, I see you're moving into the Southern mining domain in FY '27. Is that going to impact production at all just with that transition?

Paul Flynn:

Yeah. Good question, Paul. Yeah. Yeah. We will give you some guidance in another four weeks so I'll try and answer that without forecasting anything for four weeks time. Look, yeah, definitely Blackwater is much more weather-affected as you know, not just from us as what we've told you, but our neighbours in terms of their reporting and commentary about the rainfall. I mean, there was significant rainfall. You had three quarters of the year's average in one quarter and so that's significant.

So I think everyone's actually recovered pretty well. Even though, as you say, a little bit less than last year at Blackwater, I actually think that's a really good recovery from the team. So happy with that. Daunia just wasn't the same. It wasn't impacted in the same way. So it actually... It's... If you draw a straight line through their quarters, they were rising as the year went on which is positive. So look, we feel pretty good about that. Is there a deficit of stripping as a result? Yeah. Look, we've taken a short-term hit there and we're going to have to do a little bit extra work for sure in the new year. So that will be baked into the outcomes for guidance for FY '27. That... And-

Paul Young:

Thanks, Paul. And then... Yeah. Just on Daunia-

Paul Flynn:

Sorry. Just-

Paul Young:

... I know you're in the Titan North and Titan Central here, just that move to the Southern domain.

Paul Flynn:

Yeah. Yeah. We've been, obviously, taking advantage of, obviously, the shorter haul proximity of those focus areas that you mentioned relative to the infrastructure. At some point here, you've got to go south. And so, we're ripping the band aid off there a little earlier and we are gravitating towards the south. And so, you'll see that in our guidance for the new year. So there's... That'll be in there in four weeks time but that needs to be done. And so, that balance of all this is just making sure we continue to export the finality of the central areas in the north. But then, start to work our way into the southern areas during the course of not just, obviously, next year because that's not the product of one year's work, that'll be over a couple of years.

Paul Young:

Yeah. Understood. And then, a question actually on purchased coal which is stepped up material. I know you do this from time to time depending on blending but was that purchased coal step up a function of Narrabri underperforming and just having to fill contracts as well?

Paul Flynn:

Yes, unfortunately. Yeah. Paul, that is... There's two things that we purchased coal for: a quality issue that we're trying to deal with or a production shortfall, and... Yeah. That was just Narrabri. It's... That end of the market is actually... The coal is more freely available. So if you've got a shortfall at Maules, that's harder to find. But at the Narrabri end of the curve, you can find it but it was solely Narrabri that we needed to fill some spots there. Particularly, as we had some pretty harsh demurrage outcomes in the first half of the year. We didn't want to have any more of that sort of stuff so we got on top of that and purchased as required.

Paul Young:

Okay. Just Part B, I mean, when you blend, you typically can make money. But when you're filling contracts, is it washing your face exercise or losing money on that purchased coal?

Paul Flynn:

Generally, it's been positive because we had good contracts at good pricing that we're putting the coal into.

Paul Young:

Right. Okay. Understood. Thanks, Paul.

Paul Flynn:

Thanks, Paul.

Operator:

The next question comes from Fintan Collins with UBS. Please go ahead.

Fintan Collins:

Thanks, guys. Strong result. Just wondering, so the half year result, you reset medium-term Queensland unit costs higher on a combination of temporary and structural cost pressures. Following the strong quarter and FY costs finishing at the low end of guidance, how should we think about the sustainability of the current cost base and has your confidence in the Queensland medium-term cost outlook changed since that reset? Thank you.

Paul Flynn:

Yeah. Look, I think the key driver in that is volume. So when you've got the volumes coming out the way you expect them to be, then the balance of where we've been has been easier to manage. New South Wales, as I mentioned earlier, did do a little better this year. So we dragged our average cost down. The cost-out program across the group, so it's not New South Wales exclusive or Queensland, it's corporate as well. So that has delivered some positive outcomes for us as well.

The key for this new year and what we'll talk about in four weeks' time when we deliver our guidance is just, "What's going on with conflict and what does that mean for diesel?" Because that's been probably one of the most difficult ones to layer into your budget outlook for this new year. We all hope that that concludes as soon as possible. But we've been hoping that for some time and having all this activity reemerge or reignite is terrible on all fronts but it's making it difficult to plan from a diesel perspective. And so, that definitely is driving cost outcomes.

Fintan Collins:

Very good. You've targeted 60 to 80 mil of annualised cost savings and indicated delivery within that range. How much additional opportunity do you think there remains as Blackwater and Daunia become more deeply integrated into the broader operating model?

Paul Flynn:

Yeah. Look, they've done well. They've done well in this year. So thanks to the team across all of our sites have delivered because it's not just been Queensland that's contributed to that, it's been everything. There is... always be some more. We're only two years in. So I don't think we could realistically say we've bettered everything in that we'd like to reorient within the first two years of operations. So we will be doing that again in this new year. Of course, cost pressures are what they are. Inflation is what it is. We need to combat that.

We're seeing inflation right across the business so that's challenging. Not just obviously diesel costs as we've spoken about, but every product derived from petroleum. I think everyone's got a bit of a lesson in the spread of those products across the economy, not just our industry, but it's in everything. Grease, lubricants, Polypipe, you name it. It's all across the business and combating that inflation will be something we have to address in this new year. So, again, it'll be a whole of business approach to that. But centrally, if you get the volumes out that you're predicting, then you'll get the cost outcomes that go with it.

Fintan Collins:

Awesome. Thanks, guys. I'll pass it on.

Operator:

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

Chen Jiang:

Good morning, Paul. Congrats on the better cost for the full year at the lower end of the guidance. Just on Narrabri, if you can provide or remind us on the challenging mining conditions.

Paul Flynn:

Yeah. Thanks, Chen. Your line's a bit-

Chen Jiang:

[inaudible 00:29:00] you-

Paul Flynn:

Sorry. Go on. Second part to that question. Go on.

Chen Jiang:

Yeah. Yeah. Okay. Are we going to say similar mining condition with slightly improved the mining rate in the first half before the longwall movement in the second half?

Paul Flynn:

Yep. Yep. I can see why Ian does that part. I might hand over to Ian. Give us a precis of how you're feeling about the improvement that we're seeing.

Ian Humphris:

Yeah. So, I mean, as Paul touched on, we had to do the remedial work or the proactive work in and around these couple of faults that we had that run at 90 degrees to our normal faults. That's done and we progressed through there and we're all but finished. As we touched on before, we're hitting good steady rates now so... The extra work we've done on the legs that we did in April should set us up pretty well to see the remainder of this block out.

And then, we have the large nine-week move where all the shields are going to come to the surface. There's an organised program to get all those done and then get them back into 205. And then, 205 should have good mining conditions. We've mined all around 205 now so we have some good visibility. Historically, we've talked about things like the Yabby drilling, so it's well drilled out. Depth of cover is still good. Seam thickness is good. So the inter-burden between the conglomerate and the coal seam which bulks up and assists in the caving process is good and the conglomerate thickness in 205 is pretty similar to 204. So all good.

Chen Jiang:

All right. So after you-

Paul Flynn:

And so-

Chen Jiang:

... so after you moved to 205, you will have less intrusion and, I guess, better mining condition after the longwall movement. Is my understanding correct?

Ian Humphris:

That's correct. Yeah. The intrusions are decreasing as we moved away from 203 and, I guess, the broader things that drive your mining conditions are all suitable. Good.

Paul Flynn:

Yeah. Chen, just to come to that second part of your question, we are expecting better run rates for the balance of the panel. Now, we're not... We're still in the panel that does have intrusions but our gear is functioning better and we're almost out of this area. There's a slight small little tail left of it of where this additional fault has presented itself. Once past that and we're seeing the benefit of the run rates already, we are expecting it to be better than what we've delivered for sure.

But as you can hear from the data points that Ian summarised for you, 205 is clearly... We're looking for that to be a bit of a game changer here in terms of Narrabri's more recent performance. The wall will be in good shape having completed the full overhaul of the wall. The ground conditions are not deep particularly so that's great. So we're still in the shallower end of the side of the mine and the intrusions will moderate it substantially from what we've experienced in this panel. So the convergence of all those factors mean that we expect, certainly, a much better performance in 205 than 204.

Chen Jiang:

Great. Thank you so much for the colour. Thanks, Paul and Ian. I'll pass it on.

Operator:

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

Glyn Lawcock:

Morning, Paul. Maybe just a quick follow-up first. I assume there's not much you can do there to identify or predict the faults like this one you've encountered in the last quarter, different orientation. Is there much you can do or if... You're trying to do anything to identify that or is it still... This is going to be a risk given this is similar to what happened pretty much all the way through the life of Narrabri?

Paul Flynn:

Yeah. Not one... This is the first one that I'm aware of. I'll get to all those past your question, Glyn, because it's very relevant.

This is the first one I've seen that's actually been perpendicular to the stress directions in this mine. So we've definitely had... We had the intrusions. We've been dealing with that for 203 and this 204 now on the 200 series side of the mine. But this one has been the first one that I've seen that's crossed basically the stress directions. And so that's... There is also an anticline in the seam there which converges at the same place.

And so, that has caused us more disruption this quarter than what we are obviously expecting. So Ian mentioned with his summary just a minute ago there, just some of the aspects there. You recall what we call the Yabby Drill, you recall that. So we actually send that through the panel, making sure that we can identify features well in front and that... You may recall that that came as a result of encountering a fault that was basically undetected from the drivage that we'd done down either side of that particular panel which caused a unfortunate amount of downtime.

So the Yabby Drill has been part of our standard operating procedure now across every panel. So we feel like we've got a good read of what's there. But that doesn't mean it's easy when you get there, it just means you've got to prepare for it. But having one, as I say, the first one I've seen, which has been across the stress direction, that certainly has given us a bit of indigestion for sure.

Ian Humphris:

Yeah. I think just building on that too. I mean, you asked what else we do. We also do rim surveys. So, I mean, every bit of technology that is available for trying to assess what may or may not be in the seams, we're trying that. As I said before, we've mined all the way around 205 or within 95, there's a little bit to go in one corner. So we've got good access for getting those drills in and to drill that block out.

Glyn Lawcock:

Okay. That's great. And then maybe, Paul, just one for Kevin. Just the net debt increased by 700 million over the quarter which is, essentially, the BHP payment. Is there anything else went out in the quarter? Because otherwise, it sort of suggests no free cash generation in the quarter. Pricing similar, if not better to the March quarter, particularly on the thermal side. You did make a little bit of free cash flow in the first quarter because net debt actually went down over the March quarter despite paying the dividend so just... Is there something else going on to suggest you couldn't make cash at June quarter prices?

Kevin Ball:

Good question. I'd say wait for the results coming out in about four weeks time and out of that, we're able to give the half-on-half numbers. I think there were a few things that we sorted out late in that period which were about... We repopulated a Whitehaven Coal employee share scheme ahead of what's coming out in 2026, '27 and we've put a bit of money out the door in Rare Earths of America and a little bit of money into BRE at that point as well. So there's been a few things going out the door that aren't actually what you'd call core business, but we'll get you that when we get to the full year result split.

Glyn Lawcock:

Okay. Good to know. So we made some cash then.

Kevin Ball:

Yeah.

Glyn Lawcock:

Maybe just a final one, Paul, quickly, just your thoughts on the recent talk in the market around POSCO and wanting to renegotiate the pricing protocols, the spot market or quarterly pricing. I mean, any comments you can make around that? Thanks.

Paul Flynn:

Yeah. Look, that was an interesting comment that this visiting fellow had made. Well, I've not heard any feedback from that from our interactions with customers in that regard, Glyn. So I was a little surprised to have that contribution to pricing generally. I mean, as you know, we're on a quarterly basis and that allows people to essentially move with the market on a quarterly basis. Now, the alternate theory, if you wanted to do something else, take for instance, the thermal side of the business with the Korean market. That's on an annual fixed price basis. Now, that's okay when things are going for you. It's not okay when it's going against you.

And so, I'm not hearing the idea that anybody wants to return to something like that. I think the underlying substance of the discussion was about as potentially questioning the depth of the market or the calculation that's used to price PLV. Now, we can all question about that. But the depth of that market isn't going to be improved by having alternate pricing structures and drawing tonnes out of the market.

The best way to actually improve that index is to put more tonnes under that index. And so, from mine, it was sort of a little counterintuitive in that regard. I think we all observe, from time to time, other subcategories of the indices and I know we talked about this with everybody. I know you and I and... We've had various discussions of this at our chairman's dinner and so on. The semi-soft pricing, et cetera, there's no depth in that market. So you find tonnes being out of that market doesn't improve any index. More tonnes in the index definitely improves them. So it seemed a little counter to the direction of travel in terms of improving the quality index from mind but that's just my comments.

Glyn Lawcock:

All right. Appreciate the thoughts. Thanks, all.

Operator:

Once again, if you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. Your next question comes from Rahul Anand with Morgan Stanley. Please go ahead.

Rahul Anand:

I'm going to try a second time here. Paul, thanks for the call.

Paul Flynn:

No problem.

Rahul Anand:

So look, a few of the questions that I was going to ask around realised prices, Blackwater, Daunia have been addressed. But if I just go back to the pricing side of things, I'd be keen to understand just during the quarter as well in terms of your performance, perhaps closer to my numbers but was still a good beat to consensus on both thermal and met coal pricing. I guess the thermal side benefits from the fact that your Narrabri volumes were lower. But are there any other impacts there to call out as to why that pricing did end up being stronger? I mean, was there any timing impacts there that came more volumes towards the end or anything else to call out for that?

Paul Flynn:

No, I think you've already highlighted the one variable in all of that. It's just the mix of Narrabri was less and therefore the realisations are higher. But in a way, that probably was less influential. That's more of a cost-based consideration rather than a pricing one because to the extent that Narrabri is contracted... It's not 100% contract. But to the extent it is, and going back to the question we received earlier, Rahul, about purchasing coal, where we purchased the coal and put it into a contract, that contract already is negotiated with an existing realisation that sits with it. So it's less influential in that sense. That's really just how it plays out. We should have an improving realisation over time on the thermal side in particular. Now, we've got more Vickery in there, we got a little bit Tarrawonga. So that's quality products which do attract healthy premiums relative to the Narrabri contribution.

Rahul Anand:

Got it. Okay. So it's more volume-driven. That makes sense. Look, the second one, just around the question just now about the

POSCO comment made and you just opined on that. But just for our knowledge, when are some of the contracts coming up for rolling over or renegotiation? When does that typically happen? What shape does it take as well in terms of... Perhaps, your volumes are locked in or... How should we think about it if I had to put it very simplistically close to what the iron ore miners have going on with the CMRG side of things at the moment?

Paul Flynn:

Yeah. We don't have anything, thankfully, CMRG-related in that regard and there aren't that many met coal customers in Korea either to form a CMRG type thing. I mean, the thermal side, obviously, is a lot more diverse. But again, they've... As you know, their practice has been tendering everything and there's a one-year fixed contract that goes with that. So yeah, look, I think it really, as I said before, I think it's a question about the concerns that we all have from time to time about the index and what particular sales are driving the direction one way or the other. As I say, the best answer is put more volume under that index and it'll be more reflective of what's going on in the market.

Rahul Anand:

But in terms of the contract timings, Paul, any coming up-

Paul Flynn:

No, no-

Rahul Anand:

... for re-negotiations-

Paul Flynn:

Sorry.

Rahul Anand:

... or anything else on the-

Paul Flynn:

Yeah. Sorry. I didn't-

Rahul Anand:

... timings or renegotiations coming up, like, what it's like?

Paul Flynn:

I didn't deal with that. My apologies. Look, there's no contracting season as such that's happening depending on when you struck it. Generally, it's happening a year from then but this... It's not constrained in terms of a financial year, be that Korean financial year, Japanese financial year-type arrangement. It's just when they roll off, you renew. So there's not a season, to put it that way, of contracting.

Rahul Anand:

Yes. No, I was trying to allude to that in terms of when do these roll off. I mean, if you're comfortable discussing just rough timelines on how these are progressing and when do they roll off?

Paul Flynn:

Just during the course of the year, that's what I'm saying. There's not a fixed contracting season.

Rahul Anand:

Got it. Okay. That's clear. That's my two. I'll pass it on. Thanks.

Paul Flynn:

Thanks, Rahul.

Operator:

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

Paul Flynn:

Thanks all for dialing in. Appreciate all the attention. The questions has gone into the business. Very good to be able to round out the year in good form towards the top of our guidance or the better end of all our guidance and lower end on our costs. That's nice to be able to deliver that for you. If there's any further questions that we haven't been able to touch with, you know where to find us and I'm sure we'll see you over the next few weeks. Four weeks time, of course, we'll have the full year results, including guides for FY '27. Thanks, all, once again.