WE COLLABORATE ACROSS THE COAL CHAIN

Our unique coal blending capability sets us apart and provides certainty for our customers to trade globally with confidence

The Hunter Valley coal chain includes more than 35 coal mines with the coal being hauled distances of up to 380km to reach the Port of Newcastle. Port Waratah is in a unique position to provide our coal handling services to all coal mines in the region. Global coal markets continued to value the Hunter Valley's higher-quality coal, which reconfirmed the ongoing customer value in Port Waratah's coal blending processes, ensuring that the coal delivered at our terminals for export is blended into an homogonous product.

Performance

As the weather pattern moves toward an El Niño cycle, we experienced more stable port operating conditions. Our customers' mining operations in the first half of 2023, continued to experience residual water impacts associated with the previous La Niña weather pattern. These impacts reduced during the second half of the year, resulting in higher demand for our services. Vessel turnaround times reduced in 2023 to 2.8 days compared to 5.4 days last year. The reduction in weather impacts enabled better synchronisation between coal availability and the vessel arrival time, achieving greater loading efficiencies.

Customer and Industry engagement

We are committed to delivering superior services to our customers and acting in their best interests with continuous improvement at the heart of our customer service processes. All planned 51 formal customer discussions were achieved in 2023, demonstrating our ongoing commitment to our customers. We also led and participated in many coal chain stakeholder activities, strengthening relationships across the coal chain.

In 2023, stockpile coal temperature information was integrated into customer reporting to support our customers to comply with International Maritime Organisation requirements. Further work integrating inbound coal temperature information is underway, which will support our customers to comply with amendments to the Australian Dangerous Goods Regulation. Throughout the year, we continued to work with other port and shipping stakeholders to improve the safety of vessel loading by ensuring our vessel vetting process review considers the most accurate information prior to any vessel being approved to load at Port Waratah.

A key indicator of future demand are our customer contracts. These contracts are enabled by the Capacity Framework Arrangements, authorised by the Australian Competition and Consumer Commission from 2010 until December 2024. We have been actively engaging with our customers and industry co-service providers

over the last two years about future contracting arrangements. We propose to maintain the benefits of the current arrangements while evolving the contracts to meet the future needs of the industry and introduce increased flexibility. This review and consultation process will conclude with amended arrangements anticipated in 2024.

Market conditions

Japan remained the largest export destination in 2023, with 50 per cent of terminal throughput. China re-emerged as a coal export destination during the year, with a throughput of 23 per cent, while Columbia and Saudi Arabia were new coal export destinations. Thermal coal used for energy production accounted for 92 per cent of the annual terminal throughput. We continue to see a diverse range of alternative powered vessels with both liquefied natural gas (LNG) and wind-technology assisted vessels loading at Port Waratah. Vessel lines continue to seek Port Waratah's assistance in alternate powered vessel design.

CASE STUDY

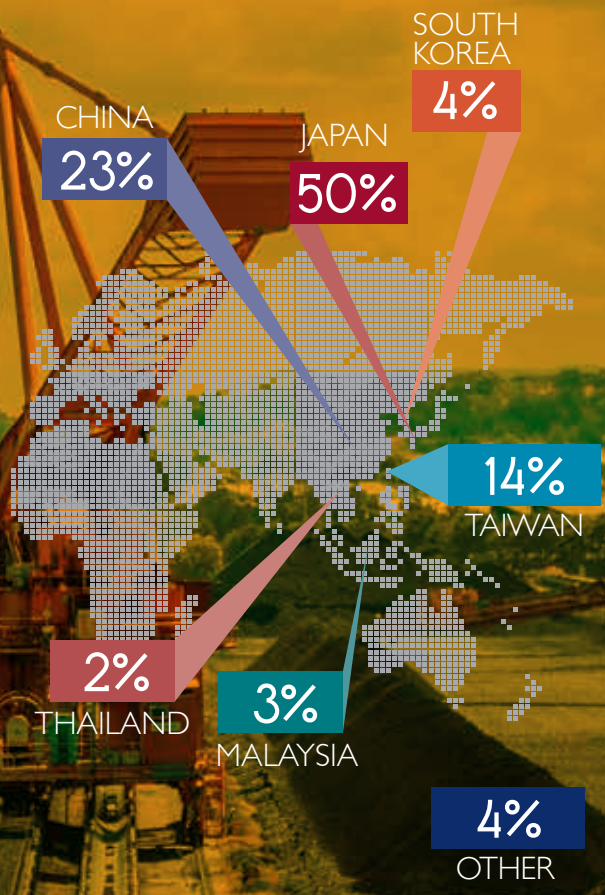
Supporting shipping transportation advancements to reduce emissions

Port Waratah supports supply chain partners around the world to design vessels aimed at reducing greenhouse gas emissions. Our range of shiploading and wharf assets provides a benchmark for testing trial designs for use in a high-capacity terminal.

In July, the TR Lady bulk carrier was received at our Carrington Terminal wharf. The vessel has been fitted with three huge rotor sails that spin, capturing wind power to add thrust and propel the vessel forward reducing fuel consumption and emissions.

In November, NYK Line's LNG-fuelled vessel, 'Shoyo', arrived at the Kooragang Terminal wharf on its maiden voyage. The use of LNG fuel significantly reduces sulphur oxide, nitrogen oxide and carbon dioxide emissions improving environmental performance.

WHERE THE COAL GOES



*Due to rounding, numbers may not add up precisely to the totals and percentages provided.

A DIVERSE CUSTOMER BASE

with shipments being made for **34** **different producer or trading companies**