

# **Yancoal Australia Ltd**

ABN 82 111 859 119

## **Annual Financial Report for the year ended 31 December 2023**

## APPENDIX 4E

### 1. Results for Announcement to the Market

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M	% CHANGE
Revenue from ordinary activities	7,778	10,548	(26%)
Profit before income tax (before non-recurring items)	2,583	5,406	(52%)
Profit before income tax (after non-recurring items)	2,583	5,091	(49%)
Net profit after income tax attributable to members (before non-recurring items)	1,819	3,807	(52%)
<b>Net profit after income tax attributable to members (after non-recurring items)</b>	<b>1,819</b>	<b>3,586</b>	<b>(49%)</b>

### 2. Earnings per share

	31 DECEMBER 2023 CENTS	31 DECEMBER 2022 CENTS	% CHANGE
<i>Profit per share (before non-recurring items)</i>			
Basic	137.8	288.3	(52%)
Diluted	137.1	286.8	(52%)
<i>Profit per share (after non-recurring items)</i>			
Basic	137.8	271.6	(49%)
Diluted	137.1	270.2	(49%)

### 3. Net tangible assets per security

	31 DECEMBER 2023 \$	31 DECEMBER 2022 \$	% CHANGE
Net tangible assets per share	6.29	5.98	5%

### 4. Distributions

	31 DECEMBER 2023		31 DECEMBER 2022	
	CENTS PER SHARE	Total AU \$M	CENTS PER SHARE	Total AU \$M
<b>Ordinary share distributions</b>				
Final dividend for 2022 paid on 28 April 2023	70.00	924	—	—
Interim dividend for 2023 paid on 20 September 2023	37.00	489	—	—
Final dividend for 2021 paid on 29 April 2022	—	—	70.40	930
Interim dividend for 2022 paid on 20 September 2022	—	—	52.71	696
<b>Total distributions</b>		<b>1,413</b>		<b>1,626</b>

On 23 February 2024, the Board declared a 2023 final dividend allocation of \$429 million, representing \$0.3250 per share (fully franked), with a record date of 13 March 2024 and a payment date of 30 April 2024.

On 27 February 2023, the Board declared a 2022 final dividend allocation of \$924 million, representing A\$0.7000 per share (fully franked), with a record date of 15 March 2023 and a payment date of 28 April 2023.

On 16 August 2023, the Board declared a 2023 interim dividend allocation of \$489 million, representing A\$0.3700 per share (fully franked), with a record date of 6 September 2023 and payment date of 20 September 2023.

On 28 February 2022, the Board declared a 2021 dividend allocation of \$930 million, comprising a A\$0.5000 per share final dividend and a A\$0.2040 per share special dividend, both unfranked, with a record date of 16 March 2022 and payment date of 29 April 2022.

On 17 August 2022, the Board declared a 2022 interim dividend allocation of \$696 million, representing A\$0.5271 per share (unfranked), with a record date of 6 September 2022 and payment date of 20 September 2022.

## APPENDIX 4E

### 5. Entities over which control has been gained or lost during the period

No entities were incorporated, acquired, disposed of or deregistered during the period.

### 6. Details of associates and joint venture entities

	31 DECEMBER 2023		31 DECEMBER 2022	
	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION
	%	\$M	%	\$M
<b>Joint venture entities</b>				
Moolarben Joint Venture (unincorporated)	95%	582	95%	1,978
Warkworth Joint Venture (unincorporated)	84.472%	596	84.472%	918
Mount Thorley Joint Venture (unincorporated)	80%	274	80%	423
Hunter Valley Operations Joint Venture (unincorporated)	51%	635	51%	1,054
Middlemount Joint Venture	49.9997%	13	49.9997%	131
HVO Entities <sup>(a)</sup>	51%	—	51%	—
Boonal Joint Venture (unincorporated)	50%	Immaterial	50%	Immaterial
Newcastle Coal Infrastructure Group Pty Ltd	27%	—	27%	—

	31 DECEMBER 2023		31 DECEMBER 2022	
	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION
	%	\$M	%	\$M
<b>Associate entities</b>				
Port Waratah Coal Services Pty Ltd	30%	16	30%	15
WICET Holdings Pty Ltd <sup>1</sup>	33%	—	25%	—

(a) HVO Entities consists of the following entities:

- HV Operations Pty Ltd
- HVO Coal Sales Pty Ltd
- HVO Services Pty Ltd

All financial results included in this report are stated in Australian dollars unless otherwise stated. All other information can be obtained from the attached financial statements, accompanying notes and Directors' report.

<sup>1</sup> During the year one WICET shareholder exited and as a result the Group's shareholding increased to 33%.

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors present their report on the consolidated entity ("Yancoal" or the "Group") consisting of Yancoal Australia Ltd (the "Company") and the entities it controlled at the end of, or during, the year ended 31 December 2023 (the "period").

## DIRECTORS

The following persons were Directors of Yancoal Australia Ltd during the period:

### Chairman

- Gang Ru (became a director on 31 May 2023 and became Chairman on 15 September 2023)

### Co-Vice Chairmen

- Ning Yue (became a director on 27 September 2023)
- Gregory James Fletcher (became a director on 26 June 2012)

### Directors

- Geoffrey William Raby (became a director on 26 June 2012)
- Helen Jane Gillies (was a director from 30 January 2018 to 9 February 2024)<sup>2</sup>
- Yaomeng Xiao (became a director on 30 May 2022)
- Changyi Zhang (became a director on 20 April 2023)
- Xiaolong Huang (became a director on 31 May 2023)

### Directors retired during the year

- Baocai Zhang (was a director from 26 June 2012 to 15 September 2023)
- Ning Zhang (was a director from 20 March 2020 to 27 September 2023)
- Xiangqian Wu (was a director from 28 April 2017 to 31 May 2023)
- Qingchun Zhao (was a director from 28 April 2017 to 31 May 2023)
- Xing Feng (was a director from 15 December 2017 to 20 April 2023)

## COMPANY SECRETARY

The Company Secretary in office during the period and up to the date of this report is Laura Ling Zhang.

## REVIEW OF ACTIVITIES

Yancoal owns, operates or has a joint-venture stake in coal mines in New South Wales ("NSW"), Queensland and Western Australia. The thermal, semi-soft coking and pulverised coal injection ("PCI") coal products are exported through ports in Newcastle, Gladstone and Dalrymple Bay to customers throughout the Asia-Pacific region.

The mines in NSW started the year with water storage capacity in excess of our environmental limits following repeated heavy rainfall events in 2021 and 2022 due to the La Niña weather pattern.

Throughout 2023, all the mines successfully implemented mine recovery plans. The Company continually balanced output

volumes, product quality, efficiency metrics, operating costs and capital expenditure as it executed its mine recovery plans. In the first half of the year we focused our efforts on reestablishing mine profiles and rebuilding inventory of the overburden-in-advance and exposed coal mining locations. By prioritising the non-coal mining activities in the first half of the year we were able to achieve better productivity in the second half of the year. As we had projected, saleable coal production volume increased in each successive quarter through 2023, and we will look to carry this momentum into 2024.

The 'Management Discussion and Analysis' provides a detailed business review of the period's operational, financial and sustainability performance, forward looking commentary, the Company's sustainability policies and performance as well as compliance with the laws and regulations that have a significant impact on the Company; it forms part of the Directors' Report. The key risks affecting the Group's operations, and where applicable, the strategies and measures taken to manage these risks, are detailed in the 'Corporate Governance Statement' included in this report.

## CORPORATE ACTIVITIES

On 31 March 2023, Yancoal completed an early debt repayment of US\$333 million. The prepayment was made from available cash and will deliver an approximate US\$43 million reduction in total finance costs over the loan period. This was the last of Yancoal's external interest-bearing loans. Combined with other debt repayments, Yancoal has repaid ~US\$3.1 billion since late 2021. In 2023 this saved over A\$300 million of finance costs.

On 13 March 2023, Yancoal was included in the Hang Seng Composite Index as a Mid-Cap company. The Company was also included in the Hong Kong Stock Connect program. Stock Connect utilises the Mutual Market Access model to give certain investors in Mainland China and Hong Kong access to each other's markets.

On 17 February 2023, the Company entered into facility documentation to refinance its existing A\$975 million syndicated bank guarantee facility due to expire on 2 June 2023 with three new contingent liability facilities, totalling A\$1.2 billion for a period of 3 years. The refinance was completed in March 2023.

During the year ended 31 December 2023, neither Yancoal nor any of its subsidiaries purchased, sold or redeemed Yancoal's listed securities. However, as noted in the Remuneration Report, Yancoal instructed CPU Share Plans Pty Ltd as trustee of the Yancoal Australia Limited Employee Share Trust to acquire and hold fully paid ordinary shares in the Company in on-market share transactions in 2023.

Matters subsequent to the end of the financial year are detailed in the 'Management Discussion and Analysis' section of this report.

<sup>2</sup> Ms Gillies resigned after the conclusion of the 2023 reporting period.

# DIRECTORS' REPORT

## DIVIDENDS AND DIVIDEND POLICY

On 23 February 2024, the Directors declared a fully franked final dividend of A\$429 million, A\$0.3250 per share, with a record date of 13 March 2024 and payment date of 30 April 2024.

At 31 December 2023, the company had \$1,655 million in franking credits available to frank dividends for subsequent reporting periods based on an income tax rate of 30%.

According to Yancoal policy and subject in each case to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the Directors and shareholders' approval, the Directors may pay interim or final dividends, and per the Company's Constitution must:

- subject to the point below, pay as interim and/or final dividends not less than (A) 50% of net profit after tax (pre-abnormal items); or (B) 50% of the free cash flow (pre-abnormal items), in each financial year; and
- if the Directors determine that it is necessary in order to prudently manage the Company's financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (pre-abnormal items) in any given financial year.

## COMMUNICATION WITH SHAREHOLDERS

The Company believes in high standards of transparent corporate disclosure and is committed to disclosing to its shareholders information in a timely and fair manner via ASX and HKExnews. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:

- Annual reports are prepared and made available to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the *Corporations Act 2001* (Cth), the ASX listing rules, the Companies Ordinance of the Laws of Hong Kong and the Hong Kong listing rules;
- Interim reports containing a summary of the financial information and affairs of the Group for that period;
- Quarterly production reports containing a summary of the Group's production output and coal sales for the reporting period;
- Sustainability Reports outlining the Company's Sustainability efforts;
- Notices of explanatory memoranda for AGMs and extraordinary general meetings (if any) that are provided to all shareholders.

The Company does not practice selective disclosure, and Price-sensitive information is first publicly released through ASX and HKExnews. All Company shareholders are eligible to receive the Annual Report and the notice of AGM by post, if elected.

Shareholders can access all of the Company's announcements published on the ASX and HKExnews on the Company's website at [www.yancoal.com.au](http://www.yancoal.com.au).

## PRE-EMPTIVE RIGHTS ON NEW ISSUES OF SHARES

Under the *Corporations Act 2001* (Cth) and the Company's Constitution, shareholders do not have the right to be offered any shares that are newly issued for cash before those Shares can be offered to non-shareholders.

## PUBLIC FLOAT

Based on the information available to the Company as at 31 December 2023, approximately 25.7% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with the waiver granted by The Stock Exchange of Hong Kong Limited under Rule 8.08(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules") as part of the Company's listing in Hong Kong. Rule 8.08(1)(a) of the HK Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public.

Based on the publicly available information to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the minimum public float of approximately 15.37% under the HK Listing Rules.

## FULFILMENT OF CONDITIONS AND UNDERTAKINGS

The Company confirms that it has complied with the conditions and undertakings imposed by The Stock Exchange of Hong Kong Limited during the period from 1 January 2023 to 31 December 2023.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year ended 31 December 2023.

## TAX RELIEF

The Company is not aware of any taxation relief available to the shareholders because they hold fully paid shares. If shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising any rights concerning the fully paid shares, they are advised to consult an expert.

## DEFINED CONTRIBUTION SCHEME

The Group does not have a defined contribution scheme (as such term is defined under the Hong Kong Occupational Retirement Schemes Ordinance). Superannuation is paid to the Group's employees in accordance with Australian legislation, and the superannuation funds of the Group's employees are managed by various independent third parties.

## MAJOR CUSTOMERS AND SUPPLIERS

Information regarding the Group's sales to the major customers and purchases from the major suppliers can be found in the notes to the consolidated financial statements. The details of the customer and sales agreements are provided in the 'Continuing Connected Transactions' section of this report.

None of the Directors, or their associates, had any beneficial interest in the five largest customers or suppliers to the knowledge of the Directors. To the Directors' knowledge, no substantial shareholders of Yancoal have a beneficial interest in the five largest customers or suppliers.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which any of the Company's subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the period or at the end of the period.

# DIRECTORS' REPORT

## INSURANCE OF OFFICERS

Rule 10.2 of Yancoal's Constitution requires Yancoal to indemnify, to the full extent permitted by law, each Officer of the Company against liability incurred by the Officer as a Director or an Officer of the Company. The Directors named in this report, along with the Company Secretary, Chief Executive Officer and Chief Financial Officer, have the benefit of this requirement, as do individuals who formerly held one of those positions.

During the financial year, the Company paid a premium for Directors' and Officers' Liability insurance and Defence Costs cover. The policies cover the Directors and other officers of the Group. The Directors have not included details of the nature of the liabilities covered and the amount of premium paid in respect of the Directors' and Officers' Liability insurance policy as such disclosure is prohibited under the terms of the insurance contracts.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are essential.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors have considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with any general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the following fees were paid or payable for services provided by the auditor of the Group:

	2023	2022
SW Audit	\$'000	\$'000
Audit and review of financial statements	1,279	1,178
Audit related services	27	31
Non-audit services	—	—
Other assurance services	39	59
<b>Total services remuneration of SW Audit</b>	<b>1,345</b>	<b>1,268</b>

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* (Cth), is set out at the end of the Directors' Report.

## ROUNDING OF AMOUNTS

The Group is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off to the nearest million dollars in accordance with that legislative instrument.

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS<sup>3</sup>

#### **GANG RU M.Econ**

**Non-Executive Director (31 May 2023 – current)**  
**Chairman of the Board (15 Sep 2023 – current)**

Mr Gang Ru joined China New Technology Venture Capital Corporation in July 1994, and was appointed as the Head of the Capital Market Research Center of Cvic Software Engineering Co., Ltd. in September 2000. From 2002 to 2008, he successively served as the Director and the Secretary to the Board of Directors of Shandong TV-NET Medium Development Co., Ltd. Mr Ru successively acted as the Supervisor, Chief Financial Officer and the External Director of Zibo Mining Group Co., Ltd from 2008 to 2015. Mr Ru served as the Chief Financial Officer and External Director of Shandong Energy from 2015 to 2022. Mr Ru was appointed as the Deputy General Manager of Shandong Energy in March 2022.

Mr. Ru graduated from Shandong University. He is a Professorate Senior Economist, Senior Accountant and Certified Accountant. Mr Ru holds a Master's Degree in Economics and has rich experience in financial and capital management, corporate management, investment and financing.

#### **NING YUE BME**

**Executive Director (27 Sep 2023 – current)**  
**Chair of the Executive Committee (27 Sep 2023 – current)**  
**Co-Vice Chairman (27 Sep 2023 – current)**

Mr Yue is a senior engineer who graduated from China University of Mining and Technology. He has more than 20 years of experience in coal mining operations and management.

Mr Yue joined the predecessor company of Yankuang Energy Group Company Limited ("Yankuang Energy") in 2000, and has held several senior roles during his career, including Head of the Safety Technology Section of the Jinjitan Project Department of Nantun Coal Mine, Chief Engineer of the Jinjitan Coal Mine and subsequently General Manager of the Jinjitan Coal Mine. Mr Yue is also a director of Shaanxi Future Energy Chemical Co., Ltd, a subsidiary of Yankuang Energy, and Deputy General Manager of Yankuang Energy.

#### **GREGORY JAMES FLETCHER BCOM CA**

**Independent Non-Executive Director (26 Jun 2012 – Current)**  
**Co-Vice Chairman (1 Mar 2018 – current)**

Mr Fletcher was a Director of Gloucester Coal Ltd from June 2009. He was appointed as a Director of Yancoal after the merger of Yancoal and Gloucester Coal Ltd in June 2012. Mr Fletcher was elected as a Co-Vice Chairman of Yancoal in 2018.

Prior to 2009, Mr Fletcher was a senior partner of Deloitte for 16 years, during which he held many senior roles as well as working with major Australian listed companies with operations internationally, including the Asia Pacific region. He also worked closely with organisations in China, Indonesia and Mongolia to enhance governance practices.

Since 2009 Mr Fletcher has taken on Board and Audit Committee roles. He has been Chairman of SMEG Australia Pty Limited and a Board Director of Yancoal SCN Limited, Railcorp, TAFE NSW and WDS Limited and is currently a Board Director of Saunders International Limited. Mr Fletcher is the current Audit and Risk Committee Chair for NSW HealthShare and, in the past, has been Chairman of the NSW Electoral Commission, Railcorp, Roads and Maritime Services, NSW eHealth and City of Sydney Audit and Risk Committees. Mr Fletcher holds a Bachelor of Commerce, and he is a Chartered Accountant.

#### **YAOMENG XIAO M.ENG**

**Non-Executive Director (30 May 2022 – current)**

Mr Xiao, joined Yankuang Energy's predecessor in 1994. Mr Xiao was appointed as the director of the Safety Inspection Department of Dongtan Coal Mine of the Yankuang Energy in 2013, and the chairman and the general manager of Guizhou Wulunshan Coal Mining Company Limited in 2014. In 2016, he was appointed as the deputy general manager of Yankuang Guizhou Neng Hua Company Limited. In July 2018, he was appointed as the manager of Jining No. 3 Coal Mine of Yankuang Energy. In April 2020, he was appointed as the vice general manager of Yankuang Energy. In July 2021, he took office as the Secretary of the CPC Yankuang Energy Committee and the general manager of Yankuang Energy, and was appointed as the director of the Yankuang Energy in August 2021.

Mr. Xiao graduated from China University of Mining and Technology. He is a research fellow in applied engineering technology with a master's degree of engineering.

<sup>3</sup> Profiles for Directors as at 31 December 2023

## DIRECTORS' REPORT

### XIAOLONG HUANG LL.M

#### Non-Executive Director (31 May 2023 – current)

Mr. Xiaolong Huang, is the Director and Secretary of the Board of the Yankuang Energy. Mr. Huang joined the predecessor of Yankuang Energy in 1999 and became the Securities Affairs Representative of Yankuang Energy in 2006. In 2008 and 2012, he took office as the Deputy-Director-Level Secretary of the Board Secretariat of Yankuang Energy and the Deputy Director of the Board Secretariat successively. He served as the Director of the former Shandong Energy Equity Reform and Restructuring Office in 2013, and a Standing-Director of the Board Secretariat of Shandong Energy in August 2020. In July 2021 and August 2021, he became the Secretary of the Board of Yankuang Energy and a Director of Yankuang Energy successively.

Mr. Huang graduated from the University of International Business and Economics.

### CHANGYI ZHANG MBA

#### Non-Executive Director (20 Apr 2023 – current)

Mr. Zhang started his career working at China Construction Bank in 1987 and joined China Cinda Asset Management Co., Ltd. ("China Cinda") in 1999. From 2008 to 2016, he served as the general manager of China Cinda Shandong Branch and the general manager of the Planning & Finance Department and the Finance & Accounting Department of China Cinda. In 2017, Mr. Zhang was appointed as the general manager of the Strategic Client Department IV of China Cinda, responsible for the overall work of the department, and led the completion of several overseas merger and acquisition investment.

Mr. Zhang is also currently the Chairman of Hebei Xinhua Energy Technology Group Co. Ltd, Mr. Zhang graduated from Zhongnan University of Economics and Law. He is a senior accountant with an MBA degree. He has rich experience in financial management, business management, investment and financing.

### DR GEOFFREY WILLIAM RABY

#### BEC (HONS) MEC AND PHD (ECONOMICS)

#### Independent Non-Executive Director (26 Jun 2012 - current)

Dr Geoffrey Raby was appointed as a Director of Yancoal in 2012. Dr Raby was formerly Australia's Ambassador to the People's Republic of China from 2007 to 2011. Prior to that, he was a Deputy Secretary in the Department of Foreign Affairs and Trade ("DFAT"). Dr Raby has extensive experience in international affairs and trade, having been Australia's Ambassador to the World Trade Organisation (1998 to 2001), Australia's APEC Ambassador (2003 to 2005), Head of DFAT's Office of Trade Negotiations and Head of the Trade Policy Issues Division at the OECD, Paris. Between 1986 and 1991 he was Head of the Economic Section at the Australian Embassy, Beijing. He has been the Chair of DFAT's Audit Committee and served as an ex-officio member of the Boards of Austrade and Export Finance and Insurance Corporation.

Dr Geoffrey Raby holds a Bachelor of Economics, a Master of Economics and a Doctor of Philosophy in Economics.

### HELEN JANE GILLIES

#### MBA, MCONSTRLAW, LLB(HONS), BCOM, FAICD

#### Independent Non-Executive Director (30 Jan 2018 – 9 Feb 2024)

Helen Gillies is an experienced Director and legal, risk and compliance professional.

Ms Gillies was appointed as a Non-Executive Director of the ASX listed company Monadelphous Group Limited ("MND") in 2016. She is the Chair of the Audit Committee of MND and a member of the Nomination Committee of MND and a member of the Remuneration Committee of MND.

She was appointed as a Non-Executive Director of Bankstown and Camden Airports in September 2017, an unlisted entity. She was appointed as a Non-Executive Director with Lexon Insurance Pte Ltd, an unlisted entity.

Previously, she served as a Director of Aurelia Metals Limited 2021 to 2024, Red Flag Group Limited from 2016 to 2020, a director of Sinclair Knight Merz Management Pty Limited from October 2002 to September 2008 and Sinclair Knight Merz Management Pty Limited from September 2010 to December 2013. She was also a Non-Executive Director of Civil Aviation Safety Authority from 2009 to 2014.

Ms Helen Gillies holds a Master of Business Administration and a Master of Construction Law, as well as undergraduate degrees in Commerce and Law. She also has completed the Advanced Management Program and the International Directors Programme at Insead, France. Ms Gillies is a Fellow of the Australian Institute of Company Directors.



## DIRECTORS' REPORT

### INFORMATION ON MANAGEMENT

#### DAVID JAMES MOULT

C. ENG (MINING), MBA, FAUSIMM, FIMMM, MAICD

**Chief Executive Officer (9 Mar 2020 – Current)**

**Independent Non-Executive Director (30 Jan 2018 – 9 Mar 2020)**

David Moulton was an Independent Director of Yancoal from January 2018 to March 2020 when he was then appointed to the role of Chief Executive Officer ("CEO"). He has over 40 years of global coal mining experience. He was Managing Director and CEO of Centennial Coal Company Limited from 2011 to 2017, then a non-executive director of Centennial Coal from May 2017 until January 2018. He previously held the position of Chief Operating Officer of Centennial Coal from 1998 to 2011.

Mr Moulton has worked with Joy Mining Machinery in the USA and Australia, RJB Mining PLC and British Coal in the UK.

Mr Moulton is Director of the Minerals Council of Australia ("MCA"), a Director and former Chairman of the New South Wales Minerals Council ("NSWMC"), and a Director of Port Waratah Coal Services ("PWCS"). Mr Moulton is a member of the Coal Industry Advisory Board to the International Energy Agency.

Mr Moulton holds a Master of Business Administration and a Higher National Diploma in Mining. Mr Moulton is a Chartered Mining Engineer in the United Kingdom, a Fellow of the Australasian Institute of Mining and Metallurgy, a Fellow of the Institute of Materials, Minerals and Mining, a European Engineer of European Federation of National Engineering Associations and a member of the Australia Institute of Company Directors.

#### NING (KEVIN) SU FCPA

**Chief Financial Officer (1 Jun 2020 – Current)**

Ning (Kevin) Su, a Fellow of CPA Australia (FCPA), joined Yancoal as General Manager Treasury in June 2014. He has over 20 years of accounting, financial, and treasury experience across manufacturing and mining industries in China and Australia. Mr Su was previously the financial controller of Acer's Oceanic Region, acting in various accounting and finance positions in the company from 2003 to 2014. Mr Su holds a Master of Commerce Degree from the University of Sydney and a Bachelor of Commerce Degree from the University of International Business and Economics in China.

#### LAURA LING ZHANG BA, MA, EMBA, AGIA, FCIS, GAICD

**Company Secretary, Chief Legal, Compliance, Corporate Affairs Officer (6 Sep 2005 – Current)**

Laura Ling Zhang was appointed as the Company Secretary on 6 September 2005.

Ms Zhang is one of the founding executives of the Company and has been the Company Secretary since September 2005. She has over 20 years of experience in the mining industry and has been instrumental in the Company's growth. She oversees the Company's corporate governance, group legal issues, corporate compliance, projects/corporate initiatives, investor relations, corporate affairs and media communications functions.

Ms Zhang graduated with a Bachelor of Arts degree and a Master of Arts degree in language literature and cross-cultural communication. Ms Zhang also holds a graduate diploma of applied corporate governance from Governance Institute of Australia (formerly known as Chartered Secretaries Australia) in 2008 and foundations of directorship certificate of Australian Institute of Company Directors in 2012. Ms Zhang completed her EMBA degree at the Australian Graduate School of Management at the University of New South Wales in 2019. Ms Zhang was previously a Fellow of the Hong Kong Institute of Chartered Secretaries between May 2016 and July 2021, and is currently a Fellow member of the Governance Institute of Australia. Ms Zhang has been a member of the Australian Institute of Company Directors since 2011.

## DIRECTORS' REPORT

DIRECTOR/CEO as at 31 December 2023	OTHER CURRENT KEY DIRECTORSHIPS
Gang Ru (Director)	Director of Zhongtai Securities Co.,Ltd
Ning Yue (Director)	Director of Shaanxi Future Energy Chemical Co., Ltd
Gregory James Fletcher (Director)	Director of Saunders International Limited, Chairman Audit and Risk Committee and Member of the Remuneration and Nomination Committee (ASX:SND) (1 Jul 2015 – current) Chairman of NSW HealthShare Audit and Risk Committee Member of the Audit and Risk Committee of Western Sydney Local Health District Member of NSW Electoral Commission Audit and Risk Committee Member of Audit and Risk Committee, NSW Health Infrastructure Member of Audit and Risk Committee NSW Police Force
Yaomeng Xiao (Director)	Director of Yankuang Energy Group Company Limited (1171 HK) (August 2021 - Current) Chairman of Yankuang Donghua Heavy Industry Co., Ltd Director of Yancoal International (Holding) Co. Ltd.
Xiaolong Huang (Director)	Director and the Secretary of the Board of Yankuang Energy Group Co., Ltd Chairman of the Supervisory Committee of Shandong Huaju Energy Co., Ltd Director of Yancoal International (Holding) Co., Ltd. Director of Yankuang Xinjiang Energy Chemicals Company Ltd
Changyi Zhang (Director)	Chairman of Hebei Xinhua Energy Technology Group Co., Ltd
Dr Geoffrey William Raby (Director)	Director of Netlinkz Limited (ASX:NET) (8 Sept 2020 – current)
Helen Jane Gillies (Director)	Director of Monadelphous Group Limited (ASX:MND) (5 Sept 2016 – current) Director of BAC Holdings Pty Ltd (since 2017) (Listed Company) Director with Lexon Insurance Pte Ltd (since 2022)
David James Moult (CEO)	Director of the Minerals Council of Australia Director of the New South Wales Minerals Council Director of Port Waratah Coal Services Ltd

DIRECTOR/CEO as at 31 December 2023	FORMER DIRECTORSHIPS IN LAST THREE YEARS
Gang Ru (Director)	None
Ning Yue (Director)	Director of Shanghai Yankuang Energy Sources Technology Research & Development Co., Ltd Director of Yankuang Group (Hong Kong) Co., Ltd
Gregory James Fletcher (Director)	None
Yaomeng Xiao (Director)	None
Xiaolong Huang (Director)	None
Changyi Zhang (Director)	None
Dr Geoffrey William Raby (Director)	Director of OceanaGold Corporation Limited (ASX:OGC) (5 Aug 2011 – 29 Jun 2021) Chairman of Wiseway Group (ASX:WWG) (18 Jul 2018 – 30 Apr 2019)
Helen Jane Gillies (Director)	Director of Aurelia Metals Limited (ASX:AMI) (21 Jan 2021 – 31 Jan 2024) Independent Non-Executive Director of Yancoal Australia Ltd (30 Jan 2018 – 9 Mar 2020) Director of the World Coal Association Director of Coal Services Pty Limited Director of Coal Mines Insurance Pty Ltd Director of Mines Rescue Pty Limited Director of Middlemount Coal Pty Ltd Director of Middlemount Mine Management Pty Ltd Director of Ribfield Pty Ltd
David James Moult (CEO)	

### SPECIAL RESPONSIBILITIES AS AT 31 DECEMBER 2023:

DIRECTOR	AUDIT AND RISK MANAGEMENT COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE	HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE	STRATEGY AND DEVELOPMENT COMMITTEE
Gang Ru	Member	Member	-	<b>Chair</b>
Ning Yue	-	-	Member	-
Yaomeng Xiao	-	Member	-	-
Xiaolong Huang	-	-	Member	Member
Changyi Zhang	-	-	-	Member
Gregory James Fletcher	<b>Chair</b>	Member	-	-
Dr Geoffrey William Raby	-	Member	<b>Chair</b>	Member
Helen Jane Gillies	Member	<b>Chair</b>	-	-

## DIRECTORS' REPORT

### CURRENT DIRECTORSHIPS AND COMPANY SECRETARY POSITIONS WITHIN THE GROUP HELD BY CEO AND CFO:

COMPANY	CEO	CFO	COMPANY	CEO	CFO
1 ABAKK Pty Limited	Dir.	C.S.	36 Miller Pohang Coal Co Pty Ltd	-	Dir.
2 Ashton Coal Mines Pty Ltd	Dir.	C.S.	37 Minmi Land Pty Ltd	Dir.	Dir.
3 Ashton Coal Operations Pty Limited	Dir.	C.S.	38 Monash Coal Holdings Pty Ltd	Dir.	Dir.
4 Athena Coal Operations Pty Ltd	Dir.	Dir.	39 Monash Coal Pty Ltd	Dir.	Dir.
5 Athena Coal Sales Pty Ltd	Dir.	Dir.	40 Moolarben Coal Mines Pty Ltd	Dir.	Dir.
6 Austar Coal Mine Pty Limited	Dir.	C.S.	41 Moolarben Coal Operations Pty Ltd	Dir.	Dir.
7 Australian Coal Resources Pty Ltd	Dir.	Dir.	42 Moolarben Coal Sales Pty Ltd	Dir.	Dir.
8 Black Hill Land Pty Ltd	Dir.	Dir.	43 Mount Thorley Coal Loading Ltd	Dir.	Dir.
9 Catherine Hill Bay Land Pty Ltd	Dir.	Dir.	44 Mount Thorley Operations Pty Limited	Dir.	Dir.
10 CIM Duralie Pty Ltd	Dir.	Dir.	45 Namoi Valley Coal Pty Limited	Dir.	Dir.
11 CIM Mining Pty Ltd	Dir.	Dir.	46 Newcastle Coal Company Pty Ltd	Dir.	C.S.
12 CIM Services Pty Ltd	Dir.	Dir.	47 Nords Wharf Land Pty Ltd	Dir.	Dir.
13 CIM Stratford Pty Ltd	Dir.	Dir.	48 Northern (Rhondda) Collieries Pty Ltd	Dir.	Dir.
14 CNA Bengalla Investments Pty Limited	Dir.	Dir.	49 Novacoal Australia Pty Limited	Dir.	Dir.
15 CNA Resources Pty Ltd	Dir.	Dir.	50 Oaklands Coal Pty Limited	Dir.	C.S.
16 CNA Warkworth Australasia Pty Limited	Dir.	Dir.	51 Primecoal International Pty Ltd	Dir.	Dir.
17 CNA Warkworth Pty Ltd	Dir.	Dir.	52 Proserpina Coal Pty Ltd	Dir.	Dir.
18 Coal & Allied (NSW) Pty Limited	Dir.	Dir.	53 R.W.Miller (Holdings) Pty Ltd	Dir.	Dir.
19 Coal & Allied Industries Pty Ltd	Dir.	Dir.	54 Stratford Coal Marketing Pty Ltd	Dir.	Dir.
20 Coal & Allied Mining Services Pty Limited	Dir.	Dir.	55 Stratford Coal Pty. Ltd	Dir.	Dir.
21 Coal & Allied Operations Pty Ltd	Dir.	Dir.	56 Warkworth Coal Sales Limited	-	Dir.
22 Donaldson Coal Finance Pty Limited	Dir.	C.S.	57 Warkworth Mining Limited	-	Dir.
23 Donaldson Coal Holdings Limited	Dir.	C.S.	58 Warkworth Pastoral Coal Pty Ltd	-	Dir.
24 Donaldson Coal Pty Ltd	Dir.	C.S.	59 Warkworth Tailings Treatment Pty Ltd	-	Dir.
25 Duralie Coal Marketing Pty Ltd	Dir.	Dir.	60 Watagan Mining Company Pty Ltd	Dir.	C.S.
26 Duralie Coal Pty Ltd	Dir.	Dir.	61 Westralian Prospectors Pty Ltd	Dir.	Dir.
27 Eucla Mining Pty Ltd	Dir.	Dir.	62 White Mining (NSW) Pty Limited	Dir.	C.S.
28 Felix NSW Pty Ltd	Dir.	Dir.	63 White Mining Pty Ltd	Dir.	C.S.
29 Gloucester (SPV) Pty Ltd	Dir.	Dir.	64 White Mining Services Pty Limited	Dir.	C.S.
30 Gloucester (Sub-Holdings 1) Pty Ltd	Dir.	C.S.	65 Yancoal Australia Sales Pty Ltd	Dir.	Dir.
31 Gloucester (Sub-Holdings 2) Pty Ltd	Dir.	Dir.	66 Yancoal CSR Pty Ltd	Dir.	Dir.
32 Gloucester Coal Pty Ltd	Dir.	Dir.	67 Yancoal Mining Services Pty Ltd	Dir.	Dir.
33 Gwandalan Land Pty Ltd	Dir.	Dir.	68 Yancoal Moolarben Pty Ltd	Dir.	Dir.
34 Kalamah Pty Ltd	Dir.	Dir.	69 Yancoal Resources Pty Ltd	Dir.	Dir.
35 Lower Hunter Land Holdings Pty Ltd	Dir.	Dir.	70 Yarrabee Coal Company Pty Ltd	Dir.	Dir.

### CURRENT DIRECTORSHIPS AND COMPANY SECRETARY POSITIONS OF SUBSIDIARIES OF SHANDONG ENERGY AND YANKUANG OUTSIDE THE GROUP HELD BY CEO AND CFO:

COMPANY	CEO	CFO	COMPANY	CEO	CFO
1 AMH (Chinchilla Coal) Pty Ltd	Dir.	Dir.	9 Tonford Pty. Ltd.	Dir.	Dir.
2 Athena Coal Mines Pty Ltd	Dir.	Dir.	10 UCC Energy Pty Limited	-	Dir.
3 Mountfield Properties Pty Ltd	Dir.	Dir.	11 Yancoal Technology Development Pty Ltd	-	Dir.
4 Ozstar Australia Pty Ltd	Dir.	Dir.	12 Yankuang (Australia) Metal Mining Pty Ltd	-	Dir.
5 Premier Coal Pty Ltd (formerly Premier Coal Ltd )	-	Dir.	13 Yankuang Bauxite Resources Pty Ltd	-	Dir.
6 Syntech Holdings II Pty Ltd	Dir.	Dir.	14 Yankuang OzStar Pty Ltd	Dir.	Dir.
7 Syntech Holdings Pty Ltd	Dir.	Dir.	15 Yankuang Resources Pty Ltd	-	Dir.
8 Syntech Resources Pty Ltd	Dir.	Dir.			

## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2023, and the numbers of meetings attended by each Director were:

	GENERAL MEETINGS <sup>4</sup>		MEETINGS OF THE BOARD		MEETINGS OF COMMITTEES								TRAINING
	AGM and EGM		FULL MEETINGS OF DIRECTORS		AUDIT AND RISK MANAGEMENT		HEALTH, SAFETY, ENVIRONMENT, AND COMMUNITY		NOMINATION AND REMUNERATION		STRATEGY AND DEVELOPMENT		CONTINUOUS PROFESSIONAL DEVELOPMENT
	A <sup>5</sup>	B <sup>6</sup>	A	B	A	B	A	B	A	B	A	B	
<b>Gang Ru<sup>7</sup></b>	1	1	5	6	3	3	-	-	n/a	n/a	1	1	Note
<b>Ning Yue<sup>8</sup></b>	1	1	3	3	-	-	1	1	-	-	-	-	Note
<b>Yaomeng Xiao<sup>9</sup></b>	-	2	5	8	-	-	-	-	-	3	-	-	Note
<b>Xiaolong Huang<sup>10</sup></b>	-	1	5	6	-	-	1	2	-	-	1	1	Note
<b>Changyi Zhang<sup>11</sup></b>	-	2	7	7	-	-	-	-	-	-	1	1	Note
<b>Gregory James Fletcher</b>	2	2	8	8	4	4	-	-	3	3	-	-	Note
<b>Helen Jane Gillies</b>	2	2	8	8	4	4	-	-	3	3	-	-	Note
<b>Geoffrey William Raby</b>	1	2	6	8	-	-	4	4	3	3	1	1	Note
<b>Baocai Zhang<sup>12</sup></b>	1	1	5	5	-	-	-	-	2	3	-	-	Note
<b>Ning Zhang<sup>13</sup></b>	1	1	6	6	-	-	1	3	-	-	-	-	Note
<b>Xiangqian Wu<sup>14</sup></b>	-	1	2	2	-	-	2	2	-	-	-	-	Note
<b>Qingchun Zhao<sup>15</sup></b>	-	1	1	2	1	1	-	-	-	-	-	-	Note
<b>Xing Feng<sup>16</sup></b>	n/a	n/a	1	1	-	-	-	-	-	-	-	-	Note
<b>David James Moulton (CEO)</b>	2	2	7	8	4	4	4	4	3	3	1	1	Note

Note: Each Director received continuous professional development training during the year ended 31 December 2023, which included training on directors' duties cybersecurity risks, anti-corruption, modern slavery, climate related reporting and disclosure, challenges with future remediation obligations and rehabilitation costs and other relevant topics. The Directors are also continually updated on developments in applicable statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities.

### CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE HK LISTING RULES

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules are set out below<sup>17</sup>:

- Baocai Zhang, Chairman, resigned as a director with effect 15 September 2023.
- Ning Zhang, Executive Director, resigned as a director with effect 27 September 2023.
- Xiangqian Wu, Non-Executive Director, resigned as a director with effect 31 May 2023.
- Qingchun Zhao, Non-Executive Director, resigned as a director with effect 31 May 2023.
- Xing Feng, Non-Executive Director, resigned as a director with effect 20 April 2023.

<sup>4</sup> General meetings included the Company's Annual General Meeting held on 31 May 2023 and the Company's Extraordinary General Meeting held on 18 October 2023.

<sup>5</sup> A = Number of meetings attended.

<sup>6</sup> B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.

<sup>7</sup> Mr Gang Ru was appointed as a director effective 31 May 2023. He was appointed as a member of the Audit and Risk Management Committee effective 31 May 2023. He was appointed as a member of the Nomination and Remuneration Committee and as the Chairman of the Strategy and Development Committee effective 27 September 2023.

<sup>8</sup> Mr Ning Yue was appointed as a director of the Company and as a member of the Health, Safety, Environment and Community Committee which became effective during the Company's Board meeting on 27 September 2023.

<sup>9</sup> Yaomeng Xiao appointed Xiaolong Huang as an alternate director to act on his behalf, solely for the board meeting of the Company on 27 September 2023.

<sup>10</sup> Yaomeng Xiao appointed Xiaolong Huang as an alternate director to act on his behalf, solely for the Nomination and Remuneration Committee meeting of the Company on 24 February 2023.

<sup>11</sup> Mr Xiaolong Huang was appointed as a director effective 31 May 2023. He was appointed as a member of the Health, Safety, Environment and Community Committee and as a member of the Strategy and Development Committee effective 31 May 2023.

<sup>12</sup> Mr Baocai Zhang resigned as a director and as a member of the Strategy and Development Committee with effect from the commencement of the Board meeting on 20 April 2023.

<sup>13</sup> Mr Ning Zhang resigned as a director effective 15 September 2023. He resigned as the Chairman of the Strategy and Development Committee and as a member of the Nomination and Remuneration Committee effective 15 September 2023.

<sup>14</sup> Mr Xiangqian Wu resigned as a director of the Company and as a member of the Health, Safety, Environment and Community Committee which became effective during the Company's Board meeting on 27 September 2023.

<sup>15</sup> Mr Qingchun Zhao resigned as a director and as a member of the Health, Safety, Environment and Community Committee with effect from the conclusion of the AGM on 31 May 2023.

<sup>16</sup> Mr Xing Feng resigned as a director and as a member of the Audit and Risk Management Committee and as a member of Strategy and Development Committee with effect from the conclusion of the AGM on 31 May 2023.

<sup>17</sup> Mr Xing Feng resigned as a director of the Company and as a member of the Strategy and Development Committee with effect from the commencement of the Board meeting on 20 April 2023.

<sup>18</sup> As at 31 December 2023.

# DIRECTORS' REPORT

## DIRECTORS' CONFIRMATIONS

### DIRECTOR'S INTEREST IN COMPETING BUSINESS

Yaomeng Xiao and Xiaolong Huang, who are Non-Executive Directors, each serve as a director of Yankuang Energy. No Directors serve as a director of Shandong Energy Group. Shandong Energy Group and Yankuang Energy Group are the controlling shareholders of the Company. As at 31 December 2023, Shandong Energy Group is, directly and indirectly, interested in approximately 54.69% of the shares in Yankuang Energy and Yankuang Energy is interested in approximately 62.26% of the shares in the Company.

Shandong Energy Group is a capital investment company with exposure to coal, coal chemicals and aluminium, power generation, machinery manufacturing and financial investments. Yankuang Energy is principally engaged in the production of coal and coal chemicals, manufacturing of mechanical and electrical equipment and power and heat generation. The mining assets of Yankuang Energy Group located in Australia, other than through its interest in the Group, are managed and operated by the Company. Shandong Energy Group does not have any interests in mines in Australia other than through its interests in Yankuang Energy and the Group.

Except as disclosed above, none of the Directors are interested in any business apart from the Group's business which competes with or is likely to compete directly or indirectly, with the Group's business during the year ended 31 December 2023.

### LETTERS OF APPOINTMENT AND SERVICE CONTRACTS

Each Director has entered into a letter of appointment in relation to his/her role as a director of the Company, which is subject to termination by the Director or the Company in accordance with the terms of the letter of appointment, the requirements of the Listing Rules and the provisions relating to the retirement and rotation of the Directors under the Constitution.

Pursuant to the terms of the letter of appointment entered into between each Director (on the one part) and the Company (on the other part), (a) the Executive Director and the non-executive Directors are not entitled to receive any director's fees; (b) the annual director's fees payable by the Company to each Independent Non-executive Director are \$178,448 (save for Gregory Fletcher who receives fees as set out in (e) below); (c) an Independent Non-executive Director (save for Gregory Fletcher) will receive from the Company an additional fee of \$43,260 for being the chairman of the Audit and Risk Management Committee, the Nomination and Remuneration Committee or the Health, Safety, Environment and Community Committee, (d) an Independent Non-Executive Director (save for Gregory Fletcher) will receive from the Company an additional fee of \$21,630 for being a member of the Audit and Risk Management Committee, the Health, Safety, Environment and Community Committee, the Nomination and Remuneration Committee or the Strategy and Development Committee, and certain additional fees on a per day basis as approved by the Board for the role on an independent board committee for any major related party transactions, and (e) Gregory Fletcher will receive \$389,340 including superannuation in aggregate for his role as a Co-Vice Chair of the Board, Chair of the Audit and Risk Management Committee, member of the Nomination and Remuneration Committee and chair of the Independent Board Committee.

Each Director is entitled to be indemnified by the Company (to the extent permitted under the Constitution and applicable laws) and to be reimbursed by the Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

Save as disclosed above, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## INTERESTS AND POSITIONS IN SHARES

### INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 31 December 2023, the interests or short positions (as applicable) of the Directors and the Chief Executive of the Company in the Shares and debentures of the Company and any interests or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (1) have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the HK Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, are as follows:

### THE COMPANY

NAME OF EXECUTIVE OR DIRECTOR	NUMBER OF SHARES AND UNDERLYING SHARES	NATURE OF INTEREST	APPROXIMATE PERCENTAGE
Gregory James Fletcher (Director)	2,100	Beneficial owner	0.0016 %
Geoffrey William Raby (Director)	22,858	Beneficial owner	0.00173 %
David James Moulton (CEO)	5,077,357	Beneficial owner	0.38452 %

## DIRECTORS' REPORT

### ASSOCIATED CORPORATIONS OF THE COMPANY

NAME OF DIRECTOR	NAME OF THE ASSOCIATED CORPORATION	NUMBER OF SHARES AND UNDERLYING SHARES	NATURE OF INTEREST	APPROXIMATE PERCENTAGE
Ning Yue	Yankuang Energy Group Company Limited	120,000	Beneficial owner	0.001613 %
Xiaolong Huang	Yankuang Energy Group Company Limited	240,000	Beneficial owner	0.003226 %
Yaomeng Xiao	Yankuang Energy Group Company Limited	525,000	Beneficial owner	0.007057 %

Save as disclosed above, as at 31 December 2023, none of the Directors or the Chief Executive of the Company have an interest and/or short position (as applicable) in the Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the HK Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

### INTERESTS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 31 December 2023 the following entities (other than a Director or Chief Executive of the Company) had an interest or short position (as applicable) in the Shares or underlying Shares which were recorded in the register required to be kept under section 336 of the SFO:

NAME OF SHAREHOLDER	CAPACITY	NUMBER OF SHARES HELD OR INTERESTED	APPROXIMATE PERCENTAGE (%)
Yankuang Energy Group Company Limited	Beneficial interest	822,157,715	62.26
Shandong Energy Group Co. Ltd <sup>18</sup>	Interest in controlled entity	822,157,715	62.26
Cinda International HGB Investment (UK) Limited <sup>19</sup>	Beneficial interest	157,864,967	11.96
China Agriculture Investment Limited	Interest in controlled entity	157,864,967	11.96
International High Grade Fund B, L.P.	Interest in controlled entity	157,864,967	11.96
Cinda International GP Management Limited	Interest in controlled entity	157,864,967	11.96
China Cinda (HK) Asset Management Co., Ltd	Interest in controlled entity	157,864,967	11.96
Cinda International Holdings Limited	Interest in controlled entity	157,864,967	11.96
Cinda Securities Co., Ltd	Interest in controlled entity	157,864,967	11.96
China Cinda (HK) Holdings Company Limited	Interest in controlled entity	157,864,967	11.96
China Cinda Asset Management Co., Ltd	Interest in controlled entity	157,864,967	11.96
Cinda Securities (H.K.) Holdings Limited	Interest in controlled entity	157,864,967	11.96

Save as disclosed above, as at 31 December 2023, none of the substantial shareholders or other persons, (other than the Directors and Chief Executive of the Company) had any interest or short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

<sup>18</sup> Shandong Energy is deemed to be interested in the 822,157,715 Shares which Yankuang Energy is interested in as beneficial owner as it is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Yankuang Energy.

<sup>19</sup> Cinda International HGB Investment (UK) limited, an indirect wholly owned subsidiary of China Cinda Asset Management Co., Ltd, is interested in 157,864,967 Shares which are held via various accounts and nominees. China Cinda Asset Management Co., Ltd., China Cinda (HK) Holdings Company Limited, Cinda International Holdings Limited, Cinda Securities Co., Ltd, China Cinda (HK) Asset Management Co., Ltd, Cinda International GP Management Limited, International High Grade Fund B, L.P., China Agriculture Investment Limited and Cinda Securities (H.K.) holdings Limited are each deemed to be interested in the 157,864,967 Shares which Cinda International HGB Investment (UK) Limited is interested in as beneficial owner. The Cinda International HGB Investment (UK) limited holding is sourced from 'disclosure of interests' observable on the 'HKEX news' website dated 15-Dec-2023.

# REMUNERATION REPORT - AUDITED

Dear Shareholder,

On behalf of the Board, we are pleased to present Yancoal's 2023 Remuneration Report.

## 2023 REFLECTIONS AND PERFORMANCE

Yancoal is committed to increasing long-term shareholder value through activities that maximise profits and minimise financial, operational, environmental and social risks. Our safety and transparency focus align with our zero harm goal. The efforts of the Board, Health, Safety, Environment and Community Committee and management resulted in a notable reduction in our 12-month rolling TRIFR to 5.1 as of 31 December 2023.

In the two years prior to 2023, persistent and heavy rainfall associated with the prolonged La Niña weather cycle disrupted mining, rail and port activity. To capitalise on a period of record high coal prices, our mines prioritised coal extraction over pre-strip and overburden removal activities in 2022. A sound strategy that facilitated both rapid debt reduction and dividend distributions to shareholders.

At the start of 2023, our mines switched their priorities to pre-strip and overburden removal to re-establish the optimal mine profiles. These recovery plans continued throughout the year, delivering improved productivity and increased saleable coal volumes as the year progressed.

Throughout the year, Yancoal stated its intention to increase output in each successive quarter and return to the production level of prior years. We have delivered on this goal and the 2023 guidance, producing 33.4 million tonnes of saleable coal at cash operating cost of A\$96 per tonne.

The Group progressed its plans for a renewable energy hub at Stratford. This concept provides an excellent opportunity for the beneficial re-use of land after the cessation of mining and will provide economic and social benefits to the Gloucester region, subject to feasibility work, permitting and approval processes (including Board approval). The Company intends to develop a decarbonisation plan that incorporates abatement activities and includes the purchase of credits to meet our emission requirements.

As a result of the efforts of our employees, Yancoal delivered exceptional financial performance in 2023, which enabled the payment of over A\$1.4 billion in fully franked dividends during the year, repayment of the last US\$333 million of external debt and \$1.4 billion cash balance at the end of the year.

Key operational highlights include:



**Strong Safety Culture:** 12-month rolling TRIFR of 5.1, below the comparable industry average and down from 7.9 in 2022



**Saleable Production:** Achieved attributable saleable coal production of **33.4Mt** after addressing the operational challenges



**Realised Coal Price:** Average realised coal price of **A\$232/t**

## 2023 EXECUTIVE REMUNERATION OUTCOMES

In 2023, Yancoal introduced the option for Employee Share Plan participants to elect to 'manually exercise' their vested Long-Term Incentive ("LTI") performance share rights which was applied to the 2020 LTI that vested during 2023. This aligns with Yancoal's retention strategy in providing flexible planning options for participants with regards to their taxation obligations. The Australian taxation regime triggers a taxing point at automatic exercise. The option to manually exercise provides executives with flexibility to manage their tax affairs, and in doing so improve the competitiveness of executive remuneration packages. There have been no further material changes to Yancoal's Executive Remuneration structure in 2023.

The 2023 performance has resulted in Executive Short-Term Incentive Plan ("STIP") awarded at 103.5% of target. In assessing executive performance, we utilise our balanced scorecard approach which reinforces the need for our Executive team to deliver both financial and non-financial priorities. The Executive STIP Outcomes section of this report provides more detail on this year's scorecard performance.

The LTIP offered in June 2020 has vested at 100% of the total grant. Earnings per share ("EPS") since 1 January 2020 has increased by 445% placing Yancoal above the 75th percentile of our comparators. The Cost Target component beat the top 20th percentile of our comparators. The LTIP vesting reflects the efforts of the executive team in driving value for shareholders.

This report sets out remuneration information for the Group's Key Management Personnel ("KMP") for the 12 months ended 31 December 2023.

Yours sincerely,

**Gregory Fletcher**

Co-Vice Chairman of the Board

## REMUNERATION REPORT - AUDITED

### KEY MANAGEMENT PERSONNEL

The Board delegates responsibility for the day to day management of the Company's affairs and implementation of the strategy and policy initiatives set by the Board to the Chairman of the Executive Committee and the Chief Executive Officer. The Executive Committee is a management committee comprising the Chairman of the Executive Committee, the Chief Executive Officer, the Chief Financial Officer and any other officers that the Board resolves will be members of the Executive Committee.

Consistent with the Constitution, the Company's majority shareholder Yankuang Energy can nominate a director to the position of the Chairman of the Executive Committee and the Chairman of the Board can recommend a person to the position of Chief Financial Officer.

During 2023, Mr Baocai Zhang stepped down from the Board and role of Chairman effective 15 September 2023 and Mr Gang Ru was appointed to this role effective 15 September 2023.

During 2023, Mr Ning Zhang stepped down as Chair of the Executive Committee effective 27 September 2023, and Mr Ning Yue was appointed as Co-Vice Chairman and Chair of the Executive Committee.

KMP comprise the Directors of the Company and nominated members of the Executive Committee ("Executive KMPs"). Together, the Executive Director and Executive KMPs are referred to as "Executives" in this report. Details of the KMP are set out in the table below.



## REMUNERATION REPORT - AUDITED

NAME	POSITION	TIME IN ROLE
<b>NON-EXECUTIVE DIRECTORS</b>		
<b>Gang Ru</b>	Chairman of the Board	From 15 September 2023
	Director	From 31 May 2023
	Chair of the Strategy and Development Committee	
	Member of the Audit and Risk Management Committee	
	Member of the Nomination and Remuneration Committee	
<b>Baocai Zhang</b>	Director	Until 15 September 2023
	Chairman of the Board	
	Chair of the Strategy and Development Committee	
	Member of the Nomination and Remuneration Committee	
<b>Qinqchun Zhao</b>	Director	Until 31 May 2023
	Member of the Audit and Risk Management Committee	
	Member of the Strategy and Development Committee	
<b>Xiangqian Wu</b>	Director	Until 31 May 2023
	Member of the Health, Safety, Environment and Community Committee	
<b>Xing Feng</b>	Director	Until 20 April 2023
	Member of the Strategy and Development Committee	
<b>Yaomeng Xiao</b>	Director	Full Year
	Member of the Nomination and Remuneration Committee	
<b>Gregory James Fletcher</b>	Independent Director	Full Year
	Co-Vice Chairman of the Board	
	Chair of the Audit and Risk Management Committee	
	Member of the Nomination and Remuneration Committee	
<b>Geoffrey William Raby</b>	Independent Director	Full Year
	Chair of the Health, Safety, Environment and Community Committee	
	Member of the Strategy and Development Committee	
	Member of the Nomination and Remuneration Committee	
<b>Helen Jane Gillies<sup>20</sup></b>	Independent Director	Full Year
	Chair of the Nomination and Remuneration Committee	
	Member of the Audit and Risk Management Committee	
<b>Changyi Zhang</b>	Director	From 20 April 2023
	Member of the Strategy and Development Committee	
<b>Xiaolong Huang</b>	Director	From 31 May 2023
	Member of Health, Safety, Environment and Community Committee	
	Member of the Strategy and Development Committee	
<b>EXECUTIVE DIRECTORS</b>		
<b>Ning Yue</b>	Executive Director	From 27 September 2023
	Co-Vice Chairman of the Board	
	Chair of the Executive Committee	
	Member of Health, Safety, Environment and Community Committee	
<b>Ning Zhang</b>	Director	Until 27 September 2023
	Co-Vice Chairman of the Board	
	Chair of the Executive Committee	
	Member of the Health, Safety, Environment and Community Committee	
<b>EXECUTIVE KMP</b>		
<b>David James Moult</b>	Chief Executive Officer	Full Year
<b>Ning (Kevin) Su</b>	Chief Financial Officer	Full Year

<sup>20</sup> Helen Gillies resigned from all roles effective 9 February 2024.

# REMUNERATION REPORT - AUDITED

## REMUNERATION FRAMEWORK OBJECTIVES

The executive remuneration framework is structured to be market competitive and to reflect the Group reward strategy.

Through this framework, the Group seeks to align executive remuneration with:

- Shareholder outcomes by:
  - making economic performance a core component of the overall remuneration plan design;
  - focusing on the key value drivers of the business including employee safety, operational performance and cost control; and
  - attracting and retaining high calibre executives
- Executive outcomes by:
  - rewarding capability and experience;
  - reflecting competitive reward for contribution to growth in Group performance; and
  - providing a clear structure for earning rewards

Details of remuneration for all Executives are set out in the 'Executive Statutory Remuneration' section of this Remuneration Report.

## REMUNERATION STRUCTURE

The executive remuneration framework is structured as a combination of fixed and variable remuneration, as follows:

FIXED ANNUAL REMUNERATION ("FAR")	VARIABLE REMUNERATION (AT RISK)	
	SHORT-TERM INCENTIVE PLAN ("STIP")	LONG-TERM INCENTIVE PLAN ("LTIP")
<p>The FAR package provides market competitive remuneration to attract and retain high quality talent while reflecting role scope and accountabilities. The FAR package incorporates cash salary, superannuation benefits and may include a provision for a car benefit, together with various other benefits. Executive FAR is reviewed annually against equivalent roles among companies of similar size in the mining/resources industry. No Executives are guaranteed an annual increase in FAR.</p>	<p>The STIP rewards Executives for the achievement of Group and individual goals that are aligned to the Group's financial, operational and strategic priorities.</p> <ul style="list-style-type: none"><li>• 50% is paid as cash</li><li>• 25% is deferred into rights (Deferred Share Rights) for one year</li><li>• 25% is deferred into rights for two years</li></ul> <p>Performance is assessed annually against profitability, health &amp; safety, strategic objectives and environment key performance indicators ("KPIs").</p> <p>For further information see the 'Short Term Incentive Plan' section in this Remuneration Report.</p>	<p>The LTIP rewards and supports retention of participants who are in positions to influence the Group's long-term performance.</p> <p>Performance rights to shares with no dividend equivalent payments vest after a three-year period subject to performance assessed against a comparator group:</p> <ul style="list-style-type: none"><li>• 60% Earnings Per Share Vesting Condition ("EPS Awards")</li><li>• 40% Costs Target Vesting Condition ("Costs Target Awards").</li></ul> <p>For further information see the 'Long Term Incentive Plan' section in this Remuneration Report.</p>

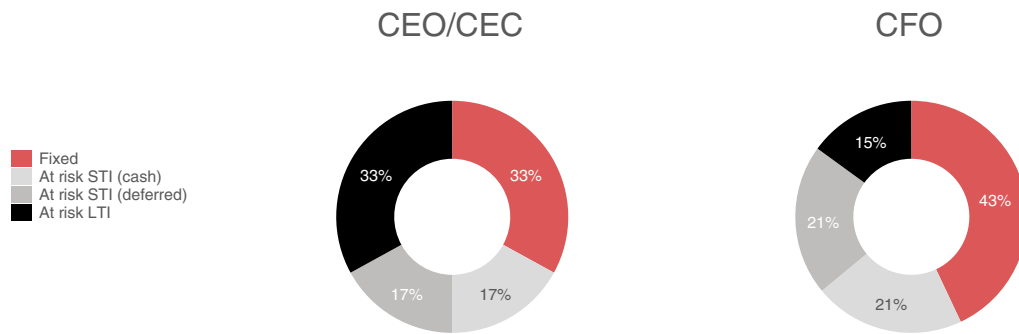
The executive remuneration framework is designed to align participants with the long-term interests of both the Company and shareholders. This involves integrating equity components, such as deferred share rights in the Short-Term Incentive Plan ("STIP") and performance rights in the Long-Term Incentive Plan ("LTIP"). Compliance with the Hong Kong Exchanges and Clearing ("HKEX") Listing Rules entails restrictions on equity issuance and transfers to maintain the required free float of shares. For more information, please see the 'Public Float' section of the Directors' Report.

The Board has the discretion to settle STIP and LTIP components in cash, with the equivalent value determined by market share value at vesting. Historically, deferred STIP has been settled in cash. Notably, reflecting a strengthened public float since 2022, the Board approved a 50/50 split settlement for vested deferred STIP share rights—half in cash and half in fully paid ordinary shares. This strategic move aligns with Yancoal's commitment to align remuneration practices with shareholder interests. Additionally, vested LTIP performance rights were settled entirely in fully paid ordinary shares, underscoring our dedication to a streamlined and shareholder-friendly remuneration framework.

## REMUNERATION REPORT - AUDITED

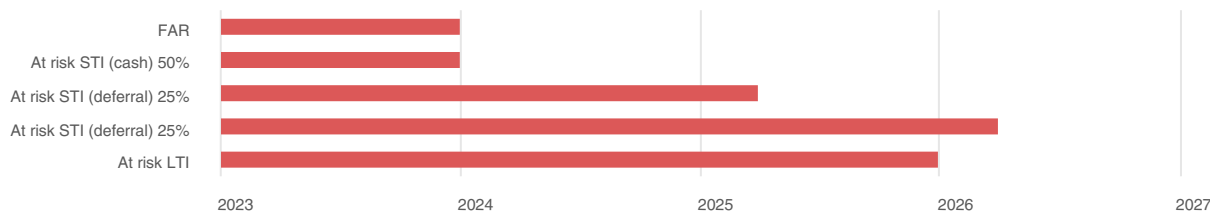
### TARGET REMUNERATION MIX

The chart below illustrates the relative proportion of 2023 remuneration for Executive KMPs, between fixed and at-risk components. STIP and LTIP form a significant part of the executive remuneration, which are structured to award most of the at-risk remuneration as share rights.



### REMUNERATION TIMING

The chart below provides an indicative timing illustration of how the 2023 financial year remuneration will be delivered to Executive KMPs.



### Fixed Annual Remuneration

The Fixed Annual Remuneration package provides market competitive remuneration to attract and retain high quality talent while reflecting the scope and accountabilities of each executive role. Yancoal is cognisant of the competitive executive talent market, especially with regards to executives who are experienced and able to operate in an environment subject to significant stakeholder scrutiny. As such, Yancoal ensures a competitive positioning with regards to FAR, to ensure attraction and retention of key executive talent required to deliver on Yancoal's strategies.

## REMUNERATION REPORT - AUDITED

### SHORT TERM INCENTIVE PLAN

The STIP aims to strengthen stakeholder alignment and encapsulates various Company and Group performance measures. The Board maintains discretion to alter the STIP elements outlined below should the results generate unintended outcomes after considering various stakeholder interests including but not limited to shareholders, employees and communities.

The 2023 STIP structure outlined below was retained from 2022.

FEATURE	DESCRIPTION																			
<b>Eligibility</b>	Executives as well as other management and employees of the Group are eligible to participate in the STIP.																			
<b>Opportunity</b>	This is expressed as a percentage of each Executive's FAR. The STIP opportunity is reviewed annually. The Chief Executive Officer, Chair of the Executive Committee and Chief Financial Officer have a Target STIP Opportunity of 100% of FAR, with a maximum opportunity of 200% of FAR. The Board believes this level of STIP opportunity is reasonable and competitive for the current environment.																			
<b>Scorecard Performance Conditions</b>	<p>The STIP Scorecard consists of several KPIs.</p> <p>At the start of each year, the Board reviews and selects KPIs considered to be the most appropriate to the business to drive performance for the financial year in question.</p> <p>Assessment against these measures is determined following the end of each year.</p> <p>For Executives, all KPIs are measured at Group level. The STIP scorecard measures the Group's performance in respect of the following categories:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">KPI</th> <th style="text-align: left;">MEASURE</th> <th style="text-align: right;">WEIGHTING</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Profitability</td> <td>Profit Before Tax ("PBT")</td> <td style="text-align: right;">30 %</td> </tr> <tr> <td>Free On Board ("FOB") Cash Costs (excluding royalties) <sup>21</sup></td> <td style="text-align: right;">20 %</td> </tr> <tr> <td>Run Of Mine tonnes ("ROM")</td> <td style="text-align: right;">10 %</td> </tr> <tr> <td>Health &amp; Safety<sup>22</sup></td> <td>Total Recordable Injuries and Disease Injuries ("TRI &amp; DI"), Critical Control Compliance, Higher Level Control Action Applied, NIL Control Action Applied</td> <td style="text-align: right;">15 %</td> </tr> <tr> <td>Strategic Objectives</td> <td>Strategic measures such as water management, ESG and New Energy Projects, and optimising / exiting underperforming Assets</td> <td style="text-align: right;">15 %</td> </tr> <tr> <td>Environment</td> <td>Environmental incidents and complaints</td> <td style="text-align: right;">10 %</td> </tr> </tbody> </table>	KPI	MEASURE	WEIGHTING	Profitability	Profit Before Tax ("PBT")	30 %	Free On Board ("FOB") Cash Costs (excluding royalties) <sup>21</sup>	20 %	Run Of Mine tonnes ("ROM")	10 %	Health & Safety <sup>22</sup>	Total Recordable Injuries and Disease Injuries ("TRI & DI"), Critical Control Compliance, Higher Level Control Action Applied, NIL Control Action Applied	15 %	Strategic Objectives	Strategic measures such as water management, ESG and New Energy Projects, and optimising / exiting underperforming Assets	15 %	Environment	Environmental incidents and complaints	10 %
KPI	MEASURE	WEIGHTING																		
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Strategic Objectives	Strategic measures such as water management, ESG and New Energy Projects, and optimising / exiting underperforming Assets	15 %																		
Environment	Environmental incidents and complaints	10 %																		
<b>Individual Performance Condition</b>	Individual Performance will be assessed against objectives set at the beginning of the financial year as part of Yancoal's Performance Review and Development ("PRD") framework, with further consideration of behaviours against Yancoal's values and Leadership competencies. The Board will oversee the objectives and assessment of the Chief Executive Officer and Chair of the Executive Committee, while objectives for other executives including the Chief Financial Officer will be set and assessed in collaboration with the Chief Executive Officer and Chair of the Executive Committee.																			
<b>Outcome Formula</b>	<p>The STIP Scorecard outcome and individual PRD outcome are weighted (Chief Executive Officer and Chair of the Executive Committee 90% and 10%; Chief Financial Officer 80% and 20% respectively) to determine the overall STIP Performance Outcome.</p> <p>Performance against the STIP scorecard is converted to a payout multiplier, calculated referencing the relevant maximum level of opportunity and minimum acceptable or threshold level of performance. Likewise, the PRD outcome is converted to a payout multiplier.</p> <p>These payout multipliers (0% to 200%) are weighted as described above and applied to the Target STIP opportunity to determine the actual STIP award. Accordingly, each Executive's STIP award is heavily influenced by the achievement of Group KPIs.</p> <p>The Board can exercise discretion should the formula outcome generate an unintended outcome.</p>																			
<b>Timing</b>	<p>Executive STIP awards are paid as follows:</p> <ul style="list-style-type: none"> <li>• 50% of the award is delivered as a cash payment around March each year.</li> <li>• 50% of the award will be deferred in share rights and vest in equal parts over a two- year period (25% deferred for one year, 25% deferred for two years) subject to continued employment at the respective vesting dates (1 March 2025 and 1 March 2026). The value of the deferred portion of STIP is converted to Deferred Share Rights (to Yancoal shares) at the time of award using a volume weighted average price ("VWAP").</li> </ul> <p>Deferred share rights will be granted for nil consideration following audited 2023 financial statements being released.</p>																			
<b>Settlement</b>	<p>Following vesting, the Company will issue participants with a vesting notice confirming the number of deferred share rights that have vested and become exercisable.</p> <p>Deferred STIP rights for 2021 and 2022 will be settled 50% in shares and 50% in cash. The cash equivalent value is determined with reference to the number of rights and the market value of shares on vesting, less applicable taxes and other amounts such as any applicable statutory superannuation contributions.</p>																			


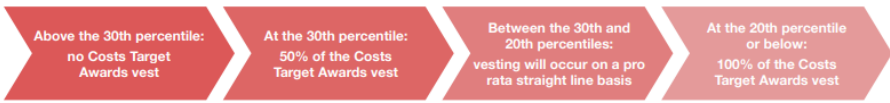
<sup>21</sup> FOB cash costs are calculated on a management reporting basis

<sup>22</sup> Health & Safety Measures are made up by Total Recordable Injuries and Disease Injuries ("TRI & DI") (7%), Critical Control Compliance (4%), Higher Level Control Action Applied (2%), NIL Control Action Applied (2%).

## REMUNERATION REPORT - AUDITED

### LONG TERM INCENTIVE PLAN

LTIP grants are delivered in performance share rights with vesting subject to performance conditions measured over a 3-year period. The Board maintains discretion to reduce or waive the conditions outlined below if the results generate any unintended outcomes. The 2023 LTIP structure outlined below was retained from 2022.

FEATURE	DESCRIPTION
<b>Eligibility</b>	Executives and certain senior management are eligible to participate in the LTIP.
<b>Frequency</b>	Each year, eligible Executives and certain senior management are considered for an annual LTIP grant.
<b>LTIP opportunity</b>	The Chair of the Executive Committee and the Chief Executive Officer have an annual LTIP opportunity of up to 200% of FAR. The Chief Financial Officer has an annual LTIP opportunity of up to 50% of FAR.
<b>Allocation Methodology</b>	The number of performance rights granted is calculated by dividing the dollar value of the annual LTIP opportunity by the VWAP of the Company's ordinary shares traded on the ASX across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022.
<b>LTIP instrument</b>	The LTIP is issued via a grant of performance share rights for nil consideration.
<b>LTIP performance conditions</b>	<p>The LTIP will vest subject to both service and performance measures:</p> <ul style="list-style-type: none"> <li>• EPS Awards: 60% of the award will vest subject to EPS growth performance of the Group relative to performance of a comparator group of international companies of a comparable size with a coal mining focus over the relevant performance period; and</li> <li>• Costs Target Awards: 40% of the award will vest subject to cost per tonne performance of the Group relative to performance of a comparator group of Australian export mines at the end of the performance period.</li> </ul>
<b>LTIP performance conditions – why were they chosen?</b>	<p>An EPS vesting condition was chosen because it allows for an objective, well understood, external assessment of the shareholder value created by the Group relative to a group of peers over a sustained period in view of the low liquidity and limited float of Yancoal shares. The Costs Target condition was chosen because it provides a structural incentive to LTIP participants to ensure that the Group remains positioned in the best cost quartile of Australian coal producers. The best quartile costs protect and preserve shareholder value in difficult times and supports enhanced returns when the commodity cycle recovers.</p>
<b>How will the performance condition be calculated for the EPS Awards?</b>	<p>For the EPS Awards, the EPS growth of the Group (based on the Group's Annual Report, adjusted for any share consolidations or splits) is measured as a percentile ranking compared to the EPS growth for the same period of the comparator group of companies. Vesting is based on the ranking in accordance with the following schedule:</p>  <p>The 2023 comparator group consists of the following companies: Adaro Energy; Alliance Resources; Arch Resources; CONSOL Energy; Coronado Global Resources; Evolution Mining; New Hope Corp; Peabody; PT Bumi Resources TBK; Sandfire Resources; Sibanye Stillwater; South32; Teck Resources; and Whitehaven Coal.</p>
<b>How will the performance condition be calculated for the Costs Target Awards?</b>	<p>For the Costs Target Awards, the Group's weighted average FOB cost per tonne is measured as a percentile ranking compared to the coal industry cost curve, as provided by an independent expert, for Australian export mines at the end of the performance period. Vesting is based on the ranking in accordance with the following schedule. Yancoal must rank ahead of 70% of the comparator companies before vesting commences.</p> 
<b>Performance Period</b>	<p>Subject to achieving vesting conditions, EPS awards become exercisable after a three-year performance period, commencing on 1 January 2023.</p> <p>The Costs Target Awards is based on the FOB cost per saleable tonne achieved by the Group and the assets managed on behalf of Yancoal International Holdings for the year ending 31 December 2025 with Costs Target Awards being tested at, or shortly after, the time of publication of Wood Mackenzie's independent expert report.</p> <p>Performance testing will occur within four months of the end of the performance period. All awards that do not vest following testing will lapse immediately. There is no re-testing. All vested awards are automatically exercised.</p>
<b>Settlement</b>	<p>Exercisable rights will be equity settled unless the Board exercises discretion to settle in cash, with consideration to the Company being required to maintain a minimum free float. The cash equivalent value is determined with reference to the number of rights and the market value of shares on vesting, less applicable taxes and other amounts such as any applicable statutory superannuation contributions.</p> <p>The Company has introduced the option of 'manual exercise' to enable for executives to choose when they would like to exercise the rights. The ability to choose the time of exercise provides executives with flexibility to manage their tax affairs. The intent is this approach will improve the attractiveness of the executive remuneration package and support the Company's desire to be an employer of choice.</p>

## REMUNERATION REPORT - AUDITED

### **Malus and Clawback of awards under equity plans**

The Board has discretion to clawback or adjust an award in certain circumstances to ensure no unfair benefit is derived by an equity plan participant.

The circumstances in which the Board may exercise this discretion include, but are not limited to, where, in the opinion of the Board, an equity plan participant has acted fraudulently or dishonestly, engaged in negligence or gross misconduct, there is a material misstatement or omission in the Company's financial statements, or the Company is required by, or entitled under, law or Company policy to reclaim remuneration from an equity plan participant or restrict the vesting or exercise of an equity plan participant's awards.

### **Duration of the Equity Incentive Plan**

The Equity Incentive Plan sets no limit on its duration and will remain in force until it is terminated by the Board.

### **LTIP awards granted to Executives in 2023**

A summary of the LTIP awards granted in 2023 is set out in the table below.

<b>NAME</b>	<b>FAIR VALUE AT DATE OF GRANT \$</b>	<b>NUMBER OF PERFORMANCE RIGHTS GRANTED<sup>23</sup></b>
Ning Zhang	—	—
David James Moulton	2,803,901	605,669
Ning (Kevin) Su	225,393	48,687
<b>Total</b>	<b>3,029,294</b>	<b>654,356</b>

The maximum total value of the performance rights is the grant price multiplied by the maximum number of performance rights which can be granted. The grant price is determined at grant date and will not change during the vesting period. The maximum possible value, under the accounting standards, will not change from the determined value at the grant date. The minimum possible value of performance rights is zero, if they do not meet the relevant performance conditions.

Former Chair of the Executive Committee Mr Ning Zhang was entitled to participate in the LTIP. During 2023, Mr Ning Zhang elected not to participate in the 2023 LTIP.

<sup>23</sup> The performance share rights noted above have been allocated and were issued on 5 June 2023 for David James Moulton and Ning (Kevin) Su. The number of performance rights granted is calculated as the maximum LTIP award opportunity divided by the VWAP across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022.

# REMUNERATION REPORT - AUDITED

## REMUNERATION GOVERNANCE FRAMEWORK

### BOARD

Consistent with its Board Charter, the Board oversees the appointment, remuneration and performance of senior management; including but not limited to:

- Approving the remuneration arrangements for all members of the Executive Committee (except for any Director) and senior executive officers; and
- Ensuring that the Group's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite.

On these and other issues as outlined in the Board Charter, the Board receives recommendations from the NRC.

### NOMINATION AND REMUNERATION COMMITTEE

The Board has established an NRC to make recommendations to the Board on matters such as:

- Board composition and succession planning for the Board and the Chief Executive Officer and oversight of succession planning for the Executive Committee;
- Director remuneration (subject to shareholder approval that is required in accordance with the ASX and HKEx Listing Rules, and the Constitution) and remuneration arrangements for the Company's Executive Committee and any other person nominated as such by the Committee from time to time;
- the public reporting of remuneration for Directors and key management personnel and other members of the Executive Committee;
- oversight of the performance assessment of the Executive Committee;
- designing Company policy and regulations with regard to corporate governance; and
- diversity and inclusion.

### EXTERNAL ADVICE

From time to time, the NRC seeks and considers advice from external advisors who are engaged by and report directly to the NRC. Such advice will typically cover remuneration levels, independent benchmarking data and information regarding best practice, trends and regulatory developments. Following the last holistic review of the framework completed in 2018, the Nomination and Remuneration Committee reviewed the Group's remuneration framework in 2022 to ensure remuneration arrangements continue to align management with shareholder interests. The NRC has reviewed the advice provided and determined that the existing remuneration arrangements continue to align management with shareholder interests, hence no material changes to the framework are required. No remuneration recommendations were obtained during 2023 as defined under the *Corporations Act 2001* (Cth).

## EXECUTIVE REMUNERATION

### PRINCIPLES AND FRAMEWORK



Equitable and aligned with the long-term interests of the Company and its shareholders



Compliant with relevant Group policies, including the Diversity Policy



Market competitive remuneration to attract and retain skilled and motivated employees



Linked with achievement of Group strategy and challenging business objectives, and the delivery of sustainable returns over the long-term



Rewards the contribution of outstanding performers and recognises conduct aligned to Yancoal's values

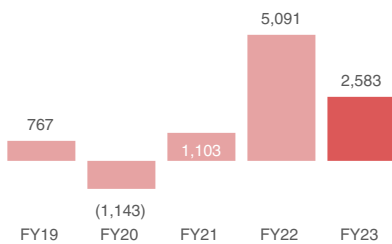
## REMUNERATION REPORT - AUDITED

### LINKING EXECUTIVE REMUNERATION TO GROUP PERFORMANCE

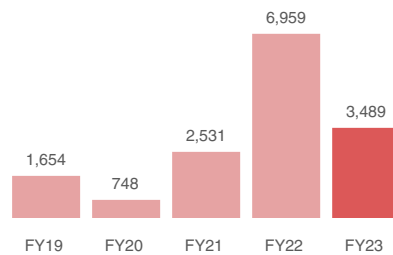
The Group's remuneration principles include rewarding based on performance and this is primarily achieved through the Group's STIP and LTIP. Cash and equity awards under these plans are impacted by the overall performance of the Group in order to maintain a link between performance and shareholder value. The Group's earnings and delivery of shareholder wealth for the past five years is outlined in charts below. These charts also highlight the fact Yancoal's Executive remuneration reflects the outcomes across a number of financial and operational outcomes at Group and Company level.

#### OVERVIEW OF YANCOAL'S HISTORICAL PERFORMANCE AND EXECUTIVE STIP OUTCOMES

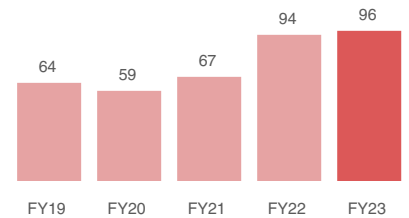
**PBT**  
(\$'M)



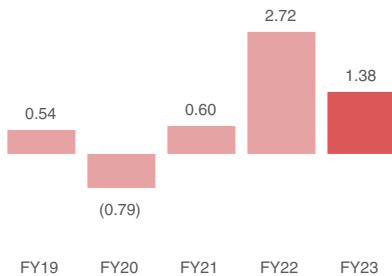
**OPERATING EBITDA**  
(\$'M)



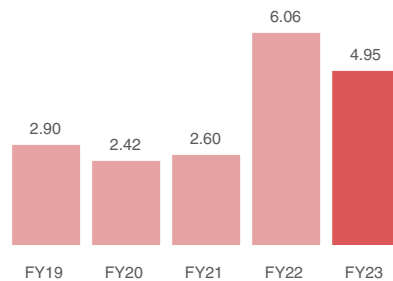
**CASH OPERATING COSTS**  
(\$/t)



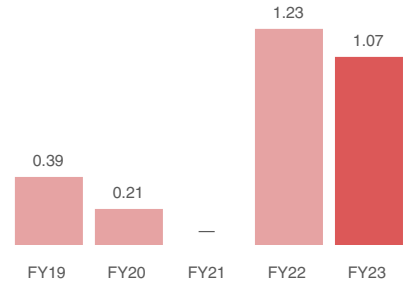
**BASIC EPS**  
(\$)



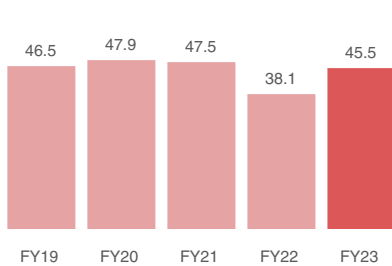
**CLOSING SHARE PRICE**  
(\$)



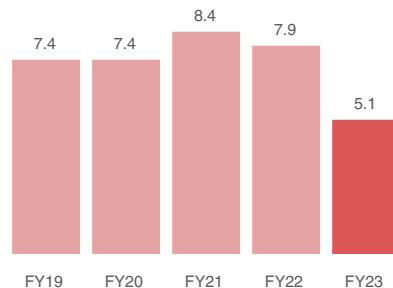
**DIVIDEND PER SHARE (PAID)**  
(\$)



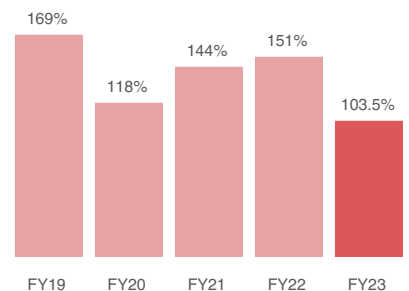
**ATTRIBUTABLE ROM TONNES**  
(Mt)



**TRIFR**  
(Number of recordable injuries per million hours worked)



**EXECUTIVE STIP SCORECARD**  
(% of Target)





## REMUNERATION REPORT - AUDITED

### 2023 EXECUTIVE STIP OUTCOMES

The table below outlines STIP scorecard achievement for Yancoal Australia Limited and Yancoal International (Holding) Co. Ltd in 2023.

KPI	MEASURE	ACTUAL KPI RESULT	STIP OUTCOME			COMMENTS
			THRESHOLD	STIP OUTCOME TARGET	STRETCH	
Profitability <sup>24</sup>	PBT (\$Am)	3,059				Low PBT reflects reduction in revenue and lower coal prices
	FOB Cash Costs (excluding royalties) (\$ per tonne) <sup>25</sup>	96.65				Uncontrollable factors elevated cash costs including diesel prices, labour shortages, safeguard mechanism, inflation pressure and wet weather
	Adjusted ROM (Mt)	52.63				ROM tonnes were constrained as significant rainfall, recovery and safe work protocols impacted production
Health & Safety	TRI & DI	52				Stretched TRI & DI performance reflects the efforts from management resulted in a significant improvement from the prior year
	Critical Controls Compliance	Various				Target Critical Controls Compliance performance reflects a similar outcome to the prior year
Strategic Objectives	Strategic measures such as diversification and optimisation initiatives	Various				Results reflect the progress made across key strategic objectives which position Yancoal to improve both financial outcomes including capital management and operational outcomes such as diversification in the future
Environment	Environmental incidents and complaints (excluding serial complainants)	Various				Stretch reflects incidents and complaints remaining low
<b>OVERALL</b>			<b>103.5%</b>			

<sup>24</sup> The NRC Committee has approved the use of adjusted outcomes for FOB Cash Costs and PBT in the FY23 STIP Scorecard outcome to ensure STIP outcomes provide a fair reflection of performance.

<sup>25</sup> FOB cash costs are calculated on a management accounts basis.

## REMUNERATION REPORT - AUDITED

The table below outlines 2023 Individual Objectives achievement:

EXECUTIVE	OUTCOME	COMMENTS
CEC	The majority of goals have been achieved in full in 2023	<ul style="list-style-type: none"> <li>Exceeded with 44 out of 50 key tasks completed.</li> <li>Achieved a remarkable 33.4% decrease in TRIFR from 7.9 to 5.1 and completed the Moolarben CHPP upgrade.</li> <li>The "Your Say" engagement survey in 2023 revealed majority of Yancoal employees engaged at work and continued work on strategies to improve on the Yancoal engagement score.</li> <li>Achieving increased production output each quarter, and Tier 1 sites performing in line or above forecast.</li> </ul>
CEO	The majority of goals have been achieved in full in 2023	<ul style="list-style-type: none"> <li>Made strides in managing Safeguard Mechanism obligations, developed a Sustainability Strategy framework.</li> <li>Full repayment of the YAL syndicated term loan and external debt, leading to substantial cost savings.</li> <li>Distributed A\$1.41 billion in dividends, significantly improving investor yield.</li> </ul>
CFO	The majority of goals have been achieved in full in 2023	<ul style="list-style-type: none"> <li>Played a pivotal role in implementing strategic projects for the CEC and CEO,</li> <li>Led the company's capital management and loan reduction strategy,</li> <li>Executed effective stakeholder management across Australia and China, and fostered enhanced collaborations between functions to drive productivity.</li> </ul>

The STIP outcomes are a reflection of the balanced scorecard approach that considers not only the business results but also progress across a series of strategic priorities that are crucial to Yancoal's long term shareholder returns and individual objectives for each Executive KMP.

Details of the resulting STIP outcomes for Executives are outlined in the table below. Executive STIP outcomes are subject to discussion and approval by the Board.

NAME	STIP CASH \$ <sup>26</sup>	STIP DEFERRED \$ <sup>27</sup>	STIP TOTAL \$ <sup>28</sup>	% OF STIP OPPORTUNITY AWARDED	% OF STIP OPPORTUNITY NOT AWARDED
<b>Ning Yue</b>	83,200	83,200	166,400	71 %	29 %
<b>Ning Zhang</b>	208,199	—	208,199	31 %	69 %
<b>David James Moulton</b>	1,055,700	1,055,700	2,111,400	57 %	43 %
<b>Ning (Kevin) Su</b>	368,400	368,400	736,800	61 %	39 %
<b>Total</b>	<b>1,715,499</b>	<b>1,507,300</b>	<b>3,222,799</b>	<b>50 %</b>	<b>50 %</b>

The STIP Deferred value shown in the table above is converted to Deferred Rights at the time of award, using the VWAP established by the Board. The STIP Deferred Rights will vest in equal parts over a two-year period (25% of total STIP award deferred for one year, 25% of total STIP award deferred for two years). Since the introduction of the current executive remuneration framework in 2018, deferred STIP has been settled in cash. Following an increase in the Company's public float, Yancoal instructed CPU Share Plans Pty Ltd as trustee of the Yancoal Australia Limited Employee Share Trust to acquire and hold fully paid ordinary shares in the Company in on-market share transactions in late 2022. In 2023 The Board approved the settlement of 2020 and 2021 deferred STIP rights in a ratio of 50% awarded in shares and 50% awarded in cash. This approach has been taken partially to provide flexibility for executives to address taxation liability incurred at settlement. It is expected that this flexibility to support talent attraction and retention by simplifying the process for executives as they no longer have to sell the settled shares to fund the tax liability. See section 'Short Term Incentive Plan' for Settlement details.

Details of the remuneration of Executives prepared in accordance with statutory obligations and accounting standards are contained in the Executive Statutory Remuneration Section of this Remuneration Report. The deferred STIP expense has been accounted for as being expected to be settled in cash in accordance with Australian Accounting Standards.

### 2023 EXECUTIVE LTIP OUTCOMES

#### 2021 LTIP

The close of 2023 signals the testing of the 2021 LTIP performance conditions. Because the condition for the EPS Awards is relative for the performance period from 1 January 2021 to 31 December 2023, and the condition for the Costs Target Awards is tested at (or shortly after) the time of publication of the independent expert's report; testing and any subsequent vesting of the 2021 LTIP will not take place until the relevant performance results have been released, which is anticipated to be March 2024.

<sup>26</sup> The 2023 STIP cash figures are to be paid around March 2024.

<sup>27</sup> The "STIP Deferred" is the value of the deferred portion of the STIP awarded for the year.

<sup>28</sup> The maximum Total STIP amount for the CEO is equal to 200% of the annual FAR and for the CEC it is equal to 160% of the annual FAR

## REMUNERATION REPORT - AUDITED

### SERVICE AGREEMENTS

For Non-Executive Directors, the terms and conditions of their appointment are outlined in a letter of appointment. For Executives, the terms and conditions of their employment are outlined in their Executive Service Agreement ("ESA") with the Company.

The following table outlines key ESA terms for each of the Executives.

EXECUTIVE	POSITION	TERM OF ESA	NOTICE PERIOD	TERMINATION BENEFIT
<b>Ning Yue</b>	Executive Director, Co-Vice Chairman of the Board, Chair of the Executive Committee	Unlimited	In accordance with statutory minimum, 1 to 5 weeks depending on length of service	<ul style="list-style-type: none"> <li>Nil for cause or resignation.</li> <li>If ceasing employment for any other reason i.e. as a 'Good Leaver', a pro-rata payment in accordance with STIP or LTIP plan rules is at the Board discretion.</li> </ul>
<b>David James Moulton</b>	Chief Executive Officer	Unlimited	6 months <sup>29</sup> / 12 months <sup>30</sup>	
<b>Ning (Kevin) Su</b>	Chief Financial Officer	Unlimited	3 months <sup>29</sup> / 6 months <sup>30</sup>	

### EXECUTIVE STATUTORY REMUNERATION

#### EXECUTIVE REMUNERATION

The following table sets out the details of remuneration earned by Executives in 2023 and 2022, calculated in accordance with Australian Accounting Standards.

NAME	YEAR	SHORT TERM BENEFITS		NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS		SHARE-BASED PAYMENTS		TOTAL \$	% PERFORMANCE RELATED
		CASH SALARY	STI		\$	\$	\$	\$	LTI		
<b>Ning Yue<sup>31</sup></b>	<b>2023</b>	<b>28,278</b>	<b>83,200</b>	<b>—</b>	<b>6,850</b>	<b>310</b>	<b>83,200</b>	<b>—</b>	<b>—</b>	<b>201,838</b>	<b>82 %</b>
<b>Ning Zhang<sup>32</sup></b>	<b>2023</b>	<b>902,501<sup>33</sup></b>	<b>208,199</b>	<b>22,323</b>	<b>19,496</b>	<b>7,311</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,159,830</b>	<b>18 %</b>
	2022	491,384	405,650	18,399	24,430	5,291	405,650	—	—	1,350,804	60 %
<b>David James Moulton</b>	<b>2023</b>	<b>1,839,651</b>	<b>1,055,700</b>	<b>23,478</b>	<b>26,346</b>	<b>39,233</b>	<b>1,055,700</b>	<b>1,868,669</b>	<b>—</b>	<b>5,908,777</b>	<b>67 %</b>
	2022	1,742,613	1,379,450	27,436	24,430	26,594	1,379,450	1,691,984	—	6,271,957	71 %
<b>Ning (Kevin) Su</b>	<b>2023</b>	<b>573,654</b>	<b>368,400</b>	<b>7,985</b>	<b>26,346</b>	<b>22,073</b>	<b>368,400</b>	<b>140,926</b>	<b>—</b>	<b>1,507,784</b>	<b>58 %</b>
	2022	489,397	413,650	7,778	24,430	13,946	413,650	123,491	—	1,486,342	64 %
<b>Total</b>	<b>2023</b>	<b>3,344,084</b>	<b>1,715,499</b>	<b>53,786</b>	<b>79,038</b>	<b>68,927</b>	<b>1,507,300</b>	<b>2,009,595</b>	<b>—</b>	<b>8,778,229</b>	<b>60 %</b>
	2022	2,723,394	2,198,750	53,613	73,290	45,831	2,198,750	1,815,475	—	9,109,103	68 %

Particulars regarding the Directors', senior management's and Executive KMPs' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the HK Listing Rules are set out in note B4 to the financial statements.

During the financial year ended 31 December 2023, no emoluments were paid by the Group to any of the Directors or the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

<sup>29</sup> Notice period applicable if the Executive resigns.

<sup>30</sup> Notice period applicable if the Company terminates the Executive.

<sup>31</sup> As Mr Ning Yue commenced on 27 September 2023, only pro-rata remuneration is provided for 2023.

<sup>32</sup> As Chair of the Executive Committee Mr Ning Zhang is entitled to participate in the LTIP. During 2023, Mr Ning Zhang elected not to participate in the 2023 LTIP.

<sup>33</sup> Mr Zhang's figure for 2023 salary is inclusive of payout of Annual Leave as well as Payment made in lieu of notice. In addition, shareholder approval for other payments including 2023 STIP to Mr Ning Zhang will be sought at the Company's 2024 Annual General Meeting.

## REMUNERATION REPORT - AUDITED

### NON-EXECUTIVE DIRECTOR FEES

#### OBJECTIVE

The Board seeks to set remuneration for Non-Executive Directors at a level which:

- provides the Company with the ability to attract and retain directors of the highest calibre;
- reflects the responsibilities and demands made on Non-Executive Directors; and
- is reasonable and acceptable to the Company's shareholders.

#### STRUCTURE

In line with sound corporate governance, the remuneration structure for the Non-Executive Directors is distinct from the remuneration structure for Executives.

The Company set an aggregate remuneration cap of \$3,500,000 per annum for all Non-Executive Directors, consistent with the constitution. Remuneration payable to each Non-Executive Director has been approved by the Company's majority shareholder, Yankuang Energy. The total Board and Committee fees paid by the Company to Non-Executive Directors in 2023 was \$937,488.

During 2023, Non-Executive Directors were remunerated by way of fixed fees in the form of cash and superannuation (to the maximum superannuation guarantee cap). No element of the Non-Executive Director fees is linked to performance.

No Board or Board Committee fees were paid to:

- Executive Director Ning Yue as the responsibilities of Board Committee membership are considered in determining the remuneration provided as part of their normal employment conditions.
- Former Executive Director Ning Zhang (resigned on 27 September 2023) as the responsibilities of Board Committee membership are considered in determining the remuneration provided as part of their normal employment conditions.
- Nominee Directors of Yankuang Energy and Cinda, as the responsibilities of Board or Board Committee membership were considered part of their role and remuneration arrangements with Yankuang Energy and Cinda. The nominee Directors of Yankuang Energy and Cinda were as follows:
  - Gang Ru
  - Baocai Zhang (resigned on 15 September 2023)
  - Qingchun Zhao (resigned on 31 May 2023)
  - Xiangqian Wu (resigned on 31 May 2023)
  - Xing Feng (resigned on 20 April 2023)
  - Yaomeng Xiao
  - Changyi Zhang
  - Xiaolong Huang

The table below outlines Board and Board Committee fees for 2023 and 2022.

	2023		2022	
	\$		\$	
<b>BOARD FEES PER ANNUM (INCLUDING AND SUPERANNUATION)</b>				
Chairman of the Board	Not applicable		Not applicable	
Independent Co-Vice Chairman of the Board (inclusive of Committee fees)	389,340		370,800	
Director	178,448		169,950	
<b>COMMITTEE FEES PER ANNUM (INCLUDING ANY SUPERANNUATION)</b>	<b>CHAIR</b>	<b>MEMBER</b>	<b>CHAIR</b>	<b>MEMBER</b>
Audit and Risk Management Committee	Not applicable	21,630	Not applicable	20,600
Health, Safety, Environment and Community Committee	43,260	21,630	41,200	20,600
Nomination and Remuneration Committee	43,260	21,630	41,200	20,600
Strategy and Development Committee	Not applicable	21,630	Not applicable	20,600

## REMUNERATION REPORT - AUDITED

The following table sets out the details of remuneration (in the form of Board and Committee fees and other benefits) earned by eligible Non-Executive Directors in 2023 and 2022 calculated in accordance with Australian Accounting Standards.

NAME	YEAR	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS		TOTAL \$
		\$ FEES	STI OR BONUS	NON-MONETARY BENEFITS	\$ SUPERANNUATION	LONG SERVICE LEAVE	
Gregory James Fletcher <sup>34</sup>	2023	388,884	—	—	26,346	—	415,230
	2022	414,970	—	—	24,430	—	439,400
Helen Jane Gillies <sup>35</sup>	2023	226,695	—	—	23,619	—	250,314
	2022	232,487	—	—	22,363	—	254,850
Geoffrey William Raby <sup>36</sup>	2023	246,497	—	—	25,447	—	271,944
	2022	251,662	—	—	23,788	—	275,450
Total	2023	862,077	—	—	75,411	—	937,488
	2022	899,119	—	—	70,581	—	969,700

### SHARE TRADING POLICY

The Company's Share Trading Policy prohibits dealing in Company securities or Yankuang Energy securities by Directors of the Group, all officers of the Company and other relevant employees and contractors of the Group, as well as their closely related persons, during specified blackout periods each year and when they are in possession of 'inside information'. Directors of the Group, all officers of the Company, and their closely related persons are also prohibited from dealing in securities of the listed company where he or she is in possession of inside information in relation to those securities. Subject to compliance with the Company's Share Trading Policy, employees are permitted to deal in Company securities or Yankuang Energy securities outside these blackout periods where they are not in possession of inside information, however additional approval requirements apply.

The Share Trading Policy precludes relevant employees from entering into any hedge or derivative transactions relating to unvested options or share rights granted to them under incentive plans and securities that are subject to holding locks or restrictions from dealing under such plans. There are also restrictions regarding margin lending arrangements, hedging and short-term trading of the Company's securities. Each Director of the Company is required to provide a declaration at the end of each financial year certifying that they (and their closely related persons) have complied with the Share Trading Policy for the duration of that financial year.

<sup>34</sup> Includes the following transaction-specific remuneration paid in 2023: \$25,890.

<sup>35</sup> Includes the following transaction-specific remuneration paid in 2023: \$6,976.

<sup>36</sup> Includes the following transaction-specific remuneration paid in 2023: \$6,976.

## REMUNERATION REPORT - AUDITED

### EQUITY INSTRUMENT DISCLOSURES

The numbers of shares in the Company held during the financial year by each director of the Company and other Executive KMPs of the Group, including their personally related parties, are set out in the table below. No other KMP held any shares in respect of Yancoal or its related entities at or during the year ended 31 December 2023.

NAME	HELD AT 1 JANUARY 2023	GRANTED AS COMPENSATION	PURCHASE / (DISPOSED)	HELD AT DATE OF EMPLOYMENT CEASE	HELD AT 31 DECEMBER 2023
Gregory James Fletcher	2,100	—	—	—	2,100
Geoffrey William Raby	22,858	—	—	—	22,858
Baocai Zhang	274,404	—	—	274,404	—
Ning (Kevin) Su <sup>37</sup>	45,573	—	—	—	45,573

The number of performance rights held by Executives under LTIP in 2023 is outlined in the table below.

NAME	HELD AT 1 JANUARY 2023	GRANTED AS COMPENSATION <sup>38</sup>	VESTED DURING THE YEAR	EXERCISED DURING YEAR	LAPSED / CANCELLED DURING YEAR <sup>39</sup>	HELD AT 31 DECEMBER 2023	OF WHICH EXERCISABLE	OF WHICH NOT VESTED & NOT EXERCISABLE
David James Moutt	<b>3,822,112</b>	605,669	1,171,240	—	—	<b>5,599,021</b>	<b>1,171,240</b>	<b>4,427,781</b>
Ning (Kevin) Su	<b>258,188</b>	48,687	65,351	65,351	—	<b>306,875</b>	—	<b>306,875</b>

As at 31 December 2023, there are 6,437,335 LTIP performance rights and 2,220,525 unvested deferred STIP rights in aggregate over unissued Group shares representing approximately 0.66% of the issued share capital of the Company as at the date of this Report.

Refer to Note D3 for further details.

### OTHER TRANSACTIONS WITH AND LOANS TO DIRECTORS AND EXECUTIVES

A number of Directors and Executives hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Some of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of any transactions with management, Directors or parties related to Executives or Directors were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-management or Director related persons or entities on an arm's length basis (see Note E3). There were no loans provided to Directors and Executives during the year.

This report is made in accordance with a resolution of the Directors.

*Gregory Fletcher*

**Gregory James Fletcher**

Director

Sydney

23 February 2024

<sup>37</sup> In 2023, tranche 1 of the 2021 STIP Deferred Rights and tranche 2 of the 2020 STIP Deferred rights vested and the Board exercised its discretion to settle these awards by way of a 50% cash equivalent payment and 50% fully paid ordinary shares, rather than by way of fully paid ordinary shares in the Company. As a result, Ning Zhang, David Moutt and Ning (Kevin) Su received cash payments in consideration for vested 2020 and vested 2021 STIP Deferred Rights respectively.

<sup>38</sup> 2023 LTIP: The number of performance rights granted is calculated as the value of the maximum LTIP award divided by the VWAP across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022.

<sup>39</sup> Mr Ning Zhang, the former CEC, was entitled to participate in the LTIP, however elected to not to participate in the 2023 LTIP.

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF YANCOAL AUSTRALIA LTD

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**SW Audit**  
Chartered Accountants



Yang (Bessie) Zhang  
Partner  
Sydney, 23 February 2024

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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

Yancoal owns and operates a diversified portfolio of world class assets consisting of both large-scale open-cut and underground mines.

In total, Yancoal owns, operates or has joint-venture interests in nine coal mine complexes in New South Wales ("NSW"), Queensland and Western Australia. These nine mines have the capacity to produce around 70 million tonnes of ROM coal and 55 million tonnes of saleable coal per annum.<sup>40</sup>

As a leading low-cost coal producer in the global seaborne market, Yancoal's coal mining operations produce a mix of premium thermal, semi-soft coking, and pulverised coal injection ("PCI") coals, together with mid-to-high ash thermal coals. The Group's financial results are influenced by the interaction between the demand and supply for thermal and metallurgical coal. This, in turn depends on macroeconomic trends, including regional and global economic activity, the price and availability of alternative forms of energy production as well as more localised supply impacts.

Our customers are located throughout the Asia-Pacific region with Japan, China, Taiwan and South Korea accounting for approximately 84% of our revenue from coal sales in the year ended 31 December 2023.

Thermal coal is primarily used in electricity generation and its end users are typically power and utilities companies. Metallurgical coal is primarily used to produce coke for blast furnace steel production and its end users are typically steel plants. We also sell coal to customers in the commodities trading business, who purchase the Group's coal for trading purposes or to on-sell to their end customers. Commodity traders are exposed to similar regional and global demand trends in the coal market.

The Group's export thermal coal is generally priced on either an index price or a fixed price. Generally, lower ash products are priced relative to the GlobalCOAL Newcastle index and higher ash products are priced relative to the Argus/McCloskey All Published Index 5 ("API5") index. Annual fixed price contracts are mostly priced against the Japanese Power Utility Reference Price, which is the contract price agreed between major Australian suppliers and Japanese power utilities. The

balance of our sales are spot sales priced relative to the market at their transaction date and mostly at fixed prices.

The Group's export metallurgical coal is either priced on a benchmark or spot price basis. Most term contracts are priced against a benchmark pricing mechanism which is negotiated on a quarterly price basis between major Australian suppliers and Japanese steel mills. Spot sales are priced relative to the market at their transaction date and mostly at fixed prices. The large majority of the Group's semi-soft coking coal out of Newcastle and low volatile PCI coal out of Queensland is priced relative to the quarterly benchmark.

Throughout the previous two years, NSW and Queensland experienced persistent and heavy rainfall associated with the prolonged La Niña weather cycle that disrupted mining, rail and port activity and resulted in many of our mines exceeding their water storage capacities. These weather disruptions, together with the impacts of labour shortages, including COVID-19, led to a decrease in mining activity. To capitalise on a period of record high coal prices, our mines prioritised coal extraction over pre-strip and overburden removal activities, particularly during 2022.

At the start of 2023, our mines still held high water storage balances and needed to continue with their site recovery plans focusing on pre-strip and overburden removal and the rebuilding of overburden blasted inventory, exposed in-pit coal and ROM coal inventories. These recovery plans, that include the temporary use of additional equipment and labour, continued throughout the year, and facilitated improved productivity that delivered increased ROM and saleable coal volumes as the year progressed.

This increase can be seen in the Group's reported attributable saleable coal production, quarter-by-quarter throughout the year, of 5.9Mt, 8.5Mt, 9.3Mt and 9.7Mt.

This progressive improvement in coal production volumes also drove a significant improvement in our cash operating costs per product tonne, decreasing from \$109/t in the first half of the year, to \$86/t in the second half of the year.

<sup>40</sup> Includes Moolarben, MTW, HVO (jointly owned), Yarrabee, Ashton and Stratford Duralie with Donaldson currently on care and maintenance and Austar transitioning to mine closure. Yancoal also jointly owns the Middlemount mine and operates the Cameby Downs and Premier Coal mines for its majority shareholder.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the period, coal price indices depreciated on the back of improving supply conditions and a weakening in demand caused by global economic softening. The mild winter in the northern hemisphere at the start of the year and competitive gas prices reduced demand for coal resulting in a supply surplus putting downward pressure on prices.

Despite China resuming imports of Australian coal, the high-ash thermal coal market continued to depreciate in the first half of the year due to stable domestic China coal production and competition from multiple supply options. This market flattened in the second half of the year as China's imports stabilised against other domestic options. During the period, the Group resumed sales of high-ash thermal coal into China which is becoming a major destination for the Group's coal.

The low-ash, high calorific, GlobalCOAL Newcastle index price, depreciated substantially on the back of weakening demand, low gas prices, and strong supply options from South Africa, Colombia and North America caused by high-calorific Russian coal displacing some of their deliveries into India, South Asia and the Middle East.

In the metallurgical market, on the back of supply disruptions in North America, prices appreciated in the middle of the period before depreciating on the back of low demand as a result of economic pressures and reduced spend on major projects. Demand from India remained strong for Prime LV hard coking coal and as a result the price arbitrage between LV PCI and semi-soft coking coal expanded. During the period, we have seen a correction to the relativity of metallurgical coal and thermal coal pricing with metallurgical coal prices resuming its historic premium relative to thermal coal prices.

Yancoal actively responds appropriately to prevailing market conditions. To counter the anticipated short-term volatility in thermal coal price indices, we continue to optimise the product quality and volume we place into the market and actively seek to expand our customer base and sales to new markets.

It is currently expected that Australia's share of the world seaborne thermal coal supply market, of 19.4% in 2023, will increase to approximately 31.7% in 2050<sup>41</sup>, and it will continue to play a critical role as a primary source of premium grade coals.

The Group's coal sales revenue is typically recognised on a Free on Board ("FOB") basis when coal is loaded at the load port in Australia.

The Group's overall average ex-mine selling price of coal decreased by 39% from A\$378 per tonne in 2022 to A\$232 per tonne in 2023 mainly as a result of a decrease in global USD coal prices with the weekly average GlobalCOAL Newcastle thermal coal index price decreasing by US\$192 per tonne (53%) during the same period; the weekly Argus/McCloskey API5 coal index price decreasing by US\$73 per tonne (41%) during the same period; and the average semi-soft coking coal benchmark price decreasing by US\$92 per tonne (32%) during the same period; partially offset by the Australian dollar weakening against the US dollar by 4.4% from an average of 0.6947 in 2022 to 0.6644 in 2023.

Internally, management actions were directed by the Group's "Key Tasks" initiative that focused on 50 workstreams across the Group, overseen by the Board of Directors ("Board"). Operationally, the workstreams focused on delivering sustainable improvements in key productivity drivers, managing inventory levels as part of the site recovery plans

and water management. The key outputs were to deliver improved production rates and to reduce cash operating costs across the year; both of which were achieved.

The Group's overall average cash operating costs per product tonne, excluding government royalties, increased from A\$94/t in 2022 to A\$96/t in 2023. However, as noted above, the 2023 cost comprised first half cash operating costs of \$109/t and second half costs of \$86/t, with the \$23/t decrease primarily due to increasing production volumes. The table below sets out the ROM and saleable production for each Yancoal owned mine on a 100% basis during the period.

	YEAR ENDED 31 DECEMBER		CHANGE (%)
	2023 MT	2022 MT	
<b>ROM PRODUCTION</b>			
Moolarben	20.4	16.9	21%
MTW	17.2	12.4	39%
HVO	15.3	11.9	29%
Yarrabee	2.4	2.6	(8%)
Ashton	0.7	2.1	(67%)
Stratford Duralie	0.9	1.0	(10%)
Middlemount	3.3	3.6	(8%)
<b>Total - 100% basis</b>	<b>60.2</b>	<b>50.5</b>	<b>19%</b>
<b>SALEABLE PRODUCTION</b>			
Moolarben	16.7	14.9	12%
MTW	11.3	8.1	40%
HVO	10.5	9.6	9%
Yarrabee	1.9	2.1	(10%)
Ashton	0.4	0.9	(56%)
Stratford Duralie	0.6	0.7	(14%)
Middlemount	2.2	2.6	(15%)
<b>Total - 100% basis</b>	<b>43.6</b>	<b>38.9</b>	<b>12%</b>

On a 100% basis, ROM coal production was up 19% from 50.5Mt in 2022 to 60.2Mt in 2023. This included a 28% increase in the three tier-one assets (being Moolarben, MTW and HVO) from 41.2Mt in 2022 to 52.9Mt in 2023.

Saleable coal production was also up 12% from 38.9Mt in 2022 to 43.6Mt in 2023. This included a 18% increase in the three tier-one assets from 32.6Mt in 2022 to 38.5Mt in 2023.

Moolarben's ROM production increased by 3.5Mt (21%) and its saleable production increased by 1.8Mt (12%). The increase in ROM production was primarily due to improved weather and drier conditions that led to improved performance from the open-cut operation, although the return of the wet weather and lightning restrictions in the final quarter did have an impact. The underground operation largely performed to plan. The smaller increase in saleable production was primarily attributable to the wash plant occasionally facing lower open-cut feed rates due to the timing of ROM coal presentation, particularly during the first half of the year and variability of the open-cut coal quality, resulting in an increase in the year end ROM stockpile.

<sup>41</sup> Wood Mackenzie Coal Market Service Data November 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

MTW's ROM production increased by 4.8Mt (39%) and its saleable production increased by 3.2Mt (40%). The increase in ROM production was primarily due to higher prime waste material movement resulting in increased uncovered coal compared to 2022, that was significantly impacted by low opening inventories and wet weather, that together with MTW having a congested mine footprint compounded the prior year wet weather impacts. The increase in saleable production was primarily attributable to the increase in ROM production.

HVO's ROM production increased by 3.4Mt (29%) and its saleable production increased by 0.9Mt (9%). The increase in ROM production was again primarily due to higher prime waste removal resulting in increased uncovered coal compared to 2022, with HVO's larger mine footprint better able to manage the prior year wet weather impacts. The smaller increase in saleable production was, similar to Moolarben, primarily due to the wash plant facing lower feed rates due to variability in coal quality, resulting in a significant increase in the year end ROM stockpile.

The table below sets out the Group's ongoing equity interest in the saleable production for each Yancoal-owned mine that contributes to the financial results of the Group.

	OWNERSHIP %	YEAR ENDED 31 DECEMBER		CHANGE (%)
		2023 MT	2022 MT	
<b>SALEABLE PRODUCTION</b>				
Moolarben	95	15.9	14.1	13%
MTW	82.9	9.2	6.7	37%
HVO	51	5.4	4.9	10%
Yarrabee	100	1.9	2.1	(10%)
Ashton	100	0.4	0.9	(56%)
Stratford Duralie	100	0.6	0.7	(14%)
<b>Attributable</b>		<b>33.4</b>	<b>29.4</b>	<b>14%</b>
Middlemount (equity-accounted)	~50	1.1	1.3	(15%)
<b>Total - equity basis</b>		<b>34.5</b>	<b>30.7</b>	<b>12%</b>
Thermal		28.8	24.7	17%
Metallurgical		5.7	6.0	(5%)
		<b>34.5</b>	<b>30.7</b>	<b>12%</b>

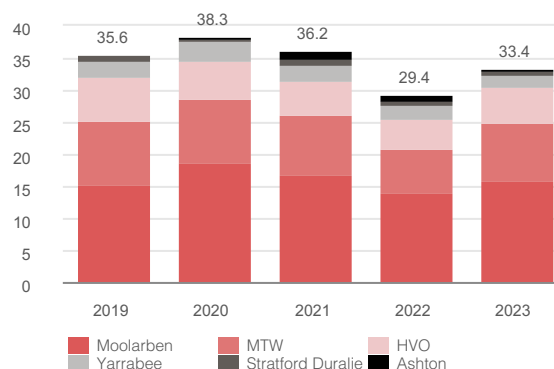
The Group's attributable saleable coal production, excluding Middlemount, was up 14% from 29.4Mt in 2022 to 33.4Mt in 2023 and including Middlemount was up 12% from 30.7Mt in 2022 to 34.5Mt in 2023.

The attributable saleable production contribution of the Group's tier-one assets increased from 84% of total equity saleable production in 2022 to 88% in 2023.

Thermal coal saleable production increased by 17% from 24.7Mt in 2022 to 28.8Mt in 2023 and metallurgical coal saleable production decreased by 5% from 6.0Mt in 2022 to 5.7Mt in 2023. Thermal coal represented 83% of total saleable coal production in 2023, an increase from 80% in 2022.

The chart below shows the longer-term trend in the Group's attributable saleable production<sup>42</sup>.

ATTRIBUTABLE SALEABLE PRODUCTION (MT)



In 2020, the Group's attributable saleable production, excluding Middlemount, increased from 35.6Mt to 38.3Mt driven by the continued expansion of Moolarben, including increasing the Group's interest from 85% to 95% on 31 March 2020.

In 2021, saleable production decreased to 36.2Mt primarily due to the hard rock intrusion encountered in the Moolarben underground, severe and persistent wet weather and the impact of COVID-19 on site shutdowns and labour availability.

In 2022, saleable production decreased further to 29.4Mt primarily due to the continued severe and persistent wet weather encountered in NSW and Queensland and further impacts from labour availability including the escalation of COVID-19 throughout the first half of the year.

In 2023, the Group's attributable saleable production increased to 33.4Mt with quarter on quarter increases in coal production primarily due to improved weather and drier conditions together with the progressive delivery of the site recovery plans.

The key risks affecting the Group's operations, and where applicable, the strategies and measures taken to manage these risks, are detailed in the Corporate Governance Statement included in this report.

<sup>42</sup> The Group's quarterly report issued on 19 January 2021 included Attributable Saleable Coal Production for the year ended 31 December 2020 of 38.3Mt with this amount including an additional 0.5Mt attributable to the additional 10% interest acquired in Moolarben in the first quarter of 2020. The difference arises as the economic effective date of the acquisition was 1 January 2020 but for accounting purposes the transaction completion date was 31 March 2020.

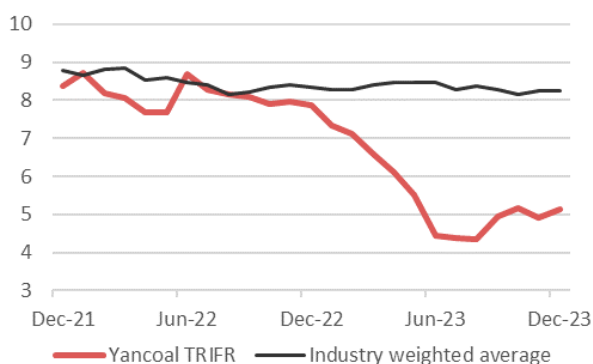
## MANAGEMENT DISCUSSION AND ANALYSIS

### HEALTH AND SAFETY

Yancoal remains committed to operating safely and transparently to achieve its objective of zero harm to our employees and contractors. Yancoal operates its mines to meet legislative and safety standards and be an industry leader in this aspect of its business.

Under the direction of the Board and the Health, Safety, Environment and Community ("HSEC") Committee, Yancoal utilises Core Hazard and Critical Controls across all operations, identifying critical hazards within the workplace and instituting adequate controls. These controls are regularly verified to ensure that they are operating as intended for our people's safety.

#### 12-MONTH ROLLING TRIFR



Our 12-month rolling TRIFR<sup>43</sup> at 31 December 2023 was 5.1, representing a decrease from 7.9 at 31 December 2022 and significantly below the comparable weighted average industry TRIFR of 8.3 at 31 December 2023.

The decrease in the Group's TRIFR was a favourable outcome that resulted from continued efforts across all sites. Sustained effort over an extended period resulted in a sharp improvement in the statistics mid-year. The profile demonstrates the effectiveness of the programs Yancoal has in place.

Yancoal was nominated as a finalist in the Australian Workplace Health and Safety Awards 2023 for "Best WHS learning and Professional Development Programme". This was for the development and implementation of the "Safe Way Every Day" Programme. This five-year programme is designed to provide a consistent approach to health, safety and training management across all Yancoal operations, and to support the integration of a safety culture across the business. The initiatives and training provided involve simple concepts and tools that our whole workforce can use to enhance personal safety, happiness, health and wellbeing, both on the job and in their personal lives.

In 2023, over 90% of Yancoal personnel had commenced or completed the "Safe Way Every Day" training.

Yancoal implemented a Mental Health Programme in 2022, a four-year, four-stage program. In 2022 Stage 1 was completed, which incorporated several elements, including the provision of Manager & Supervisor Training to select site managers and supervisors; and the provision of 'First Aid' or 'Mental Health Response' training to select site supervisors to help senior workers and leaders facilitate help-seeking behaviours.

In 2023, Stage 2 was completed, with Yancoal employees being introduced to the program via a 2½ hour workshop on mental health awareness and education. The workshop focused on several areas, including assessing mental health support networks & EAP promotion; addressing the signs, symptoms and contributing factors of poor mental health; and providing knowledge and skills to have the appropriate conversations and establish appropriate support networks.

Stage 3 also commenced in 2023; it concentrated on delivering modules focusing on specific topics relevant to people working and living in mining communities. The delivery of these modules will continue in 2024.

The Yancoal Mental Health program strategy is targeted to deliver a structured and sustainable mental health and well-being program that synergises strongly with the Yancoal Safe Way cultural framework and Leadership Development programs.

The program intends to promote and support positive mental health management; encourage "help-seeking" behaviours amongst our workforce; change perceptions of mental health; and equip our people better to support their teams, co-workers, family and friends.

In 2022, Yancoal commenced a trial vehicle collision awareness system at one of its operations. This trial commenced with equipment installation on light vehicles and progressed to installation on haul trucks in 2023. Integration of the system with the site's new WiFi network was undertaken, and a full trial of the system commenced in August 2023. The system alerts of the presence of other equipment within a 100m radius, then identifies potential interactions by computing speed and direction for all vehicles fitted with the system.

### SUSTAINABILITY

Under the Board's direction, Yancoal's HSEC Committee has oversight of Yancoal's Sustainability Strategy. In April 2024, the Group will publish its first Sustainability Report that integrates "Environment, Social & Governance" information with sustainability disclosures that are being implemented globally.

This Sustainability Report will be transitional in nature, as Yancoal develops and implements the systems and processes necessary to comply with the incoming mandatory sustainability disclosures required by Australian Securities and Investments Commission ("ASIC"), the ASX and HKEx. The report will be guided by the International Sustainability Standards Board disclosure requirements, which now incorporates the Taskforce for Climate Related Financial Disclosures (as implemented through the Australian Accounting Standards Board Draft Sustainability Reporting Standards), the Global Reporting Initiative and the United Nations Sustainable Development Goals. The 2022 ESG Report, published on 26 April 2023, is available on the Company's website.

In 2023, the Taskforce for Nature Related Financial Disclosures released its recommendations which provide guidance for assessing, managing and disclosing nature-related risks, impacts, dependencies and opportunities. Yancoal will review these recommendations and consider their inclusion in our Sustainability Strategy in future years as we evolve our Sustainability approach.

<sup>43</sup> TRIFR includes Moolarben, MTW, Stratford Duralie, Yarrabee, Ashton, Donaldson, Austar and the Corporate offices; it excludes HVO and Middlemount (not operated by Yancoal). The weighted average industry TRIFR combines proportional components from the relevant New South Wales and Queensland Industry references.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year, Yancoals created a dedicated Sustainability function, with the Executive General Manager reporting directly to the CEO. This team is charged with developing the Group's inaugural business-wide Sustainability Strategy and Implementation Plan.

### CLIMATE CHANGE RISK

The transition to a lower carbon economy gathered further pace in 2023, with the 2023 United Nations Climate Change Conference of Parties ("COP28") in Dubai, United Arab Emirates. This was the first COP to officially acknowledge that fossil fuels are a central cause of climate change.

### SAFEGUARD MECHANISM

The Australian federal government passed legislation committing Australia to reduce its emissions by 43% by 2030 (compared to 2005 emissions levels) and during the period, enacted legislation which reforms the operation of the National Greenhouse and Energy Reporting ("NGER") scheme's Safeguard Mechanism. Those reforms require all "Safeguard" facilities to reset their "Scope 1" GHG emission baselines and put those baselines on a declining trajectory of 4.9% per annum to align with Australia's mid-term emission reduction targets. Facilities that exceed their baseline will be required to purchase and surrender "Australian Carbon Credit Units" ("ACCUs") or a new form of safeguard mechanism credits ("SMCs").

This scheme commenced on 1 July 2023, and all Yancoals' operating mines, except Stratford Duralie, fall within this legislation. On 7 July 2023, the federal government issued a position paper that set out the baseline emission intensity factor methodology to be applied out to FY2030. We continue to improve our modelling of the potential fiscal impact and timing of the scheme with the outcomes depending on several factors, including the cost of ACCUs/SMCs and the existence of viable abatement opportunities which will evolve over time. Yancoals will provide further commentary on the potential fiscal impact once there is a reliable basis for the projection.

With viable opportunities to abate most of our emissions not currently available, Yancoals has purchased \$30 million of ACCUs, as one element of its approach to meeting its obligations under the scheme. Yancoals will continue to assess options that may include funding nature based ACCU Scheme projects in order to meet regulatory emission reduction obligations.

### EMISSIONS

Yancoals acknowledges that it has a role to play in mitigating the emissions generated by its operations and supporting research into low-emission technology to assist the reduction of downstream emissions from the consumption of coal products.

In terms of our operations, there is a particular focus on targeting the reduction of Scope 1 emissions from diesel consumption and fugitive emissions. Work has commenced to identify emissions reduction opportunities at key sites with an express aim at driving down Yancoals' carbon footprint.

Yancoals is progressing a possible pumped hydro power and solar facility at its Stratford mine. With coal production at the Stratford mine anticipated to end in 2024, this renewable energy hub provides an excellent opportunity for the beneficial re-use of land after cessation of mining. The project is at an early stage of investigation, but if proved up and developed, has the potential to diversify the business.

Yancoals continues to study the potential for nature-based ACCU Scheme projects across its property portfolio.

Equipment suppliers to the mining sector are constantly innovating to improve the fuel efficiency of haul trucks and other machinery. Fuel efficiency is a crucial assessment metric Yancoals considers when acquiring equipment for its operations.

Yancoals also understands the elevated interest from stakeholders regarding the potential risks and opportunities posed to its business and the broader sector due to the ongoing global shift towards a lower-carbon economy. Yancoals' 2022 ESG Report provides a detailed review of the Company's progress in these matters and broader Environment, Social and Governance ("ESG") materiality issues.

### REPORTING

Yancoals reports its operational direct ("Scope 1") and indirect ("Scope 2") emissions annually in line with the *National Greenhouse and Energy Reporting Act 2007* (Cth).

The Group has implemented systems and processes to collect and calculate the data required and submitted its 2022/2023 Section 19 Energy and Emissions Report to the Federal Clean Energy Regulator on 26 October 2023.<sup>44</sup>

	EMISSIONS REPORTING PERIOD		
	2022/2023	2021/2022	CHANGE %
<b>SCOPE EMISSIONS</b>			
Scope 1 Emissions (tCO <sub>2</sub> -e)	1,860,030	2,046,795	(9%)
Scope 2 Emissions (tCO <sub>2</sub> -e)	276,623	321,118	(14%)
<b>Total Scope 1 and Scope 2 Emissions (tCO<sub>2</sub>-e)</b>	<b>2,136,653</b>	<b>2,367,913</b>	<b>(10%)</b>
ROM Coal Production (t)	42,271,738	46,507,466	(16%)
Emissions Intensity (tCO <sub>2</sub> -e/t ROM)	0.0505	0.0509	(0.7%)

Most Scope 1 emissions relate to fugitive emissions associated with underground and open-cut mines and diesel consumption, and Scope 2 emissions stem from electricity purchased from the grid. Overall, on an operational control basis, our total Scope 1 and Scope 2 emissions decreased by 10% from 2,367,913 tCO<sub>2</sub>-e in the 12 month period ended 30 June 2022 to 2,136,653 tCO<sub>2</sub>-e in the 12 month period ended 30 June 2023. The lower emissions generated were heavily influenced by Austar's shafts being sealed and ventilation ceasing as part of the mine closure activities and by significantly lower emissions from Ashton due to the profile mined during the reporting period.

While we do not track our scope 3 emissions associated with our product's consumption, we note the development of technologies to reduce the emissions intensity of these downstream activities. These technologies include developing and installing high-efficiency, low-emissions technologies in coal-fired power stations and investment in carbon capture and storage technology.

<sup>44</sup> Emissions data is reported on 100% basis, but Yancoals does not own 100% of all assets. The operating assets included are: Moolarben, Mount Thorley Warkworth, Yarrabee, Stratford Duralie, and Ashton, as well as several non-operational assets. Reporting on a 100% basis is consistent with the National Greenhouse and Energy Reporting ("NGER") data submitted to the Clean Energy Regulator ("CER").

## MANAGEMENT DISCUSSION AND ANALYSIS

On 26 June 2023, the International Sustainability Standards Board (“ISSB”) issued its first two International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards; IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures.

The Australian Federal Government has proposed to introduce a mandatory climate-related financial disclosure regime, with the disclosure of sustainability related financial information other than climate, not being proposed at this time. The mandatory disclosure regime is proposed to commence for the first cohort of reporting entities from FY2024-2025.

The Australian Accounting Standards Board (“AASB”) released an exposure draft on the Australian Sustainability Reporting Standards (“ASRS”) for mandatory sustainability disclosures for Australian businesses in October 2023 that is closely aligned with IFRS S2. It is anticipated that this will be implemented from 1 July 2024. The requirements are comprehensive and will require a step-change in climate reporting across the business. Consequently, a multi-function working group has been established to manage the Group’s transition to a more timely and robust sustainability reporting environment.

### ENVIRONMENT

Yancoal’s operations are subject to stringent environmental approvals and licences. To enhance compliance with these regulatory obligations, and to meet the requirements of Yancoal’s management directives, Yancoal has developed and implemented comprehensive and robust environmental compliance systems, processes and practices. These systems, processes and practices are subject to continuous improvement initiatives and are periodically audited by third parties to provide “third line” assurance to the Board and the HSEC Committee regarding both systems and performance. In addition, Yancoal continuously monitors legislative and policy changes to allow sufficient time to implement environmental licensing and management changes in response to policy reform. During the period, independent environmental assurance audits were conducted at Stratford Duralie with opportunities for continuous improvement currently being implemented.

The following environmental initiatives were undertaken in 2023 to improve environmental performance or comply with environmental approvals and licences:

- Yancoal undertook a review of its internal management and control systems in 2023. A significant update made during the review was the creation of an Aboriginal Cultural Heritage (“ACH”) Management Standard. This Standard aims to set out minimum expectations for managing ACH to ensure that all sites are consistently implementing control measures to minimise the impacts of mining on ACH. For those sites with “moderate-high” or “high” archaeological values and which are also approved to be disturbed, the standard requires additional corporate scrutiny and approval prior to disturbance.
- A water licence audit was undertaken across NSW operations to ensure that the Company’s records match those held by the regulator. As a result, a coordinated updating of the licence and works approvals across NSW operations has now been completed. The audit results are now being used to develop an interactive digital interface for site and corporate functions.

- Yancoal’s Independent Environmental Assurance Audit (“IEEA”) program is designed to assess the risks associated with key environmental aspects at each operation. During 2023, audits were completed at Yarrabee and Stratford Duralie and the managed Cameby Downs and Premier mines. The level of environmental management demonstrated by these sites has largely been effective, with some “opportunities for improvement” identified to improve environmental performance further.

There were no environmental incidents with significant impact reported during the year.

In 2023, Yancoal contributed \$1.7 million via its Community Support Program to local and regional health, environmental, education, arts, culture and community initiatives capable of making a positive difference in the regions in which it operates.

Yancoal works with its community stakeholders, utilising community consultative committees, local newsletters, local media, community days and site-specific websites to help ensure the communities are engaged and informed of relevant matters related to nearby operations.

### SOCIAL

Yancoal is committed to making a genuine positive difference in the communities in which it operates. Yancoal operates a Community Support Program which proactively engages with stakeholders at each site to support local and regional initiatives, both financially and physically. In February 2023, Yancoal renewed its support of Queensland University of Technology’s “Cancer & Ageing Research Project” for a further 2 years at \$0.2 million per annum. This research project uses genomic sequencing to identify and develop drugs for the treatment of cancer, dementia and other age-related diseases, with two therapeutics commencing clinical trials during the period of Yancoal’s funding commitment. Yancoal’s Code of Conduct and newly introduced Fraud Policy set out the Group’s requirements and expectations for all employees and suppliers, including the requirement to act ethically at all times. Yancoal is required to submit an annual modern slavery statement under the *Modern Slavery Act 2018* (Cth) and has also developed procedures to ensure its suppliers are not engaging in modern slavery.

### GOVERNANCE

Yancoal has developed rigorous governance processes to drive its Sustainability performance across the business. The Enterprise Risk Management framework is a key platform and includes the assessment and mitigation of material business risks, including social and environmental risks and the risks associated with climate change and the progressive transition to a lower carbon economy. The HSEC Charter includes oversight of compliance with modern slavery regulations as a responsibility of the HSEC Committee. This will increase the governance and supervision of Yancoal’s modern slavery risk.

The Board has ultimate responsibility for the oversight and approval of risk management and financial investment decisions, including those relating to climate change. The Board regularly considers how climate change may affect physical, regulatory, commercial, and operating environments. These considerations inform the development of medium-to-long-term goals and strategies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COVID-19

Our employees, as part of the broader community, were not immune to COVID-19 and the Group continued recording positive cases across most sites and offices during the first half of the period. However, the number of workers unable to attend work due to COVID-19 materially declined as the year progressed and the tracking of COVID-19 cases within the Group was consequently discontinued in August 2023.

### WATER MANAGEMENT

Diligent management of wet weather impacts and site-wide water management controls are an essential element in the performance of open cut coal mines. While large quantities of clean water are required for the processing of ROM coal in the wash plant, too much water, through sudden rainfall events, can result in flooding, suspension of operations or unlicensed discharges into local creeks and rivers, potentially causing environmental harm. Sites construct water management infrastructure including sedimentation and storage dams for holding and segregating clean and dirty water.

As noted above, NSW has experienced heavy and persistent rainfall, including flooding events, throughout the previous two years 2021 and 2022 that resulted in most of the NSW open cut coal mines holding surplus water volumes. With expectations that weather patterns could continue to be more extreme in the future, management proactively prioritises site water balances to manage both significant wet weather periods and drought conditions.

Planning activities continued to include:

- Review of water management strategies including longer term water modelling
- Prioritisation of investment in infrastructure including pumps and duplicating pipeline infrastructure
- The construction of additional sedimentation and large capacity water storage dams
- Completion of the increased capacity of the Moolarben water treatment plant capable of treating up to 20 megalitres per day
- Sharing of pumps across the NSW and Queensland operations based on priority

- Crushing gravel and building stockpiles in advance to improve road conditions during wet weather
- Continuing to increase overburden blasted inventory volumes
- Establishing systems / infrastructure to maximise the discharge of excess water as environmental approvals allow
- Wet weather preparedness such as emergency ROM stockpiles, contingent wet weather waste dumps and drainage works
- Maintaining existing water licences for use in prolonged dry weather conditions.

Yancoal has continued to work closely with regulators during the recent extended wet weather period. As an example, the NSW EPA granted a variation to Moolarben's Environment Protection Licence, to permit emergency discharge of excess rainwater between 15 November 2022 and 19 January 2023 to ensure on-site water storage remained within safe operating limits.

### NEW SOUTH WALES RESERVATION POLICY

On 16 February 2023, the NSW Government introduced domestic coal reservation directions ("Directions"), for the 15-month period from 1 April 2023 until 30 June 2024. Under the Directions, the Group is compelled to make available up to 0.31Mt of coal per quarter from attributable saleable production to domestic power generators. Coal sold under the Directions is subject to a price cap of A\$125/tonne delivered for 5,500 kcal/kg products; energy adjusted.

Yancoal is meeting its obligations under the Directions, and in the three quarters to 31 December 2023 supplied the quantity of coal called by generators under the Directions of 0.67Mt.

Where the production cost of the delivered coal (plus royalties and a reasonable margin) exceeds the price cap, an application can be made for the relevant minister to consider an increase to the price cap. Yancoal made such an application for coal supplied from its Stratford mine and has received an increase in the price cap to \$173.95/ tonne delivered for 5,500 kcal/kg products, energy adjusted, that can be applied for coal delivered from 31 July 2023.

It is noted that the thermal coal output from Stratford is relatively low and the Group will still be required to reserve the majority of its coal under the Directions from other mines at the price cap of A\$125/tonne delivered for 5,500 kcal/kg products, energy adjusted.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS REVIEW

#### RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

For the management discussion and analysis, the Group's operating results for the year ended 31 December 2023 are compared with the operating results for the year ended 31 December 2022.

All financial numbers included below, and in the commentary to follow, are stated in Australian dollars (A\$ or \$) unless otherwise stated.

	YEAR ENDED 31 DECEMBER						CHANGE %
	2023			2022			
	IFRS REPORTED \$M	NON-OPERATING \$M	OPERATING \$M	IFRS REPORTED \$M	NON-OPERATING \$M	OPERATING \$M	
<b>Revenue</b>	<b>7,778</b>	<b>(81)</b>	<b>7,697</b>	<b>10,548</b>	<b>136</b>	<b>10,684</b>	<b>(28%)</b>
Other income	26	(21)	5	183	(12)	171	(97%)
Changes in inventories of finished goods and work in progress	42	—	42	35	—	35	20%
Raw materials and consumables	(1,104)	—	(1,104)	(969)	—	(969)	14%
Employee benefits	(730)	—	(730)	(662)	—	(662)	10%
Transportation	(783)	—	(783)	(678)	—	(678)	15%
Contractual services and plant hire	(539)	—	(539)	(457)	—	(457)	18%
Government royalties	(685)	—	(685)	(967)	—	(967)	(29%)
Coal purchases	(183)	—	(183)	(183)	—	(183)	—%
Impairment charge	—	—	—	(315)	315	—	—%
Other operating expenses	(334)	74	(260)	(297)	136	(161)	61%
Share of profit of equity-accounted investees, net of tax	29	—	29	146	—	146	(80%)
<b>EBITDA</b>	<b>3,517</b>	<b>(28)</b>	<b>3,489</b>	<b>6,384</b>	<b>575</b>	<b>6,959</b>	<b>(50%)</b>
<b>EBITDA %</b>	<b>45%</b>	<b>—</b>	<b>45%</b>	<b>61%</b>	<b>—</b>	<b>65%</b>	
Depreciation and amortisation	(881)	—	(881)	(834)	—	(834)	6%
<b>EBIT</b>	<b>2,636</b>	<b>(28)</b>	<b>2,608</b>	<b>5,550</b>	<b>575</b>	<b>6,125</b>	<b>(57%)</b>
<b>EBIT %</b>	<b>34%</b>	<b>—</b>	<b>34%</b>	<b>53%</b>	<b>—</b>	<b>57%</b>	
Net finance (cost) / income <sup>45</sup>	(53)	58	5	(459)	50	(409)	(101%)
Non-operating items	—	(30)	(30)	—	(625)	(625)	
<b>Profit before income tax</b>	<b>2,583</b>	<b>—</b>	<b>2,583</b>	<b>5,091</b>	<b>—</b>	<b>5,091</b>	<b>(49%)</b>
<b>Profit before income tax %</b>	<b>33%</b>	<b>—</b>	<b>34%</b>	<b>48%</b>	<b>—</b>	<b>48%</b>	
Income tax expense	(764)	—	(764)	(1,505)	—	(1,505)	(49%)
<b>Profit after income tax</b>	<b>1,819</b>	<b>—</b>	<b>1,819</b>	<b>3,586</b>	<b>—</b>	<b>3,586</b>	<b>(49%)</b>
<b>Profit after income tax %</b>	<b>23%</b>	<b>—</b>	<b>24%</b>	<b>34%</b>	<b>—</b>	<b>34%</b>	
Attributable to:							
- Owners of Yancoalg	1,819	—	1,819	3,586	—	3,586	(49%)
- Non-controlling interests	—	—	—	—	—	—	—%
<b>Profit per share attributable to the ordinary equity holders of the Company</b>							
Basic profit per share (cents)	137.8	—	137.8	271.6	—	271.6	(49%)
Diluted profit per share (cents)	137.1	—	137.1	270.2	—	270.2	(49%)

<sup>45</sup> Includes the reclassification of interest income of \$82 million (2022: \$103 million) from revenue to net finance costs and bank fees and other charges of \$24 million (2022: \$53 million) from other operating expenses to net finance costs as these amounts are excluded from operating EBITDA.

## MANAGEMENT DISCUSSION AND ANALYSIS

To supplement the Group's consolidated financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRSs"), the Group also uses adjusted Operating EBITDA and Operating EBIT as additional financial measures, as set out in the table above, which are unaudited and not required by or presented in accordance with, IFRSs. These financial measures are presented because they are used by management to evaluate the Group's financial performance. These non-IFRS measures provide additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as they help management compare the financial results across accounting periods with those of our peer companies, by removing one-off or non-operating items.

As presented by the management, Operating EBITDA represents profit before income tax for the period as adjusted for net finance (cost) / income, depreciation and amortisation and any significant non-operating items, while Operating EBIT represents profit before income tax as adjusted for net finance (cost) / income and any significant non-operating items.

### PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit after income tax decreased by 49% from \$3,586 million in 2022 to \$1,819 million in 2023 and was fully attributable to the owners of Yancoal with no non-controlling interests.

Profit attributable to the owners of Yancoal of \$1,819 million was impacted by a number of non-operating items in 2023. These totalled a net loss before tax impact of \$30 million comprising \$35 million of contingent royalty payments together with a \$21 million contingent royalty remeasurement gain, a \$15 million royalty receivable remeasurement loss and a \$1 million fair value loss recycled from the hedge reserve. These are discussed in more detail separately in the section "Overview of non-operating items" below and have been excluded from the operating commentary.

### OVERVIEW OF OPERATING RESULTS

The analysis in this section includes ex-mine sales tonnes, saleable production and ex-mine revenue comprising (i) 95% of the Moolarben unincorporated joint venture; (ii) 82.9% of the combined unincorporated Mount Thorley and Warkworth joint ventures (MTW); (iii) 51% of the unincorporated HVO joint venture; and (iv) 100% of Yarrabee, Ashton and Stratford Duralie.

The results of Middlemount are excluded from the line-by-line commentary below as its result, as an incorporated equity accounted investment, is included in share of profits of equity accounted investees, net of tax in the statement of profit and loss and is discussed separately below.

### REVENUE

	YEAR ENDED 31 DECEMBER		CHANGE (%)
	2023	2022	
	\$M	\$M	
Ex-mine coal sales <sup>46</sup>	7,670	11,047	(31%)
Sale of purchased coal	(119)	(538)	(78%)
Other	7	8	(13%)
<b>Sale of coal</b>	<b>7,558</b>	<b>10,517</b>	<b>(28%)</b>
Sea freight	79	87	(9%)
Royalty revenue	27	53	(49%)
Other	33	27	22%
<b>Revenue</b>	<b>7,697</b>	<b>10,684</b>	<b>(28%)</b>

Total revenue decreased by 28% from \$10,684 million in 2022 to \$7,697 million in 2023 primarily due to a 28% decrease in coal sales revenue from \$10,517 million in 2022 to \$7,558 million in 2023. With respect to coal sales revenue, the key factors were:

	YEAR ENDED 31 DECEMBER		CHANGE (%)
	2023	2022	
<b>THERMAL COAL</b>			
Average selling price (A\$ per tonne)	211	372	(43%)
Sales volume (Mt)	28.4	24.6	15%
% of total ex-mine sales volume	86	84	2%
<b>Total ex-mine thermal coal revenue (A\$ million)</b>	<b>5,986</b>	<b>9,139</b>	<b>(35%)</b>
<b>METALLURGICAL COAL</b>			
Average selling price (A\$ per tonne)	356	405	(12%)
Sales volume (Mt)	4.7	4.7	—%
% of total ex-mine sales volume	14	16	(13%)
<b>Total ex-mine metallurgical coal revenue (A\$ million)</b>	<b>1,684</b>	<b>1,908</b>	<b>(12%)</b>
<b>TOTAL COAL</b>			
Average selling price (A\$ per tonne)	232	378	(39%)
Total ex-mine sales volume (Mt)	33.1	29.3	13%
<b>Total ex-mine coal revenue (A\$ million)</b>	<b>7,670</b>	<b>11,047</b>	<b>(31%)</b>

<sup>46</sup> Ex-mine coal sales include only coal that has been produced at one of the Group's mines. They exclude the sale of coal that has been purchased from third parties.



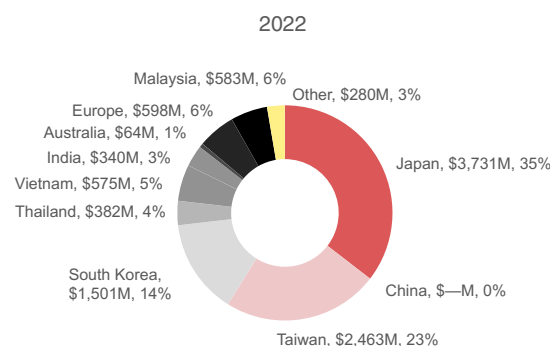
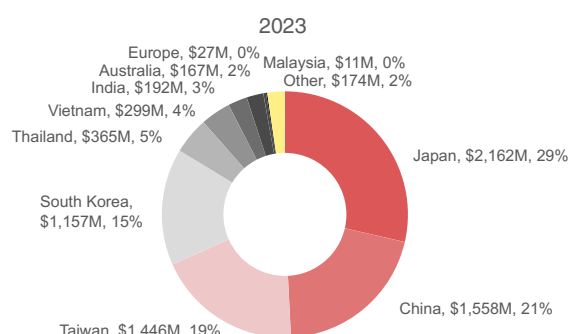
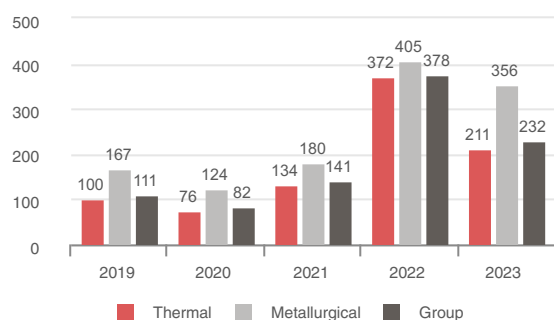
## MANAGEMENT DISCUSSION AND ANALYSIS

- The Group's overall average ex-mine selling price of coal decreased by 39% from A\$378 per tonne in 2022 to A\$232 per tonne in 2023 mainly as a result of a decrease in global USD coal prices with the weekly average GlobalCOAL Newcastle thermal coal index price decreasing by US\$192 per tonne (53%) during the same period; the weekly Argus/McCloskey API5 coal index price decreasing by US\$73 per tonne (41%) during the same period; and the average semi-soft coking coal benchmark price decreasing by US\$92 per tonne (32%) during the same period; partially offset by the Australian dollar weakening against the US dollar by 4.4% from an average of 0.6947 in 2022 to 0.6644 in 2023.
- The Group's average selling price of thermal coal decreased from A\$372 per tonne to A\$211 per tonne. The Group's average selling price of metallurgical coal decreased from A\$405 per tonne to A\$356 per tonne.
- The Group's ex-mine sales volume increased by 13% from 29.3Mt in 2022 to 33.1Mt in 2023, primarily due to the 14% increase in attributable saleable production partially offset by movements in coal inventories.
- A 78% decrease in the negative net revenue impact from the sale of purchased coal from \$538 million in 2022 to \$119 million in 2023, primarily resulted from corporate sales made under a long-term fixed price contract acquired as part of the Coal & Allied acquisition that, with the current above average market prices, effectively reduced Group revenue in 2023, albeit by a lower amount than in 2022.

A 49% decrease in royalty revenue from \$53 million in 2022 to \$27 million in 2023 recognised on the Group's Middlemount royalty where it receives a royalty of 4% of Free on Board Trimmed Sales on 100% of the Middlemount mine coal sales, with the decrease in the period primarily attributable to the lower coal price and lower sales volume.

The charts below show the longer-term trend in the Group's average realised A\$ selling price and the split of coal sales revenue by end user destination.

### AVERAGE SELLING PRICE (A\$)



Other includes Chile, Indonesia, Bangladesh and Cambodia (2022: Chile, Indonesia and Bangladesh)

Sales revenue to the primary Asian seaborne markets of Japan, Taiwan and South Korea, as a percentage of total coal sales revenue, decreased from 73% in 2022 to 63% in 2023 primarily due to the decreased in availability and a larger decrease in the GlobalCOAL Newcastle price relative to other coal qualities.

Sales revenue to China increased from 0% in 2022 to 21% in 2023 as China resumed buying Australian coal.

Sales revenue to Europe decreased from 6% in 2022 to 0% in 2023 primarily due to reduced demand from a very mild winter and demand from China.

Sales to Malaysia decreased from 6% in 2022 to 0% in 2023 primarily due to increased competition from Russian and South African supply.

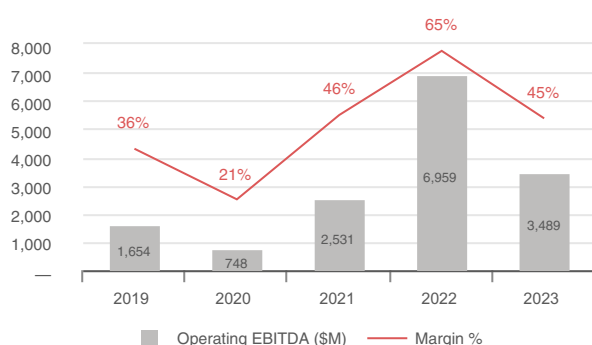
Sales revenue to Thailand remained relatively stable at \$365 million (2022: \$382 million) but with these sales delivered under a long-term fixed price contract, the relative percentage of group sales increased from 4% to 5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING EBITDA AND OPERATING EBITDA MARGIN

Operating EBITDA decreased by 50% from \$6,959 million in 2022 to \$3,489 million in 2023. The \$3,470 million decrease was primarily due to the \$2,987 million (28%) decrease in revenue, noted above. Other factors included (i) a \$166 million decrease in other income; (ii) a \$200 million decrease in costs; and (iii) a \$117 million decrease in the equity accounted profit. Operating EBITDA margin as a percentage of operating revenue decreased from 65% in 2022 to 45% in 2023.

### OPERATING EBITDA



### OTHER INCOME

	YEAR ENDED 31 DECEMBER		
	2023	2022	CHANGE
	\$M	\$M	(%)
Net gain on foreign exchange	—	164	(100%)
Sundry income	5	7	(29%)
<b>Other income</b>	<b>5</b>	<b>171</b>	<b>(97%)</b>

Other income decreased from \$171 million in 2022 to \$5 million in 2023. In 2022, this included a net gain on foreign exchange of \$164 million primarily recognised on holding USD cash balances as the Australian dollar weakened during 2022. In 2023, a net loss on foreign exchange of \$8 million was recognised due to lower exchange rate volatility and a higher year end AUD:USD exchange rate, and is included in Other operating expenses.

### CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Changes in inventories of finished goods and work in progress moved from an increase of \$35 million in 2022 to an increase of \$42 million in 2023 as inventory levels were re-established during the period with attributable production exceeding ex-mine sales by 0.3Mt.

### PRODUCTION COSTS

All-in total production costs include cash and non-cash operating costs, representing costs directly attributable to the production, transportation and selling of coal by our operating mines, but excludes care and maintenance costs, closure costs and non-cash changes in rehabilitation provisions. It also includes indirect corporate costs, in particular, corporate employee costs, but excludes corporate transaction costs. Cash operating costs comprise the cost of raw materials and consumables used, employee benefits, contractual services and plant hire, transportation and other operating expenses. Non-cash operating costs include depreciation and amortisation.

### PER EX-MINE SALES TONNE

	YEAR ENDED 31 DECEMBER	
	2023	2022
	\$/T	\$/T
<b>CASH OPERATING COSTS</b>		
Raw materials and consumables used	33	33
Employee benefits	22	23
Transportation	21	20
Contractual services and plant hire	16	16
Other operating expenses	4	4
<b>Cash operating costs (excluding royalties)</b>	<b>96</b>	<b>96</b>
Royalties	21	33
<b>Cash operating costs</b>	<b>117</b>	<b>129</b>
<b>NON-CASH OPERATING COSTS</b>		
Depreciation and amortisation	26	29
<b>Total production costs</b>	<b>143</b>	<b>159</b>
<b>Total production costs (excluding royalties)</b>	<b>122</b>	<b>125</b>

The table above is prepared on a cost per sales tonne basis. Over a financial year ex-mine sales tonnes and saleable production are not necessarily aligned due to changes in coal inventories. The table below has been restated on a per saleable production tonne basis to remove the impact of inventory movements and more accurately represent the cost of production. Royalties have been removed as these are based on sales revenue and are driven by ex-mine sale tonnes.

### PER SALEABLE PRODUCTION TONNE

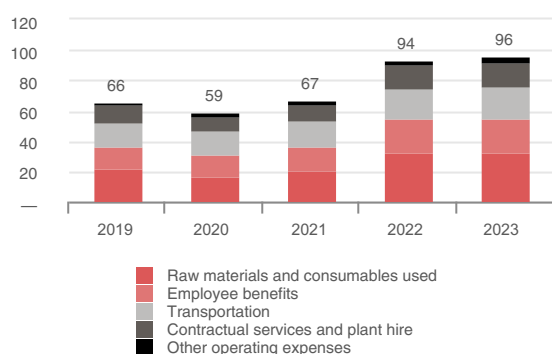
	YEAR ENDED 31 DECEMBER	
	2023	2022
	\$/T	\$/T
<b>CASH OPERATING COSTS</b>		
Raw materials and consumables used	33	33
Employee benefits	22	22
Transportation	21	20
Contractual services and plant hire	16	15
Other operating expenses	4	4
<b>Cash operating costs (excluding royalties)</b>	<b>96</b>	<b>94</b>
<b>NON-CASH OPERATING COSTS</b>		
Depreciation and amortisation	26	29
<b>Total production costs (excluding royalties)</b>	<b>122</b>	<b>123</b>

The Group's cash operating costs, excluding capitalised development, per saleable production tonne increased by \$2/t from \$94/t in 2022 to \$96/t in 2023. However, it is noted that whilst the full year 2023 cash operating costs were \$96/t, this comprised first half costs of \$109/t and second half costs of \$86/t. The key driver of the \$23/t (21%) decrease in second half costs was the 32% increase in attributable saleable production from 14.4Mt in the first half to 19.0Mt in the second half. In addition, cumulative inflationary cost pressures across the coal industry continued to have an impact.

## MANAGEMENT DISCUSSION AND ANALYSIS

The chart below shows the longer-term trend in the Group's full year cash operating costs per product tonne.

### CASH OPERATING COSTS PER PRODUCT TONNE (A\$)



In 2020, the Group's cash operating costs, excluding capitalised development, decreased to \$59/t primarily due to short-term cash saving measures introduced as a response to the decrease in the coal price following the initial wave of COVID-19.

In 2021, cash operating costs increased to \$67/t as those measures unwound compounded by a decrease in production volumes due to the severe wet weather and COVID-19 impacts.

In 2022, cash operating costs increased significantly to \$94/t due to (i) a 20% decrease in production volumes primarily impacted by the severe and ongoing wet weather and labour shortages including COVID-19; (ii) incurring additional preventative and remediation costs with respect to water management, including pumping and pit design; (iii) inflationary cost increases including labour, diesel, explosives, equipment parts and electricity; and (iv) increases in NCIG port costs following the introduction of an additional coal price linked toll charge from 1 July 2022.

In 2023, the Group's cash operating costs, excluding capitalised development, increased to \$96/t for the full year for the reasons noted above, but with second half costs decreasing to \$86/t.

### RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used increased by 14% from \$969 million in 2022 to \$1,104 million in 2023, primarily due to the 14% increase in attributable saleable production volumes with improved volume driven productivities effectively offsetting inflationary costs pressures, the most notable being a \$66 million (153%) increase in electricity costs. This contributed to consistent per saleable product tonne raw materials and consumables used of \$33 over the same period.

### EMPLOYEE BENEFITS

Employee benefits expense increased by 10% from \$662 million in 2022 to \$730 million in 2023, primarily due to an increase in operating hours as part of the mine recovery plans, including the 14% increase in attributable saleable production, supported by a small increase in headcount together with wage and salary inflation. This contributed to consistent per saleable product tonne employee benefits of \$22 over the same period.

### TRANSPORTATION

Transportation costs increased by 15% from \$678 million in 2022 to \$783 million in 2023, primarily due to (i) an increase in NCIG port costs following the introduction of an additional coal price linked toll charge from 1 July 2022; (ii) inflationary cost impacts on rail and port costs; and (iii) a \$16 million increase in sea freight incurred on a Cost and Freight contract due to increasing freight rates. This contributed to an increase in per saleable product tonne transportation costs from \$20 to \$21 over the same period.

### CONTRACTUAL SERVICES AND PLANT HIRE

Contractual services and plant hire expenses increased by 18% from \$457 million in 2022 to \$539 million in 2023 primarily due to an increase in contractors utilised as part of the wet weather recovery plans and to mitigate labour availability issues, particularly skilled trade positions. This contributed to an increase in per saleable product tonne contractual service and plant hire costs from \$15 to \$16 over the same period.

### GOVERNMENT ROYALTIES

Government royalty expenses decreased by 29% from \$967 million in 2022 to \$685 million in 2023, primarily due to a 31% decrease in ex-mine coal sales revenue partially offset by an increase in coal royalty rates introduced by the Queensland Government effective from 1 July 2022. Royalties are determined on an ad valorem basis by reference to the value of coal sold, the type of mine and the State the mine is in and are payable to the appropriate State government. This contributed to a decrease in per ex-mine sales tonne government royalties from \$33 to \$21 over the same period.

In September 2023, the NSW Government announced it will increase royalty rates by 2.6% for coal exports from 1 July 2024.

### COAL PURCHASES

Coal purchases remained flat at \$183 million in both 2022 and 2023 with the increased opportunity to purchase coal, as the supply from other Australian producers recovered from the wet weather, being offset by the decrease in the purchase price driven by the general market decrease.

### OTHER OPERATING EXPENSES

Other operating expenses increased by 61% from \$161 million in 2022 to \$260 million in 2023 and included a \$105 million increase in the Austar, Stratford Duralie and Donaldson rehabilitation provisions (2022: \$50 million), recognised in the profit and loss, with amounts based on the preliminary mine closure work completed to date. Excluding the provision increases, other operating expenses increased by \$44 million including an \$18 million increase in rates and levies, an \$8 million increase in travel and accommodation costs and an \$8 million net loss on foreign exchange. This contributed to consistent per saleable product tonne other operating expenses of \$4 over the same period.

### SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES, NET OF TAX

Share of profit of equity-accounted investees, net of tax decreased from \$146 million in 2022 to \$29 million in 2023 primarily due to the decreasing profit after tax performance of the incorporated Middlemount joint venture negatively impacted by a 27% decrease in realised A\$ coal price and a 25% decrease in sales tonnes.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses increased by 6% from \$834 million in 2022 to \$881 million in 2023 primarily due to increased production and an increase in equipment employed as part of the mine recovery plans. Per saleable production tonne depreciation and amortisation costs decreased from \$29 to \$26 over the same period.

### OPERATING EBIT AND OPERATING EBIT MARGIN

Operating EBIT decreased by 57% from \$6,125 million in 2022 to \$2,608 million in 2023 primarily due to a 50% decrease in Operating EBITDA and a 6% increase in depreciation and amortisation charge as noted above. Operating EBIT margin as a percentage of operating revenue decreased from 57% in 2022 to 34% in 2023.

### NET FINANCE (COST) / INCOME

Net finance (cost) / income decreased by 101% from a net cost of \$409 million in 2022 to net income of \$5 million in 2023.

Interest expenses and bank fees and charges decreased by \$435 million (85%) from \$512 million in 2022 to \$77 million in 2023. The decrease included \$279 million of non-cash interest expense recognised in 2022 relating to the unwind of the discount recognised on the US\$775 million related party loan provided by Shandong Energy in 2020 that was determined to be provided at a below arms-length interest rate. The loan was fully repaid during 2022 resulting in the remaining discount being expensed in 2022. Excluding this amount, the interest expense decreased from \$233 million in 2022 to \$77 million in 2023 primarily due to the progressive voluntary prepayment of all of the Group's loans, concluding on 31 March 2023. The Group will continue to incur finance costs on its contingent guarantee facilities, leasing arrangements and the accounting unwind of discounts on provisions.

Interest income decreased by \$21 million (20%) from \$103 million in 2022 to \$82 million in 2023. The decrease included \$63 million of non-cash interest income being recognised on the Middlemount shareholder loan due to voluntary prepayments in 2022. Excluding the Middlemount shareholder loan, interest income increased from \$40 million in 2022 to \$82 million in 2023 due to an increase in market interest rates.

### OPERATING PROFIT BEFORE INCOME TAX AND PROFIT BEFORE INCOME TAX MARGIN

As a result of the aforementioned reasons, operating profit before income tax, after adding back non-operating items, decreased by 54% from \$5,716 million in 2022 to \$2,613 million in 2023. Operating profit before income tax margin as a percentage of operating revenue decreased from 54% to 34% over the same period.

### PROFIT BEFORE INCOME TAX AND PROFIT BEFORE INCOME TAX MARGIN

As a result of the aforementioned reasons, and the non-operating items discussed below, profit before income tax decreased by 49% from \$5,091 million in 2022 to \$2,583 million in 2023. Profit before income tax margin as a percentage of operating revenue decreased from 48% to 34% over the same period.

### INCOME TAX EXPENSE

Income tax expense decreased from \$1,505 million in 2022 to \$764 million in 2023. The effective tax rate was 29.6% in both periods, compared to the Australian corporate income tax rate of 30%. The lower effective tax rate primarily resulted from the non-assessable equity accounted profit of \$29 million (2022: \$146 million). During 2023, the Group paid \$2,123 million of Australian corporate income tax and at the year end held a \$222 million tax payable balance.

### PROFIT AFTER INCOME TAX AND PROFIT AFTER INCOME TAX MARGIN

As a result of the aforementioned reasons, profit after income tax decreased by 49% from \$3,586 million in 2022 to \$1,819 million in 2023. Profit after income tax margin as a percentage of operating revenue decreased from 34% to 24% over the same period.

### PROFIT PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share decreased by 49% from 271.6 cents per share in 2022 to 137.8 cents per share in 2023 and diluted earnings per share decreased by 49% from 270.2 cents per share in 2022 to 137.1 cents per share in 2023 primarily due to the aforementioned profit after income tax with no change in the number of ordinary shares on issue. In 2023 the diluted earnings per share was impacted by 6.1 million rights on issue to senior management (2022: 6.8 million).

### OVERVIEW OF NON-OPERATING ITEMS

Non-operating items in the year ended 31 December 2023 and 2022 included the following:

	YEAR ENDED 31 DECEMBER	
	2023	2022
	\$M	\$M
<b>NON-OPERATING ITEMS</b>		
Contingent royalty expense	(35)	(23)
Re-measurement of contingent royalty	21	(60)
Re-measurement of royalty receivable	(15)	12
Fair value losses recycled from hedge	(1)	(239)
Impairment charge	—	(315)
<b>Loss before tax impact</b>	<b>(30)</b>	<b>(625)</b>

Contingent royalty expense of \$35 million (2022: \$23 million) relates to the contingent coal price-linked royalty payable to Rio Tinto for the year ended 31 December 2023, as part of the contingent consideration on the Coal & Allied acquisition, due to the GlobalCOAL quarterly index price being above the 2023 threshold price for all four quarters.

Re-measurement of the contingent royalty down by \$21 million (2022: up \$60 million) represents a decrease in the provision recognised on the Coal & Allied acquisition with respect to the contingent coal price-linked royalty potentially payable to Rio Tinto for the remaining period from 1 January 2024 to 31 August 2030 due to a weakening of the thermal coal price forecasts.

Re-measurement of the royalty receivable down by \$15 million (2022: up \$12 million) relates to the change in the estimated fair value of the Group's Middlemount royalty receivable recognised on its right to receive a royalty of 4% of Free on Board Trimmed Sales on 100% of the Middlemount mine coal sales.

## MANAGEMENT DISCUSSION AND ANALYSIS

Fair value losses recycled from the hedge reserve of \$1 million (2022: \$239 million) represent retranslation losses on the Group's US dollar-denominated loans which are attributable to changes in USD:AUD foreign exchange rates. Under the Group's natural hedge policy, such losses are recycled to the statement of profit and loss based on the scheduled loan maturity dates. The amount of any fair value loss or gain recycled from the hedge reserve in a period is a function of the amount of the hedged US dollar loan scheduled to mature in that period and the respective USD:AUD exchange rates at the time the hedge was put in place and at the time the loan matured.

In 2022, non-operating items also included an impairment charge of \$315 million relating to a \$171 million impairment of the Donaldson thermal coal mining asset and a \$144 million impairment of the Monash thermal coal exploration asset.

### CASH FLOW ANALYSIS

	YEAR ENDED 31 DECEMBER		
	2023	2022	CHANGE
	\$M	\$M	\$M
Net operating cash flows	1,261	6,528	(5,267)
Net investing cash flows	(596)	(298)	(298)
Net financing cash flows	(1,981)	(5,133)	3,152
<b>Net decrease in cash</b>	<b>(1,316)</b>	<b>1,097</b>	<b>(2,413)</b>

#### NET OPERATING CASH FLOWS

Net operating cash inflows decreased by \$5,267 million (81%) to \$1,261 million primarily due to (i) a \$2,053 million increase in tax payments that included a payment of \$1,412 million in June 2023 relating to the Group's taxable profits for the year ended 31 December 2022; (ii) a \$3,480 million decrease in net receipts from customers over payments to suppliers reflecting the \$3,470 million decrease in Operating EBITDA; (iii) a \$296 million decrease in net finance costs due to the progressive early repayment of all the Group's loans; and (iv) a \$30 million initial purchase of Australian Carbon Credit Units ("ACCUs") against the Group's Safeguard Mechanism obligations.

#### NET INVESTING CASH FLOWS

Net investing cash outflows increased by \$298 million (100%) to \$596 million. In 2023 investing cash outflows included \$621 million of capital expenditure. In 2022 investing cash outflows included (i) \$548 million of capital expenditure partially offset by the \$212 million repayment, in full, of the shareholder loan provided to Middlemount.

#### NET FINANCING CASH FLOWS

Net financing cash outflows decreased by \$3,152 million (61%) to an outflow of \$1,981 million, as set out in the table below.

	YEAR ENDED 31 DECEMBER		
	2023	2022	CHANGE
	\$M	\$M	\$M
Dividends paid	(1,413)	(1,626)	213
Mandatory loan repayments	—	(37)	37
Voluntary loan repayments	(496)	(3,405)	2,909
Lease payments	(55)	(40)	(15)
Purchase of treasury shares	(17)	(25)	8
<b>Net financing cash flows</b>	<b>(1,981)</b>	<b>(5,133)</b>	<b>3,152</b>

In 2023 the net financing cash outflow included (i) \$1,413 million of dividend payments being the settlement of the 2022 final declared dividend of \$924 million and the 2023 interim dividend of \$489 million; (ii) A\$496 million (US\$333 million) of voluntary debt prepayments on the syndicated facility; (iii) \$55 million of lease repayments; and (iv) \$17 million for the purchase of Company shares for settlement of Executive STIP and LTIP obligations. In 2022 the net financing cash outflow included (i) \$1,626 million of dividend payments being the settlement of the 2021 declared dividend of \$930 million and the 2022 interim dividend of \$696 million; (ii) A\$37 million (US\$25 million) of mandatory loan repayments under the syndicated facility; (iii) A\$3,405 million (US\$2,260 million) of voluntary debt repayments on both the syndicated and related party facilities; (iv) \$40 million of lease repayments; and (v) \$25 million for the purchase of Company shares for settlement of Executive STIP and LTIP obligations.

### FINANCIAL RESOURCES AND LIQUIDITY

	YEAR ENDED 31 DECEMBER		
	2023	2022	CHANGE
	\$M	\$M	\$M
Current assets	2,533	3,810	(1,277)
Current liabilities	(1,048)	(2,532)	1,484
<b>Net current assets</b>	<b>1,485</b>	<b>1,278</b>	<b>207</b>
Total assets	11,254	12,801	(1,547)
Total liabilities	(2,812)	(4,771)	1,959
<b>Total equity</b>	<b>8,442</b>	<b>8,030</b>	<b>412</b>

Current assets decreased by \$1,277 million to \$2,533 million at 31 December 2023 mainly reflecting a decrease in cash on hand of \$1,302 million.

Current liabilities decreased by \$1,484 million to \$1,048 million at 31 December 2023 mainly reflecting the \$1,320 million decrease in income tax payable after settlement of the Group's tax liability for the year ended 31 December 2022.

Total assets decreased by \$1,547 million to \$11,254 million at 31 December 2023 mainly reflecting the decrease in current assets of \$1,277 million noted above and a \$327 million decrease in mining tenements partially offset by a \$96 million increase in property, plant and equipment.

Total liabilities decreased by \$1,959 million to \$2,812 million at 31 December 2023 mainly reflecting the decrease in current liabilities of \$1,483 million noted above and a \$523 million decrease in non-current interest-bearing liabilities including a \$489 million decrease in loans due to the repayments made during the year. This was partially offset by a \$97 million increase in non-current provisions including a \$127 million increase in rehabilitation provisions and a \$21 million decrease in the contingent royalty provision.

Total equity increased by \$412 million to \$8,442 million at 31 December 2023 reflecting the \$1,819 million profit after tax partially offset by dividend payments of \$1,413 million.

The Group's primary sources of liquidity was its opening cash position of \$2,699 million and operating cash flows that contributed \$1,261 million in the year ended 31 December 2023. The Group's sources of liquidity enabled the payment for investing activities of \$596 million and financing activities of \$1,981 million.

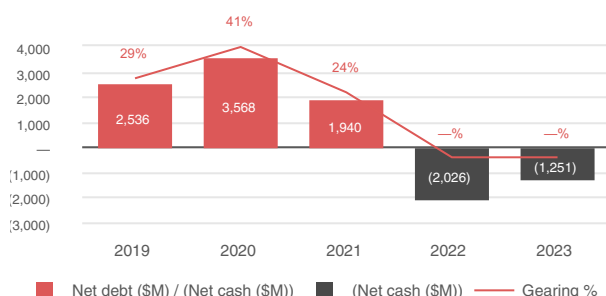
## MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending 31 December 2024, the primary source of liquidity is expected to continue to be operating cash flows for ongoing business. Historically, the Group's primary sources of liquidity have consisted of operating cash flows, interest-bearing liabilities, including shareholder loans, and new equity.

The Group's capital structure is set out in the table below.

	YEAR ENDED 31 DECEMBER		
	2023	2022	CHANGE
	\$M	\$M	\$M
Interest-bearing liabilities	146	673	(527)
Less: cash and cash equivalents	(1,397)	(2,699)	1,302
<b>Net (cash) / debt</b>	<b>(1,251)</b>	<b>(2,026)</b>	<b>775</b>
Total equity	8,442	8,030	412
<b>Net debt + total equity</b>	<b>7,191</b>	<b>6,004</b>	<b>1,187</b>

### NET DEBT AND GEARING



The Group's objective when managing its capital structure is to provide capital towards sustaining capital expenditure, pay down interest-bearing liabilities to a supportable level whilst providing dividends to equity holders and pursuing organic and inorganic expansion opportunities when appropriate.

The Group's net cash position at 31 December 2023 was \$1,251 million, a decrease from \$2,026 million at 31 December 2022. With the Group in a net cash position its gearing ratio, which is defined as net debt (being interest-bearing liabilities less cash and cash equivalents) divided by the sum of net debt and total equity, is effectively nil.

The Group's interest-bearing liabilities includes lease liabilities of A\$146 million (2022: A\$184 million) denominated in Australian and US dollars. At 31 December 2022 the Group's interest-bearing liabilities also included secured bank loans of A\$489 million (US\$333 million).

On 31 March 2023, Yancoal made a US\$333 million voluntary prepayment of its secured loans, reducing the amount outstanding to nil.

The Group's cash and cash equivalents includes A\$568 million (31 December 2022: A\$2,176 million) and US\$567 million (31 December 2022: US\$354 million).

While the Group operates entirely in Australia<sup>47</sup> and its costs are primarily denominated in its functional currency, the Australian dollar, foreign currency exposure arises particularly in relation to coal supply contracts, which generally are priced and payable in US dollars, procurement of diesel and imported plant and equipment, which can be priced in US dollars or other foreign currencies, and debt denominated in US dollars.

The impact of exchange rate movements will vary depending on factors such as the nature, magnitude and duration of the movements, the extent to which currency risk is hedged under forward exchange contracts or other hedging instruments and the terms of these contracts.

The hedging policy of the Group aims to protect against the volatility of cash expenditures or reduced collection in the above mentioned transactions as well as to reduce the volatility of profit or loss for retranslation of US dollar denominated loans at each period end.

Operating foreign exchange risk that arises from firm commitments or highly probable transactions is managed through the use of bank issued forward foreign currency contracts. The Company hedges a portion of contracted US dollar sales and asset purchases settled in foreign currencies in each currency to mitigate the adverse impact on cash flow due to the future rise or fall in the Australian dollar against the relevant currencies.

More details on interest-bearing liabilities, cash and cash equivalents and equity including types of instrument used, security provided, maturity profile of interest-bearing liabilities, interest rates and hedging strategies are included in Notes D1, D2 and D7 of the Group's financial statements.

### AVAILABLE DEBT FACILITIES

As at 31 December 2023, the Group had the following available debt facilities.

\$286 million of undrawn bank guarantees under its A\$1,200 million Contingent Liability Facilities that are provided for operational purposes in favour of port, rail, government departments and other operational functions in the normal course of business with a maturity date in February 2026.

The Directors of Yankuang Energy (formerly Yanzhou Coal) have provided a letter of support whereby unless revoked by giving not less than 24 months' notice, for so long as Yankuang Energy owns at least 51% of the shares of the Company, Yankuang Energy will ensure that the Group continues to operate so that it remains solvent.

### CAPITAL EXPENDITURE AND COMMITMENTS

During the year ended 31 December 2023, capital expenditure cash flows of the Group amounted to \$622 million (2022: \$550 million) comprising \$621 million (2022: \$548 million) of property, plant and equipment and \$1 million (2022: \$2 million) of exploration.

Included in the capital expenditure of \$622 million is capitalised operating expenses, net of any applicable revenue, incurred on open-cut and underground development activities of \$122 million (2022: \$71 million). Amortisation of such capitalised costs commences on either (i) the start of commercial production from the new mine or pit for open-cuts; and (ii) over the life of mine if development roads service the entire mine or over the life of the longwall panels accessible from the development roads, if shorter, for undergrounds.

As at 31 December 2023, commitments of the Group comprised capital commitments of \$190 million (2022: \$222 million).

<sup>47</sup> The Group does have a captive insurance company located in Guernsey.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS

The Group continues to look for high quality acquisition opportunities and will inform the market as required, if and when any material transaction occurs. The Group also focuses on organic growth opportunities and business as usual capital expenditure.

The Group continues to pursue its long-term strategy for organic growth, with a commitment to progressing its brownfield expansion and extension projects.

In the year ahead, the Group will continue to focus on exploration and potential expansion works across the tier one assets of Moolarben, MTW and HVO, to be funded from operating cash flows.

At Moolarben, modifications to increase the coal wash plant production capacity to 16Mtpa were completed and commissioned during the period. The facility continues to operate at the targeted levels.

The MTW underground mine concept remains subject to study and assessments.

At Stratford, Yancoal has advanced its plans for a renewable energy hub consisting of a Pumped-Hydro Energy Storage project paired with a "behind the meter" solar farm. This integrated renewable energy hub would provide dispatchable power into the grid at peak times or when the energy generated by other renewable sources (wind and solar) is unavailable. With coal production at the Stratford mine anticipated to end in 2024, this renewable energy hub provides an excellent opportunity for the beneficial re-use of land after the cessation of mining and does not impact water resources within the valley. The project could also allow Yancoal to maintain a commercially viable operation at the site and provide economic and social benefits to the Gloucester region. Project implementation remains subject to the feasibility study outcome, permitting requirements and relevant approval processes.

Yancoal continually examines opportunities to grow the business. The Company is open to expanding or extending the operational profile of its existing assets with organic projects, like those identified at Moolarben. It would also consider acquiring additional coal assets or diversifying into other minerals, energy or renewable energy projects should suitable opportunities arise. Any new initiative would be subject to careful evaluation and require Yancoal Board consideration and approval before commencement.

Organic growth opportunities are expected to be funded through operating cashflows as part of the group's overall capital expenditure program.

Funding of any inorganic opportunities will be assessed on a case-by-case basis and could include funding from operating cashflows and potentially interest-bearing liabilities depending on the debt market availability at the time, and issuing new shares subject to compliance and listing requirements.

### MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions or disposals were undertaken during the period.

### EMPLOYEES

As at 31 December 2023, the Group had approximately 3,400 (2022: 3,359) employees (including contract labour who are full time equivalents), all located in Australia, in addition to other contractors and service providers who support the Group's operations by delivering fixed scopes of work. For the period, the total employee costs (including director's emoluments, HVO employees who are not included in the employee number above and excluding contract labour, contractors and service providers whose costs are included in Contractual services and plant hire) amounted to \$730 million (2022: \$662 million).

Remuneration packages and benefits are determined in accordance with market terms, industry practice as well as the nature of duties, performance, qualifications and experience of employees and are reviewed on an annual basis.

Remuneration packages include base wages or salaries, short-term site production bonuses, short and long-term staff incentives, allowances, non-monetary benefits, superannuation and long service leave contributions and insurance.

The Group's remuneration policies ensure remuneration is equitable, aligns with the long-term interests of the Group and Shareholders, complies with the diversity policy, provides market competitive remuneration to attract and retain skilled and motivated employees and structures incentives to link rewards with performance.

Details of the Group's incentive plans are included in the Remuneration Report in the Groups' Financial Report for the year ended 31 December 2023.

The Company believes that capable and competent employees contribute to the success of the Group. The Group invests in competence development and assurance programs to ensure statutory compliance and zero harm to its employees. The Group also contributes to the ongoing professional development of its employees as maintaining a skilled and engaged workforce is critical to success.

In February 2023, Yancoal launched the Yancoal Learning Academy ("YLA") comprising a scheduled calendar of short course soft skills training to all salaried employees. The launch was integrated with employee goals and development planning conversations with managers. The 2023 program schedule consisted of 15 short courses which were delivered as three hours online facilitated programs to a classroom of 20 participants. Over 100 salaried employees participated in at least one program over the course of the year, with many participants attending multiple courses. These development programs have been viewed very favourably with female employees accounting for 57% of attendees so far.

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. During 2023, Yancoal consolidated the gains made in female participation in 2022 with the proportion of the female workforce remaining at 15%, noting that the Australian mining sector is a male dominated sector. The Company's stretch target for 2024 is an increase to 17%. Of note was the recent efforts achieved at the Yancoal managed Premier Coal increasing female representation to 21% (up from 17% in 2021). Yancoal has set itself a stretch goal to further increase female participation in 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, Yancoal established a Diversity & Inclusion Committee. The primary focus for the Committee is centred on making positive advancement in the representation and inclusion of female and indigenous employees. The Committee also shares a focus of improving inclusivity at Yancoal more broadly.

Yancoal understands that preserving and improving workplace culture is fundamental to our success. In 2023, the Yancoal "Your Say" engagement survey was conducted in June 2023 with 76% of employees completing the survey and 63% of respondents 'engaged'. The feedback our employees provided in the survey was distilled into themes and action plans to address the themes have been put in place from both a Yancoal wide perspective and an individual site perspective.

### EVENTS OCCURRING AFTER THE REPORTING DATE

Other than as disclosed below, no matters or circumstances have occurred subsequent to the end of the period which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state-of affairs of the Group.

On 23 February 2024, the Directors declared a fully franked final dividend of A\$429 million, A\$0.3250 per share, with a record date of 13 March 2024 and a payment date of 30 April 2024.

### FINANCIAL AND OTHER RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, price risk, interest rate risk, credit risk and liquidity risk and are detailed in Note D7 to the financial statements in this report. The Board reviews and agrees policies and procedures for management of these risks.

Coal sales are predominately provisionally priced initially. Provisionally priced sales are those for which price finalisation, referenced to the relevant index, is outstanding at the reporting date. Provisional pricing mechanisms embedded within these sales arrangements have the character of a commodity derivative and are carried at fair value through profit and loss as part of trade receivables. The final sales price is determined normally 7 to 90 days after delivery to the customer. At 31 December 2023, there were \$166 million of provisionally priced sales still to be finalised. If prices were to increase by 10%, provisionally priced sales would increase by \$17 million.

### CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 31 December 2023 comprised (i) \$914 million (31 December 2022: \$941 million) of bank guarantees and surety bonds comprising \$357 million (31 December 2022: \$395 million) of performance guarantees provided to third parties and \$557 million (31 December 2022: \$546 million) of guarantees provided in respect of the cost of restoration of certain mining leases given to government departments as required by statute with respect to the Group's owned and managed mines, (ii) a letter of support provided to the Middlemount Coal Pty Limited joint venture and (iii) a number of claims that have been made against the Group, including in respect of personal injuries, and in relation to contracts which Group members are party to as part of the Group's day to day operations.

See Note D6 to the financial statements in this report for further details on the Group's contingent liabilities.

### CHARGES ON ASSETS

The Group has Syndicated Bank Guarantee and Surety Bond Facilities provided by a syndicate of nine Australian and international financial institutions totalling A\$1,200 million. As at 31 December 2023 the facilities were drawn to A\$914 million.

The Contingent Liability Facilities are secured by the assets of the consolidated group of Yancoal Resources Ltd and Coal & Allied Industries Ltd (both wholly owned subsidiaries of Yancoal) with a carrying value of \$10,804 million as at 31 December 2023.

### FUTURE PROSPECTS

In 2023, the successful implementation of the site recovery plans enabled mining inventories to rebuild, productivity rates to improve and saleable production volumes to increase, particularly in the second half of the year. Yancoal's 2024 attributable saleable production is expected to be between 35 million tonnes and 39 million tonnes, noting that due to the mine plans, production volumes will vary quarter to quarter and are expected to be skewed towards the second half of the year.

With the site recovery plans continuing into 2024, including the temporary use of additional equipment and labour, scheduled equipment lifecycle maintenance spend and the compounding impacts of cost inflation, further unit cost reductions are likely to take longer to deliver than the recovery in production volumes. Yancoal's 2024 cash operating costs are expected to be between \$89/tonne and \$97/tonne, with cash operating costs in the second half of the year expected to be lower than in the first half.

Capital expenditure in 2024 is expected to be between \$650 million and \$800 million, including rollover spend from 2023.



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
For the year ended 31 December 2023

	NOTES	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Revenue	B2	7,778	10,548
Other income	B3	26	183
Changes in inventories of finished goods and work in progress		42	35
Raw materials and consumables used		(1,104)	(969)
Employee benefits	B4	(730)	(662)
Depreciation and amortisation		(881)	(834)
Transportation		(783)	(678)
Contractual services and plant hire		(539)	(457)
Government royalties		(685)	(967)
Coal purchases		(183)	(183)
Impairment charges		—	(315)
Other operating expenses	B5	(334)	(297)
Finance costs	B5	(53)	(459)
Share of profit of equity-accounted investees, net of tax	E1	29	146
<b>Profit before income tax</b>		<b>2,583</b>	<b>5,091</b>
Income tax expense	B6	(764)	(1,505)
<b>Profit after income tax</b>		<b>1,819</b>	<b>3,586</b>
<b>PROFIT IS ATTRIBUTABLE TO:</b>			
Owners of Yancoal Australia Ltd		1,819	3,586
Non-controlling interests		—	—
		<b>1,819</b>	<b>3,586</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
<b>Cash flow hedges:</b>			
Fair value losses	D5	(5)	(326)
Fair value losses transferred to profit and loss	D5	1	239
Deferred income tax benefit	D5	1	26
<b>Other comprehensive expense, net of tax</b>		<b>(3)</b>	<b>(61)</b>
<b>Total comprehensive income</b>		<b>1,816</b>	<b>3,525</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:</b>			
Owners of Yancoal Australia Ltd		1,816	3,525
Non-controlling interests		—	—
		<b>1,816</b>	<b>3,525</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>			
Basic earnings per share (cents per share)	B7	137.8	271.6
Diluted earnings per share (cents per share)	B7	137.1	270.2

These financial statements should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET

## As at 31 December 2023

	NOTES	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C6	1,397	2,699
Trade and other receivables	C7	662	736
Inventories	C8	416	330
Royalty receivable	C9	22	20
Other current assets		36	25
<b>Total current assets</b>		<b>2,533</b>	<b>3,810</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	C7	98	97
Property, plant and equipment	C1	3,582	3,486
Mining tenements	C2	4,040	4,367
Exploration and evaluation assets	C4	238	275
Intangible assets	C5	131	133
Royalty receivable	C9	196	213
Interest in other entities	E1	431	413
Other non-current assets		5	7
<b>Total non-current assets</b>		<b>8,721</b>	<b>8,991</b>
<b>Total assets</b>		<b>11,254</b>	<b>12,801</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	C10	734	863
Interest-bearing liabilities	D1	44	48
Current tax liabilities		222	1,542
Provisions	C11	48	79
<b>Total current liabilities</b>		<b>1,048</b>	<b>2,532</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		4	14
Interest-bearing liabilities	D1	102	625
Deferred tax liabilities	B6	344	383
Provisions	C11	1,314	1,217
<b>Total non-current liabilities</b>		<b>1,764</b>	<b>2,239</b>
<b>Total liabilities</b>		<b>2,812</b>	<b>4,771</b>
<b>Net assets</b>		<b>8,442</b>	<b>8,030</b>
<b>EQUITY</b>			
Contributed equity	D2	6,698	6,698
Reserves	D5	(258)	(264)
Retained earnings		2,000	1,594
<b>Capital and reserves attributable to owners of Yancoal Australia Ltd</b>		<b>8,440</b>	<b>8,028</b>
Non-controlling interests		2	2
<b>Total equity</b>		<b>8,442</b>	<b>8,030</b>

These financial statements should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**  
For the year ended 31 December 2023

ATTRIBUTABLE TO OWNERS OF YANCOAL AUSTRALIA LTD						
NOTES	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 January 2022</b>	<b>6,698</b>	<b>(188)</b>	<b>(366)</b>	<b>6,144</b>	<b>2</b>	<b>6,146</b>
Profit after income tax	—	—	3,586	3,586	—	3,586
Other comprehensive expense	—	(61)	—	(61)	—	(61)
<b>Total comprehensive income</b>	<b>—</b>	<b>(61)</b>	<b>3,586</b>	<b>3,525</b>	<b>—</b>	<b>3,525</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Dividends paid	D4	—	—	(1,626)	—	(1,626)
Movements in other reserves		—	(15)	(15)	—	(15)
<b>Balance at 31 December 2022</b>		<b>6,698</b>	<b>(264)</b>	<b>1,594</b>	<b>2</b>	<b>8,030</b>
<b>Balance at 1 January 2023</b>		<b>6,698</b>	<b>(264)</b>	<b>1,594</b>	<b>2</b>	<b>8,030</b>
Profit after income tax		—	—	1,819	—	1,819
Other comprehensive expense		—	(3)	(3)	—	(3)
<b>Total comprehensive income</b>		<b>—</b>	<b>(3)</b>	<b>1,819</b>	<b>—</b>	<b>1,816</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Dividends paid	D4	—	—	(1,413)	—	(1,413)
Movements in other reserves		—	9	9	—	9
		—	9	(1,413)	—	(1,404)
<b>Balance at 31 December 2023</b>		<b>6,698</b>	<b>(258)</b>	<b>2,000</b>	<b>2</b>	<b>8,442</b>

These financial statements should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT  
OF CASH FLOWS**  
For the year ended 31 December 2023

	NOTES	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		7,804	10,692
Payments to suppliers and employees		(4,449)	(3,857)
Interest paid		(23)	(278)
Interest received		82	41
Payment for ACCUs		(30)	—
Income tax paid		(2,123)	(70)
<b>Net cash inflow from operating activities</b>	F3	<b>1,261</b>	<b>6,528</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(621)	(548)
Payments for capitalised exploration and evaluation activities		(1)	(2)
Proceeds from sale of property, plant and equipment		10	4
Dividends received		16	36
Repayment of borrowing from joint venture		—	212
<b>Net cash outflow from investing activities</b>		<b>(596)</b>	<b>(298)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividends	D4	(1,413)	(1,626)
Repayment of interest-bearing liabilities	D1	(496)	(1,320)
Repayment of lease liabilities		(55)	(40)
Payment for treasury shares		(17)	(25)
Repayment of interest bearing liabilities - related entities	D1	—	(2,122)
<b>Net cash outflow from financing activities</b>		<b>(1,981)</b>	<b>(5,133)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,316)</b>	<b>1,097</b>
Cash and cash equivalents at the beginning of the financial year		2,699	1,495
Effects of exchange rate changes on cash and cash equivalents		14	107
<b>Cash and cash equivalents at the end of the year</b>	C6	<b>1,397</b>	<b>2,699</b>

These financial statements should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**  
For the year ended 31 December 2023

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## A BASIS OF PREPARATION

These consolidated financial statements and notes are for the consolidated entity consisting of Yancoal Australia Ltd ("Company" or "parent entity") and its subsidiaries ("the Group").

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Yancoal Australia Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 23 February 2024.

The accounting policies adopted are consistent with those of the most recent Annual Financial Report except for as disclosed below under New and amended accounting standards adopted by the Group.

### (i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### (ii) Subsidiaries

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are aligned to ensure consistency with the policies adopted by the Group.

### (iii) Material accounting policies

Material accounting policies have been included in the relevant notes to which the policies relate, and other material accounting policies are included in Note F6.

These policies have been consistently applied to all the years presented, unless otherwise stated.

In addition, the Group adopted *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimate* (amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments did not result in any changes to the accounting policies themselves.

### (iv) Historical cost convention

These financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

### (v) Auditor sign-off - unqualified and unmodified

The independent auditor's report on these consolidated financial statements is unqualified and unmodified.

### (vi) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191. Amounts in the financial statements have been rounded off in accordance with that legislative instrument to the nearest million dollars, or in certain cases, the nearest dollar.

### (vii) New and amended standards adopted by the Group

New and amended accounting standards and interpretations effective for the current reporting period include:

AASB 2020-1, 2020-6 Amendments to Australian Accounting Standards - Classification of liabilities as Current of Non-current deferral of effective date

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimate (amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2)

AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (AASB 1 and AASB 112)

Above mentioned amendments have not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

### (viii) Impact of standards issued but not yet applied by the Group

Australian Accounting Standards and Interpretations issued but not yet applicable for the year ended 31 December 2023 that have not been applied by the Group are disclosed in Note F8.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (ix) Early adoption of standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out in Note F8.

## (x) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and judgements that involve a higher degree of judgement or complexity. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Directors evaluate estimates and judgements incorporated into these financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

Details of critical accounting estimates and judgements can be found in the notes to which they relate and include:

Taxation	Note B6
Mining tenements	Note C2
Impairment of assets	Note C3
Exploration and evaluation assets	Note C4
Royalty receivable	Note C9
Provisions	Note C11
Interests in other entities	Note E1

## B PERFORMANCE

This section of the financial statements focuses on disclosure that enhances a user's understanding of profit or loss after tax. Segment reporting provides a breakdown of profit, revenue and assets by geographic segment. The key line items of the profit or loss along with their components provide details behind the reported balances.

### B1 SEGMENT INFORMATION

#### Accounting policy

Management has determined the operating segments based on the strategic direction and organisational structure of the Group together with reports reviewed by the Chief Operating Decision Makers ("CODM"), defined as the Executive Committee, that are used to make strategic decisions including resource allocation and assessment of segment performance.

Non-operating items of the Group are presented under the segment "Corporate" which includes administrative expenses, foreign exchange gains and losses recycled from hedge reserve, and the elimination of intersegment transactions and other consolidation adjustments.

#### (a) Segment information

The segment information for the reportable segments for the year ended 31 December 2023 is as follows:

	COAL MINING		CORPORATE	TOTAL
	NSW	QLD		
31 DECEMBER 2023	\$M	\$M	\$M	\$M
Total segment revenue (i)	6,797	761	(1)	7,557
Add: Fair value losses recycled from hedge reserve	—	—	1	1
<b>Revenue from external customers</b>	<b>6,797</b>	<b>761</b>	<b>—</b>	<b>7,558</b>
Operating EBIT	2,566	131	(89)	2,608
Operating EBITDA	3,407	167	(85)	3,489

(i) Total segment revenue consists of revenue from the sale of coal whereas revenue disclosed in the profit and loss also includes other revenue such as sea freight, rents and sub-lease rentals, interest income, dividend income and royalty income. Refer to Note B1(b) below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023	COAL MINING		CORPORATE	TOTAL
	NSW	QLD		
	\$M	\$M	\$M	\$M
<b>MATERIAL INCOME OR EXPENSE ITEMS</b>				
<b>Non-cash items</b>				
Depreciation and amortisation	(841)	(36)	(4)	(881)
Rehabilitation provision increase	(105)	—	—	(105)
Remeasurement of contingent royalty	—	—	21	21
Remeasurement of royalty receivable	—	—	(15)	(15)
	<b>(946)</b>	<b>(36)</b>	<b>2</b>	<b>(980)</b>
<b>Total capital expenditure</b>	<b>604</b>	<b>37</b>	<b>10</b>	<b>651</b>
Segment assets	8,567	714	1,542	10,823
Interests in other entities	180	—	251	431
<b>Total assets</b>	<b>8,747</b>	<b>714</b>	<b>1,793</b>	<b>11,254</b>

Interest revenue by segment for 31 December 2023 is as follows: NSW \$nil (2022: \$nil), QLD \$nil (2022: \$nil) and Corporate \$82 million (2022: \$103 million).

Finance costs by segment for 31 December 2023 is as follows: NSW \$37 million (2022: \$32 million), QLD \$5 million (2022: \$2 million) and Corporate \$11 million (2022: \$425 million).

Amounts with respect to capital expenditure are measured in a manner consistent with that of the financial statements. Reportable segment's capital expenditure is set out above.

All segment assets are located in Australia.

The segment information for the reportable segments for the year ended 31 December 2022 is as follows:

31 DECEMBER 2022	COAL MINING		CORPORATE	TOTAL
	NSW	QLD		
	\$M	\$M	\$M	\$M
Total segment revenue (i)	9,661	856	(239)	10,278
Add: Fair value losses recycled from hedge reserve	—	—	239	239
<b>Revenue from external customers</b>	<b>9,661</b>	<b>856</b>	<b>—</b>	<b>10,517</b>
Operating EBIT	5,605	295	225	6,125
Operating EBITDA	6,390	338	231	6,959
<b>MATERIAL INCOME OR EXPENSE ITEMS</b>				
<b>Non-cash items</b>				
Depreciation and amortisation	(787)	(42)	(5)	(834)
Rehabilitation provision increase	(50)	—	—	(50)
Remeasurement of contingent royalty	—	—	(60)	(60)
Remeasurement of royalty receivable	—	—	12	12
Impairment charges	(315)	—	—	(315)
	<b>(1,152)</b>	<b>(42)</b>	<b>(53)</b>	<b>(1,247)</b>
<b>Total capital expenditure</b>	<b>831</b>	<b>60</b>	<b>6</b>	<b>897</b>
Segment assets	9,226	781	2,381	12,388
Interests in other entities	175	—	238	413
<b>Total assets</b>	<b>9,401</b>	<b>781</b>	<b>2,619</b>	<b>12,801</b>

There were no other significant non-cash items recognised during the year ended 31 December 2023 and 31 December 2022 other than those disclosed above.

(i) Total segment revenue consists of revenue from the sale of coal whereas revenue disclosed in the profit and loss also includes other revenue such as sea freight, rents and sub-lease rentals, interest income, dividend income and royalty income. Refer to Note B1(b) below.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **(b) Other segment information**

### **(i) Segment revenue**

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties for the reportable segments are measured in a manner consistent with that in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Revenue from external customers are derived from the sale of coal from operating mines and coal purchases. Segment revenues are allocated based on the end-destination of coal sold. Refer to Note B2 for revenue from external customers split by geographical region.

Revenues from the top five external customers were \$2,931 million (2022: \$3,493 million) which in aggregate represent approximately 39% (2022: 33%) of the Group's revenues from the sale of coal. These revenues were attributable to the NSW and Queensland coal mining segments.

Segment revenue reconciles to total revenue as follows:

	<b>31 DECEMBER 2023</b>	<b>31 DECEMBER 2022</b>
	<b>\$M</b>	<b>\$M</b>
<b>Total segment revenue</b>	<b>7,557</b>	<b>10,278</b>
Interest income	82	103
Sea freight	79	87
Royalty revenue	27	53
Other revenue	33	27
<b>Total revenue (refer to Note B2)</b>	<b>7,778</b>	<b>10,548</b>

### **(ii) Operating EBITDA**

The Executive Committee assesses the performance of the operating segments based on a measure of Operating EBITDA. This measure excludes the effects of non-recurring expenditure or income from the operating segments such as restructuring costs, business combination related expenses and impairments of cash-generating units. Furthermore, the measure excludes the effects of fair value re-measurements and foreign exchange gains / (losses) on interest-bearing liabilities. Interest income and expense are not allocated to the NSW and QLD segments, as this type of activity is driven by the corporate function, which manages the cash position of the Group.

A reconciliation of Operating EBITDA to profit before income tax from continuing operations is provided as follows:

	<b>31 DECEMBER 2023</b>	<b>31 DECEMBER 2022</b>
	<b>\$M</b>	<b>\$M</b>
<b>Operating EBITDA</b>	<b>3,489</b>	<b>6,959</b>
Depreciation and amortisation	(881)	(834)
<b>Operating EBIT</b>	<b>2,608</b>	<b>6,125</b>
Interest income	82	103
Finance costs	(53)	(459)
Bank fees and other charges	(24)	(53)
Contingent royalty payments	(35)	(23)
Remeasurement of contingent royalty	21	(60)
Remeasurement of royalty receivable	(15)	12
Fair value losses recycled from hedge reserve	(1)	(239)
Impairment charges	—	(315)
<b>Profit before income tax</b>	<b>2,583</b>	<b>5,091</b>

In 2022 impairment charges of \$315million comprise a \$171million impairment of the Donaldson assets reducing the non-current operating assets to nil book value (refer Note C3) and a \$144 million impairment recognised against the Monash exploration and evaluation assets (refer Note C4).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (iii) Segment liabilities

A measure of total liabilities for reportable segments are not provided to the Executive Committee. The Executive Committee reviews the liabilities of the Group at a consolidated level.

## B2 REVENUE

### Accounting policies

#### (a) Sales revenue

##### (i) Sale of coal

The Group produces and sells a range of thermal and metallurgical coal products. Revenue from the sale of coal is recognised when control of the product has transferred to the customer usually when loaded onto the vessel, or Free On Board ("FOB"). Some contracts include sea freight services which is accounted for as a separate performance obligation. On occasion revenue is recognised as the vessel pulls into harbour on a Free Alongside Ship ("FAS") basis. A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional and only the passage of time is required before the payment is due. Payment is usually due within 21 days of the date when control of the product is transferred to the customer.

Some of the Group's coal sales contracts are long-term supply agreements which stipulate the annual quantity and contain a price negotiation mechanism. The initial transaction price is the market price prevailing at the time of the future shipment. As the future market price for coal is highly susceptible to factors outside the Group's influence, the transaction price for a shipment is not readily determinable until the time of the shipment.

As a result, the Group has concluded that a contract with the customer does not exist for those contracts until the time of shipment.

The transaction price for a shipment is often linked to a market index for the respective delivery period, for example, by reference to the average GlobalCOAL Newcastle Index for the delivery period. At the end of each reporting period, the final average index price may not be available for certain shipments. In those situations, the Group uses "the expected value" method to estimate the amount of variable consideration with reference to index prices at the end of the reporting period for those shipments.

##### (b) Other revenue

##### (i) Interest

Interest income from a financial asset is accrued over time, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income from leases is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

##### (ii) Sea freight services

When contracts for sale of coal include sea freight services the performance obligation associated with providing the shipping is separately measured and recognised as the service is provided.

##### (iii) Other

Other primarily consists of dividends, rent, and other management fees. Dividends are recognised as revenue when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and can be measured reliably. Rental income arising on land surrounding a mine site is accounted for on a straight-line basis over the lease term.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>FROM CONTINUING OPERATIONS</b>		
<i>Sales revenue</i>		
Sale of coal	7,558	10,517
Fair value losses recycled from hedge reserve	(1)	(239)
	<b>7,557</b>	<b>10,278</b>
<i>Other revenue</i>		
Interest income	82	103
Sea freight	79	87
Royalty revenue	27	53
Other items	33	27
	<b>221</b>	<b>270</b>
	<b>7,778</b>	<b>10,548</b>

At 31 December 2023 there are \$166 million (2022: \$151 million) of provisionally priced sales, still to be finalised, of which \$63 million is yet to be collected (2022: \$115 million). These amounts are included in the revenue recognised above.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **Disaggregation of revenue**

In the following table, revenue from sale of coal is disaggregated by primary geographical market and major products/service lines, based on the end-destination of coal sold. The table also includes a reconciliation of the disaggregated revenue with the Group's three reportable segments (see Note B1) however Corporate is not presented in this table as this segment has no coal sales:

<b>31 DECEMBER 2023</b>	<b>NSW \$M</b>	<b>QLD \$M</b>	<b>TOTAL \$M</b>
<b>PRIMARY GEOGRAPHICAL MARKETS</b>			
Japan	1,907	255	2,162
China	1,558	—	1,558
Taiwan	1,446	—	1,446
South Korea	916	241	1,157
Thailand	365	—	365
Vietnam	178	121	299
India	47	145	192
Australia (Yancoal's country of domicile)	167	—	167
Chile	82	—	82
Indonesia	69	—	69
Europe	27	—	27
Bangladesh	15	—	15
Malaysia	11	—	11
Cambodia	8	—	8
<b>Total</b>	<b>6,796</b>	<b>762</b>	<b>7,558</b>
<b>PRODUCT MIX</b>			
Thermal coal	5,916	—	5,916
Metallurgical coal	880	762	1,642
<b>Total</b>	<b>6,796</b>	<b>762</b>	<b>7,558</b>

<b>31 DECEMBER 2022</b>	<b>NSW \$M</b>	<b>QLD \$M</b>	<b>TOTAL \$M</b>
<b>PRIMARY GEOGRAPHICAL MARKETS</b>			
Japan	3,562	169	3,731
Taiwan	2,463	—	2,463
South Korea	1,285	216	1,501
Europe	598	—	598
Malaysia	583	—	583
Vietnam	239	336	575
Thailand	382	—	382
India	212	128	340
Chile	156	—	156
Indonesia	115	—	115
Australia (Yancoal's country of domicile)	64	—	64
Bangladesh	9	—	9
<b>Total</b>	<b>9,668</b>	<b>849</b>	<b>10,517</b>
<b>PRODUCT MIX</b>			
Thermal coal	8,606	—	8,606
Metallurgical coal	1,062	849	1,911
<b>Total</b>	<b>9,668</b>	<b>849</b>	<b>10,517</b>

In 2023 12% of coal sales were attributable to the largest customer and 39% to the top five customers (2022: 10% and 33% respectively).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **Contract balances**

The Group has recognised the following revenue-related receivables, contract assets and liabilities:

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Receivables from contracts with customers	529	657

There are no other contract assets, liabilities or costs as at 31 December 2023 or 31 December 2022.

## **Transaction price allocated to the remaining performance obligation**

For long term contracts the Group has concluded that contracts with customers do not exist for those shipments for which the actual delivery quantity and transaction price have not yet been negotiated or determined. For the remaining shipments where the delivery quantity and transaction price have been negotiated or determined but are subject to market price movements, the contract durations are within one year or less. As a result, the Group elects to apply the practical expedient in paragraph 121(a) of AASB 15 and does not disclose information about the remaining performance obligations in relation to the coal sales contracts. The Group also elects to apply the practical expedient in paragraph 121(b) of AASB 15 and does not disclose information about the remaining performance obligations in relation to the management and mining service contracts.

## **B3 OTHER INCOME**

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Gain on remeasurement of contingent royalty	21	—
Sundry income	5	7
Net gain on foreign exchange	—	164
Gain on remeasurement of royalty receivable	—	12
	<b>26</b>	<b>183</b>

## **B4 EMPLOYEE BENEFITS**

### **Accounting policies**

#### (i) Employee benefits

Employee benefits are expensed as the service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits recognised in the profit or loss are net of recoveries from third parties.

#### (ii) Superannuation

Contributions made by the Group under Australian legislation to contribute 11% (previously 10.5%) from 1 July 2023 of employees salaries and wages to the employee's defined contribution superannuation funds are recognised as an expense in the period in which they are incurred.

#### (iii) Equity-settled share-based payments

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market based performance conditions at the vesting date.

### **(a) Employee benefits**

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Employee benefits	667	609
Superannuation contributions	63	53
<b>Total employee benefits</b>	<b>730</b>	<b>662</b>

During 2023, \$35 million of employee benefits were capitalised (2022: \$23 million). The Group does not have a defined contribution scheme (as such term is defined under the Hong Kong Occupational Retirement Schemes Ordinance). Superannuation is paid to the Group's employees in accordance with Australian legislation, and the superannuation funds of the Group's employees are managed by various independent third parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **(b) Key management personnel compensation**

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 31 December 2023. The total remuneration paid or payable to KMP of the Company and Group during the year is as follows:

	31 DECEMBER 2023	31 DECEMBER 2022
	\$	\$
Short-term employee benefits	5,975,447	5,874,875
Post-employment benefits	154,448	143,872
Share-based payments	2,009,595	1,815,475
Other long-term benefits	1,576,227	2,244,580
	<b>9,715,717</b>	<b>10,078,802</b>

### **(c) Top five employees**

The five highest paid individuals in the Group include the Chief Executive for each of the years, details of whose remuneration are set out in the remuneration report. Details of remuneration of the remaining four (2022: four) highest paid individuals who are neither a Director or Chief Executive of the Company are as follows:

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Salaries, allowance and other benefits in kind	3	3
Retirement benefit scheme contributions	—	—
Discretionary bonuses	4	5
	<b>7</b>	<b>8</b>

Their emoluments were within the following bands:

	31 DECEMBER 2023	31 DECEMBER 2022
	Number	Number
HK\$7,500,000 to HK\$8,000,000	2	—
HK\$8,000,000 to HK\$8,500,000	—	—
HK\$8,500,000 to HK\$9,000,000	1	2
HK\$9,000,000 to HK\$9,500,000	—	—
HK\$9,500,000 to HK\$10,000,000	—	1
HK\$10,000,000 to HK\$10,500,000	1	—
HK\$10,500,000 to HK\$11,000,000	—	—
HK\$11,000,000 to HK\$11,500,000	—	1

## **B5 EXPENSES**

### **(a) Finance costs**

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Lease charges	10	9
Unwinding of discount on provisions and deferred payables	33	26
Unwinding of discount on related party loan	—	279
Other interest expenses	10	145
<b>Total finance costs</b>	<b>53</b>	<b>459</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (b) Other operating expenses

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Rehabilitation provision increase	105	50
Rates and other levies	48	30
Contingent royalty payments	35	23
Information technology	28	25
Insurance	25	22
Bank fees and other charges	24	53
Other operating expenses	21	19
Travel and accommodation	20	12
Loss on remeasurement of royalty receivable	15	—
Net loss on foreign exchange	8	—
Rental expense	5	3
Remeasurement of financial assets	—	60
<b>Total other operating expenses</b>	<b>334</b>	<b>297</b>

## (c) Largest suppliers

In 2023 9% of total operating expenses relating to the largest supplier and 27% to the top five suppliers (2022: 10% and 29% respectively).

## B6 TAXATION

### Accounting policy

The current tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate and laws enacted or substantially enacted at the end of the reporting period for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax expense or benefit associated with these items is recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying value of deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that future taxable profit will be available to allow all or part of the asset to be recovered.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### Tax consolidation

Yancoal Australia Ltd and its wholly-owned subsidiaries have formed a tax consolidated Group. The head entity, Yancoal Australia Ltd, and the members of the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Yancoal Australia Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the members of the tax consolidated group.

The members of the tax consolidated group have entered into a tax funding agreement under which the members fully compensate Yancoal Australia Ltd for any current tax liabilities assumed and are compensated by Yancoal Australia Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Yancoal Australia Ltd under the tax consolidation legislation as loans between entities. The amounts receivable/payable under the tax funding agreement are due upon receipt of funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

### Critical accounting estimates and judgements

#### Deferred tax

Judgement is required to determine the amount of deferred tax assets that are recognised based on the likely timing and the level of future taxable profits. The Group assesses the recoverability of recognised and unrecognised deferred taxes, including historical losses incurred in Australia, using estimates and assumptions relating to projected taxable income as applied in the impairment process, refer to Note C3.

#### Uncertain tax matters

Judgements are applied in how income tax legislation interacts with income tax accounting principles. These judgements are subject to risk and uncertainty, and there is the possibility that changes in circumstances will alter expectations, which may impact deferred tax assets and liabilities recognised. Where the final tax outcome is different from the amounts that are initially recognised these differences will impact the current and deferred tax in the period in which the determination is made.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Income tax expense

#### (i) Income tax expense

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Current tax expense	(803)	(1,612)
Deferred tax benefit	39	107
<b>Income tax expense</b>	<b>(764)</b>	<b>(1,505)</b>
Current tax expense included in income tax expense comprises:		
Net (under) / over provision in respect of prior years	44	—
Current year income tax liability	(847)	(1,612)
	<b>(803)</b>	<b>(1,612)</b>
Deferred tax benefit included in income tax expense comprises:		
Net under provision in respect of prior years	(30)	(3)
Increase / (decrease) in deferred tax assets (refer to Note B6(b)(ii))	5	(4)
Decrease in deferred tax liabilities (refer to Note B6(b)(iii))	64	114
	<b>39</b>	<b>107</b>

#### (ii) Reconciliation of income tax expense to prima facie tax payable

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Profit from continuing operations before tax	2,583	5,091
Tax expense at the Australian tax rate of 30% (2022- 30%)	(775)	(1,527)
Tax effect of amounts which are not deductible / taxable in calculating taxable income		
Share of profit of equity-accounted investees not assessable	9	44
Over / (under) provision in prior years	13	(3)
Other	(11)	(19)
<b>Income tax expense</b>	<b>(764)</b>	<b>(1,505)</b>

#### (iii) Amounts recognised directly in equity

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Cash flow hedges	(1)	(26)
	<b>(1)</b>	<b>(26)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (b) Deferred tax assets and liabilities

### (i) Deferred tax balances

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Deferred tax assets	556	570
Deferred tax liabilities	(900)	(953)
	<b>(344)</b>	<b>(383)</b>

### (ii) Deferred tax assets

MOVEMENTS	TAX LOSSES AND OFFSETS \$M	PROVISIONS \$M	TRADE AND OTHER PAYABLES \$M	LEASE LIABILITIES \$M	CASH FLOW HEDGES \$M	OTHER \$M	TOTAL \$M
<b>At 1 January 2022</b>	<b>63</b>	<b>264</b>	<b>38</b>	<b>39</b>	<b>83</b>	<b>52</b>	<b>539</b>
Over / (under) provision in prior year (Charged)/credited	15	—	4	(10)	—	—	9
- to profit or loss	(78)	112	—	16	—	(54)	(4)
- directly to equity	—	—	—	—	26	—	26
<b>At 31 December 2022</b>	<b>—</b>	<b>376</b>	<b>42</b>	<b>45</b>	<b>109</b>	<b>(2)</b>	<b>570</b>
<b>At 1 January 2023</b>	<b>—</b>	<b>376</b>	<b>42</b>	<b>45</b>	<b>109</b>	<b>(2)</b>	<b>570</b>
Over / (under) provision in prior year (Charged)/credited	—	1	(2)	(19)	—	—	(20)
- to profit or loss	—	8	7	(6)	—	(4)	5
- directly to equity	—	—	—	—	1	—	1
<b>At 31 December 2023</b>	<b>—</b>	<b>385</b>	<b>47</b>	<b>20</b>	<b>110</b>	<b>(6)</b>	<b>556</b>

The Group has unrecognised capital tax losses (tax effected) of \$8.6 million (2022: capital tax losses \$8.5 million). There is no expiry date on these tax losses.

### (iii) Deferred tax liabilities

MOVEMENTS	PROPERTY, PLANT AND EQUIPMENT \$M	INTANGIBLE ASSETS \$M	INVENTORIES \$M	MINING TENEMENTS AND EXPLORATION AND EVALUATION ASSETS \$M	UNREALISED FOREIGN EXCHANGE GAINS \$M	OTHER \$M	TOTAL \$M
<b>At 1 January 2022</b>	<b>81</b>	<b>16</b>	<b>37</b>	<b>763</b>	<b>22</b>	<b>136</b>	<b>1,055</b>
Under provision in prior year Charged/(credited)	14	—	(1)	—	(1)	—	12
- to profit or loss	4	(2)	8	(100)	60	(84)	(114)
- directly to equity	—	—	—	—	—	—	—
<b>At 31 December 2022</b>	<b>99</b>	<b>14</b>	<b>44</b>	<b>663</b>	<b>81</b>	<b>52</b>	<b>953</b>
<b>At 1 January 2023</b>	<b>99</b>	<b>14</b>	<b>44</b>	<b>663</b>	<b>81</b>	<b>52</b>	<b>953</b>
Under / (over) provision in prior year Charged/(credited)	7	—	—	1	—	4	11
- to profit or loss	(13)	—	5	(59)	9	(6)	(64)
- directly to equity	—	—	—	—	—	—	—
<b>At 31 December 2023</b>	<b>93</b>	<b>14</b>	<b>49</b>	<b>605</b>	<b>90</b>	<b>50</b>	<b>900</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## B7 EARNINGS PER SHARE

### Accounting policies

(a) Basic earnings per share

Calculated as net earnings attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference shares dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element, excluding any treasury shares held.

(b) Diluted earnings per share

Calculated as net earnings attributable to members of the parent, adjusted for costs of servicing equity (other than dividends); the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (a) Basic and diluted earnings per share

	31 DECEMBER 2023 CENTS	31 DECEMBER 2022 CENTS
Total basic earnings per share (cents)	137.8	271.6
Total diluted earnings per share (cents)	137.1	270.2

### (b) Reconciliation of earnings used in calculating earnings per share

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<i>Basic and diluted earnings per share</i>		
Earnings used in calculating the basic and diluted earnings per share		
From continuing operations	1,819	3,586

### (c) Weighted average number of shares used in calculating earnings per share

	31 DECEMBER 2023 NUMBER	31 DECEMBER 2022 NUMBER
Ordinary shares on issue at start on the period	1,320,439,437	1,320,439,437
Weighted average number of ordinary shares used in basic earnings per share	1,320,439,437	1,320,439,437
Adjusted for rights and options on issue	6,128,311	6,786,623
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>1,326,567,748</b>	<b>1,327,226,060</b>

## C OPERATING ASSETS AND LIABILITIES

Investment in assets drives the current and future performance of the Group. This section includes disclosures for property, plant and equipment, mining tenements, exploration and evaluation assets, intangible assets, royalty receivable, cash and cash equivalents, trade and other receivables, trade and other payables, inventories and provisions contained within the Balance Sheet.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## C1 PROPERTY, PLANT AND EQUIPMENT

### Accounting policies

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditure directly attributable to the acquisition of the items and the estimated restoration costs associated with the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Mine development assets include all mining related development expenditure that is not included under land, buildings, and plant and equipment. The open pit operations capitalise mine development costs including both direct and indirect costs incurred to remove overburden and other waste materials to enable access to the coal seams during the development of a new open pit mining area before commercial production commences.

Amortisation of capitalised costs over the life of the operation commences at the time that commercial production begins for an open pit mining area. The open pit mining area costs are capitalised net of the coal sales revenue earned from coal extracted as part of the mains development process. Underground mine development costs include both direct and indirect mining costs relating to underground longwall panel development and mains development (primary access / egress roads for the mine). Mains development costs are capitalised net of the coal sales revenue earned from coal extracted as part of the mains development process. These capitalised costs are amortised over the life of the mine if the roads service the entire mine or over the life of the panels accessible from those mains if shorter than the mine life.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward mine development costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

### Depreciation and amortisation

Fixed assets, excluding freehold land, is depreciated on a straight-line or Units of Production ("UOP") basis over the asset's useful life to the Group. UOP is based on either machine hours utilised, or production tonnes from life of mine plans and estimated reserves, commencing from the time the asset is ready for use. Right of use assets are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The estimated useful lives are as follows:

- Buildings 10 - 40 years
- Mine development 10 - 40 years
- Plant and equipment 2.5 - 30 years
- Leased property, plant and equipment 2 - 10 years

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable value. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in profit or loss.

See Note C3 for further details on impairment of assets and Note C2 for further details on the estimation of coal reserves used for UOP.

	ASSETS UNDER CONSTRUCTION \$M	FREEHOLD LAND AND BUILDINGS \$M	MINE DEVELOPMENT \$M	PLANT AND EQUIPMENT \$M	RIGHT OF USE ASSETS \$M	TOTAL \$M
<b>YEAR ENDED 31 DECEMBER 2022</b>						
Opening net book amount	257	389	1,402	1,062	122	3,232
Transfers	(222)	2	44	172	—	(4)
Additions	481	—	247	72	97	897
Disposals	—	—	—	(1)	(2)	(3)
Impairment	—	—	(70)	(32)	(27)	(129)
Depreciation charge	—	(11)	(210)	(243)	(43)	(507)
<b>Closing net book amount</b>	<b>516</b>	<b>380</b>	<b>1,413</b>	<b>1,030</b>	<b>147</b>	<b>3,486</b>
<b>AT 31 DECEMBER 2022</b>						
Cost or fair value	516	484	2,438	3,617	245	7,300
Accumulated depreciation	—	(104)	(1,025)	(2,587)	(98)	(3,814)
<b>Net book amount</b>	<b>516</b>	<b>380</b>	<b>1,413</b>	<b>1,030</b>	<b>147</b>	<b>3,486</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	ASSETS UNDER CONSTRUCTION \$M	FREEHOLD LAND AND BUILDINGS \$M	MINE DEVELOPMENT \$M	PLANT AND EQUIPMENT \$M	RIGHT OF USE ASSETS \$M	TOTAL \$M
<b>YEAR ENDED 31 DECEMBER 2023</b>						
Opening net book amount	516	380	1,413	1,030	147	3,486
Transfers	(624)	5	136	456	—	(27)
Additions	499	—	—	136	16	651
Remeasurement	—	—	(22)	—	—	(22)
Disposals	—	—	—	(5)	—	(5)
Depreciation charge	—	(10)	(199)	(245)	(47)	(501)
<b>Closing net book amount</b>	<b>391</b>	<b>375</b>	<b>1,328</b>	<b>1,372</b>	<b>116</b>	<b>3,582</b>
<b>AT 31 DECEMBER 2023</b>						
Cost or fair value	391	489	2,549	4,052	255	7,736
Accumulated depreciation	—	(114)	(1,221)	(2,680)	(139)	(4,154)
<b>Net book amount</b>	<b>391</b>	<b>375</b>	<b>1,328</b>	<b>1,372</b>	<b>116</b>	<b>3,582</b>

During the year ended 31 December 2023, no impairment was recognised for property, plant and equipment assets (2022: \$129 million was recognised against the Donaldson property, plant and equipment assets). In the normal course of business, in addition to the delivery and commissioning of equipment, sites typically have numerous ongoing projects and studies that are carried in assets under construction until completed / brought into use.

Depreciation and amortisation of \$14 million was capitalised during the year (2022: \$5 million).

### **(a) Non-current assets pledged as security**

Refer to Note D1(a) for information on non-current assets pledged as security by the Group.

## **C2 MINING TENEMENTS**

### **Accounting policy**

Mining tenements have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses. Mining tenements are amortised from the date when commercial production commences, or the date of acquisition. Amortisation is calculated over the life of the mine on a 'units of production' method based on the Joint Ore Reserves Committee ("JORC") estimated reserves.

Changes in the annual amortisation rate resulting from changes in the remaining estimated reserves, are applied on a prospective basis from the commencement of the next financial year. Every year the mining tenement's carrying amount is compared to its recoverable amount and assessed for impairment, or for possible reversals of prior year impairment.

See Note C3 for further details on the impairment of assets.

### **Critical accounting judgements and estimates**

Coal reserves are based on geological information and technical data relating to the size, depth, quality of coal, suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based on factors such as estimates of foreign exchange rates, coal price, future capital requirements, rehabilitation obligations and production costs, along with geological assumptions and judgements made in estimating the size and quality of the reserves.

Management forms a view of forecast sales prices based on long term forecast coal price data from multiple external sources.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Opening net book amount	4,367	4,608
Transfers from exploration and evaluation	42	124
Transfers from assets under construction	22	—
Impairment	—	(36)
Amortisation	(391)	(329)
<b>Closing net book amount</b>	<b>4,040</b>	<b>4,367</b>

During the year ended 31 December 2023, no impairment was recognised for mining tenement assets (2022: \$36 million was recognised against the Donaldson mining tenement assets).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## C3 IMPAIRMENT OF ASSETS

### Accounting policies

Mining tenements and goodwill are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Mining tenements and other non-financial assets (excluding goodwill) that have previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purposes of assessing impairment, assets are grouped into Cash-Generating Units ("CGU"), being the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

The Group assesses impairment by evaluation of conditions and events specific to the CGU that may be indicative of impairment triggers.

### Critical accounting estimates and judgements

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, coal prices (considering current and historical prices, price trends and related factors), foreign exchange rates, coal resources and reserves (refer to Note C2), operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets with the impact recorded in profit or loss. Management must use judgement in determining the CGUs that should be used for impairment testing and allocating goodwill that arises from business combinations to these CGUs.

The Group estimates its coal resources and reserves based on information compiled by Competent Persons defined in accordance with the 2012 JORC code.

### (a) CGU assessment

The Group operates on a regional basis within NSW and as such the NSW mines of Moolarben, Mount Thorley Warkworth, Hunter Valley Operations, Ashton and Stratford Duralie are considered to be one Cash Generating Unit ("CGU"). Yarrabee and Middlemount are considered separate CGU's due to their location and ownership structure.

Donaldson is currently on care and maintenance and its operating assets have been fully impaired and Austar is progressing toward closure and therefore these sites are not included in the Group of NSW CGU's. Life of Mine ("LOM") models are reassessed on a regular basis and any change in the LOM model may result in a change in the recoverable amount and possibly result in an impairment charge.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **(b) Assessment of fair value**

Each CGU's fair value less costs of disposal has been determined using a discounted cash flow model over the expected life of mine (16 - 45 years). The fair value model adopted has been categorised as level 3 in the fair value hierarchy.

The key assumptions in the model include:

<b>KEY ASSUMPTIONS</b>	<b>DESCRIPTION</b>
<b>Coal prices</b>	<p>The Group's cash flow forecasts are based on estimates of future coal prices, which assume benchmark prices will revert to the Group's assessment of the long term real coal prices of US\$75 – US\$140 per tonne (2022: US\$69 – US\$239 per tonne) for thermal and US\$143 – US\$222 per tonne (2022: US\$136 – US\$249 per tonne) for metallurgical coal.</p> <p>The Group receives long term forecast coal price data from multiple external sources when determining its benchmark coal price forecasts and then makes adjustments for specific coal qualities.</p> <p>The external sources have determined their benchmark coal price forecasts having regard to countries various National Energy Policies including Nationally Determined Contributions submitted in accordance with the 2015 Paris Agreement, and other measures announced during the subsequent COP meetings, including phasing down of coal fired power generation. This contemplates the global seaborne demand for thermal coal will decline by up to 38% from 2023 levels by 2040, whilst the global seaborne demand for metallurgical coal will increase up to 2040. Key risks to the outlooks are increasing decarbonisation trends, trade disputes, protectionism, import control policies in end markets, shareholder activism to divest from coal, the pace of renewable technology advancement and investor behaviour to coal project financing.</p> <p>The Group has considered the impacts of a more rigorous international response to climate change under the Paris Agreement incorporating updated pledges for COP28 and notes that the average mine life required for the recoverable amount to continue to exceed the book value, holding all inputs constant, including coal prices, is 9, 5 and 7 years for the NSW, Yarrabee and Middlemount CGUs, respectively. The NSW CGU has a 88% exposure to thermal coal and 12% exposure to metallurgical coal whilst Yarrabee and Middlemount are both metallurgical coal mines.</p> <p>The Group concludes that whilst a more rigorous international response to climate change could reduce the future demand for coal the likely impact of any such actions are not expected to materially impact during the time periods noted above and hence would not result in the recoverable amount falling below book value.</p> <p>For both thermal and metallurgical coal the Group's forecast coal price is within the range of external price forecasts. These forecasts include assumptions for market disruptions caused by the Russian-Ukraine conflict, weather impacting events and recent economic / inflationary concerns. The forecast also takes into account the development of renewable energy, the lack of investment in new coal projects and assumptions made on the approvals process. In summary, coal demand though declining appears to be offset by coal supply declining at a faster rate supporting long term price forecasts. There remains the risk that these assumptions are incorrect and that future coal prices are different from those forecast.</p>
<b>Foreign exchange rates</b>	<p>The long term AUD/USD forecast exchange rate of \$0.75 (2022: \$0.75) is based on external sources. The year-end AUD/USD exchange rate was \$0.6840 per the Reserve Bank of Australia.</p>
<b>Production and capital costs</b>	<p>Production and capital costs are based on the Group's estimate of forecast geological conditions, stage of existing plant and equipment and future production levels.</p> <p>This information is obtained from internally maintained budgets, the five year business plan, life of mine models, life of mine plans, JORC reports, and project evaluations performed by the Group in its ordinary course of business.</p> <p>All but one of the Group's mines fall within the revised Safeguard Mechanism and the model includes an estimate of the life of mine impact.</p>
<b>Coal reserves and resources</b>	<p>The Group estimates its coal reserves and resources based on information compiled in accordance with the JORC 2012 Code and ASX Listing Rules 2014. See discussion at Note C2 Mining tenements for how the coal reserves and resources are determined.</p>
<b>Discount rate</b>	<p>The Group has applied a post-tax real discount rate of 8.25% (2022: 8.00%) to discount the forecast future attributable post-tax cash flows.</p> <p>The post-tax discount rate applied to the future cash flow forecasts represents an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.</p> <p>External consultants were engaged to consider the Group's discount rate, in particular the effect of ESG concerns on coal asset risk premiums, with 8.25% assessed as the middle of the range.</p> <p>This rate is also consistent with the Group's five-year business plan, life of mine models and project evaluations performed in ordinary course of business.</p>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Based on the above assumptions at 31 December 2023 the recoverable amount is determined to be above book value for all CGU's resulting in no additional impairment.

In management's review of underperforming assets in 2022, the prospect of recommencing operations at the Donaldson mine was deemed unlikely. As such, an impairment provision of \$171 million was recognised, comprising \$129 million of property, plant and equipment, \$36 million of mining tenements and \$6 million of intangible assets, reducing the non-current operating assets to nil book value.

Impairment provisions recorded in previous years as at 31 December 2023 is \$40 million at Stratford and Duralie. Stratford and Duralie is included in the NSW CGU. But with mining due to cease in 2024 it is considered unlikely that the provision will reverse.

In determining the value assigned to each key assumption, management has used: external sources of information; the expertise of external consultants; as well as the experience of experts within the Group to validate entity specific assumptions such as coal reserves and resources. Additionally various sensitivities have been determined and considered with respect to each of the key assumptions, further supporting the above fair value conclusions.

### **Key sensitivity**

The most sensitive input in the fair value model is forecast revenue, which is primarily dependent on estimated future coal prices and the AUD/USD forecast exchange rate. The sensitivity for the NSW, Yarrabee and Middlemount CGUs are shown below:

	2023		
	NSW \$M	YARRABEE \$M	MIDDLEMOUNT \$M
<b>Book Value</b>	5,611	343	260
Recoverable Amount	8,487	985	444
Head Room	2,875	641	184
<b>USD COAL PRICE (i)</b>			
+10%	2,532	323	158
-10%	(2,580)	(342)	(171)
<b>EXCHANGE RATE (ii)</b>			
+5 cents	(1,611)	(214)	(107)
-5 cents	1,818	236	116
<b>DISCOUNT RATE (iii)</b>			
+50 bps	(296)	(43)	(14)
-50 bps	317	47	15

(i) This represents the change in recoverable amount due to a +/- 10% change to our coal price assumption.

(ii) This represents the change in recoverable amount due to a +/- 5 cents change to the long-term US\$:A\$ foreign exchange rate adopted.

(iii) This represents the change in recoverable amount due to a +/- 50bps change in discount rate adopted.

If coal prices were -10% Life of mine ("LOM") the NSW and Yarrabee recoverable amounts would exceed book value however for Middlemount the book value would exceed the recoverable amounts by \$13 million. If the AUD/USD over the life of mine long term forecast exchange rate was \$0.80, the recoverable amount would exceed book value for all three CGU's. If the WACC was 8.75% or 0.5% higher, the recoverable amount would exceed book value for all three CGU's.

### **(c) Goodwill**

The Yarrabee goodwill was not subject to an impairment charge as the recoverable amount is greater than the carrying value for this CGU.

### **(d) Exploration and evaluation**

Details of the impairment of exploration and evaluation assets is included in Note C4.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## C4 EXPLORATION AND EVALUATION ASSETS

### Accounting policy

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at the individual exploration permit or licence level. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through successful development and commercial exploitation, or alternatively, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets acquired in a business combination are recognised at their fair value at the acquisition date. The carrying amount of exploration and evaluation assets are assessed for impairment when facts or circumstances suggest the carrying amount of the assets may exceed their recoverable amount. A regular review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to each area of interest. Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining tenements or mine development assets.

### Critical accounting judgements and estimates

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is recognised in the profit and loss in the period when the new information becomes available.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Opening net book amount	275	541
Other additions	1	2
Transfers from assets under construction	4	—
Transfers to mining tenements	(42)	(124)
Impairment	—	(144)
<b>Closing net book amount</b>	<b>238</b>	<b>275</b>

During the year ended 31 December 2023, no impairment was recognised for exploration and evaluation assets (2022: \$144 million was recognised against the Monash exploration and evaluation assets).

## C5 INTANGIBLE ASSETS

### Accounting policies

#### (i) Goodwill

Goodwill acquired in a business combination is recognised at cost and subsequently measured at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

See Note C3 for further details on impairment of assets.

#### (ii) Computer software

Computer software is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the period of expected benefit, which ranges from 2.5 to 10 years.

#### (iii) Water rights

Water rights have been recognised at cost and are assessed annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The water rights have been determined to have an indefinite useful life as there is no expiry date on the licences.

#### (iv) Other

Other intangibles include access rights, other mining licenses and management rights associated with the Group's right to manage Port Waratah Coal Services.

These intangibles have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses. Amortisation of these other intangibles is calculated as the shorter of the life of the mine or agreement and using a units of production basis in tonnes, or on a straight-line basis. The estimated useful lives vary from 10 to 25 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	GOODWILL \$M	COMPUTER SOFTWARE \$M	WATER RIGHTS \$M	OTHER \$M	TOTAL \$M
<b>YEAR ENDED 31 DECEMBER 2022</b>					
Opening net book amount	60	5	62	11	138
Transfers - assets under construction	—	4	—	—	4
Amortisation charge	—	(2)	—	(1)	(3)
Impairment	—	—	(6)	—	(6)
<b>Closing net book amount</b>	<b>60</b>	<b>7</b>	<b>56</b>	<b>10</b>	<b>133</b>
<b>AT 31 DECEMBER 2022</b>					
Cost	60	39	56	16	171
Accumulated amortisation	—	(32)	—	(6)	(38)
<b>Net book amount</b>	<b>60</b>	<b>7</b>	<b>56</b>	<b>10</b>	<b>133</b>

	GOODWILL \$M	COMPUTER SOFTWARE \$M	WATER RIGHTS \$M	OTHER \$M	TOTAL \$M
<b>YEAR ENDED 31 DECEMBER 2023</b>					
Opening net book amount	60	7	56	10	133
Transfers - assets under construction	—	—	—	1	1
Amortisation charge	—	(2)	—	(1)	(3)
<b>Closing net book amount</b>	<b>60</b>	<b>5</b>	<b>56</b>	<b>10</b>	<b>131</b>
<b>AT 31 DECEMBER 2023</b>					
Cost	60	39	56	17	172
Accumulated amortisation	—	(34)	—	(7)	(41)
<b>Net book amount</b>	<b>60</b>	<b>5</b>	<b>56</b>	<b>10</b>	<b>131</b>

During the year ended 31 December 2023, no impairment was recognised for intangible assets (2022: \$6 million was recognised against the Donaldson water rights asset).

The goodwill at 31 December 2023 relates to the acquisition of Yancoal Resources Limited (formally known as Felix Resources Limited) in a public offer to shareholders of the ASX listed company and was allocated to the Yarrabee mine. Refer to Note C3 for the details regarding the fair value less cost to sell calculation performed at 31 December 2023. The CGU for which goodwill was allocated was not subject to an impairment charge as the recoverable amount is greater than the carrying value for this CGU.

### C6 CASH AND CASH EQUIVALENTS

#### Accounting policy

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents includes:

- (i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) other short term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Cash at bank and in hand	221	650
Deposits at call	1,085	1,739
Share of cash held in joint operations	91	310
	<b>1,397</b>	<b>2,699</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (a) Risk exposure

The Group's exposure to interest rate risk and credit risk is discussed in Note D7. The maximum exposure to credit risk on the cash and cash equivalents balance at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

### C7 TRADE AND OTHER RECEIVABLES

#### Accounting policy

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. After initial recognition, trade and other receivables are carried at amortised cost using the effective interest method apart from Wiggins Island Preference Shares ("WIPS") which are classified as fair value through profit and loss. Refer to Note F6(b) for detailed policies in relation to recognition, measurement, impairment and derecognition of trade and other receivables.

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
<b>CURRENT</b>		
Trade receivables from contracts with customers	529	657
Other trade receivables	133	79
	<b>662</b>	<b>736</b>
<b>NON-CURRENT</b>		
Receivables from other entities (i)	21	21
Long service leave receivables	77	76
	<b>98</b>	<b>97</b>

(i) Receivables from other entities includes the Group's investment in securities issued by Wiggins Island Coal Export Terminal Pty Ltd ("WICET"). These include E Class WIPS and Gladstone Island Long Term Securities ("GiLTS"). During 2018 the WIPS were revalued to nil from \$29 million, the GiLTS were impaired by \$17 million to a carrying value of \$14 million. Receivables from other entities also included \$7 million restricted cash paid to the Department of Regional NSW.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis, as appropriate. The following is an aged analysis of trade receivables based on the invoice dates at the reporting dates:

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
0-90 days	523	633
91-180 days	6	22
181-365 days	—	2
Over 1 year	—	—
<b>Total</b>	<b>529</b>	<b>657</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **(a) Past due but not impaired**

The ageing analysis of the Group's trade receivables based on the invoice dates, that were past due but not yet impaired as at 31 December 2023 and 2022, is as follows:

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
0-90 days	19	1
91-180 days	—	—
181-365 days	—	2
Over 1 year	—	—
<b>Total</b>	<b>19</b>	<b>3</b>

The Group does not hold any collateral over these balances. Management closely monitors the credit quality of trade receivables and considers the balance that are neither past due or impaired to be of good quality.

## **(b) Foreign exchange and interest rate risk**

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note D7.

## **(c) Fair value and credit risk**

Due to the nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note D7 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

## **C8 INVENTORIES**

### **Accounting policy**

Coal stocks are stated at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overheads on the basis of normal mining capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Carbon offset credits purchased or issued as part of the 2023 amended Safeguard Mechanism have been classified as inventory as they are assets consumed in the Company's production process. Purchased Australian Carbon Credit Units ("ACCUs") are stated at cost and selfgenerated Safeguard Mechanism Credits ("SMCs") are stated at the market value at the date of grant.

Inventories of auxiliary materials, spare parts, small tools, and fuel expected to be used in production are stated at weighted average cost after deducting rebates, discounts, less an allowance, if necessary, for obsolescence.

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Coal - at lower of cost or net realisable value	221	183
Tyres and spares - at cost	159	141
Fuel - at cost	6	6
Australian Carbon Credit Units ("ACCUs") (i)	30	—
	<b>416</b>	<b>330</b>

(i) Under the revised Safeguard Mechanism, the Group purchased ACCUs for consideration of \$30 million.

## **(a) Inventory expense**

Write downs of inventories to net realisable value recognised as a provision at 31 December 2023 amounted to \$6 million (2022: \$3 million). The movement in the provision has been included in "Changes in inventories of finished goods and work in progress" in the profit or loss.

## **C9 ROYALTY RECEIVABLE**

### **Accounting policy**

The royalty receivable is revalued at each reporting period based on expected future cash flows that are dependent on sales volumes, price changes and fluctuations in foreign exchange rates. Gains or losses arising from changes in the re-measurement of the fair value of the royalty receivable are recognised in profit or loss. The cash and accrued receipts are recorded directly in other revenue in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Critical accounting estimates and judgements

The fair value of the royalty receivable is estimated based on expected future cash flows that are dependent on sales volumes, price changes and fluctuations in foreign exchange rates.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Opening balance	233	221
Remeasurement of royalty receivable	(15)	12
	218	233
Split between:		
Current	22	20
Non-current	196	213
<b>Total</b>	<b>218</b>	<b>233</b>

A right to receive a royalty of 4% of Free on Board Trimmed sales from the Middlemount mine was acquired as part of the merger with Gloucester Coal Ltd in 2012. This asset has been determined to have a finite life being the life of the Middlemount Mine and is measured on a fair value basis.

### (a) Risk exposure and fair value measurements

Information about the Group's exposure to price risk, foreign exchange risk and methods and assumptions used in determining fair value of the royalty receivable is provided in Note D7.

### C10 TRADE AND OTHER PAYABLES

#### Accounting policy

Refer to Note F6(b)(ii) for detailed policies in relation to recognition, classification, measurement and derecognition of financial liabilities.

Liabilities for payroll costs payable include employee benefits for wages, salaries, annual leave and accumulating sick leave that are expected to be wholly settled within 12 months of the reporting date and based on the undiscounted present obligations resulting from employees' services provided to the reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits using corporate bond rates with terms that match the expected timing of cash out flows. In determining the liability, consideration is given to employee salary and wage increases and the probability that the employee may satisfy any vesting requirements.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Trade payables	543	669
Payroll costs payable	152	150
Interest payable	—	3
Other payables	39	41
	<b>734</b>	<b>863</b>

The following is an ageing analysis of trade payables based on the invoice dates at the reporting dates:

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
0-90 days	543	663
91-180 days	—	6
181-365 days	—	—
Over 1 year	—	—
<b>Total</b>	<b>543</b>	<b>669</b>

The average credit period for trade payables is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## C11 PROVISIONS

### Accounting policies

Provisions are:

- recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that cash will be required to settle the obligation, and the amount can be reliably estimated.
- measured at the present value of management's best estimate at reporting date of the cash outflow required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability where the time value is material. Any increase in the provision due to the passage of the time is recognised as an interest expense.

2023	EMPLOYEE BENEFITS	REHABILITATION	TAKE OR PAY	SALES CONTRACT PROVISION	OTHER PROVISIONS	TOTAL
	\$M	\$M	\$M	\$M	\$M	
At 1 January	95	1,021	10	35	135	1,296
Charged / (credited) to profit or loss						
- Unwinding of discount	—	28	2	3	—	33
- Release of the provision	—	—	(6)	(10)	—	(16)
- Utilisation of provisions	—	(18)	—	—	—	(18)
- Rehabilitation provision increase	—	105	—	—	—	105
Increase of provisions	5	—	—	—	—	5
Re-measurement of provisions	—	(22)	—	—	(21)	(43)
<b>At 31 December</b>	<b>100</b>	<b>1,114</b>	<b>6</b>	<b>28</b>	<b>114</b>	<b>1,362</b>
Split between:						
Current	10	28	4	6	—	48
Non-current	90	1,086	2	22	114	1,314
<b>Total</b>	<b>100</b>	<b>1,114</b>	<b>6</b>	<b>28</b>	<b>114</b>	<b>1,362</b>

PROVISION	DESCRIPTION
<b>Employee benefits</b>	<p>The provision for employee benefits represents long service leave entitlements and other incentives accrued by employees.</p> <p>Long service leave payments are made monthly to the Coal Mining Industry (Long Service Leave Funding) Corporation based on the eligible monthly payroll of employees involved in the mining of black coal. Reimbursement is sought from the fund when long service leave is paid to employees involved in the mining of black coal. An asset for the amount recoverable from the Coal Mining Industry (Long Service Leave Funding) Corporation is recognised in trade and other receivables.</p>
<b>Rehabilitation costs</b>	<p>Mining lease agreements and exploration permits impose obligations on the Group to rehabilitate areas where mining activity has taken place. Rehabilitation of these areas is ongoing and in some cases will continue past the life of a mine. The provision for rehabilitation costs has been calculated based on the present value of the future costs expected to be incurred in restoring affected mining areas, assuming current technologies.</p> <p><b>Key estimate and judgement:</b></p> <p>The rehabilitation provision has been created based on managements' internal estimates and assumptions relating to the current economic environment, which management believes is a reasonable basis upon which to estimate the future liability.</p> <p>These estimates are reviewed regularly to take into account any material changes to the assumptions, however actual rehabilitation costs will ultimately depend upon the future market prices for the necessary decommissioning works (including technology changes which are inherently uncertain), the timing of when the rehabilitation costs are incurred. Timing is dependent upon when the mines cease to produce at economically viable rates, which in turn, will depend upon future coal prices, which are inherently uncertain.</p>
<b>Take or pay</b>	<p>In acquiring part of a business or operation, an assessment is made on the fair value of the assets and liabilities under AASB 3 Business Combinations. Take or pay is the assessment of forecast excess capacity for port and rail contracts. A provision is recognised for the discounted estimated excess capacity. The provision has a finite life and will be released to profit or loss over the period in which excess capacity is realised.</p> <p><b>Key estimate and judgement:</b></p> <p>The provision is recognised and estimated based on management's assessment of contracted port capacity versus forecast usage. This involves making assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits.</p>
<b>Sales contract</b>	<p>In acquiring part of a business or operation, an assessment is made on the fair value of the assets and liabilities under AASB 3 Business Combinations. The sales contract provision is the assessment of a coal supply and transportation agreement to supply coal to BLC Power Limited in Thailand at below market prices. A provision was recognised in 2017 for the discounted estimated variance between contract and market prices. The provision has a finite life and will be released to profit or loss over the contract term.</p> <p><b>Key estimate and judgement:</b></p> <p>The provision is recognised and estimated based on management's assessment of future market prices.</p>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROVISION	DESCRIPTION
<b>Other provisions</b>	<p>The provision includes marketing services fee payable to Noble Group Limited deemed above market norms in 2012 and contingent royalties payable to Rio Tinto assessed as part of the Coal &amp; Allied Industries Ltd ("Coal &amp; Allied") acquisition in 2017 which will be amortised over the contract terms ending on 31 August 2030, and make good provisions to cover the cost to 'make good' any hired equipment, in case any major overhaul costs are incurred at the end of the lease period.</p> <p><b>Key estimate and judgement:</b></p> <p>The provision is recognised and estimated based on management's assessment of future market prices of coal.</p>

## D CAPITAL STRUCTURE AND FINANCING

The ability of the Group to fund the investment in its ongoing activities, invest in new opportunities and meet current commitments is dependent on available cash and access to third party capital. This section contains disclosure on interest-bearing liabilities, contingencies, financial risk management, reserves, share-based payments and contributed equity that are required to finance the Group's activities.

### D1 INTEREST-BEARING LIABILITIES

Accounting policies	
(i) Interest-bearing liabilities	
Interest-bearing liabilities (excluding financial guarantees) are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. US dollar interest-bearing loans are designated as a hedge instrument in a cash flow hedge (refer to Note D7). Refer to Note F6(b) for detailed policies in relation to recognition, classification, measurement and derecognition of interest-bearing liabilities.	
(ii) Leases	
For capitalised leases the corresponding minimum lease payments are included in lease liabilities. Each lease payment is allocated between finance cost and a reduction in the outstanding lease liability. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.	

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>CURRENT</b>		
Lease liabilities	44	48
	<b>44</b>	<b>48</b>
<b>NON-CURRENT</b>		
Lease liabilities	102	136
Bank loans (i)	—	489
	<b>102</b>	<b>625</b>
<b>Total interest-bearing liabilities</b>	<b>146</b>	<b>673</b>

(i) Included was Syndicated Term loan US\$ 333 million which was fully repaid during the year (2022: US\$ 333 million).

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	LEASE LIABILITIES \$M	BANK LOANS \$M
Opening balance at 1 January 2023	184	489
Additions	16	—
Repayments	(64)	(496)
Disposals	—	—
Unwind of interest expenses and costs	10	3
Foreign exchange movements	—	4
<b>Closing balance at 31 December 2023</b>	<b>146</b>	<b>—</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (a) Bank loans

The bank loans are made up of the following facilities:

	31 DECEMBER 2023			31 DECEMBER 2022	
	FACILITY US \$M	FACILITY \$M	UTILISED \$M	FACILITY \$M	UTILISED \$M
<b>SECURED BANK LOANS</b>					
Syndicated Term Loan (i)	333	—	—	492	492
	<b>333</b>	<b>—</b>	<b>—</b>	<b>492</b>	<b>492</b>

\* Facility balance excludes transaction costs of AU\$0 million (31 December 2022: AU\$3 million).

### (i) Syndicated Term Loan

On 31 March 2023, the Syndicated Term Loan of US\$333 million was prepaid in full and the facility cancelled. There was no breach of covenants during the period up to 31 March 2023.

## (b) Guarantee facilities

Yancoal is party to guarantee facilities that has been issued for operational purposes in favour of port, rail, government departments and other operational functions. The Group completed the refinance of the existing \$975 million syndicated bank guarantee facility in March 2023. The guarantee facilities increased to \$1.2 billion and was extended by another three years after the refinance:

PROVIDER	FACILITY AU \$M	UTILISED AU \$M	SECURITY
Syndicate of nine Australian and international financial institutions	1,200	914	Secured by the assets of the consolidated groups of Yancoal Resources Ltd and Coal & Allied Industries Ltd with carrying value of \$10,804 million. Facility expires on February 2026.
<b>Total</b>	<b>1,200</b>	<b>914</b>	

## D2 CONTRIBUTED EQUITY

### Accounting policy

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Costs directly attributable to the issue of new shares, options or other equity instrument are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration. Refer to Note F6(b)(ii) for detailed policies in relation to recognition, classification and measurement of contributed equity.

### (a) Contributed equity

	31 DECEMBER 2023	31 DECEMBER 2022	31 DECEMBER 2023	31 DECEMBER 2022
	NUMBER	NUMBER	\$M	\$M
<i>(i) Share capital</i>				
Ordinary shares	1,320,439,437	1,320,439,437	6,219	6,219
<i>(ii) Other contributed equity</i>				
Contingent value right shares			263	263
Related party loan contribution			216	216
			<b>479</b>	<b>479</b>
<b>Total contributed equity</b>			<b>6,698</b>	<b>6,698</b>

### Related party loan contribution

On 31 March 2021 Shandong Energy, the Group's ultimate parent (formerly known as "Yankuang"), provided a US\$775 million loan to the Group in order for the Group to redeem an equal amount of external bonds on issue. Using the effective interest method a revaluation to fair value the loan from Shandong Energy was performed at inception. The revaluation took into account the implicit discount between the determined arms length commercial interest rate of the loan if the loan was made by a financier that was not a related party, of 12%, and the actual interest rate. The difference was recognised as an increase to other contributed equity reflecting the contribution made to the Group through the implicit support provided by Shandong Energy. The revaluation of the loan is released through interest expense in the profit and loss using the effective interest method over the life of the loan. The loan was fully repaid by 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **Key accounting estimate and judgement:**

In determining the expected commercial borrowing rate that is expected to be payable if the loan was made by a financier that was not a related party requires significant judgement in formulating the estimate as there are limited observable comparable transactions.

## **(b) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There were no changes in ordinary shares in the reporting periods.

## **(c) Contingent value right shares**

The contingent value right ("CVR") shares were repurchased on 4 March 2014 for cash of \$263 million representing the market value of \$3.00 cash per CVR share.

## **(d) Capital risk management**

Total capital comprises total equity as shown on the balance sheet plus total interest bearing liabilities less cash and cash equivalents. The Group's primary objectives when managing capital are to ensure the continued ability to provide a consistent return for equity stakeholders through a combination of capital growth and distributions and to maintain an optimal capital structure to reduce the cost of capital. In order to achieve these objectives, the Group seeks to maintain a debt to debt plus equity ratio (gearing ratio) that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or other equity instruments, repay debt or draw down additional debt.

The gearing ratios at the reporting dates were as follows:

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Total interest-bearing liabilities	146	673
Less: cash and cash equivalents	(1,397)	(2,699)
<b>Net cash position</b>	<b>(1,251)</b>	<b>(2,026)</b>
Total equity	8,442	8,030
Total capital (Net debt + total equity)	7,191	6,004
<b>Gearing ratio</b>	<b>—</b>	<b>—</b>

Refer to Note D1 for the Group's compliance with the financial covenants of its borrowing facilities.

## **D3 SHARE-BASED PAYMENTS**

### **Accounting policy**

Refer to Note B4(iii) for the accounting policy on share-based payments.

Participation in the share-based payment program (Long Term Incentive Program, "LTIP") by the issuing of rights is limited to Senior Executives of the Group. All rights are redeemable on a one-for-one basis for the Group's shares, subject to the achievement of certain performance hurdles. Dividends are not payable on rights. For more information on the operation of the LTIP refer to the remuneration report.

Outlined below are the rights that are on issue as at 31 December 2022 and 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILS	DATE OF MEASUREMENT / GRANT	NUMBER OF RIGHTS	DATE OF EXPIRY	CONVERSIONS PRICE (\$)
<b>MANAGEMENT PERFORMANCE RIGHTS</b>				
2020 LTIP (i)	1 January 2020	2,058,080	1 January 2023	Nil
2021 LTIP	1 January 2021	2,802,634	1 January 2024	Nil
2022 LTIP	1 January 2022	2,542,567	1 January 2025	Nil
<b>Balance at 31 December 2022</b>		<b>7,403,281</b>		
2021 LTIP (ii)	1 January 2021	2,736,963	1 January 2024	Nil
2022 LTIP	1 January 2022	2,483,667	1 January 2025	Nil
2023 LTIP	1 January 2023	1,216,705	1 January 2026	Nil
<b>Balance at 31 December 2023</b>		<b>6,437,335</b>		
			<b>2023 NO. OF RIGHTS</b>	<b>2022 NO. OF RIGHTS</b>
Balance at beginning of the year			7,403,281	5,578,066
Granted during the year			1,216,705	2,542,567
LTIP settled in the year			(2,007,635)	—
LTIP settled in cash in the year			—	(236,783)
LTIP rights lapsed			—	(355,177)
Forfeited during the year			(175,016)	(125,392)
<b>Balance at the end of year</b>			<b>6,437,335</b>	<b>7,403,281</b>

(i) 2020 LTIP was still on issue and vested 1 January 2023  
(ii) 2021 LTIP was still on issue and vested 1 January 2024

The weighted average closing price of the shares immediately before 1 January 2023 when the 2020 LTIP grant vested was \$6.16.

### Fair value of performance rights granted

The fair value of the LTIP performance rights has been determined using the following assumptions:

	2023 LTIP	2022 LTIP	2021 LTIP
Number of performance rights issued	1,216,705	2,542,567	2,870,651
Number of performance right on issue	1,216,705	2,483,667	2,736,963
Grant date	1 January 2023	1 January 2022	1 January 2021
Average share price at grant date (\$)	6.16	2.80	2.45
Expected dividend yield	10%	10%	10%
Vesting conditions	(a)	(a)	(a)
<b>Value per performance right (\$)</b>	<b>4.63</b>	<b>2.10</b>	<b>1.94</b>

(a) The LTIP performance rights will vest dependent upon the outcome of cost and earnings per share targets. The rights are split 40% and 60% respectively to these conditions.

There are a maximum of 6,437,335 shares available for issue, which, if issued as new shares, would represent 0.5% of share capital on issue at 31 December 2023 (31 December 2022: 7,403,281 shares representing 0.6% of share capital).

The LTIP has been valued using the volume weighted average price of Yancoal's ordinary shares across a 20 day trading period around the grant date. The LTIP programs settles when the underlying rights vest, with transfer of treasury shares to the participants. Refer accounting policy for treasury shares in Note D5(ii).

Below two tables for STIP and LTIP disclosures are additional disclosure requirement pursuant to HK listing rule 17.12 (1)(a). The information in the tables is disclosed only to satisfy HK Listing Rules requirements and has no relationship with the accounting treatment of the schemes under IFRS.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## STIP TABLE

No consideration or purchase price is given by the participant in exchange of any deferred STIP rights.

### UNVESTED STIP DEFERRED RIGHTS AS AT 1 JANUARY 2023

	PLAN NAME	NUMBER DEFERRED RIGHTS	DATE OF GRANT <sup>(i)</sup>	VESTING PERIOD <sup>(ii)</sup>
David Moulton	STIP 2020	170,165	29 Mar 2021	1 Mar 2021 to 1 Mar 2023
	STIP 2021	454,161	31 Mar 2022	1 Mar 2022 to 1 Mar 2024
Ning Zhang (resigned effective 27 September 2023) <sup>(iii)</sup>	STIP 2020	45,090	29 Mar 2021	1 Mar 2021 to 1 Mar 2023
	STIP 2021	133,723	31 Mar 2022	1 Mar 2022 to 1 Mar 2024
Five highest paid individuals <sup>(iv)</sup>	STIP 2020	437,607	29 Mar 2021	1 Mar 2021 to 1 Mar 2023
	STIP 2021	1,117,962	31 Mar 2022	1 Mar 2022 to 1 Mar 2024
Other grantees	STIP 2020	414,461	29 Mar 2021	1 Mar 2021 to 1 Mar 2023
	STIP 2021	1,224,837	31 Mar 2022	1 Mar 2022 to 1 Mar 2024

### STIP DEFERRED RIGHTS GRANTED DURING THE PERIOD

	PLAN NAME	NUMBER DEFERRED RIGHTS	DATE OF GRANT <sup>(i)</sup>	VESTING PERIOD <sup>(ii) (x)</sup>	CLOSING PRICE OF THE SHARES IMMEDIATELY BEFORE THE GRANT OF AWARDS <sup>(v) (\$)</sup>	FAIR VALUE OF AWARDS AT THE DATE OF GRANT <sup>(vi) (\$)</sup>
David Moulton	STIP 2022	223,872	31 Mar 2023	1 Mar 2023 to 1 Mar 2025	5.600	1,379,448
Ning Zhang (resigned effective 27 September 2023) <sup>(iii)</sup>	STIP 2022	65,833	31 Mar 2023	1 Mar 2023 to 1 Mar 2025	5.600	405,648
Five highest paid individuals <sup>(iv)</sup>	STIP 2022	542,301	31 Mar 2023	1 Mar 2023 to 1 Mar 2025	5.600	3,341,533
Other grantees	STIP 2022	599,627	31 Mar 2023	1 Mar 2023 to 1 Mar 2025	5.600	3,694,763

### VESTED DURING THE REPORTING PERIOD<sup>(vii)</sup>

### UNVESTED AS AT 31 DECEMBER 2023

	PLAN NAME	NUMBER DEFERRED RIGHTS <sup>(viii)</sup>	CANCELLED DURING THE REPORTING PERIOD	LAPSED DURING THE REPORTING PERIOD <sup>(ix)</sup>	PLAN NAME	NUMBER DEFERRED RIGHTS	DATE OF GRANT	VESTING PERIOD <sup>(ii)</sup>
David Moulton	STIP 2020 - Tranche 2	170,165	—	—	STIP 2021 - Tranche 2	227,081	30 Mar 2022	1 Mar 2022 to 1 Mar 2024
	STIP 2021 - Tranche 1	227,080	—	—	STIP 2022 - Tranche 1 & 2	223,872	31 Mar 2023	1 Mar 2023 to 1 Mar 2025
Ning Zhang (resigned effective 27 September 2023) <sup>(iii)</sup>	STIP 2020 - Tranche 2	45,090	—	132,695	STIP 2021 - Tranche 2	—	30 Mar 2022	1 Mar 2022 to 1 Mar 2024
	STIP 2021 - Tranche 1	66,861	—	—	STIP 2022 - Tranche 1 & 2	—	31 Mar 2023	1 Mar 2023 to 1 Mar 2025
Five highest paid individuals <sup>(iv)</sup>	STIP 2020 - Tranche 2	437,607	—	—	STIP 2021 - Tranche 2	558,982	30 Mar 2022	1 Mar 2022 to 1 Mar 2024
	STIP 2021 - Tranche 1	558,980	—	—	STIP 2022 - Tranche 1 & 2	542,301	31 Mar 2023	1 Mar 2023 to 1 Mar 2025
Other grantees	STIP 2020 - Tranche 2	414,461	—	73,842	STIP 2021 - Tranche 2	557,542	30 Mar 2022	1 Mar 2022 to 1 Mar 2024
	STIP 2021 - Tranche 1	612,417	—	—	STIP 2022 - Tranche 1 & 2	561,700	31 Mar 2023	1 Mar 2023 to 1 Mar 2025

(i) Date of Grant for the STIP deferred right is the date per the share certificate - in March the subsequent year.

(ii) Vesting period - the STIP deferred rights are vesting in two equal tranches over two years.

(iii) Mr Ning Zhang was an executive for period of the year and is required to be disclosed separately. He is not part of the five highest paid individuals.

(iv) Five highest paid individuals includes the CEO, David Moulton, also outlined separately in the table above as he is the Chief Executive Officer and is required per listing rules to be separately disclosed in his role as an executive.

(v) For STIP deferred rights, the disclosed closing price of the shares immediately before date of grant, represents the Yancoal closing share price the day before date of grant (30 March 2023).

(vi) Fair value represents the reference rate for determination of number of deferred rights to be awarded to the participants. The reference rate is Volume Weighted Average Price ("VWAP") of the Company's ordinary shares traded on the ASX across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022, \$6.16.

(vii) No consideration is required from the participants at the time of vesting.

(viii) Deferred rights in table above represents 100% deferred rights that vested in 2023. In 2023, tranche 1 of the 2021 STIP Deferred Rights and tranche 2 of the 2020 STIP Deferred rights - vested and the Board exercised its discretion to settle these awards by way of a 50% cash equivalent payment and 50% fully paid ordinary shares, rather than by way of fully paid ordinary shares in the Company, and were settled 50% shares and 50% cash equivalent.

(ix) All STIP deferred rights lapsed on departure of employees.

(x) The closing share price, on the day prior to the commencement of the 2022 deferred rights vesting period was \$5.86 per share. For the STIP 2022 grant the vesting period commence 1 March 2023, last trading date was 28 February 2023 and closing price was \$5.86 per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## LTIP TABLE

UNVESTED AS AT 1 JANUARY 2023						
	NUMBER PERFORMANCE RIGHTS			DATE OF GRANT	VESTING PERIOD	
David Moulton	1,386,759			1 Jan 2021	1 Jan 2021 to 31 Dec 2023	
	1,264,113			1 Jan 2022	1 Jan 2022 to 31 Dec 2024	
Five highest paid individuals <sup>(v)</sup>	1,909,997			1 Jan 2021	1 Jan 2021 to 31 Dec 2023	
	1,735,584			1 Jan 2022	1 Jan 2022 to 31 Dec 2024	
Other grantees	892,637			1 Jan 2021	1 Jan 2021 to 31 Dec 2023	
	806,983			1 Jan 2022	1 Jan 2022 to 31 Dec 2024	

GRANTED PERFORMANCE RIGHTS DURING THE PERIOD						
	NUMBER PERFORMANCE RIGHTS	DATE OF GRANT <sup>(i)</sup>	VESTING PERIOD <sup>(ii)</sup>	CLOSING PRICE OF THE SHARES IMMEDIATELY BEFORE THE GRANT OF AWARDS <sup>(iii)</sup> (\$)	FAIR VALUE OF PERFORMANCE RIGHTS AT THE DATE OF GRANT <sup>(iv)</sup> (\$)	
David Moulton	605,669	1 Jan 23	1 Jan 2023 to 31 Dec 2025	6.162	2,803,901	
Five highest paid individuals <sup>(v)</sup>	826,322	1 Jan 23	1 Jan 2023 to 31 Dec 2025	6.162	3,825,406	
Other grantees	390,383	1 Jan 23	1 Jan 2023 to 31 Dec 2025	6.162	1,807,250	

VESTED DURING THE REPORTING PERIOD				UNVESTED AS AT 31 DECEMBER 2023 <sup>(vi)</sup>		
	NUMBER PERFORMANCE RIGHTS VESTED	CANCELLED DURING THE REPORTING PERIOD	LAPSED DURING THE REPORTING PERIOD	NUMBER PERFORMANCE RIGHTS	DATE OF GRANT	VESTING PERIOD
				1,386,759	1 Jan 2021	1 Jan 2021 to 31 Dec 2023
David Moulton	1,171,240	—	—	1,264,113	1 Jan 2022	1 Jan 2022 to 31 Dec 2024
				605,669	1 Jan 2023	1 Jan 2023 to 31 Dec 2025
Five highest paid individuals <sup>(v)</sup>	1,501,565	—	—	1,909,997	1 Jan 2021	1 Jan 2021 to 31 Dec 2023
				1,735,584	1 Jan 2022	1 Jan 2022 to 31 Dec 2024
				1,216,705	1 Jan 2023	1 Jan 2023 to 31 Dec 2025
Other grantees	556,515	—	175,016	826,966	1 Jan 2021	1 Jan 2021 to 31 Dec 2023
				748,083	1 Jan 2022	1 Jan 2022 to 31 Dec 2024
				390,383	1 Jan 2023	1 Jan 2023 to 31 Dec 2025

- (i) 2023 LTIP were allocated to participants on 15 May 2023 however for accounting purposes, the grant date was deemed to be 1 January 2023.
- (ii) 2023 LTIP vest subject to two performance conditions: 60% of the award will vest subject to EPS growth performance of the Group relative to performance of a comparator group of international companies of a comparable size with a coal mining focus over the relevant performance period ("EPS Awards"); and 40% of the award will vest subject to cost per tonne performance of the Group relative to performance of a comparator group of Australian export mines at the end of the performance period ("Costs Target Awards").
- (iii) Disclosed as the 2023 LTIP "closing price immediately before the grant of awards", this represents the VWAP of the Company's ordinary shares traded on the ASX across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022.
- (iv) The fair value as determined under AASB2 is calculated as the number of performance rights granted multiplied by the VWAP of the Company's ordinary shares traded on the ASX across a 20-day trading period spread 10 days prior to, and 10 days after, 31 December 2022; less future estimated dividends during the vesting period.
- (v) Five highest paid individuals includes the CEO, David Moulton, outlined separately in the table above.
- (vi) As these LTIP awards have not vested yet, they do not have a weighted average closing price immediately before the date on which these awards were vested.

LTIP performance share rights are granted for nil consideration. All vested LTIP awards are automatically exercised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## D4 DIVIDENDS

### (a) Dividends

	2023		2022	
	Cents Per Share	TOTAL \$M	Cents Per Share	TOTAL \$M
Final dividend for 2022 paid on 28 April 2023	70.00	924	—	—
Interim dividend for 2023 paid on 20 September 2023	37.00	489	—	—
Final dividend for 2021 paid on 29 April 2022	—	—	70.40	930
Interim dividend for 2022 paid on 20 September 2022	—	—	52.71	696
		<b>1,413</b>		<b>1,626</b>

On 27 February 2023, the Board declared a 2022 dividend allocation of \$924 million, representing A\$0.7000 per share (fully franked) with a record date of 13 March 2023 and payment date of 28 April 2023.

On 16 August 2023, the Board declared a 2023 interim dividend allocation of \$489 million, representing A\$0.3700 per share (fully franked), with a record date of 6 September 2023 and payment date of 20 September 2023.

On 28 February 2022, the Board declared a 2021 dividend allocation of \$930 million, comprising a A\$0.5000 per share final dividend and a A\$0.2040 per share special dividend, both unfranked, with a record date of 16 March 2022 and payment date of 29 April 2022.

On 17 August 2022, the Board declared a 2022 interim dividend allocation of \$696 million, representing A\$0.5271 per share (unfranked), with a record date of 6 September 2022 and payment date of 20 September 2022.

### (b) Franking credits

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Franking credits available for subsequent reporting periods based on an income tax rate of (30%) (2022 -30%)	1,655	1,642

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits that will arise from the settlement of liabilities for income tax and dividends after the reporting year, including:

- (a) franking credits that will arise from the settlement of the provision for income tax that are reflected in the current tax payable balance at the reporting date; and
- (b) franking credits that will arise from the receipt of dividends recognised as receivable at the reporting date.

Dividends may be franked from the above balance and from franking credits arising from income tax payments during 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## D5 RESERVES

### Accounting policies

#### (i) Hedging reserve

When a financial instrument is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the hedging instrument are recognised in other comprehensive income and accumulated in the hedging reserve until the anticipated underlying transaction occurs. Any ineffective portion of changes in the fair value of the hedging instrument is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or is sold, terminated or expires, any accumulated gain or loss remains in equity until the forecast transaction is ultimately recognised in profit or loss. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is immediately recognised in profit or loss.

#### (ii) Employee compensation reserve

Shares held by the Group sponsored Employee Share Plan Trust are recognised as treasury shares and deducted from equity.

The fair value of equity plans granted is recognised in the employee compensation reserve over the vesting period. This reserve will be reversed against treasury shares when the underlying shares vest and transfer to the employee at the fair value. The difference between the fair value at grant date and the amount received against treasury shares is recognised in retained earnings (net of tax).

### (a) Reserve balances

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Hedging reserve	(256)	(253)
Treasury shares reserve	(21)	(25)
Employee compensation reserve	18	14
Other reserve	1	—
	<b>(258)</b>	<b>(264)</b>

### (b) Hedging reserve

The hedging reserve is used to record gains or losses on cash flow hedges that are recognised directly in equity through other comprehensive income.

The closing balance relates to the effective portion of the cumulative net change in the fair value of the natural cash flow hedge using the US dollar denominated interest-bearing liabilities to hedge against future coal sales.

### MOVEMENTS

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
<i>Hedging reserve - cash flow hedges</i>		
Opening balance	(253)	(192)
Fair value losses recognised on USD interest bearing liabilities	(5)	(326)
Fair value losses recycled to profit or loss	1	239
Deferred income tax benefit	1	26
<b>Closing balance</b>	<b>(256)</b>	<b>(253)</b>

If interest-bearing liabilities that are a natural hedge to future coal sales are repaid prior to the original designated date the hedge gain/loss incurred prior to repayment will be released to the profit or loss in line with the original sales to which they were designated. This has resulted in the following pre-tax release profile as at 31 December 2023:

	2024	2025	2026	Total
	\$M	\$M	\$M	\$M
Hedge loss to be recycled in future periods	122	56	188	366
Of which:				
Hedges related to loans repaid prior to designated repayment date	122	56	188	366
Hedges related to loans yet to be repaid	—	—	—	—
				<b>366</b>
<b>Deferred income tax benefit</b>				<b>(110)</b>
<b>Closing balance</b>				<b>256</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **(c) Employee compensation reserve**

During the period the movements related to any 2023 additional performance rights issued or forfeited as disclosed in Note D3 and new awards of performance rights were made during the period.

## **D6 CONTINGENCIES**

### **Contingent liabilities**

The Group had contingent liabilities at 31 December 2023 in respect of:

#### **(i) Bank guarantees**

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>PARENT ENTITY AND GROUP</b>		
Performance guarantees provided to external parties	79	83
Guarantees provided to government departments as required by statute	120	110
	<b>199</b>	<b>193</b>
<b>JOINT VENTURES (EQUITY SHARE)</b>		
Performance guarantees provided to external parties	201	231
Guarantees provided to government departments as required by statute	433	432
	<b>634</b>	<b>663</b>
<b>GUARANTEES HELD ON BEHALF OF RELATED PARTIES (REFER TO NOTE E2(F) FOR DETAILS OF BENEFICIARIES)</b>		
Performance guarantees provided to external parties	77	81
Guarantees provided to government departments as required by statute	4	4
	<b>81</b>	<b>85</b>
	<b>914</b>	<b>941</b>

Refer to Note E1(c)(iii) for commitments and contingent liabilities of the Group's associates and joint ventures.

#### **(ii) Letter of Support provided to Middlemount Coal Pty Ltd**

The Company has issued a letter of support dated 4 March 2015 to Middlemount Coal Pty Ltd ("Middlemount"), a joint venture of the Group confirming:

- it will not demand the repayment of any loan due from Middlemount, except to the extent that Middlemount agrees otherwise or as otherwise provided in the loan agreement; and
- it will provide financial support to Middlemount to enable it to meet its debts as and when they become due and payable, by way of new shareholder loans in proportion to its share of the net assets of Middlemount.

This letter of support will remain in force whilst the Group is a shareholder of Middlemount or until notice of not less than 12 months is provided or such shorter period as agreed by Middlemount.

#### **(iii) Other contingencies**

A number of claims have been made against the Group as part of the Group's day to day operations. The Directors do not believe that the outcome of these claims will have a material impact on the Group's financial position.

## **D7 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate risk and other price risks, and aging analysis for credit risk.

The Group holds the following financial instruments:

- Cash and cash equivalents;
- Trade and other receivables (including WIPS);
- Trade and other payables;
- Interest-bearing liabilities, including bank loans and leases;
- Available-for-sale investments;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (vi) Royalty receivable; and
- (vii) Derivative financial instruments.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>FINANCIAL ASSETS</b>		
<i>Cash, loans and receivables - amortised cost</i>		
Cash and cash equivalents	1,397	2,699
Trade and other receivables	760	833
<i>Assets at fair value through profit and loss</i>		
Royalty receivable	218	233
	<b>2,375</b>	<b>3,765</b>
<b>FINANCIAL LIABILITIES</b>		
<i>Amortised cost</i>		
Trade and other payables	738	877
Interest-bearing liabilities	146	673
	<b>884</b>	<b>1,550</b>

The Board of Directors has overall responsibility for determining risk management objectives and policies and risk management is carried out by the Group Audit and Risk Management department along with the Group Treasury department. The Board provides written principles for overall risk management, as well as policies covering specific areas such as the use of derivative financial instruments to mitigate foreign exchange risk. These derivative instruments create an obligation or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation.

The overall objective of the Board is to set policies that seek to reduce risk and volatility in financial performance without unduly affecting competitiveness and flexibility. Further details regarding these policies are set out below.

## **(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, securities prices, and coal prices, will affect the Group's income or the value of its holdings of financial instruments.

### **(i) Foreign exchange risk**

The Group operates entirely in Australia and its costs are primarily denominated in its functional currency, the Australian dollar. Export coal sales are denominated in US dollars and a strengthening of the Australian dollar against the US dollar has an adverse impact on earnings and cash flow settlement. Liabilities for some plant and equipment purchases and loans are denominated in currencies other than the Australian dollar and a weakening of the Australian dollar against other currencies has an adverse impact on earnings and cash flow settlement.

The hedging policy of the Group aims to protect against the volatility of cash expenditures or reduced collection in the above mentioned transactions as well as to reduce the volatility of profit or loss for retranslation of US dollar denominated loans at each period end.

### **Natural cash flow hedge**

The Group currently does not use bank issued instruments to hedge foreign exchange risks in respect of US dollar denominated loans, however, the scheduled repayment of the principal on US dollar loans is designated to hedge the cash flow risks on the portion of forecast US dollar sales that are not hedged through bank issued instruments ("natural cash flow hedge"). US dollar loan repayments up to a six-month period are designated to hedge the forecast US dollar sales during the same period after the designation of the hedge relationship based on a dollar for dollar basis until the hedge ratio reaches one.

Hedging effectiveness is determined by comparing the changes in the hedging instruments and hedged sales. Hedge ineffectiveness will occur when cash flows generated by sales transactions are lower than the forecast sales transaction. In cases of hedge ineffectiveness, gains or losses in relation to the excess portion in the foreign exchange movement of the designated US dollar loan repayment will be recycled to profit or loss. The effective portion of changes in the hedging instruments will be recognised in the cash flow hedge reserve in Other Comprehensive Income. When the sales transactions occur, amounts accumulated in equity are recycled through the profit or loss as an increase or decrease to sales revenue.

### **Royalty receivable**

The royalty receivable from the Middlemount Joint Venture is estimated based on expected future cash flows that are dependent on sales volumes, US dollar denominated coal prices and the US dollar foreign exchange rate (refer to Note C9).

The Group's exposure to US dollar currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Cash and cash equivalents	829	523
Trade and other receivables	516	626
Royalty receivable	218	233
Trade and other payables	(92)	(199)
Interest-bearing liabilities	—	(492)
<b>Net Exposure</b>	<b>1,471</b>	<b>691</b>

## Sensitivity

The following table summarises the sensitivity of the Group's financial assets and liabilities to a reasonable possible change in the US dollar exchange rate. The Group's exposure to other foreign exchange movements is not material. The Group has used the observed range of actual historical rates for the preceding five year period, with a heavier weighting placed on recently observed market data, in determining reasonably possible exchange movements to be used for the current year's sensitivity analysis. Past movements are not necessarily indicative of future movements. A 10% depreciation/appreciation of the Australian dollar against the US dollar would have increased/(decreased) equity and profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	10% DEPRECIATION OF AUD/USD		10% APPRECIATION OF AUD/USD	
	PROFIT AFTER INCOME TAX	EQUITY	PROFIT AFTER INCOME TAX	EQUITY
	\$M	\$M	\$M	\$M
<b>2023</b>				
Cash and cash equivalents	64	—	(53)	—
Trade and other receivables	40	—	(33)	—
Royalty receivable	17	—	(14)	—
<b>Total increase / (decrease) in financial assets</b>	<b>121</b>	<b>—</b>	<b>(100)</b>	<b>—</b>
Trade and other payables	(7)	—	6	—
Interest-bearing liabilities	—	—	—	—
<b>Total (increase) / decrease in financial liabilities</b>	<b>(7)</b>	<b>—</b>	<b>6</b>	<b>—</b>
<b>Total increase / (decrease) in profit after tax and equity</b>	<b>114</b>	<b>—</b>	<b>(94)</b>	<b>—</b>
<b>2022</b>				
Cash and cash equivalents	41	—	(33)	—
Trade and other receivables	49	—	(40)	—
Royalty receivable	18	—	(15)	—
<b>Total increase / (decrease) in financial assets</b>	<b>108</b>	<b>—</b>	<b>(88)</b>	<b>—</b>
Trade and other payables	(15)	—	13	—
Interest-bearing liabilities	—	(38)	—	31
<b>Total (increase) / decrease in financial liabilities</b>	<b>(15)</b>	<b>(38)</b>	<b>13</b>	<b>31</b>
<b>Total increase / (decrease) in profit after tax and equity</b>	<b>93</b>	<b>(38)</b>	<b>(75)</b>	<b>31</b>

Equity movements above reflect the impact of foreign exchange movements on designated USD interest bearing loans that are taken to the hedge reserve rather than the profit and loss. At 31 December 2023, with all USD interest bearing loans repaid, there is no sensitivity to future foreign exchange movements and the future unwind of the hedge reserve is fixed (refer to Note D5(b)).

## (ii) Price risk

The price risk of the Group include coal price risk.

The Group does not enter into commodity contracts other than to meet the Group's expected usage and sales requirements, such contracts are not settled net. The royalty receivables from Middlemount is exposed to fluctuations in coal price. The Group currently does not have any derivative hedges in place against the movement in the spot coal price. Refer to Note D8(iii) for the royalty receivable coal price sensitivity analysis.

Coal sales are predominately provisionally priced initially. Provisionally priced sales are those for which price finalisation, referenced to the relevant index, is outstanding at the reporting date. Provisional pricing mechanisms embedded within these sales arrangements have the character of a commodity derivative and are carried at fair value through profit and loss as part of trade receivables. The final sales price is determined normally 7 to 90 days after delivery to the customer. At 31 December 2023 there are \$166 million of provisionally priced sales (31 December 2022: \$151 million). If coal prices were to increase by 10% provisionally priced sales would increase by \$17 million (31 December 2022: \$15 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (iii) Interest rate risk

The Group is subject to interest rate risk that arises from borrowings and cash and cash equivalents. Generally, no variable interest is receivable or payable on the Group's trade and other receivables or payables where applicable as they are fixed in nature and therefore they are not exposed to the interest rate risk.

The Group's cash flow interest rate risk for assets primarily arises from cash at bank and deposits subject to market bank rates. During the period, the US\$ bank facility ("the Syndicated Term Loan") was subject to USD LIBOR-linked interest rates. In response to the interest rate benchmark reform, the Group has adopted screen rate replacement provisions with reference to the Asia Pacific Loan Market Association ("APLMA") loan agreement template. The US\$ bank facility was fully repaid on 31 March 2023 before the transition trigger event happened.

The Group committed not to sign any new contracts with LIBOR component on and from 31 December 2022.

The Group's exposure to interest rate risk and the weighted average interest rate is set out as below:

	31 DECEMBER 2023		31 DECEMBER 2022	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
	%	\$M	%	\$M
Cash and cash equivalents	4.3 %	1,397	3.7 %	2,699
Bank loans and other borrowings	—	—	4.8 %	492

### Sensitivity

A 50 bps movement in interest rates would cause an immaterial impact on profit and loss of approximately \$6 million.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023 the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the Consolidated Balance Sheet and the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in Note D6.

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. The Group maintains its cash and cash equivalents with reputable banks. Therefore, the Directors consider that the credit risk for such amounts are minimal.

In assessing the Expected Credit Losses ("ECL") of trade receivables management assesses historical write offs of trade receivables, ageing of debtors and whether sufficient credit enhancement is provided by customers (letters of credit and bank guarantees). If the ageing of trade receivables significantly increased then the recognition of ECL would need to be reassessed. Receivables will only be written off if there is demonstrable evidence that there is no reasonable expectation of recovery.

There was no provision recognised for trade receivables as at 31 December 2023 as there are minimal aged debts.

The credit risk on cash and cash equivalents is limited as the counterparties are banks with credit-ratings assigned by international credit-rating agencies that are at least investment grade. Credit risk in trade receivables is managed in the following ways:

- (i) payment terms and credit limits are set for individual customers;
- (ii) a risk assessment process is used for all customers; and
- (iii) letters of credit are required for those customers assessed as posing a higher risk.

The maximum exposure to credit risk on financial assets which have been recognised in the balance sheet is their carrying amount less impairment provision, if any as set out below.

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
Cash and cash equivalents	1,397	2,699
Trade and other receivables	760	833
	<b>2,157</b>	<b>3,532</b>

The Group's exposure to credit risk on trade and other receivables mainly arises from current trade receivables from contracts with customers of \$529 million (2022: \$657 million) (refer to Note C7). Of these amounts the largest customer domicile exposures are Taiwan 28%, Korea 18%, Japan 14% and China 14% (2022: Japan 46%, Australia 17%, Taiwan 15% and Korea 13%). The remaining trade and other receivables have lower credit risk exposure given the nature of the counterparties.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The top five customers included in trade receivables with the largest gross receivable balance as at 31 December 2023 account for 34% of trade receivables from contracts with customers (2022: 56%).

## (c) Liquidity risk

Liquidity risk includes the risk that the Group will not be able to meet its financial obligations as they fall due. The Group will be impacted in the following ways:

- (i) will not have sufficient funds to settle transactions on the due date;
- (ii) will be forced to sell financial assets at a value which is less than what they are worth; or
- (iii) may be unable to settle or recover a financial asset at all.

Liquidity risk is managed by maintaining sufficient cash and liquid deposit balances and having readily accessible standby facilities in place in accordance with the Board's risk management policy. Details regarding finance facilities are set out in Note D1.

## Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities and interest payments for all liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows including interest payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### Contractual maturities of financial liabilities

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	GREATER THAN 5 YEARS	TOTAL CASH FLOWS	CARRYING AMOUNT
	\$M	\$M	\$M	\$M	\$M	\$M
<b>AT 31 DECEMBER 2023</b>						
Non-derivatives						
Trade and other payables	734	—	—	—	734	734
Lease liabilities	51	38	69	4	162	146
Other interest-bearing liabilities	—	—	—	—	—	—
<b>Total non-derivatives</b>	<b>785</b>	<b>38</b>	<b>69</b>	<b>4</b>	<b>896</b>	<b>880</b>
<b>AT 31 December 2022</b>						
Non-derivatives						
Trade and other payables	863	—	—	—	863	863
Lease liabilities	57	43	96	13	209	184
Other interest-bearing liabilities	38	473	54	—	565	489
<b>Total non-derivatives</b>	<b>958</b>	<b>516</b>	<b>150</b>	<b>13</b>	<b>1,637</b>	<b>1,536</b>

## D8 FAIR VALUE MEASUREMENTS

### (i) Fair value hierarchy

The Group uses various methods in estimating the fair value of financial instruments. AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The royalty receivable was classified as a level 3 financial instrument in 2023 and 2022. No other financial instruments were subject to recurring measurement.

### (ii) Valuation techniques

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the royalty receivable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (iii) Value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2023:

	31 DECEMBER 2023 ROYALTY RECEIVABLE \$M	31 DECEMBER 2022 ROYALTY RECEIVABLE \$M
Opening balance	233	221
Remeasurement of the royalty receivable recognised in profit and loss	(15)	12
	<b>218</b>	<b>233</b>

### Royalty receivable

The fair value of the royalty receivable is the fair value of the right to receive a royalty of 4% of Free on Board Trimmed Sales from the Middlemount Mine. The financial asset has a finite life being the life of the Middlemount Mine and will be measured on a fair value basis.

The fair value is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments (refer to Note C3). The risk-adjusted real post-tax discount rate used to determine the future cash flows is 6.8% (2022: 6.6%).

The estimated fair value could increase significantly if the following unobservable inputs of sales volumes and coal prices were higher and if the Australian dollar weakens against the US dollar. The estimated fair value would also increase if the risk-adjusted discount rate was lower.

### Sensitivity

The following tables summarise the sensitivity analysis of royalty receivable. This analysis assumes that all other variables remain constant.

	31 DECEMBER 2023 FAIR VALUE INCREASE/ (DECREASE) \$M	31 DECEMBER 2022 FAIR VALUE INCREASE/ (DECREASE) \$M
<b>COAL PRICE</b>		
+10%	19	20
-10%	(19)	(20)
<b>EXCHANGE RATES</b>		
+5 cents	(12)	(13)
-5 cents	13	15
<b>DISCOUNT RATES</b>		
+50 bps	(7)	(8)
-50 bps	8	8

### WIPS

On the 28 July 2020 the WIPS were restructured and are no longer entitled to any accrual or future dividend payments. Rights to claim repayment of the face value of \$31 million only on wind-up, cessation or sale of the business or breach of senior debt covenants. The fair value is determined using the discount future cash flows that are dependent on the following unobservable inputs: internally maintained budgets and business plans of Wiggin Island Coal Export Terminal ("WICET"). The risk adjusted post tax real discount rate used to determine the future cashflows is 8.25%. In 2018 the WIPS book value was reduced to nil.

### (iv) Fair values of other financial instruments

The carrying amount is approximate to the fair value for the following:

- (i) Trade and other receivables
- (ii) Other financial assets
- (iii) Trade and other payables
- (iv) Interest-bearing liabilities

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## E GROUP STRUCTURE

This section explains significant aspects of the Group's structure including business combinations and disposals, interests in other entities, related party transactions, parent entity information, controlled entities, and the deed of cross guarantee.

### E1 INTERESTS IN OTHER ENTITIES

#### Accounting policies

##### (i) Control

The Group defines "control of an investee" in accordance with AASB 10 Consolidated Financial Statements, paragraph 6 and 7 when the investor has:

- power over the investee, and
- exposure or rights to variable returns from its involvement with the investee and
- the ability to affect those returns through its power over the investee.

Consideration is given to the substance of the agreements and not only to how the arrangements are directed in practice when determining the level of control over the arrangement. In the case of an incorporated entity, this would result in Yancoal consolidating that entity as a subsidiary. In the case of another legal ownership structure, the Group has considered the most appropriate accounting policy based on the facts and circumstances for each legal ownership structure. This is discussed further in section (iii) below. If the conclusion is that the Group does not control the entity or other legal ownership structure, then an assessment is made whether the arrangement meets the definition of joint control.

##### (ii) Joint control and joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake economic activities under joint control. Joint control exists only when the strategic, financial and operational policy decisions relating to the relevant activities of the joint arrangement require the unanimous consent of the parties sharing control. The classification of a joint arrangement as either a joint operation or joint venture is dependent on the rights and obligations of the parties to the arrangement. Where the Group concludes that joint control exists, the Group then considers whether the arrangement is a joint operation or joint venture in accordance with AASB 11 Joint Arrangements.

Joint operations: A joint operation is an arrangement where the Group shares joint control, primarily through contractual arrangements with other parties. In these arrangements, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. The Group recognises its proportional interest in the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate line items.

Joint ventures: A joint venture is a joint arrangement in which the parties that share joint control of the arrangement have rights to the net assets of the arrangement. A separate vehicle, not the parties, has rights to the assets and liabilities of the arrangement. Joint ventures are accounted for using the equity method accounting (as outlined in AASB 128 Investment in Associates and Joint Ventures).

##### (iii) Controlling interest in unincorporated arrangements

A controlling interest in an unincorporated arrangement occurs when the Group has the sole ability to direct the relevant activities in the arrangement, such as, approving budgets and investment plans and appointing representatives to the Board or relevant Committees. As the Group controls these contractual arrangements, they do not meet the definition of joint operations. The Group recognises its interest in these types of arrangements in accordance with the contractual arrangements by consolidating its share of any jointly held or incurred assets, liabilities, revenues, and expenses of joint operations and its share of, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate line items.

If neither control nor joint control is identified, consideration is given whether the Group has significant influence over the entity or other legal ownership structure through AASB 128 Investments in Associates and Joint Ventures.

##### (iv) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Significant influence is presumed to exist where the Group:

- has over 20% but less than 50% of the voting rights of an entity, unless it can be clearly demonstrated that this is not the case; or
- holds less than 20% of the voting rights of an entity; however, has the power to participate in the financial and operating policy decisions of the entity.

If the conclusion is that significant influence exists, then the investment is accounted for using the equity method as outlined in AASB 128 Investments in Associates and Joint Ventures.

After initial recognition at cost, associates are accounted for using the equity method.

##### (v) Equity method

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is aggregated as one line item and recognised in profit or loss. Its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in a joint venture or associate equals or exceeds its interest, which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise any further losses, unless it has incurred a contractual or constructive obligation to contribute further funds. Unrealised gains on transactions between the Group and its joint ventures or associates are eliminated to the extent of the Group's interest in these entities. Accounting policies of the joint ventures and associates have been changed where necessary, to ensure consistency with the policies adopted by the Group.

#### Critical accounting judgements and estimates

The Group has interests in several unincorporated arrangements of which the determination of control or joint control requires significant judgement based on the assessment of the contractual rights and obligations.

Differing conclusions around these judgements could materially impact how the Group recognises these investments on initial acquisition and how any subsequent changes in ownership interest are accounted for. See (a) and (b) below for a summary of the Group's interest in unincorporated arrangements and joint arrangements and key judgements made in determining the applicable accounting treatment for each.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **(a) Controlling interest in unincorporated arrangement**

In some unincorporated arrangements the Group's contractual rights and obligations give it control of the arrangements and the Group accounts for these arrangements by consolidating its share of the assets, liabilities, revenues, and expenses of the arrangement.

In applying this accounting policy there can be significant judgement in determining whether the Group has control or joint control of an unincorporated arrangement. The Group has made the following judgements in the application of its accounting policy for a controlling interest in unincorporated arrangements.

- Moolarben Coal Mines Pty Ltd and Yancoal Moolarben Pty Ltd, have a combined 95% (2022: 95%) interest in the Moolarben Joint Venture (an unincorporated arrangement) whose principal activity is the development and operation of open-cut and underground coal mines. The Group controls Moolarben as the decisions over relevant activities require approval from the JV Policy Committee, where the Group has the sole ability to appoint representatives.
- Mount Thorley Operations Pty Ltd has an 80% (2022: 80%) interest in Mount Thorley Co-Venture (an unincorporated arrangement) whose principal activity is the development and operation of open-cut coal mines. The Group controls Mount Thorley as the decisions require a majority approval based on working interest and the Group's working interest is 80%.
- CNA Warkworth Australasia Pty Ltd and CNA Resources Ltd, have a combined 84.5% (2022: 84.5%) interest in Warkworth Associates (an unincorporated arrangement) whose principal activity is the development and operation of open-cut mines. The Group controls Warkworth as the decisions over relevant activities require a majority approval of the Operating Committee and 76% of the Participants shares. The Group can appoint 9 out of 11 Operating Committee members and holds 84.5% of the Participants shares.

The principal place of business for the above joint operations is in Australia.

### **(b) Joint operations with joint control**

The Group accounts for joint operations in accordance with AASB 11 Joint Arrangements, by recognising the Group's share of joint assets, liabilities, revenue and expenses. The Group has made the following judgements in the application of its accounting policy for its interests in joint operations where the Group has joint control.

- Coal & Allied Operations Pty Ltd has a 51% (2022: 51%) interest in the Hunter Valley Operations ("HVO") Joint Venture (an unincorporated joint operation) whose principal activity is the development and operation of open-cut coal mines. The Group and the other joint venture partner have joint control over HVO as they must act together to direct the relevant activities which significantly affect the returns of the arrangement.
- Yarrabee Coal Company Pty Ltd, has a 50% (2022: 50%) interest in the Boonal Joint Venture (an unincorporated joint operation), whose principal activity is the provision of a coal haul road and train load out facility. The Group and the other joint venture partner have joint control over Boonal as they must act together to direct the relevant activities which significantly affect the returns of the arrangement.

The principal place of business for the above joint operations is in Australia.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (c) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2023 and 31 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS / COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST		NATURE OF RELATIONSHIP	MEASUREMENT METHOD	CARRYING AMOUNT OF INVESTMENT	
		2023 %	2022 %			2023 \$M	2022 \$M
Port Waratah Coal Services Ltd	Australia	30 %	30 %	Associate	Equity method	180	175
WICET Holdings Pty Ltd <sup>48</sup>	Australia	33 %	25 %	Associate	Equity method	—	—
Middlemount Coal Pty Ltd	Australia	49.9997 %	49.9997 %	Joint Venture	Equity method	251	238
HVO Coal Sales Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
HV Operations Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
HVO Services Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
Newcastle Coal Infrastructure Group Pty Ltd	Australia	27 %	27 %	Joint Venture	Equity method	—	—
<b>Total</b>						<b>431</b>	<b>413</b>

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>AMOUNT RECOGNISED IN PROFIT OR LOSS:</b>		
Middlemount Coal Pty Ltd	13	131
Port Waratah Coal Services Ltd	16	15
	<b>29</b>	<b>146</b>

## (i) Investment in associates

### Port Waratah Coal Services Ltd

The Group holds a direct shareholding in Port Waratah Coal Services Ltd ("PWCS") of 30% (2022: 30%). Under the shareholder agreement between the Group and the other shareholders of PWCS, the Group has 30% of the voting power of PWCS. The Group has the right to appoint a director who is on the Board to partake in policy-making processes and is the appointed manager. The principal activities of PWCS were the provision of coal receivable, blending, stockpiling and ship loading services in the Port of Newcastle.

### WICET Holdings Pty Ltd ("WICET")

The Group holds 33% (2022: 25%) of the ordinary shares of WICET Holdings Pty Ltd ("WICET"). Under the shareholder agreement between the Group and other shareholders of WICET, the Group has 10.8% (2022: 9.7%) of the voting power equal to its capacity entitlement at WICET. The Group has the right to appoint a director and is currently represented on the Board to partake in policy-making processes. The principal activities of WICET were the provision of coal receiving, stockpiling and ship loading services in the Port of Gladstone.

### Movements in carrying amounts

	PWCS	
	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Opening balance	175	171
Share of profit of equity-accounted investees, net of tax	16	15
Dividends received	(12)	(11)
Reserve movement	1	—
<b>Closing net book amount</b>	<b>180</b>	<b>175</b>

## (ii) Interest in joint ventures

### Middlemount Coal Pty Ltd

Gloucester (SPV) Pty Ltd, has a 49.9997% (2022: 49.9997%) interest in the net assets of Middlemount Coal Pty Ltd ("Middlemount"), an incorporated joint venture, whose principal activity is the development and operation of open-cut coal mines in the Bowen Basin. Structured through a separate vehicle and as a Pty Ltd entity, the legal form provides separation of the assets and liabilities of Middlemount and its owners. The Group and the other shareholder have joint control over Middlemount as they must act together to

<sup>48</sup> During the year one WICET shareholder exited and as a result the Group's shareholding increased to 33% and its voting power increased to 10.8%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

direct the relevant activities which significantly affect the returns of the arrangement. The key decisions require approval of 80% of the voting interest (which follows ownership interest). Given the legal structure of Middlemount, it has been concluded that it should be classified as a Joint Venture. In accordance with AASB 11 *Joint Arrangements*, the Group's investment in Middlemount should be accounted for using the equity method.

## HVO Entities

The Group holds a 51% (2022: 51%) interest in HVO Coal Sales Pty Ltd, HV Operations Pty Ltd and HVO Services Pty Ltd (together the "HVO Entities"). These entities are the sales, marketing and employee vehicles of the HVO Joint Operation. The Group and the other joint venture partner have joint control over HVO Entities as they must act together to direct the relevant activities which significantly affect the returns of the arrangement.

## Newcastle Coal Infrastructure Group Pty Ltd

The Group holds 27% (2022: 27%) of the ordinary shares of Newcastle Coal Infrastructure Group Pty Ltd ("NCIG"). Under the shareholder agreement between the Group and other shareholders, the Group has 27% of the voting power of NCIG. The Group has the right to appoint a director and is currently represented on the Board to partake in policy-making processes. The principal activities of NCIG were the provision of coal receiving, stockpiling and ship loading services in the Port of Newcastle. All decisions over relevant activities are made by the Group and two other investors as the decisions over the relevant activities requires approval of 75% of voting interest. In accordance with AASB 11 *Joint Arrangements*, the Group's investment in NCIG is deemed a joint venture and is accounted for using the equity method.

## Movements in carrying amounts

The Group's share of NCIG's loss after tax has not been recognised for the reporting periods since the Group's share of NCIG's accumulated losses exceeds its interest in NCIG at the reporting dates.

As the Group does not have contractual agreements or an obligation to contribute to this joint venture no additional liabilities have been recognised.

	MIDDLEMOUNT	
	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Opening net book amount	238	132
Share of profit of equity-accounted investees, net of tax	13	131
Dividends received	—	(25)
<b>Closing net book amount</b>	<b>251</b>	<b>238</b>

## (iii) Commitments and contingent liabilities in respect of associates and joint ventures

There were no commitments and no contingent liabilities in respect of the Group's associates and joint ventures, other than Middlemount as at 31 December 2023 as set out in Note D6(ii).

As a shipper in NCIG and WICET, the Group may be required to pay its share of any outstanding senior debt, amortised over the remaining years of that particular contract, if the Group's source mines are unable to maintain a minimum level of Marketable Coal Reserves. Furthermore, the Group may be required to pay its share of any outstanding senior debt in full, if NCIG or WICET are unable to refinance a tranche of its maturing debt and defaults on its remaining debt. If an NCIG or WICET shipper was to default on its contractual obligations and was unable to pay its share of the NCIG or WICET debt, the outstanding senior debt would be socialised amongst the remaining shippers. In this scenario's the Group's share of the outstanding senior debt would increase.

The Group currently expects to remain in compliance with the minimum level of Marketable Coal Reserves and is unaware of any issues with NCIG or WICET refinancing their future debt maturities.

## E2 RELATED PARTY TRANSACTIONS

### (a) Parent entities

The parent entity within the Group is Yancoal Australia Ltd. The Group's majority shareholder is Yankuang Energy Group Company Limited ("Yankuang Energy"), incorporated in the People's Republic of China, formerly known as Yanzhou Coal Mining Company Limited. The ultimate parent entity and ultimate controlling party is Shandong Energy Group Company Limited ("Shandong Energy"), incorporated in the People's Republic of China, formerly known as Yankuang Group Corporation Limited.

### (b) Yancoal International Holding Co. Ltd

Yancoal International (Holding) Co., Ltd is a wholly owned subsidiary of Yankuang Energy and controls the following subsidiaries: Yancoal Technology Development Holdings Pty Ltd, Athena Holdings Pty Ltd, Tonford Holdings Pty Ltd, Wilpeena Holdings Pty Ltd, Premier Coal Holdings Pty Ltd, Premier Coal Pty Ltd (formerly Premier Coal Ltd), Yankuang Ozstar Ningbo Trading Co Ltd ("Yankuang Ozstar"), Yancoal Energy Pty Ltd and Syntech Resources Pty Ltd ("Yancoal International Group"). The Company manages these entities on behalf of Yankuang Energy.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **(c) Associates and joint ventures**

Refer to Note E1 for details on the associates and joint ventures.

### **(d) Transactions with other related parties**

The following transactions occurred with related parties:

NOTES	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
<b>SALES OF GOODS AND SERVICES</b>		
Sales of coal to Yancoal International Trading Co. Ltd (i)	216,126	132,772
Sales of coal to Shandong Energy (Qingdao) Intelligent Industry Technology Co. Ltd (i)	129,212	22,130
Sales of coal to Shandong Energy (Hainan) Intelligent International Technology Co., Ltd (i)	65,568	26,201
Sales of coal to Yankuang Lucky International Company Limited (i)	22,321	—
Provision of marketing and administrative services to Yancoal International Group (i)	16,028	11,179
Provision of marketing and administrative services to Shandong Energy Group (i)	896	527
	<b>450,151</b>	<b>192,809</b>
<b>PURCHASES OF GOODS AND SERVICES</b>		
Purchases of coal from Syntech Resources Pty Ltd (i)	(20,368)	—
	<b>(20,368)</b>	<b>—</b>
<b>ADVANCES AND LOANS</b>		
Repayment of loans from Middlemount	—	211,802
	<b>—</b>	<b>211,802</b>
<b>EQUITY SUBSCRIPTION, DEBT REPAYMENT AND DEBT PROVISION</b>		
Lease payments for NHL trucks with Zhongyin (Hong Kong) Co., Limited	(17,026)	(4,644)
Repayment of loans from Shandong Energy	—	(1,181,973)
Repayments of loan from Yankuang Energy (ii)	—	(940,113)
	<b>(17,026)</b>	<b>(2,126,730)</b>
<b>FINANCE COSTS</b>		
Unwinding of discount on loan from Shandong Energy	D1	(279,136)
Interest on loan from Shandong Energy	—	(37,844)
Interest expenses on loans from Yankuang Energy (ii)	—	(19,226)
Interest expenses on loans from Yancoal International Resources Development Co., Ltd (ii)	—	(677)
	<b>—</b>	<b>(336,883)</b>
<b>OTHER COSTS</b>		
Port charges to NCIG	(272,198)	(177,443)
Port charges to WICET	(39,838)	(53,653)
Port charges to PWCS	(35,176)	(30,187)
Corporate guarantee fee to Yankuang Energy (ii)	—	(14,375)
	<b>(347,212)</b>	<b>(275,658)</b>
<b>FINANCE INCOME</b>		
Interest income received from loan receivable with Middlemount	—	62,910
	<b>—</b>	<b>62,910</b>
<b>OTHER INCOME</b>		
Royalty income charged to Middlemount	27,380	28,433
Dividend income received from PWCS	13,665	12,709
Bank guarantee fee charged to Yancoal International Group (ii)	2,167	2,431
Dividend income received from Middlemount	—	25,000
	<b>43,212</b>	<b>68,573</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **(e) Outstanding balances arising from transactions with related parties**

Balances outstanding at the reporting date to / from related parties are unsecured, non-interest bearing (except for loans receivable and loans payable) and are repayable on demand.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
<b>CURRENT ASSETS</b>		
<i>Trade and other receivables</i>		
Royalty receivable from Middlemount	6,467	7,120
Receivable from Yancoal International Group in relation to cost reimbursement	2,354	1,126
Other receivable from Shandong Energy Australia	419	—
<b>LOANS RECEIVABLE</b>		
Other receivable from Shandong Energy	20	13
	<b>9,260</b>	<b>8,259</b>
<b>Total assets</b>	<b>9,260</b>	<b>8,259</b>
<b>CURRENT LIABILITIES</b>		
<i>Other payables</i>		
Payables to Yankuang Energy	21	—
Lease liabilities (NHL trucks) with Zhongyin (Hong Kong) Co., Limited	14,479	11,329
	<b>14,500</b>	<b>11,329</b>
<b>NON-CURRENT LIABILITIES</b>		
<i>Other payables</i>		
Lease liabilities (NHL trucks) with Zhongyin (Hong Kong) Co., Limited	42,861	57,890
	<b>42,861</b>	<b>57,890</b>
<b>Total liabilities</b>	<b>57,361</b>	<b>69,219</b>

(i) Continuing connected transaction under Chapter 14A of HK Listing Rules.

(ii) Fully exempt continuing connected transaction under Chapter 14A of HK Listing Rules



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **(f) Guarantees**

The financiers of the Group have issued undertakings and guarantees to government departments, and various external parties on behalf of the following related entities:

	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
<b>YANCOAL INTERNATIONAL GROUP</b>		
Syntech Resources Pty Ltd	52,232	55,727
AMH (Chinchilla Coal) Pty Ltd	49	29
Premier Coal Pty Ltd (formerly Premier Coal Ltd)	29,062	29,062
Tonford Holdings Pty Ltd	10	10
Athena Joint Venture	3	3
	<b>81,356</b>	<b>84,831</b>

### **(g) Terms and conditions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### **(h) Letter of support provided by parent**

The Directors of Yankuang Energy have provided a letter of support whereby unless revoked by giving not less than 24 months notice, for so long as Yankuang Energy owns at least 51% of the shares of the Company, Yankuang Energy will ensure that the Group continues to operate so that it remains solvent.

## **E3 PARENT ENTITY FINANCIAL INFORMATION**

### **(a) Summary financial information**

The individual financial statements for the parent entity, Yancoal Australia Ltd show the following aggregate amounts:

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
Current assets	7,784	6,306
Non-current assets	8,668	8,679
<b>Total assets</b>	<b>16,452</b>	<b>14,985</b>
Current liabilities	7,662	8,627
Non-current liabilities	2,021	1,845
Total liabilities	9,683	10,472
<b>Net assets</b>	<b>6,769</b>	<b>4,513</b>
<i>Shareholders equity</i>		
Contributed equity	6,698	6,698
Reserves		
Other reserves	(258)	(264)
Retained earnings / (accumulated losses)	329	(1,921)
<b>Capital and reserves attributable to the owners of Yancoal Australia Ltd</b>	<b>6,769</b>	<b>4,513</b>
Profit for the year	3,663	1,921
Other comprehensive expense	(3)	(61)
<b>Total comprehensive income</b>	<b>3,660</b>	<b>1,860</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Dividends

Subsequent to year end, controlled subsidiaries have declared dividends sufficient to enable the parent to declare a final dividend from accounting profits.

### **(b) Guarantees entered into by the parent entity**

As at 31 December 2023, the parent entity had contingent liabilities in the form of bank guarantees amounting to \$914 million (2022: \$941 million) in support of the operations of the parent entity, its subsidiaries and related parties (refer to Note D6).

### **(c) Contingent liabilities of the parent entity**

There are cross guarantees given by Yancoal Australia Ltd and certain subsidiaries (refer Note E4 for details regarding the closed group). For a consolidated Statement of profit and loss and details of the movements in the consolidated retained earnings for the closed Group refer Note E5

The parent entity did not have any contingent liabilities as at 31 December 2023, except for those described in Note D6 and E5.

## E4 CONTROLLING INTERESTS

### **(i) Significant investments in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries that are controlled:

NAME OF ENTITY	PRINCIPAL ACTIVITIES	ISSUED AND FULLY PAID SHARE CAPITAL \$	EQUITY HOLDING	
			2023 %	2022 %
<b>THE COMPANY</b>				
Yancoal Australia Ltd (i)			100	100
<b>CONTROLLED ENTITIES</b>				
Yancoal Australia Sales Pty Ltd (i) (ii)	Coal sales	100	100	100
Yancoal Resources Pty Ltd (formerly Yancoal Resources Limited) (ii)	Coal investment holding company	446,409,065	100	100
Yancoal Mining Services Pty Ltd (i)	Provide management services to underground mines	100	100	100
Yancoal Insurance Company Limited (iii)	Provision of captive insurance to the Group	19,000,000	100	—
Yancoal Moolarben Pty Ltd (i) (ii)	Coal business development	100	100	100
Moolarben Coal Mines Pty Ltd (ii)	Coal business development	1	100	100
Moolarben Coal Operations Pty Ltd	Management of coal operations	2	100	100
Moolarben Coal Sales Pty Ltd	Coal sales	2	100	100
Felix NSW Pty Ltd	Investment holding	2	100	100
Yarrabee Coal Company Pty. Ltd. (ii)	Coal mining and sales	92,080	100	100
Proserpina Coal Pty Ltd	Holding company	1	100	100
Athena Coal Operations Pty Ltd	Dormant	1	100	100
Athena Coal Sales Pty Ltd	Dormant	1	100	100
Gloucester Coal Pty Ltd (formerly Gloucester Coal Ltd) (i) (ii)	Coal resource exploration development	719,720,808	100	100
Westralian Prospectors Pty Ltd (formerly Westralian Prospectors NL) (i)	Holding company	93,001	100	100
Eucla Mining Pty Ltd (formerly Eucla Mining NL) (i)	Coal mining	2	100	100
CIM Duralie Pty Ltd (i)	Holding company	665	100	100
Duralie Coal Marketing Pty Ltd (i)	Holding company	2	100	100
Duralie Coal Pty Ltd (i) (ii)	Coal mining	2	100	100
Gloucester (SPV) Pty Ltd (ii)	Holding company	2	100	100
Gloucester (Sub Holdings 2) Pty Ltd (i)	Holding company	2	100	100
CIM Mining Pty Ltd (i)	Holding company	30,180,720	100	100
Monash Coal Holdings Pty Ltd (i)	Holding company	100	100	100
CIM Stratford Pty Ltd (i)	Holding company	21,558,606	100	100
CIM Services Pty Ltd (i)	Holding company	8,400,002	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NAME OF ENTITY	PRINCIPAL ACTIVITIES	ISSUED AND FULLY PAID SHARE CAPITAL \$	EQUITY HOLDING	
			2023 %	2022 %
Monash Coal Pty Ltd (i) (ii)	Coal exploration	100	100	100
Stratford Coal Pty Ltd (i) (ii)	Coal mining	10	100	100
Stratford Coal Marketing Pty Ltd (i)	Coal sales	10	100	100
Coal & Allied Industries Pty Ltd (formerly Coal & Allied Industries Ltd) (ii)	Coal investment holding company	86,584,735	100	100
Kalamah Pty Ltd	Holding company	1	100	100
Coal & Allied (NSW) Pty Ltd	Employment company for Mount Thorley and Warkworth mines	1	100	100
Australian Coal Resources Pty Ltd (formerly Australian Coal Resources Ltd)	Coal investment holding company	5	100	100
Coal & Allied Operations Pty Ltd (ii)	Coal mining and related coal preparation and marketing	17,147,500	100	100
Lower Hunter Land Holdings Pty Ltd	Management company of Lower Hunter Land entities	1	100	100
Oaklands Coal Pty Ltd	Coal exploration	5,005	100	100
Novacoal Australia Pty Ltd	Holding company	530,000	100	100
CNA Resources Pty Ltd (formerly CNA Resources Ltd) (ii)	Holding company	14,258,694	100	100
CNA Warkworth Pty Ltd	Coal mining	1	100	100
Coal & Allied Mining Services Pty Ltd	Employment company for Mount Thorley Co Venture	10,000	100	100
RW Miller (Holdings) Pty Ltd (formerly RW Miller (Holdings) Ltd)	Holding company	42,907,017	100	100
Mount Thorley Coal Loading Ltd	Operation of coal loading facility	3,990,000	70	70
Gwandalan Land Pty Ltd	Dormant	1	100	100
Nords Wharf Land Pty Ltd	Dormant	1	100	100
Catherine Hill Bay Land Pty Ltd	Dormant	1	100	100
Black Hill Land Pty Ltd	Dormant	1	100	100
Minmi Land Pty Ltd	Dormant	1	100	100
Namoi Valley Coal Pty Ltd	Holding company	51,210,000	100	100
CNA Warkworth Australasia Pty Ltd (ii)	Coal mining	2	100	100
CNA Bengalla Investments Pty Ltd	Holding company	12	100	100
Mount Thorley Operations Pty Ltd (ii)	Coal mining	24,214	100	100
Northern (Rhondda) Collieries Pty Ltd	Holding company	62,082	100	100
Miller Pohang Coal Company Pty Ltd	Sales company for Mount Thorley JV	100	80	80
Warkworth Mining Ltd	Mine management	100	85	85
Warkworth Pastoral Company Pty Ltd	Pastoral company for the Warkworth JV	100	85	85
Warkworth Tailings Treatment Pty Ltd	Tailings company for the Warkworth JV	100	85	85
Warkworth Coal Sales Ltd	Sales company for Warkworth JV	100	85	85
White Mining Pty Ltd (formerly White Mining Limited) (i)	Holding company and mine management	3,300,200	100	100
Watagan Mining Company Pty Ltd (i)	Holding company	100	100	100
Austar Coal Mine Pty Limited (i)	Coal mining and sales	64,000,000	100	100
White Mining Services Pty Limited (i)	Holding company	2	100	100
White Mining (NSW) Pty Limited (i)	Coal mining and sales	10	100	100
Ashton Coal Operations Pty Limited (i)	Mine management	5	100	100
Ashton Coal Mines Pty Ltd (formerly Ashton Coal Mines Ltd) (i)	Coal sales	100	100	100
Donaldson Coal Holdings Pty Ltd (formerly Donaldson Coal Holdings Ltd) (i)	Holding company	204,945,942	100	100
Gloucester (Sub Holdings 1) Pty Ltd (i)	Holding company	2	100	100
Donaldson Coal Pty Ltd (i)	Coal mining and sales	6,688,782	100	100
Donaldson Coal Finance Pty Ltd (i)	Finance company	10	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NAME OF ENTITY	PRINCIPAL ACTIVITIES	ISSUED AND FULLY PAID SHARE CAPITAL	EQUITY HOLDING	
			2023	2022
		\$	%	%
Abakk Pty Ltd (i)	Holding company	6	100	100
Newcastle Coal Company Pty Ltd (i)	Coal mining	2,300,999	100	100
Primecoal International Pty Ltd (i)	Holding company	1	100	100

(i) These subsidiaries have been granted relief from the requirement to prepare financial reports in accordance with ASIC Legislative Instrument 2016/785. These subsidiaries represent the closed Group for the purposes of the class order. For further information refer to Note E5.

(ii) These entities are considered to be the material controlled entities of the Group. Their principal activities are the exploration, development, production and marketing of metallurgical and thermal coal.

(iii) All subsidiaries included in the table above are incorporated and operate in Australia, except for Yancoal Insurance Company Limited which is incorporated and operates in Guernsey.

No subsidiaries have been deregistered / dissolved during 2023.

The subsidiaries as listed have share capital consisting solely of ordinary shares and subordinated capital notes, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

## E5 DEED OF CROSS GUARANTEE

Yancoal Australia Ltd and certain subsidiaries (refer to Note E4), are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Legislative Instrument 2016/785 issued by the Australian Securities and Investments Commission.

### (a) Consolidated statement of profit or loss and other comprehensive income

Set out below is a Consolidated Statement of Profit or Loss and Other Comprehensive Income and a summary of movements in consolidated retained earnings/(accumulated losses) for the year ended 31 December 2023 of the entities included in the deed of cross guarantee consisting of Yancoal Australia Ltd and certain subsidiaries. For details regarding the closed group and the extended closed group refer to Note E4.

	31 DECEMBER 2023	31 DECEMBER 2022
	\$M	\$M
<b>Revenue</b>	<b>4,074</b>	<b>3,172</b>
Other income	170	79
Changes in inventories of finished goods and work in progress	(25)	24
Raw materials and consumables used	(92)	(94)
Employee benefits	(170)	(188)
Depreciation and amortisation	(288)	(319)
Coal purchase	(160)	(182)
Impairment charges	—	(315)
Transportation	(158)	(154)
Contractual services and plant hire	(91)	(68)
Government royalties	(44)	(75)
Finance costs	(14)	(399)
Other operating expenses	(116)	(495)
<b>Profit before income tax</b>	<b>3,086</b>	<b>986</b>
Income tax benefit	128	569
<b>Profit after income tax</b>	<b>3,214</b>	<b>1,555</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges:		
Fair value losses taken to equity	(5)	(326)
Fair value losses transferred to profit or loss	1	239
Deferred income tax benefit	1	26
<b>Other comprehensive expense, net of tax</b>	<b>(3)</b>	<b>(61)</b>
<b>Total comprehensive income</b>	<b>3,211</b>	<b>1,494</b>
<b>Summary of movements in consolidated retained earnings or accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(1,445)	(1,374)
Dividends paid	(1,413)	(1,626)
Profit after income tax	3,214	1,555
<b>Retained earnings / (accumulated losses) at the end of the financial year</b>	<b>356</b>	<b>(1,445)</b>

### **(b) Consolidated balance sheet**

Set out below is a Consolidated Balance Sheet as at 31 December 2023 of the entities included in the deed of cross guarantee consisting of Yancoal Australia Ltd and certain subsidiaries. For details regarding the closed group and the extended closed group refer to Note E4.

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	895	1,550
Trade and other receivables	4,031	6,222
Inventories	43	63
Other current assets	13	8
<b>Total current assets</b>	<b>4,982</b>	<b>7,843</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	15	15
Other financial assets	6,791	6,791
Property, plant and equipment	580	591
Exploration and evaluation assets	16	16
Mining tenements	910	1,071
Intangible assets	26	26
Deferred tax assets	140	171
Other non-current assets	17	19
<b>Total non-current assets</b>	<b>8,495</b>	<b>8,700</b>
<b>Total assets</b>	<b>13,477</b>	<b>16,543</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5,990	9,609
Interest-bearing liabilities	10	13
Current tax liabilities	216	1,542
Provisions	34	5
<b>Total current liabilities</b>	<b>6,250</b>	<b>11,169</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	40	48
Trade and other payables	4	13
Provisions	408	345
<b>Total non-current liabilities</b>	<b>452</b>	<b>406</b>
<b>Total liabilities</b>	<b>6,702</b>	<b>11,575</b>
<b>Net assets</b>	<b>6,775</b>	<b>4,968</b>
<b>EQUITY</b>		
Contributed equity	6,679	6,679
Reserves	(260)	(266)
Retained earnings / (accumulated losses)	356	(1,445)
<b>Total equity</b>	<b>6,775</b>	<b>4,968</b>

## F OTHER INFORMATION

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements. Information is provided on commitments, remuneration of auditors, events occurring after balance date, reconciliation of profit after income tax to net cash inflow, other accounting policies and new and amended accounting policies.

### F1 COMMITMENTS

#### (a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<i>Property, plant and equipment</i>		
Not later than one year		
Share of joint operations	171	213
Other	18	9
<i>Exploration and evaluation</i>		
Not later than one year		
Share of joint operations	1	—
	<b>190</b>	<b>222</b>

### F2 REMUNERATION OF AUDITORS

#### (a) SW Audit

	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
Audit and review of financial statements	1,279	1,178
Audit-related services	27	31
Other assurance services	39	59
<b>Total remuneration of SW Audit</b>	<b>1,345</b>	<b>1,268</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (b) ShineWing China CPA / ShineWing (HK) CPA Ltd

	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
Audit and review of financial statements	—	10

### (c) Other audit providers

During the year ended 31 December 2023 the Company incurred services provided by other audit providers for the audit and review of financial statements and financial information for:

PROVIDER	ENTITY	31 DECEMBER 2023 \$'000	31 DECEMBER 2022 \$'000
Deloitte	Hunter Valley Operations	71	68
Ernst & Young	Middlemount	—	24

### F3 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 DECEMBER 2023 \$M	31 DECEMBER 2022 \$M
<b>Profit after income tax</b>	<b>1,819</b>	<b>3,586</b>
<i>Non-cash flows in profit or loss:</i>		
Depreciation and amortisation of non-current assets	881	834
Rehabilitation provision increase	105	50
Unwinding of discount on provisions and deferred payables	33	26
Loss / (gain) on remeasurement of royalty receivables	15	(12)
Fair value losses recycled from hedge reserve	1	239
Net gain on disposal of property, plant and equipment	(5)	(5)
Foreign exchange gains	(16)	(109)
(Gain) / loss on remeasurement of contingent royalty	(21)	60
Share of profit of equity-accounted investees, net of tax	(29)	(146)
Release of provisions	(34)	(41)
Unwind of non-substantial loan refinance	—	279
Interest income release from joint venture loan	—	(63)
Impairment of property, plant and equipment, intangible and exploration assets	—	315
<i>Changes in assets and liabilities:</i>		
Decrease in operating receivables	135	36
(Increase) / decrease in prepayments	(25)	17
Increase in deferred tax	(38)	(107)
Increase in inventories	(86)	(66)
(Decrease) / increase in operating payables	(153)	93
(Decrease) / increase in tax provision	(1,321)	1,542
<b>Net cash inflow from operating activities</b>	<b>1,261</b>	<b>6,528</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## F4 HISTORICAL INFORMATION

The revenue, profit / (loss) after tax, assets and liabilities for the last five years at 31 December are:

	2023	2022	2021	2020	2019
	\$M	\$M	\$M	\$M	\$M
Revenue	7,778	10,548	5,404	3,473	4,459
Profit / (loss) before income tax	2,583	5,091	1,103	(1,143)	767
Income tax (expense) / benefit	(764)	(1,505)	(312)	103	(48)
<b>Profit / (loss) after tax</b>	<b>1,819</b>	<b>3,586</b>	<b>791</b>	<b>(1,040)</b>	<b>719</b>
Profit / (loss) is attributable to:					
Owners of Yancoal Australia Ltd	1,819	3,586	791	(1,040)	719
Non-controlling interests	—	—	—	—	—
<b>ASSETS AND LIABILITIES</b>					
Current assets	2,533	3,810	2,531	1,343	1,773
Non-current assets	8,721	8,991	9,269	9,712	9,320
<b>Total assets</b>	<b>11,254</b>	<b>12,801</b>	<b>11,800</b>	<b>11,055</b>	<b>11,093</b>
Current liabilities	1,048	2,532	826	1,199	2,112
Non-current liabilities	1,764	2,239	4,828	4,663	2,818
<b>Total liabilities</b>	<b>2,812</b>	<b>4,771</b>	<b>5,654</b>	<b>5,862</b>	<b>4,930</b>
<b>Net assets</b>	<b>8,442</b>	<b>8,030</b>	<b>6,146</b>	<b>5,193</b>	<b>6,163</b>

## F5 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstances have occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group or Company in subsequent financial periods except for the following:

- On 23 February 2024, the Directors declared a fully franked final dividend of A\$429 million, A\$0.3250 per share, with a record date of 13 March 2024 and a payment date of 30 April 2024.

## F6 OTHER MATERIAL ACCOUNTING POLICIES

### (a) Foreign currency transactions

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **(b) Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### **(i) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### **Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

## **Financial assets at Fair Value Through Profit or Loss ("FVTPL")**

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor contingent consideration arising from a business combination as at FVTOCI on initial recognition, and
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other revenue' line item.

### **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation.

## Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default (including consideration of enforceability and recoverability under any guarantees). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and any undrawn, but committed loans associated with the financial asset.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **Impairment of trade receivables**

The Group has applied the simplified approach to measuring ECL to trade and other receivables using a life-time expected loss allowance. The Group has also used the practical expedient of a provisions matrix using fixed rates to approximate the ECL. These provisions are considered representative across all business and geographic segments of the Group based on historical credit loss experience and considered future information.

## **(ii) Financial liabilities and equity instruments**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

## **Financial liabilities**

The Group's financial liabilities including trade and other payables, non-contingent royalty payable, interest-bearing liabilities which are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

## **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

## **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

## **(iii) Accounting for derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities (fair value hedge); and (ii) hedges of highly probable forecast transactions (cash flow hedge).

The fair values of various derivative instruments used for hedging purposes are disclosed in Note D7. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more

than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

## **Cash flow hedges**

The effective portion of changes in the fair value of derivatives or other financial instruments that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the profit or loss.

## **Derivatives that do not qualify for hedge accounting and those not designated as hedging instruments**

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting and those not designated as hedges are recognised immediately in the profit or loss.

## **(iv) Derecognition**

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in investment revaluation reserve is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## F7 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Other amending accounting standards and interpretations

The relevant accounting amendments and interpretations effective for the current reporting period are:

- AASB 2020-1, 2020-6 Amendments to Australian Accounting Standards - Classification of liabilities as Current of Non-current deferral of effective date
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimate (amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2)
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (AASB 1 and AASB 112)

Above mentioned amendments have not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

Except for the above mentioned amendment there were no further changes to the Group's accounting policies and no effect on the amounts reported for the current or prior periods.

## F8 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Australian Accounting Standards Board ("AASB") released an exposure draft on the Australian Sustainability Reporting Standards ("ASRS") for mandatory sustainability disclosures for Australian businesses in October 2023. It is anticipated that this will be implemented from 1 July 2024.

The Group's assessment of the impact of the other new standards and interpretations is set out below.

REFERENCE	DETAILS OF NEW STANDARD/AMENDMENT/INTERPRETATION	APPLICATION DATE FOR THE GROUP
AASB 2022-5	<p>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</p> <ul style="list-style-type: none"> <li>• This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers, to be accounted for as a sale.</li> <li>• AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.</li> </ul> <p>Impact: These amendments are not expected to have a material impact on the Group unless a sale and lease back transaction would occur.</p>	1 January 2024
AASB 2023-5	<p>This Standard amends AASB 121 to introduce the additional requirement to determine the exchangeability of a foreign currency in which the entity conducts transactions or holds balances. For this purpose, the definition of exchangeability is added in the standard. Below are the amendments that result in change in accounting policy of the entity with respect to accounting for foreign currency transactions and balances:</p> <ul style="list-style-type: none"> <li>• There is a need to assess whether a currency is exchangeable into another currency: (a) at a measurement date; and (b) for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.</li> <li>• Estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. Detailed guidance in Appendix A should be applied in determining the exchangeability.</li> </ul> <p>Impact: No impact on reported financial performance or position. Reductions in the quantum of accounting policies disclosures to focus on key decision areas and material policies only.</p>	1 January 2024
AASB 2014-10, AASB 2021-7c	<p>AASB 2014-10: Sale or contribution of Assets between an Investor and its Associate or Joint Venture</p> <p>AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</p> <ul style="list-style-type: none"> <li>• The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</li> <li>• The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</li> <li>• AASB 2021-7c defers the effective date of AASB 2014-10 to 1 January 2025.</li> </ul> <p>Impact: This will only have impact where there has been a sale or contribution of assets between the entity and its investor. In the current period no such material transactions have occurred.</p>	1 January 2025

## **DIRECTORS' DECLARATION**

### **For the year ended 31 December 2023**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 48 to 107 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note E4 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note E5.

Note A(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by individuals performing the function of the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



**Gregory James Fletcher**

Director

Sydney

23 February 2024

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF YANCOAL AUSTRALIA LTD

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Yancoal Australia Ltd (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Yancoal Australia Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Recoverability of long-life assets (Note C3)

##### Area of focus

A substantial portion of the value of the Group's non-current assets are tangible and intangible assets which are subject to an impairment assessment in accordance with AASB 136 *Impairment of Assets*.

##### How our audit addressed the area of focus

Our audit procedures included:

- considering the assessment of the existence of impairment indicators



The carrying value of these long-life assets is \$6,214 million as at 31 December 2023 (note C3), as presented in property, plant and equipment (note C1), mining tenements (note C2), intangible assets (note C5) and in investment in associates (note E1).

The recoverable amount of the cash generating unit (CGU) has been calculated based on the fair value less costs of disposal. These recoverable amounts use discounted cash flow forecasts in which Directors make judgements about certain key inputs, for example, but not limited to, coal prices, foreign exchange rates, and discount rates are estimated.

Significant judgement is required to assess the recoverable amount of these assets. We have determined this to be a key audit matter

- assessing the basis for determining the Cash-Generating Units (CGUs)
- obtaining an understanding and assessing key controls over the preparation of the fair value models
- obtaining an understanding of the methods, assumptions and data used in the fair value models
- testing the accuracy of the fair value models
- assessing whether the methods, assumptions and data were appropriate
- obtaining the assistance of valuation experts in assessing whether certain key assumptions are appropriate
- assessing the adequacy of the Group’s impairment disclosures relating to the recoverability of long-life assets.

**2. Rehabilitation provision (Note C11)**

**Area of focus**

**How our audit addressed the area of focus**

The Group has closure and rehabilitation obligations to restore and rehabilitate environmental disturbances created by its operations sites.

Our audit procedures included:

The rehabilitation provision has been created based on management’s internal estimates and assumptions relating to the current economic environment, which management believes is a reasonable basis upon which to estimate the future liability. Significant judgement is required to assess the completeness of the provisions.

- evaluating the Group’s legal and regulatory obligations for closure and rehabilitation
- obtaining an understanding and assessing key controls over the preparation of rehabilitation provision
- obtaining an understanding of the methods, assumptions and data used in the rehabilitation provision
- testing whether the future rehabilitation costs were consistent with the closure plans prepared by the Group’s internal experts for relevant sites
- testing the mathematical accuracy of the closure and rehabilitation provision calculations
- assessing the qualifications, competence and objectivity of the internal and external experts and that the information provided by the Group’s experts has been appropriately reflected in the calculation of the closure and rehabilitation provisions
- assessing the key assumptions used by management, including benchmarking to comparable market data

The rehabilitation provision is an accounting estimate which is subject to estimation uncertainty. We have determined this to be a key audit matter.

- assessing the adequacy of the Group's disclosures relating to the rehabilitation and closure cost provision

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 29 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Yancoal Australia Ltd for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**SW Audit**  
Chartered Accountants



Yang (Bessie) Zhang  
Partner  
Sydney, 23 February 2024



Rami Eltchelebi  
Partner

# 2023 CORPORATE GOVERNANCE STATEMENT

## 2023 CORPORATE GOVERNANCE STATEMENT

### INTRODUCTION

The Board and management of the Company are committed to good corporate governance. The Company adopts an approach to corporate governance based on international good practice as well as meeting Australian and Hong Kong legal requirements.

### ASX CORPORATE GOVERNANCE STATEMENT

To the extent appropriate to the scale and nature of the Company's business, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations ("ASX Recommendations"). This statement sets out the Company's compliance with the ASX Recommendations and the main corporate governance policies and practices adopted by the Company.

### HK LISTING AND COMPLIANCE WITH THE HONG KONG CORPORATE GOVERNANCE CODE

The Company has also adopted the provisions of the Corporate Governance Code in Part 2 of Appendix C1 (the "HK Code") to the Rules Governing the Listing of Securities on HKEx (the "HK Listing Rules") as part of its corporate governance policy.

The Company has implemented and applied the principles contained within the HK Code in conducting the Company's business, including reflecting those principles in the Company's Board Charters and relevant policies. In the opinion of the Board, the Company has complied with the code provisions of the HK Code (in addition to the relevant principles of the ASX Recommendations, unless otherwise disclosed) for the financial year ended 31 December 2023. The conduct of the Company's compliance with the principles is discussed further in this statement.

## 1. OUR BOARD

### ROLE OF THE BOARD

The Board is responsible for the overall corporate governance, leadership and control of the Company including directing the affairs of the Company, setting and monitoring the Company's risk management strategy (including ESG risks) and overseeing the appointment, remuneration and performance of senior Executives. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the Company over the longer-term. Directors are expected to exercise their decision making in the best interests of the Company.

The Board's role and responsibilities and its delegation of authority to standing committees and senior Executives have been formalised in a Board Charter. The Board Charter can be found within the Corporate Governance section of the Company's website.

To assist the Board in making independent judgements, the Board Charter sets out the procedure by which the Board collectively, and each individual Director, can seek independent professional advice, at the Company's expense.

### DELEGATION TO MANAGEMENT

The Board delegates responsibility for the day to day management of the Company's affairs and implementation of the strategy and policy initiatives set by the Board to the Chair of the Executive Committee ("CEC"), the CEO and other senior Executives. The Executive Committee is a management committee comprising the CEC, CEO, the CFO and any other senior Executives that the Board resolves from time to time will be members of the Executive Committee.

The Executive Committee Charter sets out the functions of the Executive Committee and the duties of the CEC, CEO and CFO and provides for a clear division of responsibility between management and the Board. The Executive Committee Charter is supplemented with the financial decision authorities matrix and appropriate approval thresholds at different management / executive levels, which have been approved by the Board.

Given the delegation of the day-to-day management of the Company, it is the responsibility of management, with the assistance of the Company Secretary, to provide the Directors with timely, adequate and appropriate information to assist the Directors in making informed decisions and to be able to effectively perform their duties and responsibilities.

### STRUCTURE OF THE BOARD

During the financial year ended 31 December 2023, the Board composition was:

#### EXECUTIVE DIRECTORS

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Ning Zhang (to 27 September 2023)

Ning Yue (from 27 September 2023)

#### NON-EXECUTIVE DIRECTORS

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Baocai Zhang (Chairman) (to 15 September 2023)

Gang Ru (from 31 May 2023) and Chairman (from 15 September 2023)

Yaomeng Xiao

Xiaolong Huang (from 31 May 2023)

Qingchun Zhao (to 31 May 2023)

Xiangqian Wu (to 31 May 2023)

Xing Feng (to 20 April 2023)

Changyi Zhang (from 20 April 2023)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

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Gregory James Fletcher

Geoffrey William Raby

Helen Jane Gillies (to 9 February 2024)

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The skills, experience and expertise of each Director and the period that each Director has held office is disclosed in the Information on Directors in the Directors' Report. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between board members and between the Chairman, CEO and CEC.

The Constitution provides that there will be a minimum of 4 and a maximum of 11 Directors of the Company, unless the Company resolves otherwise at a general meeting.

The number of meetings held by the Board during 2023 and each director's attendance at these meetings is set out in the Directors' Report.

## 2023 CORPORATE GOVERNANCE STATEMENT

### CHAIRMAN OF THE BOARD

The current Chairman, Gang Ru, was nominated by the Company's majority shareholder, Yankuang Energy Group Company Limited ("Yankuang Energy"). The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions. The Chairman ensures that Directors have the opportunity to contribute to Board deliberations. The Chairman regularly communicates with the CEC and CEO to review key issues and performance trends.

The current CEO is David James Moutl. The CEO is responsible for conduct and supervision of the management function of the Company, including implementing strategic objectives, plans and budgets approved by the Board. The CEO has overall responsibility for the Company's operations (other than as delegated to the CEC) and undertakes such responsibilities as may be delegated to him by the Board from time to time. The CEO is accountable to the Board and reports to the Chairman of the Board and the CEC.

The roles of the Chairman, CEC and the CEO are separate and assumed by different individuals to ensure a balance of power and authority, so that power is not concentrated in any one individual of the Board. There is a clear division of responsibilities between the Chairman, CEC and the CEO.

### BOARD SKILLS MATRIX

The Board represents a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The table below sets out the skills and experience that are currently represented on the Board.

#### BOARD COLLECTIVE KEY SKILLS AND EXPERIENCE

Mining / exploration and production/ engineering	<ul style="list-style-type: none"> <li>Executive experience in mining, engineering or resources companies</li> <li>Experience in engineering, exploration and production projects both domestically and internationally</li> </ul>
Capital projects	<ul style="list-style-type: none"> <li>Experience in assessing commercial viability of major capital projects</li> <li>Experience in the delivery of large-scale capital project</li> </ul>
Trading / marketing	<ul style="list-style-type: none"> <li>Relevant experience in marketing and trading of coal</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Experience in developing and implementing successful business strategy, including appropriately overseeing management on the delivery of agreed strategic planning objectives</li> </ul>
Leadership	<ul style="list-style-type: none"> <li>Experience at a senior executive level working in a large organisation</li> </ul>
Board experience	<ul style="list-style-type: none"> <li>Experience in serving on Boards of varying size and composition, in varying industries and for a range of organisations</li> </ul>

Corporate governance	<ul style="list-style-type: none"> <li>Experience in governance within large organisations and multi-jurisdictional compliance environments</li> <li>Publicly listed company experience</li> </ul>
Accounting / audit / risk management	<ul style="list-style-type: none"> <li>Experience in financial accounting, reporting and corporate finance, including recognising and evaluating financial risks and maintaining effective risk management and internal controls</li> </ul>
Government / policy	<ul style="list-style-type: none"> <li>Experience in government affairs, and public and regulatory policy</li> </ul>
Legal / regulatory	<ul style="list-style-type: none"> <li>Experience in compliance and knowledge of legal and regulatory requirements</li> </ul>
Health, safety and environment	<ul style="list-style-type: none"> <li>Experience in health, safety and environment, including controlling risks and implementing and monitoring health, safety and environment strategies and procedures</li> </ul>
Human resources	<ul style="list-style-type: none"> <li>Experience in remuneration, workplace culture, people management and succession planning</li> </ul>
International business expertise	<ul style="list-style-type: none"> <li>Experience in and exposure to political, cultural, regulatory and business environments in a range of global locations</li> <li>Experience with doing business in China, including with government agencies, regulators and customers</li> </ul>

### NOMINATION AND APPOINTMENT OF DIRECTORS

The Board considers that Board succession planning, and the progressive and orderly renewal of the Company's Board membership, are an important part of the governance process. The Board's policy for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable the Board to carry out its responsibilities most effectively. As part of this appointment and re-appointment process, the Directors consider Board renewal and succession plans and whether the Board's size and composition is conducive to making appropriate decisions.

At the time of appointment of a new Non-Executive Director, the key terms and conditions relevant to that person's appointment, the Board's responsibilities and the Company's expectations of a Director are set out in a letter of appointment. The Company has implemented an induction program, facilitated by the Company Secretary, through which new Non-Executive Directors are introduced to the Company's operations and are familiarised with the Company's strategy, culture and core values. The Board has established a Nomination and Remuneration Committee to make recommendations to the Board on matters such as:

- Board composition and succession planning for the Board and the CEO;

## 2023 CORPORATE GOVERNANCE STATEMENT

- Director remuneration (subject to any shareholder approval that is required in accordance with the Company's Constitution, ASX Listing Rules and HK Listing Rules) and remuneration arrangements for the Company's Executive Committee and any other person nominated as such by the Nomination and Remuneration Committee from time to time;
- the public reporting of remuneration for Directors and key management personnel and other members of the Executive Committee;
- the performance assessment of the Executive Committee;
- designing Company remuneration policy and regulations with regard to corporate governance; and
- oversight of the progress of the diversity and inclusion strategy, as well as diversity metrics at the organisation and operation level.

In carrying out its duties, the Nomination and Remuneration Committee has regard to the ASX Recommendations and the principles in the HK Code in particular, principles B.1 and B.2. Further information regarding the Nomination and Remuneration Committee is outlined under the Board committees section below.

The Board recognises that people are its most important asset and is committed to the maintenance and promotion of diversity and inclusion in the workplace at all levels of the organisation. The Company's Diversity and Inclusion Policy, approved by the Board, seeks to actively facilitate a more diverse and representative management and leadership structure. The Company has a strong commitment to diversity including to ensure the adequate representation of women in senior executive positions and on the Board.

In identifying candidates, the Nomination and Remuneration Committee considers and recommends to the Board nominees by reference to a number of selection criteria including the skills, expertise, background and gender that add to and complement the range of skills, expertise, background and gender of the existing Directors, the capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest and independence, and the extent to which the candidate would fill a present need on the Board. The selection criteria for candidates for the Board are set out in the Nomination and Remuneration Committee Charter which can be found within the Corporate Governance section of the Company's website. Where appropriate, the appropriate checks are undertaken prior to a Director being appointed.

Shareholder approval is required for the appointment of Directors. However, Directors may appoint other Directors to fill a casual vacancy where the number of Directors falls below the Company Constitution's prescribed minimum number of Directors and in order to comply with any applicable laws, regulations, ASX Listing Rules or HK Listing Rules. If a Director is appointed to fill a casual vacancy in these circumstances, the approval of members must be sought at the next general meeting.

No Director may hold office without re-election beyond the third annual general meeting ("AGM") following the meeting at which the Director was last elected or re-elected. The Company provides all material information in its possession, including the details of expertise and qualifications, details of any other material directorships, and any other materials that the Board considers to be material to such a decision, in relation to Directors standing for election or re-election in the Notice of Meeting provided to shareholders prior to the AGM.

Each Non-Executive Director (whether independent or not) has been appointed for an initial term of not more than 3 years and will be subject to retirement by rotation at least once every 3 years under rule 8.1 of the Company's Constitution, pending re-election by the shareholders at an AGM.

To the extent that the ASX Listing Rules require an election of Directors to be held and no Director would otherwise be required under the Company's Constitution to submit for election or re-election at an AGM, the Director who has been the longest in office since their last election or appointment must retire at the AGM. As between Directors who were last elected or appointed on the same day, where it is not agreed between the relevant Directors, the Director to retire must be decided by lot.

The process for appointment, retirement and re-election of Directors is set out in the Company's Constitution which can be found within the Corporate Governance section of the Company's website.

### INDEPENDENCE STANDARD

In assessing the independence of its Directors, the Board has regard to the factors relevant to assessing the independence of a Director that are set out in Box 2.3 of the ASX Recommendations and Rule 3.13 of the HK Listing Rules. The criteria considered in assessing the independence of Non-Executive Directors are also set out in the Board Charter. The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining 'independence' on a case-by-case basis, having regard to both quantitative and qualitative principles. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company or are likely to affect, or could appear to affect, their independent judgement.

A Director is generally considered to be independent if the Director:

- is not, and has not within the last three years been, employed in an executive capacity by the Company or any of its child entities;
- is not, nor has within the last three years been, a partner, principal, director or senior employee of a provider of material professional services to the Company or its holding company or any of their respective child entities;

## 2023 CORPORATE GOVERNANCE STATEMENT

- is not, nor has within the last three years been, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- does not receive performance-based remuneration (including options or performance rights) from, or participate in an employee incentive scheme of, the Company;
- does not hold more than 1% of the number of issued shares of the Company;
- is not an officer of, or otherwise associated with, a substantial shareholder of the Company;
- is not, nor has been within the last three years an officer or employee of, or a partner, principal, director or employee of a professional adviser to, a substantial shareholder of the Company;
- does not have a material contractual relationship with the Company or any of its child entities other than as a Director;
- does not have, nor within one year prior to the appointment, had any material interest in any principal activity of or is not or was not involved in any material business dealings with the Company, its holding company or their respective child entities;
- does not have close personal ties with any person who falls within any of the categories described above;
- has not been a Director of the Company, for such a period that his or her independence from management and substantial holders may have been compromised; and
- is free from any other interest, position, association or relationship that might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

### DIRECTOR INDEPENDENCE

In determining the composition of the Board, the Company has regard to the balance of Executive and Non- Executive Directors to ensure that there is a strong independent presence on the Board to exercise independent judgement.

The Company has assessed the independence of each of the Non-Executive Directors (including the Chairman of the Board) in light of their interests and relationships as at 31 December 2023, and has determined that of the 8 Directors on the Board as at 31 December 2023, three hold their positions in an independent Non-Executive capacity (based on the independence standard disclosed above). The Company's independent Directors as at 31 December 2023 are Gregory James Fletcher, Geoffrey William Raby and Helen Jane Gillies.<sup>49</sup> Mr Fletcher and Dr Raby have been independent non-executive Directors since their appointment on 26 June 2012 and have always emphasised the importance of high standards of corporate governance and contributed in objectively advising as well as constructively monitoring and mentoring the management team in their capacity as independent non-executive Directors. Being familiar with the corporate values of the Company, Mr Fletcher and Dr Raby have enhanced these values through their strong professional relationship with management.

After a review of all the skill sets, experience and qualifications of Mr Fletcher and Dr Raby respectively, the Company is satisfied that Mr Fletcher and Dr Raby have the required character, integrity, experience and knowledge to continue fulfilling the role of independent non-executive Director effectively, and their continued tenure will continue to bring valuable insights, expertise and fresh perspectives to the Board.

A majority of the Board are not considered independent Directors due to their affiliations with the Company's majority shareholder, Yankuang Energy, and also Shandong Energy, and accordingly the Company does not comply with Recommendation 2.4 of the ASX Recommendations. However, the Board considers that its composition appropriately represents the interests of its shareholders including its majority shareholder, Yankuang Energy, and that the Board has put in place appropriate policies and procedures to guide the Board and senior Executives in circumstances where conflicts of interest may arise and in its dealings with Yankuang Energy, including establishing Independent Board Committees where appropriate.

Each independent Non-Executive Director must regularly, and at least annually, provide the Board with all information relevant to their continued compliance with the independence standard. The independence of Directors will be reviewed by the Board with assistance from the Nomination and Remuneration Committee on a regular basis and at least annually at or around the time that the Board or the Nomination and Remuneration Committee considers candidates for re-election to the Board.

The independent Non-Executive Directors have confirmed their independence in accordance with Rule 3.13 of the HK Listing Rules, the ASX Listing Rules and the Board Charter and the Company has received from each of the independent Non-Executive Directors an annual confirmation on his/her independence as required under the Board Charter, and pursuant to the ASX Listing Rules. Accordingly, the Company considers that the independent Non-Executive Directors continue to be independent as at 31 December 2023.

The Company has established the following mechanisms to ensure independent views and input are available to the Board:

- A sufficient number of three Independent Non-executive Directors representing one-third or more of the Board have been appointed and continue to devote adequate time contribution to the Company;
- All Independent Non-Executive Directors are required to confirm in writing annually their compliance of independence requirements;
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Company;

<sup>49</sup> Ms Gillies resigned after the conclusion of the 2023 reporting period as noted in the Directors' Report.

## 2023 CORPORATE GOVERNANCE STATEMENT

- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company;
- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate;
- Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration;
- All Directors are encouraged to express freely their independent views and constructive challenges during the Board / Board Committees meetings; and
- An Independent Board Committee consisting of independent Non-Executive Directors is established by the Board as and when required to manage any related party transactions.

The Board will review the implementation and effectiveness of such mechanisms on an annual basis.

During the year ended 31 December 2023, the Board at all times met the requirements of Rule 3.10 of the HK Listing Rules.

### NOMINATION AND NON-INDEPENDENCE OF CHAIR

The Company's Constitution provides that the Company's shareholders holding a majority of the issued shares of the Company (which confer the right to vote) may nominate a Director to the office of Chairman and may elect one or more Directors to the office of Vice Chair.

As a nominee of Yankuang Energy, Gang Ru, the Chairman is not considered independent by the independence standard (as above) and accordingly the Company does not comply with Recommendation 2.5 of the ASX Recommendation. However, the Board considers that this is an appropriate reflection of Yankuang Energy's majority shareholding in the Company. While a majority of the Directors are associated with Yankuang Energy this is considered appropriate in light of Yankuang Energy's majority shareholding in the Company. The Board has put in place appropriate policies and procedures such as the Conflicts and Related Party Transactions Policy and the Majority Shareholder Protocol to manage any potential conflicts, while the Company's Constitution allows for the establishment of an Independent Board Committee consisting of independent Non-Executive Directors if required.

### CONFLICTS OF INTEREST

To help ensure that any conflicts of interests are identified, the Company has put in place a standing agenda item at all meetings of the Board and its committees to provide the Directors with the opportunity of declaring any conflicts of interests in the subject matter of the proposed resolutions made within the meeting.

### INDUCTION AND PROFESSIONAL DEVELOPMENT

Upon appointment, Directors are provided with induction training. This includes briefing sessions with management regarding the Company's structure, business operations, history, and culture, and provision of an information pack containing a letter of appointment setting out the Company's expectations, Directors' duties and the terms and conditions of their appointment, and other materials containing information about the Company including the Company's Constitution, charters and policies to support the induction of Directors to the Board.

Yancoal has an ongoing Director training program, which Directors participate in to ensure that they maintain the skills and knowledge required to effectively discharge their responsibilities. Examples of continuing education or development programs include briefings on directors' duties, cybersecurity risks, anti-corruption, modern slavery, climate related reporting and disclosure, challenges with future remediation obligations and rehabilitation costs and other relevant topics. Periodic review is undertaken to consider whether professional development for Directors is required to enable the Board to deal with new and emerging business and governance issues, and Directors are expected to undertake any necessary continuing education and training. The attendance record of continuous professional development training for each director during the year ended 31 December 2023 is disclosed in the Directors' Report.

The Company Secretary supports Directors by providing access to information in appropriate form where requested.

### KEEPING NON-ENGLISH SPEAKING DIRECTORS INFORMED

There are currently a number of non-English speaking directors on the Board. To ensure that these directors understand, and are able to participate in, Board meeting discussions and can properly discharge their directors' duties and obligations, the Company will ensure that:

- all Board and Board Committee papers or any other key corporate documents are distributed to a Director in a language the Director speaks and understands where that Director does not speak and understand English; and
- an interpreter is available at all Board and Board Committee meetings (whether in person, by telephone, video conference or otherwise) to assist in translating the content of all discussions at those meetings to ensure all Directors can understand and contribute to the discussions at those meetings.

In addition to the above, to ensure that all Directors are kept informed and can properly discharge their directors' duties and obligations, where required Board in-camera sessions are held prior to Board meetings, with a translator present, to provide all Directors the opportunity to participate and discuss important Company matters, and all Board Committee meetings, where possible and appropriate, invite all Directors to attend regardless of whether such Directors are members of such Board Committees.

### COMPANY SECRETARY

The Company Secretary supports and is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary facilitates the timely flow of information within the Board and between the Board and management. Each Director is able to communicate directly with the Company Secretary and vice versa. The Board Charter sets out the other duties of the Company Secretary, which include being responsible for:

## 2023 CORPORATE GOVERNANCE STATEMENT

- ensuring compliance by the Company with the Company's Constitution, the provisions of the *Corporations Act 2001* (Cth) and other applicable laws and Listing Rules as they relate to the Company;
- providing corporate governance advice to the Board and facilitating induction processes and the ongoing professional development of Directors;
- ensuring that the Board Charter and relevant policies and procedures are followed;
- ensuring that the Company's books and registers required by the *Corporations Act 2001* (Cth), the Securities and Future Ordinance and other applicable laws are established and properly maintained;
- ensuring that all notices and responses are lodged with ASIC, ASX and HKEx on time; and
- organising and attending shareholders' meetings and Directors' meetings, including sending out notices, preparing agendas, marshalling proxies and compiling minutes.

The Company Secretary is Laura Ling Zhang, a full-time employee of the Company. Ms Zhang has completed no less than 15 hours of professional training to update her skills and knowledge as required under Rule 3.29 of the HK Listing Rules.

### PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Nomination and Remuneration Committee oversees from time to time an evaluation process for the Board, its committees and each Director based on the Board Performance Evaluation Protocol ("Protocol") adopted and approved and last revised by the Board in February 2022.

#### The Board

Periodically, a review of the structure and operation of the Board, the skills and characteristics required by the Board to maximise its effectiveness and whether the mix of skills, experience and expertise and the Board's practices and procedures are appropriate for the present and future needs of the Company is conducted. This evaluation of performance of the Board may be conducted with the assistance of an external facilitator. As set out in the Board Charter, the review of the Board involves Directors providing written feedback on the Board's performance to the Chairman or to an external facilitator, which in turn is discussed by the Board, with consideration of whether any steps for improvement are required.

#### Board committees

On a periodic basis, Directors will provide written feedback in relation to the performance of the Board, its committees and individual Directors against a set of agreed criteria. At such time, each committee of the Board will also be required to provide feedback in terms of a review of its own performance and the feedback is discussed by the Board, with consideration of whether any steps for improvement are required. Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

#### Individual Directors

Directors are evaluated on, amongst other things, their alignment with the values of the Company, their commitment to their duties and their level of financial, technical and specialist knowledge. Directors are also expected to be fully aware of their duties of care and skill, as well as fiduciary duties, as a Director.

Periodically a performance review is conducted by the Chairman for each Non-Executive Director, specifically addressing the performance criteria within the Protocol.

A review of the performance of the Chairman is facilitated by the Co-Vice Chairs who seek input from each Director individually on the performance of the Chairman against the competencies for the Chairman's role approved by the Board.

#### Performance reviews

Since the adoption of the Protocol in 2012, the Company has carried out six board performance reviews internally, and has conducted one externally facilitated board performance review. An externally facilitated review of the Board was carried out in 2016 (in respect of 2015) and the last review of the Board and its committees was conducted internally in 2021.

The Company has not undertaken a review of the performance of the Board and its committees for the financial year ended 31 December 2023 and accordingly the Company has not adopted Recommendation 1.6(b) of the ASX Recommendations. However, the Board considers that in light of the substantial changes in the composition of the Board this year, it was not appropriate to conduct board performance evaluations in respect of 2023.

#### PERFORMANCE OF SENIOR EXECUTIVES

The CEC and the CEO review the performance of senior Executives annually against appropriate measures as part of the Company's performance management system for all managers and staff.

On an annual basis, the Nomination and Remuneration Committee and subsequently the Board formally reviews the performance of the CEO and the CEC. The CEO's performance is assessed against qualitative and quantitative criteria, including profit performance, other financial measures, safety performance and strategic actions. The Nomination and Remuneration Committee also undertakes an annual formal review of the performance of other members of the Executive Committee, based on similar criteria. The Board reviews and approves the annual review of all the members of the Executive Committee undertaken by the Nomination and Remuneration Committee.

The performance evaluations for the CEC, CEO and senior Executives will take place in 2024 (in respect of 2023), and will be carried out in accordance with the process disclosed above.



## 2023 CORPORATE GOVERNANCE STATEMENT

### REMUNERATION OF NON-EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

The Nomination and Remuneration Committee makes recommendations to the Board to achieve Company remuneration structures that are equitable and aligned with the long-term interests of the Company and its shareholders, to attract and retain skilled employees, to structure short and long term incentives that are challenging and linked to creation of sustainable returns and to ensure any termination benefits are justifiable and appropriate.

#### Non-Executive Directors

The Constitution provides that the Non-Executive Directors are entitled to such remuneration as approved by the Company's shareholders in accordance with the Constitution, which must not exceed the aggregate annual amount as determined by the Company in general meeting or by its majority shareholder, Yankuang Energy.

Remuneration for Non-Executive Directors is capped at an aggregate amount for each financial year of \$3.5 million. Non-Executive Directors may also be paid such additional or special remuneration as the Directors decide is appropriate where a Non-Executive Director performs extra services or makes special exertions for the benefit of the Company. Such additional remuneration will not form part of the calculation of the aggregate cap on Non- Executive Directors' remuneration for a financial year and do not require shareholder approval. No Director is involved in determining his or her own remuneration.

#### Senior Executives

The Company's senior Executives are employed under written employment contracts that set out the terms of their employment. In 2023, no changes were made to the structure of senior Executive contracts. Where appropriate, the appropriate checks are undertaken prior to a new senior Executive being appointed.

Further details of the remuneration of the Non-Executive Directors, Executive Directors and senior Executives can be found in the Remuneration Report.

These Board committees review matters on behalf of the Board and as set out in the relevant Charter:

- refer matters to the Board for a decision, with a recommendation from the committee; or
- determine matters (where the committee acts with delegated authority), which the committee then reports to the Board.

Other committees may be established by the Board as and when required. Membership of the Board committees is based on the needs of the Company, relevant regulatory requirements, and the skills and experience of individual Directors.

The purpose and primary role of each of the Board committees and membership of the committees are outlined below. The Charters of each of these standing Board committees are available within the Corporate Governance section of the Company's website.

## 2. BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

The Board has established the following standing Board committees:

AUDIT AND RISK  
MANAGEMENT  
COMMITTEE

HEALTH, SAFETY,  
ENVIRONMENT AND  
COMMUNITY COMMITTEE

NOMINATION AND  
REMUNERATION  
COMMITTEE

STRATEGY AND  
DEVELOPMENT  
COMMITTEE

# 2023 CORPORATE GOVERNANCE STATEMENT

## AUDIT AND RISK MANAGEMENT COMMITTEE

### MEMBERSHIP AS AT 31 DECEMBER 2023

#### Independent Non-Executive Directors:

Gregory James Fletcher – Chair

Helen Jane Gillies

#### Non-Executive Directors:

Qingchun Zhao (to 31 May 2023)

Gang Ru (from 31 May 2023)

The committee consists only of Non-Executive Directors with a majority being independent and the Chair of the committee is an independent Non-Executive Director and is not the Chairman of the Board. The Committee meets the minimum composition requirement of three Non- Executive Directors for the audit committee, at least one of whom is an independent Non-Executive Director with appropriate professional qualifications or accounting or related financial management expertise, as required by the HK Code.

### PURPOSE

The committee's objectives are to:

- help the Board in relation to the reporting of financial information;
- advise on the appropriate application and amendment of accounting policies;
- make evaluations and recommendations to the shareholders of the Company regarding the external auditor;
- recommend to the Board the remuneration of the external auditor for shareholder approval as required in accordance with the Constitution;
- provide a link between the Board and the external auditor and management;
- ensure that the Board, Directors and management are aware of material risks facing the business;
- ensure the systems in place to identify, monitor and assess risk are appropriate and operating effectively; and
- assess the independence of the external auditor.

During the financial year ended 31 December 2023, work performed by the committee included, but was not limited to:

- review and endorsement of the Company's Interim and Annual Financial Results;
- consideration of external audit reports and approval of external auditor's audit plan;
- engagement of non-audit services;
- consideration of the Company's asset impairment assessments;
- review of the Company's related party and connected transactions;
- annual review of Enterprise Risk Management Framework;
- regular updates on cyber-security matters;
- in-camera sessions with external auditors and internal auditors;
- regular updates on potential speak-up facility matters maintained by an independent third party;
- review of the effectiveness of risk management, internal control systems, internal audit function and whether the Company is operating with due regard to the risk appetite set by the Board; and
- endorsed amendments to the Committee Charter to clarify the role of the Committee in respect to the annual budget review process..

The qualifications, skills and experience of each member and the number of times the committee met throughout the period and the individual attendances of the committee members at those meetings is disclosed in the Information on Directors in the Directors' Report.

# 2023 CORPORATE GOVERNANCE STATEMENT

## HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE

### MEMBERSHIP AS AT 31 DECEMBER 2023

#### Independent Non-Executive Directors:

Geoffrey William Raby – Chair

#### Non-Executive Directors:

Xiangqian Wu (to 31 May 2023)

Xiaolong Huang (from 31 May 2023)

#### Executive Directors:

Ning Zhang (to 27 September 2023)

Ning Yue (from 27 September 2023)

The committee consists of majority Non-Executive Directors and meets the minimum composition requirement of three Directors, as required by the Company's Health, Safety, Environment and Community Committee Charter.

### PURPOSE

The committee assists the Board to:

- fulfil its responsibilities in relation to the health, safety, environment, and community (collectively HSEC) matters arising out of the activities of the Company;
- consider, assess and monitor whether or not the Company has in place the appropriate policies, standards, systems and resources required to meet the Company's HSEC commitments; and
- provide necessary focus and guidance on HSEC matters across the Company.

During the financial year ended 31 December 2023, work performed by the committee included, but was not limited to:

- monitoring the Company's ongoing health and safety and environmental performance, including significant incidents and regulatory investigations;
- overseeing major initiatives;
- endorsing the Company's Modern Slavery Action Plan;
- considering independent environmental assurance audits for various Company mine sites;
- considering independent and internal health and safety audits for various Company mine sites;
- reviewing and endorsing the Company's 2022 Environmental, Social and Governance Report; and
- reviewing and endorsing the draft Company's Sustainability Strategy;
- reviewing and endorsing the framework for the 2023 Sustainability Report; and
- overseeing community initiatives and health, safety and environmental legal and compliance matters.

The qualifications, skills and experience of each member and the number of times the committee met throughout the period and the individual attendances of the committee members at those meetings is disclosed in the Information on Directors in the Directors' Report.

# 2023 CORPORATE GOVERNANCE STATEMENT

## NOMINATION AND REMUNERATION COMMITTEE

### MEMBERSHIP AS AT 31 DECEMBER 2023

#### Independent Non-Executive Directors:

Helen Jane Gillies – Chair  
Gregory James Fletcher  
Geoffrey William Raby

#### Non-Executive Directors:

Baocai Zhang (to 15 September 2023)  
Gang Ru (from 15 September 2023)  
Yaomeng Xiao

The committee consists only of Non-Executive Directors with a majority being independent, including the Chair of the committee, and meets the minimum composition requirement of three Non-Executive Directors, as required by the Company's Nomination and Remuneration Committee Charter.

### PURPOSE

The committee assists the Board of the Company by making recommendations in relation to:

- Board composition and succession planning for the Board and the CEO and oversight of succession planning for the Executive Committee;
- Director remuneration (subject to any shareholder approval that is required in accordance with the Company's Constitution, ASX Listing Rules and HK Listing Rules) and remuneration arrangements for the Company's Executive Committee and any other person nominated as such by the Nomination and Remuneration Committee from time to time;
- the public reporting of remuneration for Directors and key management personnel and other members of the Executive Committee;
- oversight of the performance assessment of the Executive Committee;
- designing Company remuneration policy and regulations with regard to corporate governance; and
- oversight of the progress of the diversity and inclusion strategy, as well as diversity metrics at the organisation and operation level.

During the financial year ended 31 December 2023, work performed by the committee included, but was not limited to:

- consideration of re-election of Directors;
- undertaking executive succession planning;
- undertaking an external, independent review of the executive remuneration structure to ensure it still meets its objectives;
- review of the 2022 Corporate Governance Statement, including diversity and measurable objectives;
- finalisation and endorsement of Company short-term and long-term incentive plans and Company salary indexation and performance assessment implementation;
- monitoring workplace culture with a focus on Yancoal's efforts to prevent, and respond to, inappropriate workplace conduct, including sexual harassment, bullying and racism; and
- keeping abreast of the current labour market conditions, the risks the tight labour market creates for talent attraction and retention and Yancoal's response to managing those risks.

The qualifications, skills and experience of each member and the number of times the committee met throughout the period and the individual attendances of the committee members at those meetings is disclosed in the Information on Directors in the Directors' Report.

## STRATEGY AND DEVELOPMENT COMMITTEE

### MEMBERSHIP AS AT 31 DECEMBER 2023

#### Independent Non-Executive Directors:

Geoffrey William Raby

#### Non-Executive Directors:

Baocai Zhang – Chair (to 15 September 2023)  
Gang Ru – Chair (from 15 September 2023)  
Qingchun Zhao (to 31 May 2023)  
Xiaolong Huang (from 31 May 2023)  
Xing Feng (to 20 April 2023)  
Changyi Zhang (from 20 April 2023)

The committee consists only of Non-Executive Directors and meets the minimum composition requirement of three Directors, as required by the Company's Strategy and Development Committee Charter.

### PURPOSE

The committee assists the Board in its oversight and review of the Company's strategic initiatives, including:

- merger and acquisition proposals;
- major capital markets transactions;
- significant investment opportunities; and
- proposals to dispose of significant Company assets.

During the financial year ended 31 December 2023, work performed by the committee included, but was not limited to consideration of the Company's Strategy Plan update (including various acquisition opportunities and organic growth opportunities).

The qualifications, skills and experience of each member and the number of times the committee met throughout the period and the individual attendances of the committee members at those meetings is disclosed in the Information on Directors in the Directors' Report

# 2023 CORPORATE GOVERNANCE STATEMENT

## INDEPENDENT BOARD COMMITTEE

### MEMBERSHIP AS AT 31 DECEMBER 2023

An Independent Board Committee is composed of independent Non-Executive Directors who do not have a material interest in the relevant transactions.

### PURPOSE

An Independent Board Committee is established by the Board as and when required to manage any related party transactions.

During the financial year ended 31 December 2023, the Independent Board Committee met for the purposes of considering transactions between or involving the Company and its majority shareholder, Yankuang Energy and/or its associates.

## Meetings and attendance

The number of meetings held by the Board and each committee during 2023 and each member's attendance at these meetings is set out in the Directors' Report.

## 3. ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### OUR VALUES AND BELIEFS

The Company is focused on maintaining and upholding a company culture and a set of company values to underpin its ongoing success and sustainability as a business. Who we are and how we work as Yancoal employees is informed by the 'Yancoal Way', which encapsulates our beliefs, values and expected behaviours.

Our three core beliefs drive our values to deliver. They are:

#### TRANSPARENCY

We are open and honest with one another and have a "no surprises" mentality for all the stakeholders we work with.

#### COMPLIANCE

We always follow our internal rules and the rules of law where we operate.

#### EFFICIENCY

We strive to be efficient, productive and effective at what we do all day, every day.

Our beliefs are underpinned by our core values which drive our daily behaviour. Our five core values are:



#### PATH WAY PEOPLE

We value involvement from everyone. Full engagement is encouraged. 99% of what we need to know is already within the Yancoal workforce.



#### SAFE WAY SAFETY

Safety is not optional. It is considered in everything we do to eliminate harm to our people.



#### HIGH WAY EXCELLENCE

We identify and implement best practice and operate above the line in the 'can do' zone with courage, trust and pride.



#### BETTER WAY INNOVATION

We seek to continuously improve all aspects of our business.



#### RIGHT WAY INTEGRITY

We do what we say with honesty, integrity and reliability. If it feels like the wrong thing to do it quite possibly is. If you are uncomfortable with doing something, check the Code or seek advice.

The Yancoal Way defines our vision and guides Yancoal's commitment to implementing both our long-term strategy and delivering our daily operational objectives. The Company acknowledges that it must build and sustain a strong corporate culture and through leadership programs such as Lead the Way continues to do so. Yancoal assesses our employees' performance on both what was achieved and how it was achieved on regularly. Our values and beliefs are supported by our Code of Conduct and other key governance policies, which are approved by the Board. The Code of Conduct and other key governance policies are internally promoted on a regular basis and training programs have been developed to instil and reinforce our values, beliefs and expected behaviours under the Code of Conduct and other key governance policies. Our Code of Conduct aligns with our current strategy and our vision.

Yancoal's current strategy aims to maximise the value of its high quality coal portfolio and enhance it further with suitable organic and inorganic opportunities. In addition, we may examine opportunities to diversify into other minerals and alternate energy – after careful evaluation and subject to Board consideration and approval before commencement.

### CODE OF CONDUCT

The Board policy is that Directors, employees and contractors must observe both the letter and spirit of the law, and adhere to the highest standards of business conduct. The Company has adopted a formal Code of Conduct and other key governance guidelines and policies which are approved by the Board that set out legal and ethical standards for the Company's Directors and employees, including (but not limited to) an Anti-Corruption Policy, Conflicts and Related Party Transactions Policy, Competition / Anti-Trust Policy, Health and

## 2023 CORPORATE GOVERNANCE STATEMENT

Safety Policy, Gifts and Benefits Policy, Modern Slavery Policy, Share Trading Policy, Whistleblower Policy and Workplace Behaviour Policy.

The Code of Conduct and these other key governance guidelines and policies guide the Directors, the CEO, senior Executives, and employees generally as to the practices necessary to maintain confidence in the Company's integrity and as to the responsibility and accountability of individuals for reporting, and investigating reports of, misconduct or an improper state of affairs or circumstances within the Group. The Code of Conduct and these other key governance guidelines and policies also guide compliance with legal and other obligations to stakeholders.

Specifically, the objective of the Code of Conduct is to:

- provide a benchmark for professional behaviour;
- support the Company's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

The key values underpinning the Code of Conduct are:

- our actions must be governed by the highest standards of integrity and fairness;
- our decisions must be made in accordance with the letter and spirit of applicable law;
- our business must be conducted honestly and ethically, with our best skills and judgement, and for the benefit of customers, employees, shareholder and the Company alike; and
- the Company does not tolerate inappropriate workplace conduct, including sexual harassment, bullying and racism of any form.

The Code of Conduct is promoted across to all business activities in Australia and overseas and reinforced by training and appropriate disciplinary action if breached. Any material breaches of the Code of Conduct are reported to the Board or the Audit and Risk Management Committee. The Code of Conduct is available in the Corporate Governance section of the Company's website and training for all levels of the business regarding the Code of Conduct is conducted periodically.

## 2023 CORPORATE GOVERNANCE STATEMENT

### REPORTING CONCERNS AND WHISTLEBLOWER PROTECTION

The Company's Whistleblower Policy encourages any current or former employees or officers, contractors or suppliers (and their employees), associates or certain family members of an individual mentioned above to raise serious concerns of misconduct or an improper state of affairs or circumstances in relation to the Company and report any issues if they have reasonable grounds for suspecting so. The disclosure cannot solely be about a personal work-related grievance.

Individuals can report their concerns confidentially in writing or by phone to a confidential Speak Up facility, which is operated by an independent external party. Alternatively, disclosure may be made with our Whistleblower Officer, the Executive General Manager ("EGM") of Risk and Audit, an officer or senior manager within the Company, the Company's auditor or if the disclosure concerns the Company's tax affairs or its associates, its registered tax agent or Business Activity Statement agent, or an employee or officer at the Company who has functions or duties relating to its tax affairs.

All disclosures made under the policy are treated seriously and may be the subject of an investigation with the objective of locating evidence that either substantiates or refutes the misconduct disclosed by a person. Such investigations will be facilitated in accordance with the steps and process detailed in the policy, subject to certain exceptions within the policy. The Company has in place processes for protecting, supporting and monitoring the welfare of anyone who makes a disclosure under the policy. The Audit and Risk Management Committee is informed at each meeting with a report on all active whistleblower matters and incidents, including information on the number and nature of disclosures made in the last quarter, the status of any investigations underway and the outcomes of any investigations completed and actions taken as a result of those investigations. Material whistleblower matters and incidents are also reported to the Board.

The Yancoal Whistleblower Policy is available in the Corporate Governance section of the Company's website.

### ANTI-CORRUPTION POLICY

The Company is committed to the highest level of integrity and ethical standards in all business practices and has formally adopted an Anti-Corruption Policy, which outlines how the Company expects all of its Directors, officers and employees to behave when conducting business both in Australia and internationally. This is supplemented by the Company's Fraud Policy and Fraud Prevention, Detection and Response Plan, which address Corruption alongside other types of misconduct.

Corruption and bribery in all forms are strictly prohibited by the Company. Directors, officers and employees must conduct themselves, at all times, in a manner consistent with Company policy, community expectations and in compliance with state, federal and international legislation.

Breaches of the Anti-Corruption Policy are regarded as serious and will be subject to appropriate sanctions. Preliminary investigations of reported breaches are administered by Human Resources. If a breach of the policy is found to have occurred, a formal investigation process is administered by the Company Secretary in consultation with the supervisor or

manager of the offending person. Any material breaches of the policy are reported to the Audit and Risk Management Committee. The Anti-Corruption Policy is available in the Corporate Governance section of the Company's website and is supplemented by the Company's Code of Conduct and Gifts & Benefits Policy. Individuals can report concerns confidentially and anonymously via Yancoal's Speak Up facility, which is operated by an independent external party.

### DEALINGS IN COMPANY SECURITIES

By law, and under the Company's Share Trading Policy, dealing in Company securities is subject to the overriding prohibition on trading while in possession of inside information.

In addition, the Company's Share Trading Policy prohibits (other than in 'exceptional circumstances') dealing in Company securities or Yankuang Energy securities by Directors of the Group, all officers of the Company and other relevant employees and contractors of the Group, as well as their closely related parties, during specified blackout periods each year and an email is sent out prior to each blackout period reminding Directors and relevant personnel of their obligations. Subject to compliance with the Company's Share Trading Policy, employees are permitted to deal in Company securities or Yankuang Energy securities outside these blackout periods there they are not in possession of inside information, however additional approval requirements apply. The Share Trading Policy precludes relevant employees from entering into any hedge or derivative transactions relating to unvested options or share rights granted to them under incentive plans and securities that are subject to holding locks or restrictions on dealing under such plans. There are also restrictions that apply to relevant employees from entering into margin lending arrangements and short-term trading of the Company's securities. Breaches of the policy are treated seriously and may lead to disciplinary action, including dismissal.

The Company's Share Trading Policy was last revised in February 2022, which includes the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the HK Listing Rules to regulate the Directors' securities transactions. A copy of the Share Trading Policy is available on the Corporate Governance section of the Company's website.

Specific enquiry has been made of all current Directors and they have each confirmed that they have complied with the Company's Share Trading Policy for the period 1 January 2023 to 31 December 2023.

### MAKE TIMELY AND BALANCED DISCLOSURE

The Company recognises the importance of timely and adequate disclosure to the market and is committed to making timely and balanced disclosure of all material matters and to effective communication with its shareholders and investors so as to give them ready access to balanced and understandable information. The Company also works together with its major shareholder, Yankuang Energy, to ensure that Yankuang Energy can comply with its disclosure obligations in relation to Company information.

Similarly, Yankuang Energy seeks to ensure that the Company can comply with its disclosure obligations in relation to Yankuang Energy's information.

The Board has put in place a Disclosure Policy to encapsulate the disclosure obligations under the *Corporations Act 2001* (Cth) and the ASX Listing Rules and to set out procedures for managing compliance with those obligations. These procedures provide a framework for managing the disclosure of material matters to the market to ensure accountability at

## 2023 CORPORATE GOVERNANCE STATEMENT

Board and senior Executive level. As part of this framework, a standing agenda item at all the Company's Board and Executive Committee meetings requires the Directors and senior Executives to consider whether any matters at the meeting should be disclosed to the market.

A Disclosure Committee has been established to assist the Company to meet its disclosure obligations. The committee plays a key role in reviewing and determining whether information is likely to have a material effect on the price or value of the Company's securities such that it requires disclosure to the market. The Disclosure Committee members comprise the CEC, CEO, CFO, Company Secretary, Investor Relations General Manager and General Counsel.

In accordance with the Disclosure Policy, Board approval and input will only be required in respect of matters that are clearly within the reserved powers of the Board (and responsibility for which has not been delegated to management) or matters that are otherwise of fundamental significance to Yancoal. Copies of all material market announcements are also circulated to the Board promptly after they have been made, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market and the frequency of such disclosures. In addition, the Disclosure Committee receives copies of all market announcements prior to release regardless of materiality and the Chair of Audit and Risk Management Committee receives copies of all immaterial market announcements once released, otherwise material announcements are provided prior to release.

The Disclosure Policy can be found within the Corporate Governance section of the Company's website. Any information disclosed to the market through an announcement to the ASX and HKEx is also published on the Investor section of the Company's website.

### 4. RISK MANAGEMENT AND FINANCIAL REPORTING

#### RISK IDENTIFICATION AND MANAGEMENT

The Board, through the Audit and Risk Management Committee, is responsible for satisfying itself that a sound system of risk oversight and management exists, that internal controls are effective and for setting the risk appetite within which the Board expects management to operate.

In particular, the Board ensures that:

- the material strategic, operational, financial reporting and compliance risks are identified and evaluated; and
- risk management, control and reporting systems are in place to identify, assess, manage, monitor and report on these risks.

The role and membership of the Audit and Risk Management Committee are described under paragraph titled "Audit and Risk Management Committee" and under the Board committees section.

The Company's Audit and Risk Management Committee Charter can be found within the Corporate Governance section of the Company's website. The number of times the committee met throughout the period and the individual attendances of the committee members at those meetings is disclosed in the Directors' Report.

The Board has requested the Company's senior Executives and management to report to the Audit and Risk Management

Committee and, where appropriate the Board, regarding the effective management of its material business risks.

In 2023, the Audit and Risk Management Committee had in place a framework to identify, assess, manage risks that are material to the business. This framework includes:

- implementation of a corporate risk management standard approved by the Audit and Risk Management Committee and the Board;
- identification of material business risk by reference to a corporate risk register, approved by the Audit and Risk Management Committee and the Board;
- formal risk identification activities being undertaken at both a functional level and at each of the Company's mine sites;
- designated individuals across the business that have accountability for the implementation of risk management within their areas of responsibility; and
- the EGM of Risk and Audit as a central resource available to assist with all risk management responsibilities, and to assist with any training/awareness or other related requirements.

The Audit and Risk Management Committee receives periodic reports on the performance of the Company's enterprise risk management framework, as well as on the Company's key risk exposures to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. An annual review of the risk management framework was conducted in December 2023 by the Audit and Risk Management Committee, on behalf of the Board. The Audit and Risk Management Committee confirmed that the risk management framework continued to be effective and adequate and considered social, environmental and contemporary risks. The Audit and Risk Management Committee confirmed that the Company is operating with due regard to the risk appetite set by the Board.

The EGM of Risk and Audit is responsible for establishing and managing the enterprise risk management framework, risk management system and practices. The Company's formal risk identification activities are guided by ISO 31000 - Risk Management and undertaken on a periodic basis; with risk identification and analysis activities performed at a functional level, as well as at each of the Company's mine sites.

The responsibility for managing risks, risk controls or risk management action plans is embedded within the business and undertaken as part of everyday activities. Together with the CEC, the Board and the Audit and Risk Management Committee, the EGM of Risk and Audit is responsible for developing a risk matrix and framework and for implementing related risk-based assurance processes for the Company and its subsidiaries. The EGM of Risk and Audit annually reviews and confirms the continued effectiveness of the risk framework to the Audit and Risk Management Committee.

The Board recognises and acknowledges that, while risk management controls and systems can be effective in managing risks, they cannot eliminate all risks relevant to the Company achieving its objectives and cannot provide absolute assurance against material misstatement or loss.



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### INTERNAL AUDIT FUNCTION

The internal audit function is managed by the EGM of Risk and Audit. That person has direct access to the Chair of the Audit and Risk Management Committee, as well as to the CEC, to whom he directly reports. The CEC and the Audit and Risk Management Committee recommends to the Board the appointment of the EGM of Risk and Audit.

The EGM of Risk and Audit has unfettered access to the Audit and Risk Management Committee and its Chair and wider business to seek information and explanations. The Chair of the Audit and Risk Management Committee meets independently with the EGM of Risk and Audit.

The role of the EGM of Risk and Audit is responsible for the achievement of the risk management, internal audit, insurance objectives and includes the responsibilities of Yancoal's Whistleblower Officer.

An annual program for internal audit and risk assurance is provided to the Audit and Risk Management Committee for approval. The annual Internal Audit program is focused on key operating risks and processes and evaluates the design and operating effectiveness of associated key controls.

The program includes a review of compliance with the obligations imposed by the General Rules on Internal Control for Enterprises and the Supporting Guidelines of Internal Control for Enterprises, jointly issued by five Chinese ministries.

Periodical status reports on the execution of the plan, including current findings and actions are provided to the Audit and Risk Management Committee. This includes key issues and subsequently corrective actions are monitored, reviewed and reported. Any material findings are reported to the Board by the Chair of the Audit and Risk Management Committee.

### RISKS ASSOCIATED WITH THE COMPANY

The future operating performance of the Group may be affected by risks relating to the Company's business. Some of these risks are specific to the Company while others relate to economic conditions and the general industry and markets in which the Company operates.

The Company's risk management policies and procedures have been designed and implemented to identify, assess and manage any material exposure to risks relating to the Company's business and sustainability, including environmental and social risks. The Company undertakes regular monitoring and assessment of existing and emerging risks. Group material risks are assigned specific risk owners which are recorded alongside applicable key controls and control effectiveness ratings to manage the Company's exposure to such risks. Further details of how the Company manages certain environmental and social risks are set out in the Company's 2022 Environmental, Social and Governance Report published on the ASX and HKEx platforms and available on the Company's website. The 2023 Sustainability Report is published no later than the end of April 2024.

However, there can be no assurance that such risk mitigation strategies will protect the Company from these risks. Other risks are beyond the Company's control and cannot be mitigated or transferred. The occurrence of any such risks could adversely affect the Company's financial condition and performance. The risks listed below are not purported to be exhaustive and there is no assurance that the importance of different risks will not change or other risks will not emerge.

### SUSTAINABILITY RISKS

The Australian Accounting Standards Board ("AASB") released an exposure draft on the Australian Sustainability Reporting Standards ("ASRS") for mandatory sustainability disclosures for Australian businesses in October 2023. In January 2024, the federal government released the exposure draft Treasury Laws Amendment Bill 2024: Climate-related financial disclosure which proposes amendments to the *Australian Securities and Investments Commission Act 2001* (Cth) and *Corporations Act 2001* (Cth), prescribing the obligations for Australia's mandatory climate-related risk disclosure regime, the types of information that is to be reported, assurance requirements, and the liability approach that will apply to sustainability reporting.

The requirements are comprehensive and will require a step-change in climate reporting across the business. Proposed amendments to section 2M of the Corporations Act will require climate disclosures to be contained in a 'sustainability report' which will form part of reporting entities' annual reports, along with the financial report, directors' report and auditors' report. The sustainability report will be required to contain a 'climate statement' that must be prepared in accordance with the sustainability reporting standards that are currently under development by the AASB. Among other things, this statement will need to include the Company's material climate risks and opportunities for the financial year; the Company's climate-related metrics and targets; and relevant governance policies.

The Company is subject to a range of sustainability risks, including environmental and social risks. These include (but are not limited to) risks related to operations, health & safety, regulatory approvals, mine closure, aboriginal cultural heritage, native title / tenements, the transition to a lower carbon economy, technological change, fraud or misconduct, change in government support, tax / royalties, environment, community perception and litigation risks linked to challenges to new or varied projects and regulatory responses to those challenges. These are further outlined below.

#### Operational and coal production risks

The Company's financial performance is dependent on the Company being able to sustain or increase coal production and decrease operating costs on a per tonne basis. The Company's success or failure in improving productivity will become particularly important to the Company's financial performance at times of low coal prices.

The Company's coal production can be impacted by adverse weather conditions (including for example prolonged wet weather, flooding, cyclones, excessive heat, and drought), bushfire events, poor air quality, supply chain and power interruptions and assets being impacted by any such conditions.

During the year, weather events had a threefold impact: mining activities were slowed or interrupted; logistics services were suspended; and excess water in active open-cut operations restricted mining access, particularly when onsite water storage limits exceeded capacity. Sites manage such risks at an operational level, including water conservation initiatives and flood mitigation measures.

Coal production can also be impacted by other factors, including (but not limited to) unforeseen geological or geotechnical issues, inappropriate mine design / plans, change or variations in coal quality, underground mine roof falls, high-wall or low-wall failures, cave-ins or other failures relating to mine infrastructure, including tailings dams, hydrologic or other conditions, critical equipment unavailability

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or failure, fires and explosions from methane gas or coal dust, discontinuity caused by poor mining conditions in underground development, inability to dispose of tailings and rejects, accidental and mine water discharges, protected breakdown or damage to third party infrastructure (including rail and port), industrial action and labour shortages. Regulatory factors and the occurrence of other operating risks can also limit production.

Such risks could result in personal injury, damage to applicable mines, environmental damage, delays in coal production, delays in deliveries, decreased coal production, increased cost / monetary losses, reduced revenue, and possible legal liability.

The Company reviews the risks and controls at each site on a regular basis. It validates that related information remains up to date, and applicable controls are in place to minimise or mitigate the occurrence and impact of the risk to the extent practicably possible.

During the year, Yancoal has implemented multiple site-specific projects to help mitigate the risk wet weather and drought poses to the Company. These projects include (but are not limited to) enhancing water pumping infrastructure, obtaining permits to remove water from select sites, dewatering multiple pits, improving the inseam dewatering capacity at Ashton, upgrading the capacity of the Moolarben water treatment plant, entering into water sharing agreements, and purchasing additional water licenses for drought periods.

Although the Company's insurance policies provide coverage for some of these risks, the amount and scope of insurance cover is limited by market and economic factors and these risks would not be fully covered by insurances maintained by the Company.

### Health and safety

Accidents could occur at a mine site or corporate office that result in personal injuries. These could relate to factors such as (but not limited to) vehicle interaction / motor vehicle accidents, exposures to energised plant or equipment, exposures to airborne contaminants, handling of tyres, ground or strata instability, fires and explosions, explosives, inrush and inundation, stockpile and reclaim tunnels, integrity of structures and fixed plant, coal or gas bursts, lifting and working with suspended loads, working at heights or in confined spaces as well as manual handling and slip, trip and fall events and psychosocial hazards. These could also have adverse financial implications including legal claims for personal injury, wrongful death, amendments to approvals, potential production delays or stoppages, any of which may have a material adverse effect on the financial performance and / or financial position of the Company.

If the Company is unsuccessful in its efforts to eliminate or minimise work health and safety risks, or otherwise breaches these health and safety requirements, it may incur fines or penalties, be required to curtail or cease operations and/or be subject to increased compliance costs, which have not been previously planned at one or more of its sites.

The Company's operations may cause exposure to hazardous materials. There is also a risk that actions could be brought against the Company, alleging adverse effects of such substances on personal health.

The Company maintains an Occupational Health and Safety Management System Framework that sets out the minimum requirements across the operations. It also regularly reviews the health and safety risks at each of its sites and has identified

a number of core hazards that are consistent across each site. The Company has developed methods to control these core hazards.

The management of these health and safety controls is periodically reviewed at each site to mitigate the core hazard and associated health and safety risks. Management has also performed and updated a risk assessment around psychosocial risks outlined within the Safe Work NSW Code of Practice – Managing Psychosocial Hazards in the Workplace, and the new ISO 45003 Occupational health and safety management — Psychological health and safety at work — Guidelines for managing psychosocial risks. This risk assessment covers common psychosocial risks across all operational sites and corporate offices and identified controls/mitigants to target the hazards identified and risks assessed. Yancoal continued the implementation of its four stage / year Mental Health Program. During 2023, Yancoal progressed its "Safe Way Every Day" program, a five-year program that has been designed to provide a consistent approach to Health, Safety and Training management across all Yancoal operations, and support the integration of a safety culture across the business.

The Company remains exposed to pandemic related risks, including COVID-19. These range from health, supply chain, logistics & infrastructure, production and sales risk through to other risks to the continuity of business operations, including absenteeism. The related exposures experienced by the Company in FY23 were lower than in the previous year(s); however, Yancoal continues to maintain a scalable COVID-19 control program across mine sites and offices.

### Regulatory approvals

The ability of the Company to meet its long term production target profile depends on (amongst other things) the Company being able to obtain on a timely basis, and maintain, all necessary regulatory approvals (including any approvals arising under applicable mining laws, environmental legislation and other laws) for its current operations and expansion and growth projects, including obtaining planning approvals, land access, land owner consents and addressing any native title issues, impacts on the environment and objections from local communities.

The requirement to obtain approvals and to address potential and actual issues for existing and future mining projects is common to all companies in the mining sector. There is no assurance or guarantee that the Company will be successful in securing any or all of the required consents, approvals and rights necessary to maintain its forecast production profile from its existing operations or to develop its growth projects in a manner which will result in profitable mining operations and the achievement of its long term production targets. If these approvals (or other approvals required for planned production increases or changes to mine plans) are not obtained or are delayed, or if conditional or limited approvals are obtained, the economic viability of the relevant projects may be adversely affected, which may in turn result in the value of the relevant assets being impaired.

Regulations and policies are constantly evolving and adapting to market trends, community concerns and new technologies. Proposed amendments to the federal *Environment Protection and Biodiversity Conservation Act 1999*, the *NSW Biodiversity Conservation Act 2016*, introduction of the NSW Coal Reservation Scheme and the recent royalty increases in Queensland and NSW are some current examples.

Accordingly, there is no assurance that the future development and exploration activities of the Company will result in

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profitable or commercially viable mining operations in these areas.

In 2018, the QLD Government revised the process by which mining companies are required to calculate and provide security for their rehabilitation liability. Companies are now assessed under a risk-based security mechanism. Mining operations that have been assessed as higher risk will be required to provide a greater amount of security. Mines in both NSW and Queensland are being held to more rigorous progressive rehabilitation and mine closure regimes.

Yancoal's experts in these areas continuously monitor changing regulations to ensure the Company is in a position to respond promptly to the rapidly changing regulatory environment.

The "life of mine" planning process is utilised to identify future approvals requirements. This process is designed to enable early identification of an approval requirement in order to provide sufficient time to define the scope of a project to limit or avoid environmental impacts, and to collect appropriate baseline data to support new approvals. Early consultation with stakeholders provides data to inform an application and to respond to stakeholder concerns. This approach results in constructive engagement and the mitigation of approvals risk.

### **Mine closure**

Closure of any of the mines or other operations of the Company before the end of their mine life (e.g. due to environmental, geological, geotechnical, commercial and/or health and safety issues), could trigger significant closure and rehabilitation expenses and other costs or loss of revenues. Many of these costs will also be incurred where mines are closed at the end of their planned mine life or placed on care and maintenance.

If one or more of the relevant sites are closed earlier than anticipated, the Company will be required to fund the closure costs on an expedited basis and lose revenues, which could have an adverse financial effect. In addition, there is a risk that closure and rehabilitation planning is inadequate, costs have been underestimated and/or that claims may be made arising from environmental remediation upon closure of one or more of the sites.

The annual "life of mine" planning process assesses closure options and is instrumental in identifying closure costs, liabilities and risks. Further, the development and implementation of a Company-wide mine closure standard has facilitated a consistent approach to closure planning at each of its operations.

### **Aboriginal Cultural Heritage**

For any new project approval, matters of Aboriginal cultural heritage must be identified and assessed, and potential impacts avoided or mitigated, in consultation with the relevant First Nations knowledge holders. This has the potential to require amendments to project footprints and may have a significant impact on the potential value of a project.

Various State and Federal legislations protect places and things of Aboriginal cultural heritage. Generally, there is automatic protection of sites under State legislation, but mechanisms exist to approve disturbance of sites where necessary. Under the Commonwealth legislation, areas are protected only if the relevant Minister makes a declaration to that effect.

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) is aimed at the preservation and protection from injury or desecration of areas and objects in Australia and Australian waters that are declared to be of particular

significance in accordance with Aboriginal tradition. An area or object is taken to be injured or desecrated if it is used in a manner inconsistent with, and which adversely affects, Aboriginal tradition.

Claims to protect areas of Aboriginal cultural heritage significance may be brought by Aboriginal parties. In addition, a planning approval to disturb areas of Aboriginal cultural heritage does not, as of right, permit the destruction of such areas. It is also possible that both state and federal legislation will be amended to afford greater protection for areas previously proposed to be disturbed. In any of these circumstances, mine plans may need to be altered, or projects may become unviable, with a direct impact on forecast production profiles and forecast profitability and asset value.

Yancoal has, independently of its statutory obligations, implemented an additional layer of governance in the oversight of Aboriginal cultural heritage matters with the development of a corporate register of significant Aboriginal cultural heritage items. This initiative is designed to identify material matters which warrant corporate oversight and approval.

### **Native Title and Aboriginal Land Rights**

Native Title refers to the rights and interests of First Nations people over lands and waters in accordance with their traditional laws and customs.

It is possible that, in relation to tenements in which we have an interest or will in the future acquire, there may be areas over which Native Title rights of First Nations People have already been determined to exist or in the future be determined to exist. Where the grant or renewal of a tenement is in respect of land in relation to which Native Title has been recognised to exist or is subject to a registered claim for such recognition, the Company will need to comply with the *Native Title Act 1993* (Cth) in order for the tenement to be validly granted.

Compliance with the *Native Title Act 1993* (Cth) (and the relevant Native Title process to be followed for the grant of the tenement e.g. the right to negotiate process) may be prolonged or delayed, and substantial compensation or benefits may be payable as part of any agreement reached, including for the interference with relevant recognised or claimed Native Title rights and interests.

The existence or determination of Native Title may, therefore, affect the existing or future activities of the Company and impact on its ability to develop projects which may in turn impact its operational and financial performance.

In New South Wales under the *Aboriginal Land Rights Act 1983* (NSW) ("ALRA"), Aboriginal Land Councils can claim Crown land as compensation for dispossession if certain requirements are met. If a claim is successful, freehold title over the relevant land is transferred to the claimant Aboriginal Land Council constituted under the ALRA. Further, Aboriginal Land Councils are afforded certain statutory rights which can include a requirement to enter into a compensation agreement prior to the grant of a Mining Lease. This may delay the grant of future mining tenements over any area of such land. Some of our tenements are located in areas that are subject to outstanding Aboriginal land claims, and additional Aboriginal land claims may be made in the future over other areas in which our tenements are located. Any such claims may result in our ability to explore or mine for coal in these areas being subject to the decisions of the relevant Aboriginal Land Councils, which may adversely affect our ability to develop projects and, consequently, our operational and financial performance.

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### Overlapping tenement

Some of the Company's mines and associated tenements adjoin or are overlapped by petroleum tenements and adjoin other exploration interests held by third parties. Overlapping tenements could potentially prevent, delay or increase the cost of the future development of the Company's projects because the Company and the relevant petroleum exploration or production licence holder (or other exploration licence holders) could potentially seek to undertake their respective activities on the overlapping area or the same resource seams and in some cases the overlapping petroleum tenure holder's consent may be required.

There is no guarantee that agreement will be reached with the overlapping petroleum tenement holder or that agreement will not be delayed or will be reached on terms satisfactory to the Company. There is also a risk that if agreement cannot be reached with overlapping tenement holders the matter may be referred to the relevant minister or a court who may make a decision which adversely impacts upon or prevents the project proposed by the Company.

The Company has established a dedicated and skilled team to manage all tenement matters, including where overlapping tenements exist. This team is charged with oversight of overlapping tenement risks and opportunities, and for constructive engagement with the holders of those overlapping tenements to harmonise operations.

### Transition to a lower carbon economy

Yancoal acknowledges that it has a role to play in mitigating the emissions generated by its operations and supporting research into low-emission technology to assist the reduction of downstream emissions from the consumption of coal products.

The transition to a lower carbon economy remains a critical element of mitigating the impacts of climate change, further with the 2023 United Nations Climate Change Conference of Parties ("COP28") in Dubai, United Arab Emirates ("UAE"). This was the first COP to officially acknowledge that fossil fuels are a central cause of climate change.

The federal government passed legislation to target a 43% reduction in greenhouse gas ("GHG") emissions below 2005 levels by 2030. Australia submitted an updated Nationally Determined Contribution ("NDC") to the United Nations Framework Convention on Climate Change ("UNFCCC") secretariat in 2022 that also commits Australia to achieve a 43% reduction in GHG emissions below 2005 levels by 2030. Australia will submit its second NDC to the UNFCCC in 2025. Australia's second NDC will be expected to set an emissions reduction target for 2035. It is likely that the 2035 target will be more stringent than the current 2030 target.

The government has established a framework to progressively step down "baselines" under the Safeguard Mechanism within the National Greenhouse and Energy Reporting Act. These changes are likely to require that Yancoal's safeguard facilities purchase and retire "Australian Carbon Credit Units" ("ACCU's") or new "Safeguard Mechanism Credits" ("SMCs") for emissions in excess of their baselines. This is likely to impact the Company's financial returns. Yancoal plan to use approved carbon offsets or credits (ACCU's or SMCs) where currently available abatement technologies are not able to meet our regulatory emissions reduction obligations under the Safeguard Mechanism.

There is a risk that the price of ACCU's and SMC's may increase as demand increases, placing an increased cost

burden on higher-emitting operations and rendering them less competitive or uneconomic as baselines decline.

The Company intends to develop a decarbonisation plan that incorporates abatement activities and includes the purchase of credits to meet our emission requirements.

The Company is also subject to a spectrum of climate-related risks, including both physical and transition risks with the potential to affect the Company's future development, operations, markets and asset carrying values. Physical risk factors include (but are not limited to) extreme weather events, fires, access to water, power supply, damage to assets and indirect impacts from supply chain disruption. In terms of physical risks, sites are consistently managing these at an operational level, including water conservation initiatives and flood mitigation measures.

Transition risk factors include (but are not limited to) timing of technology development and deployment, customer or community perception and the regulatory response to the risk of climate change. Unilateral and collective action by Australia and other countries, may affect the demand for coal, coal prices, the future supply of coal and the cost competitiveness of the Company's products in the world energy market. Extensive government regulations relating to the transition to a lower carbon world economy may give rise to risks of delay and uncertainty associated with approvals for future development and impose costs on the mining operations of the Company.

Multiple jurisdictions in Australia are passing climate change legislation. For example, in December 2023, the *Climate Change (Net Zero Future) Act 2023* (NSW) ("NSW Act") commenced. The NSW Act legislates NSW's targets to reduce GHG emissions by 50% by 2030, 70% by 2035, to achieve net zero GHG emissions by 2050, and allows regulations to prescribe interim GHG emissions targets. In *Western Australia, the Climate Change Bill 2023* (WA) proposes to legislate Western Australia's target of net zero GHG emissions by 2050. We note that the Queensland *Climate Transition Bill 2023* (Qld) proposed a 75% GHG emissions reduction goal for the state by 2030 and a ban on new coal, oil and gas approvals, however it was not recommended to be passed as law by the State Development and Regional Industries Committee in 2023. Nevertheless, the Queensland government may attempt to pass similar legislation in the future. The establishment of jurisdiction specific GHG emission reduction targets can increase transition risks for the Company, as such jurisdiction specific targets may impact the relevant government's approach to regulation of GHG emissions from mining facilities.

The Company is also exposed to risks related to external factors, including the capital and insurance markets.

Increased community concern and adverse actions taken by community and environmental groups (including activism) may delay or prevent the Company from progressing new mine developments or development or expansion of existing mines, or may mean that those mines are subject to conditions that adversely affect their profitability and consequently the financial performance of the Company. Environmental lobby groups in both QLD and NSW have previously made submissions opposing both operation and expansion of coal mines in an attempt to prevent new mine developments or expansion of existing mines on the basis of environmental concerns.

Yancoal will continue to focus on its coal operations and further details are set out in the Management Discussion and Analysis section. At the same time, the Company recognises the

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growing interest by stakeholders in how Yancoalg is positioning itself in this shift to a lower-carbon economy, through managing potential risks and identifying and developing opportunities for our business and the broader sector as a result of an anticipated global shift towards a lower-carbon economy. In FY23, Yancoalg commenced the development of its Sustainability Strategy, which considers the development of renewable energy projects and the pursuit of diversification into minerals and commodities beyond coal as potentially elements which could underpin the ongoing sustainability of its business into the future.

Yancoalg also tracks and measures its carbon emissions at each site and reports emissions under the National Greenhouse and Energy Reporting scheme ("NGER"). Yancoalg is exploring the reduction of the emissions associated with the coal measures themselves (fugitive emissions) as well as diesel and electricity consumption. This may include investigating options for fugitive gas capture and management, optimising diesel consumption in the existing fleet, assessing the potential to progressively electrify the fleet, the use of rooftop solar to reduce grid energy consumption and the opportunity to enter into "power purchase agreements" with renewable energy generators.

The Company also engages constructively with stakeholders to ensure they have access to objective information to inform their views.

Sustainability considerations are also incorporated into our procurement processes, with supplier ESG performance progressively incorporated in our assessment of tenders. This includes an evaluation of modern slavery performance, health and safety systems and performance, and an explicit requirement for suppliers to conduct themselves ethically in compliance with the Yancoalg Code of Conduct.

Additional details relating to the transition to a lower carbon economy is provided in the Company's 2022 Environmental, Social and Governance Report published on the ASX and HKEx platforms and available on the Company's website.

The 2023 Sustainability Report will be published by the end of April 2024.

### **Technological change**

Thermal coal as a source of energy competes with other forms of electricity generation (such as gas, nuclear, hydro, solar and wind). In recent years, the global shift from conventional fuels to renewable sources of energy has impacted the role of thermal coal in the market which could lead to a structural decline in thermal coal demand in the medium to long-term.

As renewable technologies become more efficient and cost effective, they may gain an economic advantage over coal-fired and other fossil fuel-based electricity generation. These economic factors, combined with increasing costs to comply with emission reductions, may result in the accelerated retirement of existing coal-powered generation capacity, and the cancellation of planned additional coal-fired power capacity, which may reduce demand for thermal coal in the market in the medium to long term.

There is also a risk of Yancoalg not leveraging technology advancements which could affect its future competitiveness.

Our diversified and evolving customer base assist in improving business resilience to changing demands. Our focus on high quality coal from low-cost, Tier 1 assets is an important limb of our strategy in a dynamic energy environment.

In addition, Yancoalg has integrated various technologies in its operations in areas such as (but not limited to) fleet management, fatigue management and collision awareness. Yancoalg also continues to evaluate technologies through regular assessments and collaboration with technology partners.

### **Fraud and misconduct**

Any fraud (including cyber fraud), misrepresentation, money laundering, corruption or other misconduct by the Company's employees, customers, service providers, business partners or other third parties could result in violations of relevant laws and regulations by the Company and subject the Company to corresponding regulatory sanctions. These unlawful activities and other misconduct may have occurred in the past and may occur in the future, and may result in civil and criminal liability, financial or reputational harm to the Company. The Company may not be able to timely detect or prevent such activities, which could subject the Company to regulatory investigations and criminal and civil liability, harm our reputation and have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

During the year, Yancoalg developed a fraud prevention, detection and response plan, implemented a formal fraud policy and issued a fraud awareness letter to its supplier base. It also has in place a formal Code of Conduct, which sets out expected standards of behaviour that are non-negotiable and key to the Company's culture, including the clear prohibition of bullying, (sexual) harassment, retaliation and unlawful discrimination. This Code of Conduct is supplemented by a Speak Up facility that allows for any concerns to be raised confidentially and anonymously. Material disclosures received via this facility are subject to investigations overseen by Yancoalg's EGM Risk & Audit / Whistleblower Officer, with all outcomes reported to the ARMC.

### **Changes in government policy, legislation or regulation**

The Company is subject to extensive legislation, regulations and supervision by a number of federal and state regulatory bodies. Any future legislation or regulatory change may affect the resources industry and may adversely affect the Company's financial performance and position, such as future laws that for example may limit the emission of greenhouse gases, the use of coal in power generation or introduce new environmental obligations.

Yancoalg is a member of the state industry body in each jurisdiction, as well as of the federal Minerals Council of Australia. Each of these industry associations is actively involved in advising respective governments in respect of changes in policy, legislation and regulation, and is primarily accountable for the industry's lobbying efforts in that regard, and in keeping association members informed of developments.

### **Taxation**

The Company is subject to taxation obligations with risks arising from business systems, operations and development, as well as external factors including regulatory assurance activities, changes in tax and industry legislation and regulations.

The Company has in place a Tax policy and publishes a Tax Transparency Report annually, covering its approach to tax, and tax governance and tax risk management framework.

### **Royalties**

Royalties are payable to the NSW and QLD state governments on coal produced in NSW and QLD. In both states, the royalties

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are payable on an ad valorem basis as they are calculated as a percentage of the value for which the coal is sold. There is a risk when the NSW and QLD state governments increase these royalties or their method of calculation; as materialised in Queensland in 2023 and legislated to commence in NSW in Q3 2024. Any future impost of any new royalty related state tax or increase in royalty rates will have an adverse effect on the Company's financial position and/or financial performance.

While the Company maintains active engagement with all stakeholders such as the government, industry forums and peer-groups, the risk mitigation is limited as the risk impact is influenced by external factors.

### Environment

Due to the nature of coal mining processes, and the associated by-products, residues and tailings generated from these processes, all operations of the Company are subject to stringent environmental laws and regulations.

There is a risk that past, present or future operations have not met or will not meet environmental or related regulatory requirements and/or that the approvals or modifications the Company is currently seeking, or may need to seek in the future, will not be granted. If the Company is unsuccessful in these efforts or otherwise breaches any environmental requirements, it may incur fines or penalties, be required to cease operations and/or be subject to increased compliance costs or costs for rehabilitation or rectification works, which have not been previously planned at one or more of its sites.

Changes to environmental regulations may increase the standard and cost of compliance, and may adversely affect the Company's ability to generate the expected economic returns from its mining assets over their operational life. The Company may not always be able to comply with future laws and regulations in relation to environmental protection economically or at all. There can be no assurance that the Company will be able to fully and economically utilise the entire coal resources of the mines it operates currently or in the future or that some of its mining assets will not become "stranded assets" that are not able to generate the expected economic returns over their useful lives.

In 2023, the QLD government introduced amendments to the *Environment Protection Act 1994* (Qld) which (amongst other matters) seeks to resolve implementation issues with estimated rehabilitations costs and progressive rehabilitation closure planning frameworks, enhance the environmental impact statement process, require public notification for major amendments to resource activity environmental authorities and expand executive officer liability provisions. Yancoal's experts regularly monitor legislative bills in relevant jurisdictions so that it is aware of any proposed changes to environmental legislation and ensures it has mechanisms in place for compliance with changing laws.

Environmental legislation may change in a manner that may require compliance with additional standards, and a heightened degree of responsibility for companies and their Directors and employees. There may also be unforeseen environmental liabilities resulting from coal related activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential closure costs and obligations for which the Company may become liable as a result of its activities may be impossible to assess under the current legal framework.

The Company uses hazardous materials and will generate hazardous waste, and may be subject to common law claims,

the investigation and clean-up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that it owns or operates.

The Company maintains regular corporate oversight and management reporting on compliance with company policies and regulatory requirements. It employs skilled experts at each site to manage its environmental compliance obligations. Further, it has implemented an independent external environmental assurance program which audits each site on a periodical basis, with a primary focus on the identification and management of environmental risks and ensures compliance with environmental laws.

### Litigation

Like all companies in the resources sector, the Company is exposed to the risks of litigation (either as the complainant or as the defendant), which may have a material adverse effect on the financial position of the relevant entity. This includes the risks of climate change litigation, which encompasses disputes that relate to climate change impacts and approaches to decarbonisation (such as approvals for new GHG emitting development, greenwashing claims linked to emission reduction strategies etc.). Such claims or proceedings could divert our management's time and attention and consume financial resources in their defence or prosecution.

Breach of contractual obligations to key clients such as delayed or non-delivery of coal can expose the Company to financial loss and reputational impact. Yancoal undertakes legal review and ongoing conflict management of key material contracts to minimise risk of disputes and subsequent litigation. The Company also manages its obligations under relevant legislation to manage risk of prosecution, such as set out under the risks "Health and safety" and "Regulatory approvals" above.

### ECONOMIC AND CONTEMPORARY RISKS

In addition to the above environmental and social risks, the Company is subject to a range of economic and contemporary risks. These include (but are not limited to) the Company's exposure to coal prices and demand, foreign exchange rates, geopolitical environment, insurance, transport and infrastructure, technology and cyber vulnerabilities, estimates of coal resources and reserves, impairments, NCIG and WICET debt, people and talent management and joint ventures and reliance on third parties. These are further outlined below.

#### Coal prices and coal demand

The Company generates revenue from the sale of coal. In developing its business plan and operating budget, the Company makes certain assumptions regarding coal prices and demand for coal.

The prices for coal are determined predominantly by world markets, which are affected by numerous factors, including the outcome of future sale contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in energy demand and demand for steel, changes in the supply of seaborne coal, technological changes, changes in production levels and events interfering with supply, changes in international freight rates or other transportation infrastructure and costs, the costs of other commodities and substitutes for coal, market changes in coal quality requirements, government regulations which restrict use of coal, and tax impositions on the resources industry, all of which are outside the control of the Company and may have a material adverse impact on coal prices and demand.

In addition, the coal price is highly dependent on the outlook for coal consumption in large Asian economies, such as China,

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Japan and India, as well as any changes in government policy regarding coal or energy policy in those countries.

Significant and sustained adverse movements in coal prices may have a material adverse impact on the ongoing financial performance and financial position of the Company or may result in the Company not proceeding with the development of new mines and projects due to such development not being economically viable.

### **Adverse foreign exchange rate movements**

Foreign exchange risk can affect the Company's performance.

The liabilities, earnings and cash flows of the Company are influenced by movements in exchange rates, especially movements in the A\$:US\$ exchange rate.

While the Company's costs are primarily denominated in its functional currency, the A\$, foreign currency exposure arises particularly in relation to coal supply contracts, which generally are priced and payable in US\$, procurement of imported plant and equipment, which can be priced in US\$ or other foreign currencies, and any future debt denominated in US\$.

The impact of exchange rate movements will vary depending on factors such as the nature, magnitude and duration of the movements, the extent to which currency risk is hedged under forward exchange contracts or other hedging instruments and the terms of these contracts.

### **Geopolitical Environment**

The Company is subject to geopolitical exposures that have the potential to impact the Company's operations and growth, including as related to any government approvals required under either jurisdiction.

### **Insurance**

The Company has external insurance coverage for certain operating risks. However, it may become subject to liability (including in relation to pollution, occupational illnesses or other hazards), or suffer loss resulting from business interruption, for which it is not externally insured (or has not sufficiently insured) or cannot insure, including liabilities in respect of past activities. The growing anti-coal sentiment in the insurance market may also further reduce insurance capacity available to the Company and/or lead to insurance terms for certain insurance types or layers no longer being economically viable.

As a result, the risk transfer to a third party as achieved through external insurance coverage may not cover the scope and extent of claims against the Company or losses it may incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability, war, terrorism, major equipment and business interruption.

In addition, insurance may not be available or continue to be available at economically acceptable premiums and therefore require a form of self-insurance. Yancoal established a wholly owned captive insurance company in 2022 that retained some risk during the financial year. Over time and subject to Chinese regulatory approvals, the Company seeks to build up additional risk capital within its captive insurance company to help off-set future reductions in external insurance capacity. However, in the absence of external insurance coverage and therefore external risk transfer, major losses could adversely affect the future financial performance of the Company.

### **Transport and infrastructure**

Coal produced from the Company's mining operations is transported to customers by a combination of road, rail and

sea. Fluctuations in transportation costs and disruptions to our railway and port linkages could disrupt the Company's coal deliveries and adversely affect its business, financial condition and results of operations.

A number of factors could disrupt or restrict access to essential coal transportation and handling services, including (but not limited to) weather related problems, key equipment and infrastructure failures, rail or port capacity constraints, congestions and inter-system losses, industrial action, failure to obtain consents from third parties for access to rail or land, failure or delay in the construction of new rail or port capacity, failure to meet contractual requirements, terrorist attacks, breach of regulatory framework, mismatch of rail and port capacity or the possible sale of infrastructure. Each of these factors could impair the Company's ability to supply coal to customers and/or increase costs, and consequently may have a material adverse effect on the Company's financial position.

Significant increases in transport costs (such as emissions control requirements and fluctuations in the price of diesel fuel and demurrage) could make the Company's coal less competitive when compared to other fuels or coal produced from other regions.

Risk exposures are managed by a dedicated team of experts, of both Yancoal assets as well as the greater supply chains used. Mitigating activities undertaken includes actively monitoring previously experienced, current and emerging risks by analysis of automated data capture from supply chain operations, as well as information shared with all other supply chain intermediaries.

The Company also performs an active role in key industry forums, including government bodies, as well as incident management and critical response groups.

### **Technology / cyber**

The Company's business relies on the performance, reliability and availability of its technology systems including (custom) software. Information and operating technology may be subject to international cyber security threats. Breaches could result in (but are not limited to) safety exposures, the loss of sensitive data / information, unplanned outage of business-critical system environmental damage and misappropriation of company funds. The Company's information technology infrastructure in general may also be adversely affected by factors such as server damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, telecommunications failures, external malicious intervention such as hacking (including extortion), terrorism, fire, natural or weather interventions. Such events are largely beyond the Company's control, and may affect its ability to carry on our operations efficiently.

The Company is enforcing the cyber defensive measures by deploying tools and technologies related (but not limited) to remote vendor access, multi-factor authentication, intrusion protection and other monitoring systems.

### **Estimates of Coal Resources and Reserves and geology**

The volume and quality of the coal that the Company recovers may be less than the Coal Resource and Reserve estimates reported to date. Coal Resource and Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that coal mined may be of a different quality or grade, tonnage or strip ratio from those in the estimates and the ability to economically extract and process the coal may not eventuate. Coal Resource and Reserve

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estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable.

Material changes in Coal Reserve estimates, grades, strip ratios, washing yields or recovery rates may affect the economic viability of projects. Coal Reserve estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations.

If the Company's actual Coal Resource and Coal Reserve estimates are less than current estimates, the Company's prospects, value, business, results of operations and financial condition may be materially adversely affected.

Coal Resource and Coal Reserve estimates are regularly revised based on actual production experience or new information and could therefore be expected to change. Furthermore, should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, Coal Resource and Coal Reserve estimates may have to be adjusted and mining plans, coal processing and infrastructure may have to be altered in a way that might adversely affect their operations. If it is determined that mining of certain Coal Reserves are uneconomic, this may lead to a reduction in the Company's aggregate Coal Reserve estimates.

### Impairment

The Company's balance sheet includes a number of assets that are subject to impairment risk. The value of these assets is derived from the fundamental valuation of the underlying mining operations and as such is subject to many of the risks including, but not limited to, coal price and demand, foreign exchange, coal production, estimates of reserves and resources, uncertainty in costs forecasts, operating risks, injury and mine closure.

Adverse changes in these risk factors could lead to a reduction in the valuation of the Company's assets and result in an impairment charge being recognised.

### Capital Management

The Company's ability to finance its sustaining and growth capital expenditures relies on its capacity to generate adequate cash flow from operations. This, in turn, is subject to various factors, including the coal price, production volume, costs, capital expenditure levels, foreign exchange rates, changes in tax laws and regulations, and other relevant variables.

Given the debt-free status and robust balance sheet, the company is well-positioned to pursue additional funding opportunities. However, the funding plans for M&A transactions will be carefully tailored on a case-by-case basis, considering diverse funding sources to ensure flexibility.

It is important to note that rehabilitation and mine closure costs will impact cash flow in future years. These expenses need to be accounted for and managed effectively to mitigate their impact on the company's overall financial position.

In order to maximize shareholder value, the company is committed to striking a balance between short-term and long-term shareholder returns while effectively managing the aforementioned capital management risks.

### NCIG and WICET debt

As a shipper in NCIG and WICET, the Company may be required to pay its share of any outstanding senior debt,

amortised over the remaining years of that particular contract, if the Company's source mines are unable to maintain a minimum level of Marketable Coal Reserves. Furthermore, the Company may be required to pay its share of any outstanding senior debt in full, if NCIG and WICET are unable to refinance a tranche of its maturing debt and defaults on its remaining debt. If an other NCIG or WICET shipper was to default on its contractual obligations and was unable to pay its share of the NCIG or WICET debt respectively, the outstanding senior debt would be socialised amongst the remaining shippers. In this scenario the Company's share of the outstanding senior debt would increase.

### People and talent management

The retention and attraction of talent will remain a key risk as the labour market constraints in the Australian coal industry are expected to remain for the foreseeable future. The key to ongoing success and sustainability as a business is maintaining and upholding company culture, which is underpinned by the Yancoal values and beliefs.

The Company workplace culture and employee value proposition are crucial in the ability to attract and retain people. This combined with a review of allowances, retention payments and more flexible rostering arrangements has meant that the Company has done particularly well to retain employees, with 87% of workforce choosing to remain during the year.

We are committed to investing in our people and developing strong internal talent pipelines to become our future leaders. We offer ongoing training and professional development for our employees, through the form of both internal and external programs. Further, we offer targeted programs and development for frontline leaders, and identified high potential individuals to support them in realising their career goals while aligning to internal succession plans.

The Nomination & Remuneration Committee oversees executive succession plans at least once a year with a view to ensuring the appropriate mix of skills and diversity of thought are considered over both the ready now and longer term horizons.

### Joint ventures and reliance on third parties

The Company holds a number of joint venture interests, including interests in the Middlemount, Moolarben, HVO, Mount Thorley and Warkworth joint ventures, PWCS, NCIG and WICET, with other parties. Decision making, management, marketing and other key aspects of each joint venture are regulated by agreements between the relevant joint venture participants. Under these agreements, certain decisions require the endorsement of third party joint venture participants and the Company relies on the co-operation of these third parties for the success of its current operations and/or the development of its growth projects and the transportation of increased production.

The Company cannot control the actions of third party joint venture participants, and therefore cannot guarantee that joint ventures will be operated or managed in accordance with the preferred direction or strategy of the Company. There is a risk that the veto rights of, or consents required from, the joint venture partners will prevent the business and assets of a joint venture from being developed, operated and managed in accordance with that preferred direction or strategy.

The Company also use contractors and other third parties for exploration, mining and other services generally, and is reliant on a number of third parties for the success of its current operations and for the development of its growth projects.



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While this is normal for the mining and exploration industry, problems caused by third parties may arise which may have an impact on the performance and operations of the Company. Any failure by counterparties to perform their obligations may have a material adverse effect on the Company and there can be no assurance that the Company will be successful in attempting to enforce its contractual rights through legal action.

### HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMPLIANCE

The Company has adopted policies to comply with occupational health, safety, environment and other laws. The Board has a Health and Safety Policy and an Environment and Community Relations Policy which apply across all areas of the business. In addition, each mine site has its own health, safety and environmental policies and procedures to deal with their particular health, safety and environmental issues. The Board has established a Health, Safety, Environment and Community Committee to assist it in overseeing the Company's health, safety, environmental and community responsibilities. The committee meets quarterly, with meetings generally held at one of the Company's mine sites, to provide the Committee with the opportunity of viewing the implementation of the policies in practice, to receive feedback from site operational representatives and to address any mine specific health, safety and environment issues.

Further information regarding the Health, Safety, Environment and Community Committee is outlined under the Board committees section above.

### AUDIT AND RISK MANAGEMENT COMMITTEE

The Board is responsible for preparing the financial statements and accounts of the Company. The Audit and Risk Management Committee plays a key role in helping the Board to oversee financial reporting, internal control structure, risk management systems and internal and external audit functions. The committee also enables the Board to maintain a transparent relationship with the Company's internal and external auditors.

Further information regarding the Audit and Risk Management Committee is outlined under the Board committees section above.

### CEO AND CFO CERTIFICATIONS ON FINANCIAL REPORTS

The persons who performed a chief executive function and chief financial officer function for the Company have declared in writing to the Board that in respect of the half year ended 30 June 2023 and the full year ended 31 December 2023, in their opinion, the financial records of the Company have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### EXTERNAL AUDITOR

The Company's external auditor is SW Audit (formerly ShineWing Australia). Consistent with the requirements of the *Corporations Act 2001* (Cth) for listed entities, SW Audit has a policy of partner rotation every five years. The appointment, removal and remuneration (not including amounts paid for special or additional services provided by the auditor) of the auditor require shareholder approval.

The external auditor receives all papers and minutes of the Audit and Risk Management Committee. The external auditor also receives minutes of the Board and all Board

subcommittees. The external auditor also attends the Company's AGM to answer questions from shareholders relevant to the Company's audit.

The statement of the external auditor, SW Audit, about reporting responsibilities on the financial statements of the Group is set out under the heading "Independent Auditor's Report To the Members of Yancoal Australia Ltd" in this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

An analysis of remuneration (including details of the amounts paid or payable) to the auditor for audit and non-audit services provided during the financial year ended 31 December 2023 are set out in the Directors' Report.

### VERIFICATION OF PERIODIC CORPORATE REPORTS

Where a periodic corporate report is not required to be audited or reviewed by an external auditor, the Company conducts an internal verification process to confirm the integrity of the report to ensure that the content of the report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. The verification process involves the reports being prepared and reviewed by relevant executives. Further details regarding the Company's disclosure and communications processes are set out below under paragraph titled "Make timely and balanced disclosure", and section titled "Communications with shareholders".

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### 5. DIVERSITY

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. The Company's Diversity and Inclusion Policy, approved by the Board, seeks to actively facilitate a more diverse and representative management and leadership structure. The Diversity and Inclusion Policy is available in the Corporate Governance section of the Company's website.

Annually, the Board establishes measurable objectives with the assistance of the Nomination and Remuneration Committee

with a view to progressing towards a balanced representation of women at a Board and senior management level.

The measurable objectives and performance against them are reviewed annually by the Nomination and Remuneration Committee as part of its annual review of the effectiveness of the Diversity and Inclusion Policy.

The measurable objectives adopted for 2023 and the Company's performance against the measurable objectives are outlined in the table below:

OBJECTIVE	PERFORMANCE
<ul style="list-style-type: none"> <li>To establish a D&amp;I committee representing each of our sites to improve our structure of governance and accountability for diversity and inclusion across the whole business</li> </ul>	<p>The first Yancoal wide D&amp;I committee was convened to help drive the national agenda for improving diversity and inclusion within the business with a primary focus on gender and indigenous.</p> <p>A forum was held in May 2023 which has set the terms of reference for the committee and confirmed a focused effort of achieving Yancoal measurable objectives in particular gender and indigenous targets. All sites and locations have a representative on the committee.</p> <p>Senior Management and Board member support for advancing D&amp;I matters in Yancoal was expressly provided via the attendance of the CEO and the Chair of the Nomination &amp; Remuneration Committee at the inaugural D&amp;I Committee meeting.</p>
<ul style="list-style-type: none"> <li>To provide development support and mentoring programs for women to progress their careers with Yancoal. Target greater than 30 female employees to be mentored in 2023</li> </ul>	<p>Below is a summary of females being mentored at Yancoal and the respective programs.</p> <p>12 in the Yancoal Ignite Internal mentoring program</p> <p>5 in the NSW WIMNET Program</p> <p>13 in the Moolarben Female Mentoring</p> <p>30 TOTAL</p>
<ul style="list-style-type: none"> <li>To evaluate our gender balance and set a target to maintain and/or improve the proportion of women in the Yancoal workforce at 17%</li> </ul>	<p>The target of 17% female representation across the business was not achieved with the proportion of women in the workforce remaining steady overall at 15% in 2023 (15% was reported in 2022).</p> <p>Pleasingly the number of new hires of females into the business has increased from 101 (2022) to 173 (2023) representing 23% of all new hires.</p>
<ul style="list-style-type: none"> <li>To encourage career planning conversations and development plans to be put in place as part of the annual Performance Review &amp; Development cycle. Target &gt; 80% of salaried female employees to have development plans in place</li> </ul>	<p>In 2023, 60% of salaried female employees have a development plan in place and are formally recorded in the Yancoal Performance Review and Development system. This is an improvement on the 2022 total of 39% of female employees with a development plan in place but is still a significant way from the target of 80% total and will remain a goal for 2024.</p>
<ul style="list-style-type: none"> <li>To aim to continually reduce the gender pay gap through conducting and actioning annual gender pay reviews</li> </ul>	<p>In 2023 a gender gap analysis was conducted as part of the annual remuneration review cycle which confirmed Yancoal does not appear to have a systemic gender pay gap issue from a "same role" perspective.</p> <p>In 2023 Yancoal conducted further analysis into the gender pay issue and did find that, on average, females at Yancoal are paid less relative to their market benchmark than males – on average females are paid 96.6% of the relevant 75th percentile, while males are paid on average 100.5% of the relevant benchmark.</p> <p>Annual gender pay gap reviews will continue to be conducted and relevant outcomes actioned to ensure that gender pay equity is maintained for all employees.</p>
<ul style="list-style-type: none"> <li>We will provide all employees with a workplace environment and culture that supports inclusivity including taking positive steps to eradicate bullying, harassment and sexual harassment</li> </ul>	<p>Yancoal has continued its efforts in creating a workplace environment that is supportive and inclusive.</p> <p>The 2023 engagement survey confirmed pleasing results for female employees in most areas of our work environment. 73% of female employees confirmed a favourable overall score for the Work Environment dimension (5% higher than the Yancoal overall average).</p> <p>83% responded favourably (13% neutral) that they work in an environment that is free from sexual harassment. 78% of female employees confirmed a favourable score to working in an environment where we are treated with respect (11% higher than the Yancoal overall average).</p> <p>A refreshed and updated Workplace behaviours training module will be delivered to all employees in 2024 incorporating changes to legislation and best practice approaches as recommended by the Australian Human Rights Commission Respect@Work Report.</p>

## 2023 CORPORATE GOVERNANCE STATEMENT

The Board has set the following measurable objectives in relation to gender diversity for 2024:

- We will evaluate our gender balance and set a stretch target to improve the proportion of women in the Yancoal workforce from 15% (existing) to 17% or higher
- We will include at least one female candidate on the shortlist for new hire roles at Manager/Superintendent and above where a female candidate exists within the recruitment talent pool who meets the key criteria of the role
- We will benchmark and review the Yancoal parental leave policy with a view to improving our employee value proposition
- We are committed to providing a workplace that is free from sexual harassment and which promotes inclusivity. We will continue to take proactive steps to eliminate sexual harassment which will include the continued education of our workforce on acceptable standards of behaviour and the responsibility of all employees as well as the Company to ensure we are providing a safe place of work
- We will prioritise female participation in Yancoal leadership development and mentoring programs to support females progress their careers within the business
- We will apply a specific focus on female employees as part of our talent and succession process and aim at creating a stronger female talent pipeline for more senior positions. For reference in 2023 the proportion of internal promotions across Yancoal that were female employees was 20%
- We will monitor exit data for salaried employees to actively address themes which contribute to female employees exiting the business
- To aim to continually reduce the gender pay gap through conducting and actioning annual gender pay reviews

In considering the Board's succession, the Nomination and Remuneration Committee would identify and select the potential candidates for Directors in accordance with the Committee's Charter and may engage independent professional search firms to identify potential candidates for Independent Non-executive Directors as and when appropriate. The Board will continue to strive to increase the proportion of female members over time in line with any measurable objectives set by the Board for gender diversity.

According to the Australian Workplace Gender & Equality Agency ("WGEA") in 2022/23 with respect to the proportion of women to men in the workforce, it is reported that the mining sector is the top male dominated sector with approximately 83% male participation. The coal industry sub-division is equally challenging with a female participation rate of 17%. The lower number of female participants in the coal mining sector make it challenging to achieve increased levels of gender diversity.

### PROPORTION OF WOMEN IN THE COMPANY

Gender has been identified as a key area of focus for the Company. On an annual basis, the Nomination and Remuneration Committee reviews the proportion of women employed by the Company and submits a report to the Board outlining its findings. Details regarding the proportion of men and women throughout the organisation are set out below.

As at 31 December 2023, the proportion of women who were directly engaged as employees and contractors was 15%: 524 direct employees and 100 Managed Contractors. The proportion of women in Executive Committee roles within the Company during 2023 was 7%: Women held 1 of 13 Executive Committee roles within the Company.

On and from 30 January 2018 and as at 31 December 2023, one female Non-Executive Director sits on the Board which is comprised of 8 directors in total<sup>50</sup>.

## 6. COMMUNICATIONS WITH SHAREHOLDERS

The Company has an investor relations program that is aimed at facilitating two-way communications with investors. The Company's policy is to promote effective two-way communication with shareholders and other investors so that they understand how to assess relevant information about the Company and its corporate direction. The Company aims to keep shareholders, potential investors and other stakeholders informed of all major developments affecting the state of affairs of the Company. The Company facilitates the investor relations program by communicating information regularly to shareholders, potential investors and other stakeholders by:

- posting announcements on the ASX and HKEX platforms in accordance with its continuous disclosure obligations and also making these announcements available on the Company's website under the sections marked 'Investors', 'Sustainability', 'Corporate Governance', 'Media' and 'Boards and Committees';
- keeping its website up to date on important information about the Company, including its Constitution, Board and Board Committee Charters, core corporate governance policies and financial information about the Company; and
- publishing company presentations made to analysts or investors on the ASX and HKEx platforms within the Investor section of the Company's website.

The Board considers one of its key responsibilities to be communication with shareholders. The Company generally encourages shareholders to attend and participate in all general meetings including AGMs and EGMs and will use a variety of technological solutions, where appropriate, to facilitate such participation of shareholders to allow shareholders to attend and vote in person or by proxy, this may include, for example, making meetings available to view by live telecommunications. To ensure that the views of as many shareholders as possible are represented, it is the Company's standard practice at an AGM (and any other general meeting) for all resolutions to be decided by a poll rather than by a show of hands.

Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and the preparation of its reports. Any shareholders who cannot attend any general meetings can also participate via lodgement of their proxies. In addition,

<sup>50</sup> Ms Gillies resigned after the conclusion of the 2023 reporting period as noted in the Directors' Report.

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shareholders have the option of receiving communications from and sending communications to the Company and the Company's principal and branch share registries, Computershare Investor Services Pty Limited and Computershare Hong Kong Investor Services Limited, electronically.

The Company's Shareholder Communication Policy can be found within the Corporate Governance section of the Company's website.

Paragraph 44 of the Hong Kong Joint Policy Statement Regarding the Listing of Overseas Companies, jointly issued by the Securities and Futures Commission of Hong Kong and HKEX in March 2007 and updated in April 2018, requires that members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%. Under section 249D of the *Corporations Act 2001* (Cth), shareholders with at least 5% of the votes that may be cast at a general meeting may request the Directors to call a general meeting or may convene a general meeting themselves at their own expense under section 249F of the *Corporations Act 2001* (Cth). Any such request must be in writing, must state any resolution to be proposed at the meeting, must be signed by the shareholder making the request and must be given to the Company.

Under section 249N of the *Corporations Act 2001* (Cth), shareholders representing at least 5% of the total votes that may be cast on the resolution or at least 100 shareholders who are entitled to vote at a general meeting may give the Company notice requiring resolutions to be put before a general meeting. The notice must be in writing, must set out the wording of the proposed resolution and must be signed by the shareholders proposing to move the resolution.

Apart from the general meetings, the Company's website provides an effective means of communication with shareholders.

The Company's Shareholder Communications Policy sets out the Company's commitment of maintaining an ongoing dialogue with shareholders and the investment community. This Policy is reviewed by the Board on a regular basis as required to ensure its effectiveness. The Company is committed to facilitating the two-way communication with shareholders, in particular, dealing with shareholder enquiries (whether an institutional investor or a retail investor) and any shareholders who have questions or comments on what the Company is doing are most welcome to contact the Company at any time through the website. Shareholders may raise enquiries to the Board by contacting the Company's General Manager - Investor Relations, including at [shareholder@yancoal.com.au](mailto:shareholder@yancoal.com.au). Upon receipt of the enquiries, the General Manager - Investor Relations will forward the shareholders' enquiries and concerns to the Board, Board committees or management as appropriate.

### 7. AMENDMENTS TO THE COMPANY'S CONSTITUTION

There has not been any change to the Company's Constitution during the year ended 31 December 2023.

This Corporate Governance Statement has been approved by the Board and is current as at 23 February 2024.

## CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain transactions with connected persons of the Company, which constitute continuing connected transactions of the Company under the HK Listing Rules. These non-exempt continuing connected transactions are set out below.

### SALE OF COAL BY THE GROUP TO YANKUANG ENERGY

From time to time, Yankuang Energy (the controlling shareholder of the Company who is interested in approximately 62.26% of the Shares in the Company) and/or its subsidiaries (excluding the Group) may purchase coal from the Group primarily for their own trading purposes.

On 19 November 2020, the Company entered into a framework agreement for coal sales with Yankuang Energy (the "2020 Yankuang Energy Framework Coal Sales Agreement") in relation to the sale of coal by the Group to Yankuang Energy and/or its subsidiaries (excluding the Group) commencing on 1 January 2021 and expiring on 31 December 2023.

On 14 September 2023, the Company entered into a new framework agreement for coal sales with Yankuang Energy (the "2023 Yankuang Energy Framework Coal Sales Agreement") in relation to the sale of coal by the Group to Yankuang Energy and/or its subsidiaries (excluding the Group) commencing on 1 November 2023 and expiring on 31 October 2026. The 2023 Yankuang Energy Framework Coal Sales Agreement was approved by the Shareholders at the extraordinary general meeting of the Company held on 18 October 2023.

The 2020 Yankuang Energy Framework Coal Sales Agreement and the 2023 Yankuang Energy Framework Coal Sales Agreement provide that all transactions in relation to the sale of coal by the Group to Yankuang Energy and/or its subsidiaries (excluding the Group) must be: (i) in the ordinary and usual course of business of the Group; (ii) on an arm's length basis; (iii) on normal commercial terms or better; and (iv) in compliance with, among other things, the HK Listing Rules and applicable laws.

The maximum annual transaction amount to be received by the Group from Yankuang Energy and/or its subsidiaries (excluding the Group) pursuant to the 2020 Yankuang Energy Framework Coal Sales Agreement for the three years ending 31 December 2021, 2022, and 2023, was not to exceed US\$20 million, US\$20 million, and US\$20 million respectively.

The maximum annual transaction amount to be received by the Group from Yankuang Energy and/or its subsidiaries (excluding the Group) pursuant to the 2023 Yankuang Energy Framework Coal Sales Agreement, for the period from 1 November 2023 to 31 December 2023, for the years ending 31 December 2024 and 2025, and for the period from 1 January 2026 to 31 October 2026, will not exceed US\$66.7 million, US\$300 million, US\$300 million, and US\$233.3 million respectively.

During the period from 1 January 2023 to 31 October 2023, and the period from 1 November 2023 to 31 December 2023, the transaction amount received by the Group was nil and approximately US\$14.6 million, respectively, which was below the respective annual cap under the 2020 Yankuang Energy Framework Coal Sales Agreement and the 2023 Yankuang Energy Framework Coal Sales Agreement.

### SALE OF COAL BY THE GROUP TO YIT

On 19 November 2020, the Company entered into a framework agreement for coal sales with Yancoal International Trading Co., Ltd. ("YIT") (the "2020 YIT Framework Coal Sales Agreement") in relation to the sale of coal by the Group to YIT

and/or its associates (excluding the Yankuang Energy Group), commencing on 1 January 2021 and expiring on 31 December 2023.

On 14 September 2023, the Company entered into a new framework agreement for coal sales with YIT (the "2023 YIT Framework Coal Sales Agreement") in relation to the sale of coal by the Group to YIT and/or its associates (excluding the Yankuang Energy Group), commencing on 1 November 2023 and expiring on 31 October 2026. The 2023 YIT Framework Coal Sales Agreement was approved by the Shareholders at the extraordinary general meeting of the Company held on 18 October 2023.

YIT is a wholly-owned subsidiary of Shandong Energy, the controlling shareholder of Yankuang Energy. Accordingly, YIT is a connected person of the Company by virtue of being an associate of Yankuang Energy.

The 2020 YIT Framework Coal Sales Agreement and the 2023 YIT Framework Coal Sales Agreement provide that all transactions in relation to the sale of coal by the Group to YIT and/or its associates (excluding the Yankuang Energy Group) must be: (i) in the ordinary and usual course of business of the Group; (ii) on an arm's length basis; (iii) on normal commercial terms or better; and (iv) in compliance with, among other things, the HK Listing Rules and applicable laws.

The maximum annual transaction amount to be received by the Group from YIT and/or its associates (excluding the Yankuang Energy Group) pursuant to the 2020 YIT Framework Coal Sales Agreement for the three years ended 31 December 2021, 2022 and 2023 (as amended on 5 October 2022 and 20 April 2023) was not to exceed US\$87.5 million, US\$155 million, and US\$240 million, respectively.

The maximum annual transaction amount to be received by the Group from YIT and/or its associates (excluding the Yankuang Energy Group) pursuant to the 2023 YIT Framework Coal Sales Agreement, for the period from 1 November 2023 to 31 December 2023, for the years ending 31 December 2024 and 2025, and for the period from 1 January 2026 to 31 October 2026, will not exceed US\$133.4 million, US\$600 million, US\$600 million, and US\$466.6 million respectively.

During the period from 1 January 2023 to 31 October 2023, and the period from 1 November 2023 to 31 December 2023, the transaction amount received by the Group was approximately US\$234.8 million and US\$38.1 million, respectively, which was below the respective annual cap under the 2020 YIT Framework Coal Sales Agreement and the 2023 YIT Framework Coal Sales Agreement.

### PURCHASE OF COAL BY THE GROUP FROM YANKUANG ENERGY

The Group has purchased and may, from time to time, purchase coal from Yankuang Energy and/or its subsidiaries (excluding the Group), in particular Australian based subsidiaries of Yankuang Energy (excluding the Group) holding mines which are managed by the Group, for back-to-back on sale to end customers in order to fulfil customer requirements and maintain customer relationships.

The Company entered into a framework coal purchase agreement with Yankuang Energy (the "Yankuang Energy Framework Coal Purchase Agreement") on 8 October 2018 to govern all existing and future purchases of coal by the Group from Yankuang Energy and/or its subsidiaries (excluding the Group).

## CONTINUING CONNECTED TRANSACTIONS

The Yankuang Energy Framework Coal Purchase Agreement provides that all transactions in relation to the purchase of coal by the Group from Yankuang Energy and/or its subsidiaries (excluding the Group) must be: (i) in the ordinary and usual course of business of the Group; (ii) on an arm's length basis; (iii) on normal commercial terms with the sale price being determined with reference to industry index prices and coal quality characteristics under the respective contracts; and (iv) in compliance with, amongst other things, the HK Listing Rules and applicable laws.

On 16 December 2020, the Board resolved to renew the Yankuang Energy Framework Coal Purchase Agreement for three years commencing from 1 January 2021 and to set the annual caps for the three years ended 31 December 2021, 2022 and 2023 at US\$40 million, US\$40 million and US\$40 million, respectively. During the year ended 31 December 2023, the transaction amount received by the Group was approximately US\$13.3 million, which was below the annual cap.

On 12 December 2023, the Board resolved to renew the Yankuang Energy Framework Coal Purchase Agreement for a further three years commencing from 1 January 2024, and to set the annual caps for the three years ending 31 December 2024, 2025 and 2026 at US\$45 million, US\$45 million and US\$45 million, respectively.

### PROVISION OF MANAGEMENT SERVICES BY THE COMPANY

As one of the conditions imposed by the Foreign Investment Review Board of the Australian Government in relation to the merger of the Company with Gloucester Coal Limited in 2012, a management and transitional services agreement (the "Management and Transitional Services Agreement") was entered into between the Company and the following entities (the "Existing Recipients"), comprising: (i) Yankuang Energy; (ii) Yancoal Technology Development Holdings Pty Ltd; (iii) Premier Coal Holdings Pty Ltd; (iv) Athena Holdings Pty Ltd; (v) Tonford Holdings Pty Ltd; (vi) Wilpeena Holdings Pty Ltd; and (vii) Yancoal Energy Pty Limited, on 22 June 2012, pursuant to which the Company has agreed to provide to the Existing Recipients certain services in respect of certain assets owned by the Existing Recipients. Each of the Existing Recipients is a wholly owned subsidiary of Yankuang Energy (other than Yankuang Energy itself). Yankuang Energy is a Controlling Shareholder of the Company and is interested in approximately 62.26% of the Shares in the Company.

On 7 December 2016, a deed of variation, accession and termination to the Management and Transitional Services Agreement was entered into among the Existing Recipients, Yankuang Resources Pty Ltd ("Yankuang Resources"), Yankuang (Australia) Metal Mining Pty Ltd ("Yankuang (Australia) Metal Mining"), together with Yankuang Resources and the Existing Recipients, the ("Recipients") and the Company, pursuant to which Yankuang Resources and Yankuang (Australia) Metal Mining became parties to the Management and Transitional Services Agreement and are entitled to all rights and benefits of an Existing Recipient under the Management and Transitional Services Agreement. Yankuang Resources and Yankuang (Australia) Metal Mining are both wholly owned subsidiaries of Shandong Energy. As at 31 December 2023, Shandong Energy is, directly and indirectly, interested in approximately 54.69% of the shares in Yankuang Energy and is a controlling shareholder of the Company.

Details of the terms of the Management and Transitional Services Agreement, as amended pursuant to the deed of

variation, accession and termination to the Management and Transitional Services Agreement on 7 December 2016, and a further deed of variation to the Management and Transitional Services Agreement on 12 November 2021, are set out below.

### Services

The services provided to each Recipient and each of their respective subsidiaries include:

- General corporate services, which comprise human resource services, treasury services, financial accounting/ reporting services, compliance services, marketing and logistic services, corporate communications services, government and industry relations services, business development services and other general corporate services;
- Operations services, which comprise carrying out exploration programs, preparing business plans, monitoring and reporting on environmental issues, using all reasonable endeavours to meet business KPIs, preparing plans of operations as may be required by laws and other operational services; and
- IT services, which comprise the granting of the permission to use the Company's hardware or software and the provision of IT support services.

(collectively, the "Services")

During the term, each party may request that the Company provide an additional service, or the Company may change or modify the provision of an existing service by notifying the parties in writing. Following receipt of the notice, representatives of each party must promptly meet to discuss in good faith the proposed new services or modified services.

### Services Fees

The services fees for provision of the Services are charged on the basis of cost plus a 5% margin, except for any third-party charges attributable to the provision of the relevant services which are charged at cost. The cost base upon which the 5% margin is applied is determined on the basis of management's reasonable estimate of such costs as may be defined in the budget of each calendar year having regard to certain principles, including: (i) in respect of coal-mining operations, the allocated portion of the Company's corporate administration costs based on the Company's corporate budget in respect of those corporate administration costs; and (ii) in respect of non-mining operations, the estimated management time likely to be incurred in providing the Services and the allocated portion of the Company's corporate administration costs based on the Company's corporate budget in respect of those corporate administration costs. The above costs are subject to re-calibration at the start of every year on the basis of the previous year's actuals and any anticipated changes.

At the end of each financial year (or such other times as the parties may agree), the parties will undertake a reconciliation of the fees charged during that financial year against the actual cost and services provided. The Company will refund the excess charges, or the Recipients will pay the shortfall charges to the Company, in each case, within 14 days of determination of the fee adjustment required.

### Payment of the Services Fees

The Company will invoice the Recipients each month for services provided.

Notwithstanding that the term of the Management and Transitional Services Agreement may exceed three years, the

## CONTINUING CONNECTED TRANSACTIONS

Company will set annual caps for transactions under the Management and Transitional Services Agreement for no more than three years, and will re-comply with the applicable requirements of the HK Listing Rules after expiry of the initial term.

On 16 December 2020, the Board resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 (as amended on 20 April 2023) at \$12 million, \$12 million and \$20 million, respectively. During the year ended 31 December 2023, the transaction amount charged by the Group was approximately \$16.9 million, which was below the annual cap.

On 12 December 2023, the Board resolved to set the annual cap for the year ending 31 December 2024 at \$20 million.

### **LOAN FACILITY PROVIDED BY THE COMPANY TO PREMIER COAL**

Premier Coal Holdings Pty Ltd, an indirect wholly-owned subsidiary of Yankuang Energy ("Premier Coal") (as the borrower), entered into a loan agreement with the Company (as lender) on 15 June 2016 in relation to a \$50 million uncommitted revolving loan with a fixed interest rate of 7% per annum (the "Premier Coal Loan Agreement"). Pursuant to the Premier Coal Loan Agreement, the Company may terminate or cancel the facility at any time and amounts already advanced to Premier Coal prior to the termination or cancellation are required to be repaid immediately. The termination date will be the date 12 months after the date of the Premier Coal Loan Agreement, subject to automatic extension on a rolling 12 months basis, or any earlier date on which the facility is terminated or cancelled in full or on which all the money owing becomes due and payable.

On 16 December 2020, the Board resolved to set the annual caps, representing the maximum daily drawn-down principal of the loan under the Premier Coal Loan Agreement (including the interest accrued thereon), for the three years ending 31 December 2021, 2022 and 2023 at \$53.5 million, \$53.5 million and \$53.5 million, respectively. As at 31 December 2023, no amount remained drawn down under the Premier Coal Loan Agreement.

### **BANK GUARANTEES PROVIDED IN FAVOUR OF CERTAIN YANKUANG ENERGY SUBSIDIARIES**

The Company entered into a framework bank guarantee agreement with Athena Holdings Pty Ltd, Tonford Holdings Pty Ltd, Wilpeena Holdings Pty Ltd, Premier Coal Holdings Pty Ltd and Yancoal Energy Pty Ltd (together, the "Yankuang Energy Entities") (the "Framework Bank Guarantee Agreement") on 23 December 2022, pursuant to which the Yankuang Energy Entities and/or their subsidiaries may use overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees, which are equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 5% margin within 20 business days after the payment by the Company.

The term of the Framework Bank Guarantee Agreement was for a period of one year commencing on 1 January 2023 and expiring on 31 December 2023.

The Company manages certain mines, which are located in Australia, on behalf of the Yankuang Energy Entities and/or their subsidiaries. In the ordinary and usual course of business, the Yankuang Energy Entities and/or their subsidiaries holding the managed mines may require credit support documents issued by commercial banks for their respective business

operations. Given the relevant commercial banks can issue credit support documents pursuant to existing facility agreements generally within five business days after receiving a request, which is a much shorter period of time and simpler process as compared to those required by other commercial banks to issue credit support documents without an existing facility agreement, and the relationship between the Company and the managed mines, as an integral part of the management services rendered by the Company in support of the operation of the managed mines, the Yankuang Energy Entities and/or their subsidiaries holding the managed mines will use the overall bank guarantee facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees.

The aggregate maximum daily outstanding principal and the bank guarantee fees to be received under the credit support documents issued by the financiers in favour of the Yankuang Energy Entities and/or their subsidiaries for the year ended 31 December 2023 was not to exceed \$170 million. During the year ended 31 December 2023, the aggregate maximum daily outstanding principal and the bank guarantee fees was approximately \$81.4 million, which was below the annual cap.

On 20 December 2023, the Company entered into a framework bank guarantee agreement (the "Australian Entities Framework Bank Guarantee Agreement") with Athena Holdings Pty Ltd, Tonford Holdings Pty Ltd, Wilpeena Holdings Pty Ltd and Yancoal Energy Pty Ltd (together, the "Australian Entities") for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026, pursuant to which the Australian Entities and/or their subsidiaries may use overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees, which are equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 5% margin within 20 Business Days after the payment by the Company.

The aggregate maximum daily outstanding principal and the bank guarantee fees to be received under the credit support documents issued by the financiers in favour of the Australian Entities and/or their subsidiaries for the three years ending 31 December 2024, 2025 and 2026 will not exceed \$60 million, \$60 million, and \$60 million, respectively.

On 20 December 2023, the Company also entered into a framework bank guarantee agreement (the "Premier Coal Framework Bank Guarantee Agreement") with Premier Coal Holdings Pty Ltd ("Premier Coal") for a term of one year commencing on 1 January 2024 and expiring on 31 December 2024, pursuant to which Premier Coal and/or its subsidiaries may use overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees, which are equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 5% margin within 20 Business Days after the payment by the Company.

The aggregate maximum daily outstanding principal and the bank guarantee fees to be received under the credit support documents issued by the financiers in favour of Premier Coal and/or its subsidiaries for the year ending 31 December 2024 will not exceed \$35 million.

### **SALE OF COAL BY THE GROUP TO GLENCORE**

From time to time, Glencore Coal Pty Ltd ("Glencore") and/or its subsidiaries and/or related entities may purchase coal from the Group for on sale to end customers, in order to maintain customer relationships or to meet specific customer

## CONTINUING CONNECTED TRANSACTIONS

requirements. The Company entered into a framework coal sales agreement with Glencore (the “Glencore Framework Coal Sales Agreement”) on 29 June 2018 to govern all existing and future sales of coal by the Group to Glencore and/or its subsidiaries and/or related entities.

The Glencore Framework Coal Sales Agreement provides that all transactions in relation to the sale of coal by the Group to Glencore and/or its subsidiaries and/or related entities must be: (i) in the ordinary and usual course of business of the Group; (ii) on an arm’s length basis; (iii) on normal commercial terms with the sale price being determined with reference to the prevailing market price for the relevant type of coal; and (iv) in compliance with, amongst other things, the HK Listing Rules and applicable laws. The Company will take into account relevant industry benchmarks and indices when determining the market price.

Glencore wholly owns Anotero Pty Ltd (“Anotero”). Anotero is a substantial shareholder of subsidiaries of the Company under the HK Listing Rules. Glencore is a connected person of the Company by virtue of being a substantial shareholder of the Company’s subsidiary (through Anotero).

On 16 December 2020, the Board resolved to renew the Glencore Framework Coal Sales Agreement for three years from 1 January 2021, and to set the annual caps for the three years ended 31 December 2021, 2022 and 2023 at US\$350 million, US\$350 million and US\$350 million, respectively. During the year ended 31 December 2023, the transaction amount received by the Group was approximately US\$64.4 million, which was below the annual cap.

On 12 December 2023, the Board resolved to renew the Glencore Framework Coal Sales Agreement for three years from 1 January 2024, and to set the annual caps for the three years ending 31 December 2024, 2025 and 2026 at US\$350 million, US\$350 million and US\$350 million, respectively.

### SALE OF COAL BY THE GROUP TO POSCO

From time to time, POSCO Australia Pty Ltd (previously known as Pohang Steel Australia Pty Ltd) (“POSCO”) and/or its associates may purchase coal from the Group for their own utilisation in the manufacturing of steel or generation of electricity. As POSCO is interested in 20% of the Mount Thorley JV, a subsidiary of the Company under the HK Listing Rules, POSCO is a connected person of the Company by virtue of being a substantial shareholder of the Company’s subsidiary.

On 22 December 2021, each of Ashton Coal Mines Limited, Miller Pohang Coal Company Pty Limited, Yarrabee Coal Company Pty Ltd and Stratford Coal Pty Ltd (each a subsidiary of the Company) formally agreed to enter into a coal sales agreement with POSCO (collectively, the “POSCO Coal Sales Agreements”) pursuant to which POSCO and/or its associates have agreed to purchase coal from the Group during the three years ending 31 December 2022, 2023 and 2024.

The maximum annual transaction amounts to be received by the Group from POSCO and/or its associates for the sale of coal pursuant to the POSCO Sales Agreements for the three years ending 31 December 2022, 2023 and 2024 (as amended on 1 September 2022 and 20 April 2023) will not exceed US\$450 million, US\$510 million and US\$510 million, respectively. During the year ended 31 December 2023, the transaction amount received by the Group was US\$305.7 million, which was below the annual cap.

### PURCHASE OF COAL BY THE GROUP FROM GLENCORE

From time to time, the Group may purchase coal from Glencore and/or its subsidiaries and/or related entities for on sale to end customers, in order to maintain customer relationships or to meet specific customer requirements. The Company entered into a framework coal purchase agreement with Glencore (the “Glencore Framework Coal Purchase Agreement”) on 6 August 2018 to govern all existing and future purchase of coal by the Group from Glencore and/or its subsidiaries and/or related entities.

The Glencore Framework Coal Purchase Agreement provides that all transactions in relation to the purchase of coal by the Group from Glencore and/or its subsidiaries and/or related entities must be: (i) in the ordinary and usual course of business of the Group; (ii) on an arm’s length basis; (iii) on normal commercial terms with the sale price being determined with reference to the prevailing market price for the relevant type of coal; and (iv) in compliance with, amongst other things, the HK Listing Rules and applicable laws. The Company will take into account relevant industry benchmarks and indices when determining the market price.

Glencore wholly owns Anotero which is a substantial shareholder of subsidiaries of the Company under the HK Listing Rules. Glencore is a connected person of the Company by virtue of being a substantial shareholder of the Company’s subsidiary.

On 16 December 2020, the Board resolved to renew the Glencore Framework Coal Purchase Agreement for three years commencing on 1 January 2021 and to set the annual caps for the three years ended 31 December 2021, 2022 and 2023 at US\$250 million, US\$250 million and US\$250 million, respectively. During the year ended 31 December 2023, the transaction amount paid by the Group was approximately US\$59.8 million, which was below the annual cap.

On 12 December 2023, the Board resolved to renew the Glencore Framework Coal Purchase Agreement for three years from 1 January 2024, and to set the annual caps for the three years ending 31 December 2024, 2025 and 2026 at US\$250 million, US\$250 million and US\$250 million, respectively.

### PURCHASE OF COAL BY SALESCO FROM ANOTERO

As part of the Glencore Transaction, Coal & Allied Operations Pty Ltd (“CNAO”), a wholly-owned subsidiary of the Company, HVO Coal Sales Pty Ltd (the “SalesCo”) and Anotero entered into a sales contract on 4 May 2018 (the “HVO Sales Agreement”). The relevant mining and exploration licences of HVO are held directly by CNAO and Anotero as tenants in common in proportion to their respective participating interest in the Hunter Valley Operations Joint Venture (“HVO JV”). Pursuant to the HVO Sales Agreement: (i) each of CNAO and Anotero agrees to sell all of its entitled portion of finished coal product in saleable form that is produced by the tenements held by the HVO JV to the SalesCo only, and the SalesCo agrees to purchase each of CNAO’s and Anotero’s entitled portion of coal product (other than coal product to be sold to Glencore and/or its subsidiaries); (ii) the amount payable to each of CNAO and Anotero by the SalesCo shall be the total amount received by the SalesCo for that portion of product under each sales contract entered into between the SalesCo and its customers; and (iii) payment by the SalesCo to CNAO and Anotero shall be no later than 3 business days after receipt by the SalesCo of payment from its customers. In respect of any sales to Glencore and/or its subsidiaries that fall within the Glencore Framework Coal Sales Agreement, each of CNAO and Anotero agrees that SalesCo will be treated as if it has



## CONTINUING CONNECTED TRANSACTIONS

entered into the sale as agent for and on behalf of CNAO and Anotero in proportion to their respective participating interests in the HVO JV.

Anotero is a substantial shareholder of subsidiaries of the Company under the HK Listing Rules. Anotero is a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiary.

The HVO Sales Agreement shall commence on the date of the HVO Sales Agreement and terminate upon the termination of the joint venture agreement in relation to the HVO JV in accordance with its terms.

Notwithstanding that the term of the HVO Sales Agreement may exceed three years, the Company has set the estimated maximum annual transaction amounts for the transactions under the HVO Sales Agreement for a term of three years and will re-comply with the applicable requirements of the HK Listing Rules after the expiry of the initial three years.

On 16 December 2020, the Board resolved to set the annual caps for the three years ended 31 December 2021, 2022 and 2023 (as amended on 9 November 2022) at US\$750 million, US\$1.9 billion and US\$1.9 billion, respectively. During the year ended 31 December 2023, the transaction amount distributed by the SalesCo to Anotero was approximately US\$1.03 billion, which was below the annual cap.

On 12 December 2023, the Board resolved to set the annual caps for the three years ending 31 December 2024, 2025 and 2026 at US\$1.3 billion, US\$1.3 billion and US\$1.3 billion, respectively.

### **PURCHASE OF COAL FROM POSCO**

The participants of the unincorporated joint venture in relation to Mt Thorley (the "MT JV"), namely POSCO and Mount Thorley Operations Pty Ltd (previously known as R. W. Miller & Co. Pty Limited) ("MT Operations"), a wholly-owned subsidiary of the Company holding the relevant mining and exploration licences of Mount Thorley on behalf of the MT JV, sell coal through Miller Pohang Coal Co. Pty Limited (the "MT SalesCo"). MT SalesCo is a company jointly controlled by MT Operations and POSCO, with MT Operations and POSCO holding 80% and 20% of its interest, respectively.

Both the MT SalesCo and the MT JV are subsidiaries of the Company under the HK Listing Rules. As POSCO holds more than 10% of the interest in the MT SalesCo, and has more than 10% participating interest in the MT JV, POSCO is a connected person of the Company by being a substantial shareholder of the subsidiaries of the Company. Accordingly, the transaction between the MT SalesCo and POSCO constitutes a continuing connected transaction of the Company under the HK Listing Rules.

POSCO and MT Operations sell all of their entitled portions of finished coal product in saleable form to which they are entitled through the MT JV to the MT SalesCo only. The amount payable to each of POSCO and MT Operations shall be the total amount received by the MT SalesCo for that portion of product under each sales contract entered into between the MT SalesCo and its customers. Payment by the MT SalesCo to POSCO and MT Operations occurs after receipt by the MT SalesCo of payment from its customers.

The MT Sales Agreement was entered into on 10 November 1981 and will last during the economic life of the Mount Thorley coal mine.

Notwithstanding that the term of the MT Sales Agreement may exceed three years, the Company has set maximum annual transaction amounts for the purchase of POSCO's portion of finished coal product by MT SalesCo for three years, and will re-comply with the applicable requirements of the HK Listing Rules after the expiry of the initial three years.

On 16 December 2020, the Board resolved to set the annual caps for the three years ended 31 December 2021, 2022 and 2023 (as amended on 26 September 2022) at US\$90 million, US\$200 million and US\$350 million, respectively. During the year ended 31 December 2023, the transaction amount distributed by the MT SalesCo to POSCO was approximately US\$140.9 million, which was below the annual cap.

On 12 December 2023, the Board resolved to set the annual caps for the three years ending 31 December 2024, 2025 and 2026 at US\$107 million, US\$100 million and US\$85 million, respectively.

### **PURCHASE OF DIESEL FUEL FROM GLENCORE**

On 25 October 2019, HV Operations Pty Ltd ("HV Operations"), a subsidiary of the Company, entered into a diesel fuel supply agreement with Glencore Australia Oil Pty Ltd ("GAO"), pursuant to which HV Operations has agreed to purchase diesel fuel from GAO during the period from 1 November 2019 to 31 October 2022 (the "2019 Diesel Fuel Supply Agreement").

As GAO is a subsidiary of Glencore plc, which is the holding company of Anotero Pty Ltd, a substantial shareholder of HV Operations, GAO is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company's subsidiary.

The 2019 Diesel Fuel Supply Agreement became effective on 1 November 2019 and expired on 31 October 2022. On 13 October 2022, HV Operations and GAO agreed to extend the term of the 2019 Diesel Fuel Supply Agreement by one year, pursuant to which HV Operations has agreed to purchase diesel fuel from GAO during the period from 1 November 2022 to 31 October 2023 (the "2022 Diesel Fuel Supply Agreement"). On 30 October 2023, HV Operations and GAO agreed to further extend the term of the 2022 Diesel Fuel Supply Agreement by two months to 31 December 2023.

Pursuant to the 2022 Diesel Fuel Supply Agreement, HV Operations agrees to purchase, and GAO agrees to sell diesel fuel at a price agreed and applicable to the monthly quantity delivered as measured in accordance with the agreement. HV Operations will generate a purchase order prior to the month of delivery. GAO will deliver the volume of fuel in the purchase order by the date specified in that purchase order and HV Operations will make the payments after the delivery of the fuel. The basis for calculating the payments to be made is based on the volume delivered and the price determined following the tender process or with reference to the price assessment published in the S&P Global Platts Oilgram Price Report for 10ppm Sulphur Gasoil FOB Singapore, and in accordance with the 2022 Diesel Fuel Supply Agreement.

The maximum transaction amount to be paid by HV Operations to GAO for the purchase of diesel fuel for the period from 1 November 2022 to 31 December 2022, and the period from 1 January 2023 to 31 December 2023 (as amended on 30 October 2023) was not to exceed \$43 million and \$254 million, respectively. During the year ended 31 December 2023, the transaction amount paid by the Group was approximately \$227.3 million, which was below the aggregate cap for the year.

## CONTINUING CONNECTED TRANSACTIONS

On 8 December 2023, HV Operations and GAO agreed to enter into a new diesel fuel supply agreement, pursuant to which HV Operations has agreed to purchase diesel fuel from GAO during the period from 1 January 2024 to 31 December 2026.

The maximum transaction amount to be paid by HV Operations to GAO for the purchase of diesel fuel for the three years ending 31 December 2024, 2025 and 2026, will not exceed US\$220 million, US\$220 million, and US\$245 million respectively.

### **Review on continuing connected transactions**

Pursuant to Rule 14A.55 of the HK Listing Rules, the Directors (including independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2023. The independent non-executive Directors hereby confirmed that the above continuing transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of Shareholders as a whole.

In accordance with the requirement of Rule 14A.56 and 14A.71(6)(b) of the HK Listing Rules, the Company has engaged the independent auditor of the Company to report on the continuing connected transactions of the Group.

Based on the results of procedures performed and in accordance with the aforesaid HK Listing Rules, the independent auditor has provided a letter to the Board confirming that nothing has come to their attention that cause them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) have exceeded their respective annual caps for the financial year ended 31 December 2023 set out in the announcements of the Company.

The Company confirms that it has complied with the requirements of Chapter 14A of the HK Listing Rules in relation to all connected transactions and continuing connected transactions to which any Group member was a party during the year ended 31 December 2023. Please refer to Note E2 to the financial statements for a summary of the related party transactions entered into by the members of the Group for the year ended 31 December 2023. Other than those transactions disclosed in the section headed "Continuing Connected Transactions" above, none of these transactions constitutes a disclosable connected transaction as defined under the HK Listing Rules.

## GLOSSARY

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ACCC	Australian Competition & Consumer Commission
ACCU	Australian Carbon Credit Units
ACH	Aboriginal Cultural Heritage
AGM	Annual General Meeting
ALRA	Aboriginal Land Rights Act 1983 (NSW)
AMI	Aurelia Metals Ltd
Aon	Aon Hewitt
APLMA	Asia Pacific Loan Market Association
API5	All Published Index 5 – 5,500 kCal coal index
ARMC	Audit and Risk Management Committee
ARTC	Australian Rail Track Corporation
ASIC	Australian Securities and Investments Commission
ASRS	Australian Sustainability Reporting Standards
ASX	The Australian Securities Exchange
ASX Recommendations	ASX Corporate Governance Council's Principles and Recommendations
AusIMM	Australasian Institute of Mining and Metallurgy
Board	Yancoal's board of directors
CEC	Chair of the Executive Committee
CEO	Chief Executive Officer
CER	Clean Energy Regulator
CFR	Cost and Freight contract
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
CHPP	Coal Handling and Preparation Plant
China Cinda	China Cinda Asset Management Co., Ltd
Cinda	Cinda (HK) Holdings Company Limited Group
Coal & Allied	Coal & Allied Industries Ltd
CODM	Chief Operating Decision Makers
Coke (steel making)	A grey, hard, and porous fuel with a high carbon content and few impurities, made by heating coal or oil in the absence of air.
Continuing Connected Transactions	The Stock Exchange of Hong Kong requires disclosure of 'Continuing Connected Transactions' which are connected transactions involving the provision of goods or services, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. They are usually transactions in the ordinary and usual course of business of the issuer. Connected transactions are transactions with connected persons, and specified categories of transactions with third parties that may confer benefits on connected persons through their interests in the entities involved in the transactions.
COP26	2021 United Nations Climate Change Conference of Parties
COP27	2022 United Nations Climate Change Conference of Parties
COP28	2023 United Nations Climate Change Conference of Parties
Costs Target Awards	Costs Target vesting condition
COVID-19	Novel Coronavirus
CVR	Contingent Value Right
Deferred Share Rights	Rights to Yancoal shares with no dividend equivalent payments that vest over time subject to remaining employed
DE&I	The Yancoal Diversity, Equity and Inclusion strategy
Directions	NSW Government domestic coal reservation directions
DFAT	Department of Foreign Affairs and Trade
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECL	Expected Credit Losses
EGM	Executive General Manager
EPS	Earnings per share
EPS Awards	Earnings per share vesting condition
ESA	Executive Service Agreement
ESG	Environment, Social and Governance
Executive KMPs	Nominated members of the Executive Committee
Executives	Comprise the executive directors and Executive KMPs
FAR	Fixed Annual Remuneration
FAS	Free Alongside Ship

## GLOSSARY

FOB / FOB Cash Costs	Free On Board Cash Costs (excluding royalties)
FVTPL	Fair Value Through Profit or Loss
FVTOCI	Fair Value Through Other Comprehensive Income
GCNewc	GlobalCOAL Newcastle 6,000kCal NAR Index
GHG	Greenhouse gas
GILTS	Gladstone Island Long Term Securities
HK Code	Corporate Governance Code in Appendix 14
HK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
HKEx	The Stock Exchange of Hong Kong
HKExnews	Website for regulatory filings and disclosures of listed issuers on the Stock Exchange of Hong Kong
HSEC Committee	Health, Safety, Environment and Community Committee
HVO	The Hunter Valley Operations mine
HVO Entities	HVO Coal Sales Pty Ltd, HV Operations Pty Ltd and HVO Services Pty Ltd
IASB	International Accounting Standards Board
IEEA	Independent Environmental Assurance Audit
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
JORC	Joint Ore Reserves Committee
KMP	Key Management Personnel comprise the Directors of the Company and nominated members of the Executive Committees.
KPIs	Key Performance Indicators
LOM	Life of Mine
LPR	Loan Prime Rate
LTI/LTIP	Long-term incentive plan
LTIFR	The Lost Time Injury Frequency Rate is the number of lost time injuries occurring in a workplace per 1 million hours worked.
MCA	Minerals Council of Australia
Metallurgical coal	A collective term applied to coal used in the steel making process
Mineral Reserve	Parts of a Mineral Resource that can, at present, be economically mined. The two categories define an increasing level of geological confidence with Probable at the low end and Proved at the high end.
Mineral Resource	The concentration of material of economic interest in or on the earth's crust. The three categories define an increasing level of geological confidence with Inferred at the low end, then Indicated, and Measured at the high end.
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
MND	Monadelphous Group Ltd
Moolarben JV	Moolarben Coal Joint Venture
MTW	The Mount Thorley Warkworth Mine
NAR	Net As Received
NCIG	Newcastle Coal Infrastructure Group is a coal export terminal in Newcastle, New South Wales
NDC	Nationally Determined Contribution
NGER	National Greenhouse and Energy Reporting
NRC	Nomination and Remuneration Committee
NSW	New South Wales
NSWMC	New South Wales Mineral Council
PBT	Profit Before Tax
PCI Coal	Pulverised Coal Injection coal is used heat source and supplementary fuel in the steel making process to reduce coke consumption.
Performance Rights	Rights to Yancoal shares with no dividend equivalent payments that vest over time subject to meeting performance criteria and remaining employed
Period	The 12 months ending 31 December 2023
PRD	Performance Review and Development
Protocol	Board Performance Evaluation Protocol
PWCS	Port Waratah Coal Services is a coal export terminal in Newcastle, New South Wales.
QLD	Queensland
ROM Coal	Run Of Mine Coal, the coal volume initially extracted from the mine
ROM tonnes	Run of Mine tonnes
Saleable coal	Coal volume remaining after processing to remove non-coal material
Scope 1 emissions	Scope 1 covers direct emissions from owned or controlled sources; for example emissions released from coal during the mining process
Scope 2 emissions	Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company
Scope 3 emissions	Scope 3 includes all other indirect emissions that occur in a company's value chain; for example the emissions real during combustion of coal by the end users

## GLOSSARY

Semi-soft coking coal	Used to produce coke for the steel-making process, but it produces a low coke quality and more impurities compared to hard coking coal
Services	IT services, which comprise the granting of the permission to use the Company's hardware or software and the provision of IT support services
SFO	Hong Kong Securities and Futures Ordinance
Shandong Energy	Shandong Energy Group Co. Ltd
SMCs	Safeguard Mechanism Credits
STI/STIP	Short-term incentive plan
TCFD	The Taskforce on Climate-related Financial Disclosures was established by the Financial Stability Board to develop a set of voluntary, consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about their climate-related financial risks.
tCO <sub>2</sub> -e	Emissions equivalent to a tonne of carbon dioxide emissions; it is the standard unit in carbon accounting to quantify greenhouse gas emissions.
The Company, parent entity or Yancoal	Yancoal Australia Ltd
The Group	Yancoal Australia Ltd and its controlled entities
Thermal coal	A collective term applied to coal suited to combustion to generate electricity or other purposes
TRI & DI	Total Recordable Injuries & Disease Injuries
TRIFR	The Total Recordable Injury Frequency Rate is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per million hours worked
UAE	United Arab Emirates
UNFCCC	United Nations Framework Convention on Climate Change
UOP	Units of Production
VWAP	Volume Weighted Average Price gives the average price a security has traded at throughout a period, based on both volume and price
Watagan	Watagan Mining Company Pty Ltd
WGEA	Australian Workplace Gender & Equality Agency
WICET	Wiggins Island Coal Export Terminal is a coal export terminal in at Gladstone, Queensland
WIPS	Wiggins Island Preference Shares
YLA	Yancoal Learning Academy
Yankuang	Yankuang Group Corporation Ltd
Yankuang Energy	Yankuang Energy Group Company Limited
Yanzhou	Yanzhou Coal Mining Company Ltd
YIT	Yancoal International Trading Company Limited