Yancoal Australia Ltd

ABN 82 111 859 119

Half-Year Financial Report for the half-year ended 30 June 2022

This Half-Year Financial Report contains information required by Appendix 4D of the Australian Securities Exchange ("ASX") Listing Rules. It should be read in conjunction with Yancoal Australia Ltd's Annual Financial Report for the year ended 31 December 2021 and is lodged with the ASX under listing rule 4.2A.

1. Results for Announcement to the Market

	30 June 2022 $M	30 June 2021 $M	% Change
Revenue from ordinary activities	**4,776**	1,775	169
Profit/(Loss) before income tax (before non-recurring items)	**2,455**	(177)	1,487
Profit/(Loss) before income tax (after non-recurring items)	**2,455**	(177)	1,487
Net profit/(loss) after income tax attributable to members (before non-recurring items)	**1,738**	(129)	1,447
Net profit/(loss) after income tax attributable to members (after non-recurring items)	**1,738**	(129)	1,447

2. Earnings per share

	30 June 2022 cents	30 June 2021 cents	% Change
Profit/(loss) per share (before non-recurring items)			
- Basic	**131.6**	(9.8)	1,443
- Diluted	**131.2**	(9.8)	1,439
Profit/(loss) per share (after non-recurring items)			
- Basic	**131.6**	(9.8)	1,443
- Diluted	**131.2**	(9.8)	1,439

3. Net tangible assets per security

	30 June 2022 $	30 June 2021 $	% Change
Net tangible assets per share	**5.15**	3.85	34

4. Distributions

On 28 February 2022, the Board elected to declare 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 elected to declare a 2022 interim dividend allocation of $696 million, A$0.5271 per share (unfranked), with a record date of 6 September 2022 and payment date of 20 September 2022.

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

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

6. Details of associates and joint venture entities

	30 June 2022		30 June 2021	
	Holdings %	**Profit after income tax contribution $M**	Holdings %	Profit/(loss) after income tax contribution $M
Joint venture entities				
Moolarben Joint Venture (unincorporated)	**95**	**1,016**	95	45
Warkworth Joint Venture (unincorporated)	**84.472**	**285**	84.472	27
Mount Thorley Joint Venture (unincorporated)	**80**	**93**	80	(6)
Hunter Valley Operations Joint Venture (unincorporated)	**51**	**487**	51	14
Middlemount Joint Venture	**49.9997**	**58**	49.9997	(18)
HVO Entities [(a)]	**51**	**-**	51	-
Boonal Joint Venture (unincorporated)	**50**	**Immaterial**	50	Immaterial
Newcastle Coal Infrastructure Group Pty Ltd	**27**	**Nil**	27	Nil
Associate entities				
Port Waratah Coal Services Pty Ltd	**30**	**14**	30	4
WICET Holdings Pty Ltd	**25**	**Nil**	25	Nil

(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.

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 six-months ended 30 June 2022 (the "period").

DIRECTORS

The following persons were Directors of Yancoal Australia Ltd during the period and until the date of this report:

Chairman

- Baocai Zhang (became a director on 26 June 2012)

Co-Vice Chairmen

- Ning Zhang (became a director on 20 March 2020)
- Gregory James Fletcher (became a director on 26 June 2012)

Directors

- Xing Feng (became a director on 15 December 2017)
- Helen Jane Gillies (became a director on 30 January 2018)
- Geoffrey William Raby (became a director on 26 June 2012)
- Xiangqian Wu (became a director on 28 April 2017)
- Yaomeng Xiao (became a director on 30 May 2022)
- Qingchun Zhao (became a director on 28 April 2017)
- Cunliang Lai (was a director from 18 November 2004 to 30 May 2022)

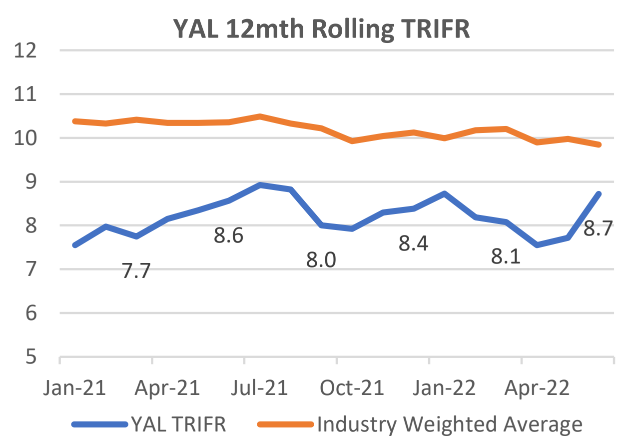
Company Secretary

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

REVIEW OF ACTIVITIES

Safety and Environment

Yancoal remains committed to operating safely and transparently to achieve its objective of zero harm. 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 of Directors ("Board") and the Health, Safety, Environment and Community 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 they operate as intended for our people's safety.

During the period, Yancoal continued to adapt its COVID-19 response measures moving the emphasis to pre-screening apps/forms, access restrictions for people with symptoms, crew separation measures and additional time for employee briefings on mandatory COVID-19 protocols. The work practices and measures implemented moderated the cases of COVID-19 within the workforce; however, COVID-19 transmission within the community regularly led to workers being unable to attend site as they followed isolation protocols.

Yancoal's Total Recordable Injury Frequency Rate ("TRIFR") at the end of the period was 8.7; the TRIFR recorded at the end of 2021 was 8.4 [1]. The increase in the Group's TRIFR occurred late in the period following an increased number of low severity incidents at two mines. Management has identified the factors contributing to the increase

[1] Attributable TRIFR includes Moolarben, Mount Thorley Warkworth, Stratford Duralie, Yarrabee and Corporate; it excludes Joint venture operated Middlemount and Hunter Valley Operations. Prior periods may be revised for reclassification of past events.

in the incident rate and is taking steps to address them.

Yancoal's operations are subject to stringent environmental approvals and licences. To honour these regulatory obligations and meet the requirements of Yancoal's management directives, Yancoal has developed and implemented systems, processes and practices to manage compliance with the conditions of these approvals and licences. These systems, processes and practices are subject to continuous improvement initiatives and are audited by a third party to provide "third line" assurance.

During 1H 2022, Yancoal initiated a process to assess the setting of targets across a range of ESG activities, particularly concerning improving energy efficiency and workforce diversity rates.

Yancoal is planning for Australia's progressive transition to a lower carbon economy. Examples of potential future endeavours are investigating opportunities such as replacing diesel-powered mining fleet with electric-powered equipment or introducing renewable power generation to the mine sites.

During the period, 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.

Operations

Yancoal owns, operates, manages or has a joint-venture stake in coal mines 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. Yancoal's attributable thermal, semi-soft coking and pulverised coal injection ("PCI") coal products are exported through ports in Newcastle, Gladstone and Dalrymple Bay.

During the first six months of 2022, persistent and heavy rainfall continued to impact the operational performance of the open-cut mines in NSW and Queensland. Water storage levels at the mines in NSW were already at capacity, so not only was there an immediate loss of production during the rain event, additional time was lost pumping water out of the pits and off benches. Where the water storage dams were at capacity, water had to then be stored in operating locations (sacrificial pits), inhibiting mining operations. The above-average rainfall and high winds also further disrupted rail and port activities. Unscheduled maintenance on essential equipment, such as a dragline, also affected output. Compounding the loss of productivity was ongoing workforce shortages resulting from COVID-19-related absenteeism and the tight labour conditions in the mining sector.

ROM coal production was down 6% from 29.3 million tonnes in 1H 2021 to 25.8 million tonnes (100%), and saleable coal production was down 10% from 23.2 million tonnes to 20.8 million tonnes (100%). Although the first half of this year and the first half of last year were weather-affected, most mines started last year with more water storage capacity; against this background, the operations teams worked tirelessly to address the situation.

On an attributable basis, the impacts were similar; saleable coal volume was down 9% to 15.5 million tonnes in 1H 2022. The teams at each mine site worked proactively to revise the recovery plans and meet customer requirements.

The Group's overall average cash operating costs, excluding government royalties, increased from A$66 per tonne in 1H 2021 to A$83 per tonne in 1H 2022. The lower production volume directly influenced the per tonne operating costs, but other cost pressures were also evident. Higher diesel prices, demurrage costs and wage inflation were examples of uncontrollable external factors pushing up the reported unit costs.

The "Management Discussion and Analysis" provides a detailed review of the period's operational performance.

Coal Markets

Yancoal sells most of its thermal coal at prices associated with the All Published Index 5 (API5) 5,500kCal index, with the balance priced off the GlobalCOAL NEWC 6,000kCal NAR index (GCNewc). During 1H 2022, the API5 price averaged US$184/t and ended the period at US$185/t. The GCNewc index remained at record levels; it averaged US$323/t and ended the quarter at US$403/t.

Yancoal's realised price in any given period tends to lag the relevant coal price indices due to its various sales contracts. After converting to A$ terms, Yancoal recorded a realised thermal coal price of A$298/t and a realised metallurgical coal price of A$402/t in 1H 2022. The overall average realised price was A$314/t. These realised prices are more than three times higher than those 12 months earlier in 1H 2022.

The heavy rain associated with the La Niña weather pattern continued to impact exports from Australia, exacerbating supply-side constraints. In Europe, the impending ban on Russian coal trade will come into effect in August 2022, resulting in a further re-adjustment of seaborne coal trade flows and trade balance uncertainty.

On the other side of the supply-demand balance, there appears to be less demand from China for coal imports due to the current economic activity levels and good levels of hydro-power generation. In contrast to lower demand from China, there is likely to be increased demand from Europe as countries restart coal-fired power stations to counter restricted gas availability and a warm summer drives increased electricity consumption.

All these factors affect sentiment and contribute to further price volatility in the thinly traded thermal coal spot markets. More time is required before the international coal trade adjusts to the multiple factors disrupting energy markets. Thermal coal prices, particularly high-energy thermal coal, are likely to be well supported for the remainder of 2022 and perhaps into 2023.

Financial Performance

Revenue increased by 269% from $1,775 million in 1H 2021 to $4,776 million in 1H 2022, primarily due to the 234% increase in the realised coal price.

Operating EBITDA increased by $2,747 million to $3,153 million in 1H 2022. The Operating EBITDA margin was 65% in 1H 2022, compared to 23% in 1H 2021.

Depreciation and amortisation expenses were stable at $420 million. After including depreciation and amortisation, $79 million of net finance costs, $199 million of non-operating items and an income tax expense of $717 million, the profit after tax was $1,738 million — a notable improvement from the $129 million loss after tax recorded in 1H 2021.

Net operating cash flow was $2,750 million. Yancoal spent $132 million on capital expenditure – mostly on items required to sustain the operations. Financing cash out flow was $972 million, as Yancoal made mandatory debt repayments and completed a $930 million dividend payment in April.

On 30 June 2022, the Group had $3,383 million in cash and cash equivalents, and the gearing ratio was 3% on 30 June 2022, compared to 40% on 30 June 2021.

The “Management Discussion and Analysis” provides a detailed review of the period’s financial performance.

Potential growth projects

At Moolarben, Yancoal has the required approvals to increase annual open-cut mine ROM production from 14Mtpa to 16Mtpa – production expansion is anticipated to occur over the next 12 months. Current studies are assessing the optimal production profile and addressing various licensing requirements. A project is also under way to increase the capacity at the Coal Handling and Preparation Plant (CHPP). The MTW underground mine concept remains subject to study and assessment but is not expected to conclude within the next eighteen months.

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 the Board’s consideration and approval before commencement.

CORPORATE ACTIVITIES

On 25 May 2022, Yancoal's majority shareholder, Yankuang Energy Group Company Limited, announced it was considering a transaction to acquire further shares in Yancoal by means of an acquisition structure to be determined by Yankuang Energy. To date, Yancoal has not received any formal offer or proposal from Yankuang Energy in relation to the potential transaction. There is no certainty that the potential transaction will proceed, materialise or be consummated. Yancoal shareholders and potential investors are therefore advised to exercise caution when dealing in the shares and/or other securities of Yancoal.

On 30 June 2022, Yancoal announced its intention to make early debt repayments of about US$801 million and these were completed in mid-July. The prepayments will deliver an approximate US$133 million reduction in total finance cost over the loan periods. Combined with the US$500 million repaid in October 2021 and US$50 million of mandatory debt repayments in July 2021 and July 2022, the recent US$801 million debt prepayment has resulted in Yancoal repaying over 45% of the A$3,975 million in interest-bearing liabilities it reported twelve months ago at 30 June 2021.

During the six months ended 30 June 2022, neither Yancoal nor any of its subsidiaries purchased, sold or redeemed Yancoal's listed securities.

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

Significant changes in the state of affairs

The coal market and benchmark coal prices are historically cyclical in nature. Global economic conditions and international coal trade circumstances have continued to create favourable cyclical conditions over the past six months. The Company continually evaluates its product profile and market conditions seeking to best match the customer requirements and maximise the operating margin.

Weather events have affected production during the period resulting in revised operating cost guidance being provided in the 2Q Production Report. Further details on the significant changes in the state of affairs are provided in the Management Discussion and Analysis section of this report.

Dividends and dividend policy

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 receipt of the shareholder approval required under the Constitution, 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), whichever is higher 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.

The Board elected to declare a 2022 interim dividend allocation of $696 million, A$0.5271 per share (unfranked), with a record date of 6 September 2022 and payment date of 20 September 2022.

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 year or at the end of the year.

Compliance with the Hong Kong Corporate Governance Code

The Company has adopted the provisions of the Corporate Governance Code in Part 2 of Appendix 14 (the HK Code) to the HK Listing Rules as part of its corporate governance policy effective upon its listing on the Hong Kong Stock Exchange on 6 December 2018 (the HK Listing).

The Company is of the opinion that it has complied with the code provisions of the HK Code during the period.

Dealings in Company's securities and Directors' confirmation

The Company's Share Trading Policy was revised with the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules to regulate the Directors' securities transactions, which is also applicable to its employees who are likely to be in possession of unpublished inside information. The policy was reviewed together with the Company's previous insider trading policy as part of the Company's annual review process. As a result of that review, the Company combined the two policies to create one Share Trading Policy to ensure that the Company's Directors and employees had a clear understanding of the insider trading laws and guidelines in relation to dealing in the Company's shares. The combined Share Trading Policy was approved by the Board in February 2021, and a copy is available on the Corporate Governance section of the Company's website. A specific enquiry has been made of all the Directors, and they have each confirmed that they have complied with the Company's Share Trading Policy throughout the period.

INTERESTS AND POSITIONS IN SHARES

Interests of the Directors and Chief Executive of the Company

As at 30 June 2022, 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 10 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
Baocai Zhang	274,404	Beneficial owner	0.02078%
Ning Zhang	178,813	Beneficial owner	0.01354%
Gregory James Fletcher	2,100	Beneficial owner	0.00016%
Geoffrey William Raby	22,858	Beneficial owner	0.00173%
David James Moult	3,182,325	Beneficial owner	0.24100%

Associated corporations of the Company

Name of Director	Name of the associated corporation	Number of shares and underlying shares	Nature of interest	Approximate percentage
Qingchun Zhao	Yankuang Energy Group Company Limited	420,000	Beneficial owner	0.00849%
Xiangqian Wu	Yankuang Energy Group Company Limited	162,600	Beneficial owner	0.00329%
Yaomeng Xiao	Yankuang Energy Group Company Limited	350,000	Beneficial owner	0.00707%

Save as disclosed above and so far as the Company is aware, as at 30 June 2022, 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 10 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 30 June 2022, the following persons (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	Beneficial interest	822,157,715	62.26
Shandong Energy [2]	Interest in controlled entity	822,157,715	62.26
Cinda International HGB Investment (UK) Limited	Beneficial interest	192,280,530	14.56
China Agriculture Investment Limited	Interest in controlled entity	192,280,530	14.56
International High Grade Fund B, L.P.	Interest in controlled entity	192,280,530	14.56
Cinda International GP Management Limited	Interest in controlled entity	192,280,530	14.56
China Cinda (HK) Asset Management Co., Ltd [3]	Interest in controlled entity	192,280,530	14.56
Cinda International Holdings Limited	Interest in controlled entity	192,280,530	14.56
Cinda Securities Co., Ltd	Interest in controlled entity	192,280,530	14.56
China Cinda (HK) Holdings Company Limited	Interest in controlled entity	192,280,530	14.56
China Cinda Asset Management Co., Ltd	Interest in controlled entity	192,280,530	14.56
Glencore Coal Pty Ltd	Beneficial interest	84,497,858	6.40
Glencore Holdings Pty Limited	Interest in controlled entity	84,497,858	6.40
Glencore plc [4]	Interest in controlled entity	84,497,858	6.40

Save as disclosed above, as at 30 June 2022, 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.

[2] 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.

[3] Cinda International HGB Investment (UK) limited, an indirect wholly owned subsidiary of China Cinda Asset Management Co., Ltd, is interested in 192,280,530 Shares which are held by J P Morgan Nominees Australia Limited as nominee. China Cinda Asset Management Co., Ltd., China Cinda (HK) Holdings Company Limited, Cinda International Holdings Limited, Cinda Securities Co., Ltd, Cinda Strategic (BVI) Limited, China Cinda (HK) Asset Management Co., Ltd, Cinda International GP Management Limited, International High Grade Fund B, L.P. and China Agriculture Investment Limited are each deemed to be interested in the 192,280,530 Shares which Cinda International HGB Investment (UK) Limited is interested in as beneficial owner. The shareholding at the start of ther period was 209,800,010 shares.

[4] Glencore plc and Glencore Holdings Pty Ltd are deemed to be interested in the 84,497,858 Shares which Glencore Coal Pty Ltd is interested in as beneficial owner. Glencore plc wholly owns Glencore Holdings Pty Ltd which in turn wholly owns Glencore Coal Pty Ltd. Glencore Coal Pty Ltd sold it entire shareholding on 27 July 2022.

Review by the Audit and Risk Management Committee

The interim financial statements of the Company and its subsidiaries for the half-year ended 30 June 2022 have not been audited but have been reviewed by the audit and risk management committee of the Company and the Company's auditor, SW, in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.*

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 on page 10.

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.

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

Gregory James Fletcher
Director
Sydney
17 August 2022

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 half-year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Yang (Bessie) Zhang

Partner

Sydney, 17 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Yancoal operates a diversified portfolio of world class assets consisting of both large-scale open cut and underground mines comprising six coal mine complexes in Australia[1].

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, Taiwan and South Korea accounting for approximately 67% of our revenue from coal sales in the half-year ended 30 June 2022.

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, an annual fixed price or on a spot price basis. Generally, lower ash products are priced relative to the GlobalCOAL Newcastle index and higher ash products are priced relative to the Argus/McCloskey 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. At times during the period, delayed contract deliveries contributed to a 'lag effect' in the realised price achieved compared to benchmark spot prices. These delayed deliveries primarily resulted from the production and supply chain interruptions noted below and led to extended periods between when the contract was priced and when it was performed.

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 period, NSW and Queensland once again experienced persistent and heavy rainfall associated with the prolonged La Niña weather cycle that disrupted mining and port activity and hampered the recovery from the floods and persistent wet weather experienced in 2021. With most of the NSW open cut mines already well above their water storage capacity, heavy rainfall and flooding in March resulted in decreased production from Moolarben, MTW, HVO and Stratford Duralie and led to increased vessel queues off the port at Newcastle. In May, Queensland suffered heavy rainfall with the Group's Yarrabee site having to be evacuated on several occasions. The overall direct and indirect impact of the extreme wet weather is forecast to result in an estimated loss of 6.2Mt of ROM coal (equity) for the full year. Heavy rainfall again in NSW at the start of July resulted in many of the open cut mines suspending operation for several days, with sites once again exceeding their water storage capacities, raising concerns over the second half production outlook if the wet weather persists.

During the period, COVID-19 continued to escalate in regional areas resulting in an increased number of positive cases in our communities. Whilst sites continued to adopt Yancoal's COVID-19 protocols, our employees, as part of the broader community, were not immune and adherence with Government COVID-19 regulations resulted in the Group reporting its highest number of positive cases and proactive isolations since the start of the pandemic. This led to an increase in the number of workers unable to attend site impacting labour availability, particularly where a shortage of skilled labour including statutory and trades positions, limited the number of operating crews, resulting in an estimated loss of 0.9Mt of ROM coal (equity) for the full year.

During the period, coal price indices appreciated to record levels on the back of the energy crisis in Asia (in particular China in Q4 2021), Indonesia restricting exports in January 2022, supply issues caused by wet weather in Australia and Indonesia and the Russia/Ukraine crisis with energy associated restrictions and sanctions.

Despite some appreciation in the high-ash thermal market early in the period this plateaued as China increased domestic production easing imports of non-Australian coals, with displaced/sanctioned Russian coal also entering China, keeping the

[1] Includes Moolarben, MTW, HVO (jointly owned), Yarrabee, Stratford Duralie and Ashton with Donaldson on care and maintenance and Austar transitioning to mine closure.

high-ash thermal index relatively flat. In contrast, the low-ash, high calorific, GlobalCOAL Newcastle index price, has appreciated substantially on the back of stable demand and weakening supply due to the wet weather impacts.

In the metallurgical market, later in the period there has been a weakening in the steel market due to China COVID-19 lockdowns with slower than expected spend on infrastructure. This has resulted in a shift in the metallurgical market reversing the historic relativity to thermal coal.

Yancoal actively considers the effect that its supply level can have on specific coal markets and 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 21.4% in 2022, will increase to approximately 28.5% by 2050[2], 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 increased by 234% from A$94 per tonne in 1H 2021 to A$314 per tonne in 1H 2022 mainly as a result of (i) an increase in global USD coal prices with the weekly average GlobalCOAL Newcastle thermal coal index price increasing by US$222 per tonne (225%) during the same period; the weekly Argus/McCloskey API5 coal index price increasing by US$125 per tonne (212%) during the same period; and the average semi-soft coking coal benchmark price increasing by US$229 per tonne (248%) during the same period; and (ii) the Australian dollar weakening against the US dollar by 7% from an average of 0.7716 in 1H 2021 to 0.7195 in 1H 2022.

Internally, management actions were directed by the Group's "Key Tasks" initiative that focused on 40 workstreams across the Group, overseen by the board of Directors ("Board"). Operationally, the work streams focused on productivity improvement and cost reduction initiatives. Productivity and yield improvements, resulting in additional product tonnes, is estimated to deliver approximately $62 million in profit before tax improvements during 2022, with these structural improvements to be embedded in the site processes.

Further profit enhancements were achieved through the Group's "washing harder" strategy where at some mines, where coal seams have the appropriate qualities, higher wash costs and lower yields are intentionally incurred to increase the overall sales margin. This has been particularly effective during the period with large arbitrage opportunities existing between low and higher-ash thermal coal.

The Group's overall average cash operating costs per product tonne, excluding government royalties, increased from A$64 per tonne in 1H 2021 to A$83 per tonne in 1H 2022 with the increase primarily due to decreased production volumes resulting from the aforementioned wet weather and the escalation in COVID-19 cases together with inflationary cost pressures, particularly the diesel price.

The table below sets out the ROM and saleable production for each Yancoal owned mine on a 100% basis during the Group's period of ownership.

	Half-year ended 30 June		
	2022 Mt	**2021 Mt**	**Change %**
ROM production			
Moolarben	9.3	10.1	(8%)
MTW	5.6	7.4	(24%)
HVO	6.6	6.4	3%
Yarrabee	1.1	1.1	-
Ashton	0.9	1.3	(31%)
Stratford Duralie	0.3	0.5	(40%)
Middlemount	2.0	2.5	(20%)
Total – 100% basis	**25.8**	**29.3**	**(12%)**
Saleable production			
Moolarben	8.4	9.2	(9%)
MTW	3.7	5.0	(26%)
HVO	5.6	5.1	10%
Yarrabee	1.0	1.2	(17%)
Ashton	0.4	0.6	(33%)

[2] Wood Mackenzie Coal Market Service Data April 2022

Stratford Duralie	0.3	0.3	-
Middlemount	1.4	1.8	(22%)
Total – 100% basis	**20.8**	**23.2**	**(10%)**

On a 100% basis, ROM coal production was down 12% from 29.3Mt in 1H 2021 to 25.8Mt in 1H 2022. This included a decrease in the three tier-one assets (being Moolarben, MTW and HVO) of 10% from 23.9Mt in 1H 2021 to 21.5Mt in 1H 2022.

Saleable coal production was down 10% from 23.2Mt in 1H 2021 to 20.8Mt in 1H 2022. This included a decrease in the three tier-one assets of 8% from 19.3Mt in 1H 2021 to 17.7Mt in 1H 2022.

Moolarben's ROM production decreased by 0.8Mt (8%) and its saleable production decreased by 0.8Mt (9%). The decrease in ROM production was primarily due to low opening inventories of blasted overburden primarily due to wet weather interruptions in the prior period, together with the current period impacts of wet weather including high levels of water storage, and labour shortages resulting from both COVID-19 absenteeism and a general labour shortage. The decrease in saleable production was primarily attributable to the decrease in ROM with the underground being 100% bypass coal.

MTW's ROM production decreased by 1.8Mt (24%) and its saleable production decreased by 1.3Mt (26%). The decrease in ROM production was also primarily due to low opening inventories, wet weather and COVID-19. MTW has a congested mine footprint that affords limited water storage options resulting in increased interruptions from the persistent wet weather. The decrease in saleable production was primarily attributable to the decrease in ROM production.

HVO's ROM production increased by 0.2Mt (3%) and saleable production increased by 0.5Mt (10%). The increase in ROM production was primarily due to a decision to increase production as markets improved. Wet weather and COVID-19 also impacted but with a larger footprint HVO had more water storage options. The increase in saleable production was primarily attributable to the increase in ROM production and the increased washing capacity including the restart of the second Howick wash plant, that has been operating since December 2021.

The below table 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.

		Half-year ended 30 June		
	Ownership % [3]	2022 Mt	2021 Mt	Change %
Saleable production				
Moolarben	95	7.9	8.7	(9%)
MTW	82.9	3.1	4.1	(26%)
HVO	51	2.8	2.6	10%
Yarrabee	100	1.0	1.2	(17%)
Ashton	100	0.4	0.6	(22%)
Stratford Duralie	100	0.3	0.3	-
Attributable		**15.5**	**17.5**	**(11%)**
Middlemount (equity-accounted)	~50	0.7	0.9	(22%)
Total – equity basis		**16.2**	**18.4**	**(12%)**
Thermal		13.1	14.7	(11%)
Metallurgical		3.1	3.7	(16%)
Total		**16.2**	**18.4**	**(12%)**

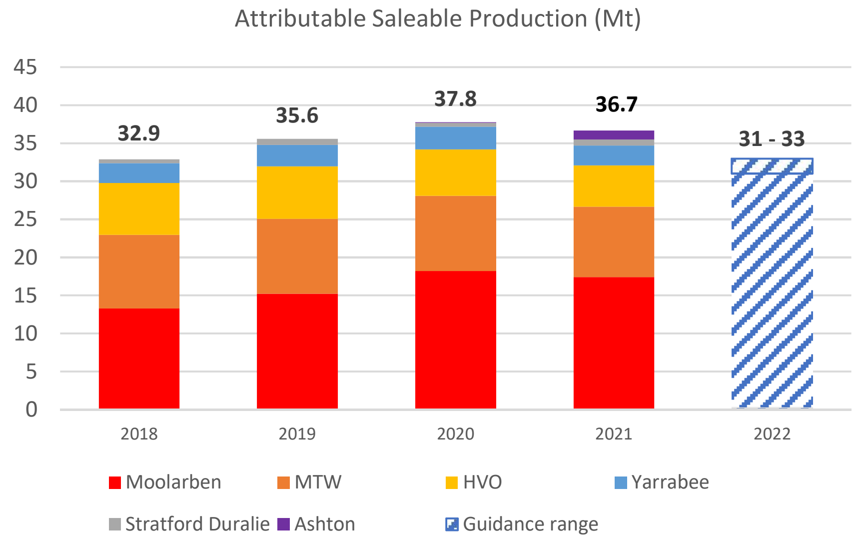
The Group's attributable saleable coal production, excluding Middlemount, was down 11% from 17.5Mt in 1H 2021 to 15.5Mt in 1H 2022 and including Middlemount was down 12% from 18.4Mt in 1H 2021 to 16.2Mt in 1H 2022.

The attributable saleable production contribution of the Group's tier-one assets increased from 88% to 89%.

Thermal coal saleable production decreased by 11% from 14.7Mt in 1H 2021 to 13.1Mt in 1H 2022 and metallurgical coal saleable production decreased by 16% from 3.7Mt in 1H 2021 to 3.1Mt in 1H 2022. Thermal coal represented 81% of total saleable coal production in 1H 2022 an increase from 80% in 1H 2021.

[3] Ownership percentage stated as at 30 June 2022.

The chart below shows the longer-term trend in the Group's attributable saleable production.[4]



From 2018 to 2020 the Group's attributable saleable production, excluding Middlemount, increased from 32.9Mt to 37.8Mt driven by the continued expansion of Moolarben, including increasing the Group's interest from 81% to 85% on 30 November 2018 and 95% on 31 March 2020.

In 2021, the Group's attributable saleable production decreased to 36.7Mt 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, the Group's attributable saleable production guidance for the full year is between 31Mt and 33Mt primarily due to the continued severe and persistent wet weather encountered in NSW and Queensland, further impacts from labour availability including the escalation of COVID19 throughout the first half of the year, with minimal ability to recover these lost tonnes in the remainder of the year. The second half forecast includes an allowance for the Bureau of Meteorology's forecast for further rainfall in the coming months.

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 the Group's Annual Report for the year ended 31 December 2021.

SAFETY AND ENVIRONMENT

Yancoal remains committed to operating safely and transparently to achieve its objective of zero harm. 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.

Our 12-month rolling TRIFR[5] at 30 June 2022 was 8.7, representing an increase from 8.4 at 31 December 2021 but below the comparable weighted average industry TRIFR of 9.9 at 30 June 2022. The increase in the Group's TRIFR occurred late in the period following an increased number of low severity incidents at two mines. Management has identified the factors contributing to the increase in the incident rate and is taking steps to address them, including a Safety Intervention program at both sites.

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[4] 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.

[5] TRIFR includes Moolarben, MTW, Stratford Duralie, Yarrabee, Ashton, Donaldson and Austar and the Corporate office; 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.

During the period, Yancoal commenced rollout of "The Yancoal Safe Way Every Day" programme which centres around the Yancoal 'Safe Way' value. The program implementation supports the integration of a new safety culture that demonstrates the Safe Way Every Day principles and encourages safety best practice performance on the ground.

ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

Yancoal's HSEC Committee has oversight of Yancoal's ESG performance. The Group compiles an annual "Environment, Social & Governance" report, published on the ASX and HKEx platforms and available on the Company's website. Yancoal's ESG disclosures have been guided by the Taskforce for Climate-Related Financial Disclosures, the Global Reporting Initiative and the United Nations Sustainable Development Goals.

Environment: Yancoal's operations are subject to stringent environmental approvals and licences. To honour 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. During the period, independent environmental assurance audits were conducted at Ashton and Austar, with opportunities for continuous improvement currently being implemented.

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. Yancoal's Code of Conduct sets out the Group's requirements and expectations for all employees and suppliers, including the requirement to act ethically at all times. Yancoal has also developed procedures to ensure its suppliers are not engaging in modern slavery. In April 2022, Yancoal donated $0.5 million to assist victims of floods in NSW and Queensland. This donation has been disbursed to 1,522 recipients through GIVIT Australia, the NSW and Queensland Government's nominated disaster relief charity.

Governance: Yancoal has developed rigorous governance processes to drive its ESG performance across the business. The Enterprise Risk Management framework is a key platform, and includes the assessment and mitigation of business risks, including environmental risks and the risks associated with the progressive transition to a lower carbon economy. The HSEC Charter has recently been amended to include oversight of modern slavery. This will increase the governance and supervision of Yancoal's Modern Slavery aspirations.

Climate Change Risk: The transition to a lower carbon economy gathered pace in 2021, with the 2021 United Nations Climate Change Conference of Parties ("COP26") in Glasgow. COP26 resulted in announcements of renewed efforts by 151 countries to reduce emissions, 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. In terms of its operations, there is a particular focus on targeting the reduction of Scope 1 emissions (from diesel consumption) and Scope 2 emissions (from electricity consumption). Investigation into opportunities such as replacing diesel-powered mining fleets or introducing renewable power generation to the mine sites are examples of potential future endeavours.

COVID-19

The health and wellbeing of all Yancoal employees remains a key focus in response to the ongoing COVID-19 pandemic. Sites have in place COVID-19 protocols aimed at minimising the transmission and disruption at site, including:

- Site Incident Management teams
- Access restrictions for people with symptoms
- Use of Pre-Screening apps / forms
- Availability of RAT testing
- Crew separation measures – at some sites
- Social distancing
- Use of thermal cameras
- COVID-19 awareness signage

Whilst sites continued to adopt Yancoal's COVID-19 protocols, our employees, as part of the broader community, were not immune and adherence with Government COVID-19 regulations resulted in the Group recording positive cases across all sites and offices. The number of workers unable to attend site due to COVID-19 increased during the period to the highest levels since the start of the pandemic but has started to decline. Adherence to the Group's COVID-19 protocols helped ensure that whilst the number of cases escalated the Group did not incur any temporary shutdowns, as was the case in 2021.

In the first half of 2022, the most significant COVID-19 impact has been COVID-19 related absenteeism resulting in an estimated loss of 0.9Mt of ROM coal (equity) for the full year.

Overall, other than the aforementioned impact, there were no other material adverse impacts or changes to the Group's funding or business plan as a result of COVID-19 during the period.

WATER MANAGEMENT

Diligent management of wet weather impacts and site-wide water controls are an essential element in the performance of open cut coal mines. While large quantities of clean water is 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 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 throughout the period that has disrupted mining, rail and port activity with most of the NSW open cut mines nearing or exceeding their water storage capacity limits. With recent shifts in weather patterns management had proactively prioritised site wet weather planning and as a result the impacts of the aforementioned wet weather, whilst still significant, were well managed. 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
- Increasing capacity of the Moolarben water treatment plant
- Sharing of pumps across the operations based on priority
- Crushing gravel and building stockpiles to improve road conditions during wet weather
- Wet weather preparedness such as emergency ROM stockpiles, contingent wet weather waste dumps and drainage works
- Building blasted inventory volumes
- Hiring additional pumps to maximise dewatering movements and provide sufficient contingency
- Daily wet weather planning meetings
- Using environmental windows to maximise the discharge of excess water
- Mine schedules revised to optimise equipment use and coal recovery in consideration of dewatering and storage in active mining pits
- Utilising down time to conduct training

FINANCIAL RESULTS REVIEW

RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

For the management discussion and analysis, the Group’s operating results for the half-year ended 30 June 2022 are compared with the operating results for the half-year ended 30 June 2021.

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

	Half-year ended 30 June						
	2022			**2021**			
	IFRS Reported $m	**Non-operating $m**	**Operating $m**	**IFRS Reported $m**	**Non-operating $m**	**Operating $m**	**Change %**
Revenue	**4,776**	**103**	**4,879**	**1,775**	**17**	**1,792**	**172%**
Other income	97	(31)	66	26	-	26	154%
Changes in inventories of finished goods and work in progress	(22)	-	(22)	(19)	-	(19)	16%
Raw materials and consumables	(428)	-	(428)	(360)	-	(360)	19%
Employee benefits	(329)	-	(329)	(284)	-	(284)	16%
Transportation	(321)	-	(321)	(289)	-	(289)	11%
Contractual services and plant hire	(204)	-	(204)	(180)	-	(180)	13%
Government royalties	(406)	-	(406)	(123)	-	(123)	230%
Coal purchases	(73)	-	(73)	(97)	-	(97)	(25%)
Other operating expenses	(161)	80	(81)	(94)	48	(46)	76%
Share of profit / (loss) of equity-accounted investees, net of tax	72	-	72	(14)	-	(14)	614%
EBITDA	**3,001**	**152**	**3,153**	**341**	**65**	**406**	**677%**
EBITDA %	***63%***		***65%***	***19%***		***23%***	
Depreciation and amortisation	(420)	-	(420)	(397)	-	(397)	6%
EBIT	**2,581**	**152**	**2,733**	**(56)**	**65**	**9**	**30267%**
EBIT %	***54%***	***-***	***56%***	***(3%)***	***-***	***1%***	
Net finance costs[6]	(126)	47	(79)	(121)	(14)	(135)	(41%)
Non-operating items	-	(199)	(199)	-	(51)	(51)	290%
Profit / (loss) before income tax	**2,455**	**-**	**2,455**	**(177)**	**-**	**(177)**	**1487%**
Profit / (loss) before income tax %	***51%***	***-***	***50%***	***(10%)***	***-***	***(10%)***	
Income tax (expense) / benefit	(717)	-	(717)	48	-	48	1594%
Profit / (loss) after income tax	**1,738**	**-**	**1,738**	**(129)**	**-**	**(129)**	**1447%**
Profit / (loss) after income tax %	***36%***	***-***	***36%***	***(7%)***	***-***	***(7%)***	
Attributable to:							
- Owners of Yancoal	**1,738**	**-**	**1,738**	**(129)**	**-**	**(129)**	**1447%**
- Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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-IFRSs 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 or loss before income tax for the half-year as adjusted for net finance costs, depreciation and amortisation and any significant non-operating items, while Operating EBIT represents profit or loss before income tax as adjusted for net finance costs and any significant non-operating items.

[6] Includes the reclassification of interest income of $67 million (1H 2021: $11 million) from Revenue to Net finance costs and Bank fees and other charges of $20 million (1H 2021: $25 million) from Other operating expenses to Net finance costs as these amounts are excluded from Operating EBITDA and Operating EBIT.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit after income tax increased by 1447% from a loss of $129 million in 1H 2021 to a profit of $1,738 million in 1H 2022 and was fully attributable to the owners of Yancoal with no non-controlling interests.

Profit attributable to the owners of Yancoal of $1,738 million was impacted by a number of non-operating items during 1H 2022. These totaled a net loss before tax impact of $199 million comprising a $170 million fair value loss recycled from the hedge reserve, $12 million of contingent royalty payments together with a $48 million contingent royalty remeasurement loss and a $31 million royalty receivable remeasurement gain. 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, Stratford Duralie and Ashton.

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

	Half-year ended 30 June		
	2022 $m	2021 $m	Change %
Ex-mine coal sales [7]	4,909	1,621	203%
Sale of purchased coal	(115)	105	(210%)
Other	5	10	(50%)
Sale of coal	**4,799**	**1,736**	**176%**
Sea freight	38	37	3%
Royalty revenue	28	9	211%
Other	14	10	40%
Revenue	**4,879**	**1,792**	**172%**

Total revenue increased by 172% from $1,792 million in 1H 2021 to $4,879 million in 1H 2022, primarily due to a 176% increase in coal sales revenue from $1,736 million in 1H 2021 to $4,799 million in 1H 2022. With respect to the increase in coal sales revenue, the key factors were:

	Half-year ended 30 June		
	2022	2021	Change %
Thermal coal			
Average selling price (A$ per tonne)	298	89	235%
Sales volume (Mt)	13.3	14.5	(8%)
% of total ex-mine sales volume	85%	85%	-
Total ex-mine thermal coal revenue (A$ million)	3,956	1,297	205%
Metallurgical coal			
Average selling price (A$ per tonne)	402	122	230%
Sales volume (Mt)	2.4	2.7	(11%)
% of total ex-mine sales volume	15%	15%	-
Total ex-mine metallurgical coal revenue (A$ million)	953	324	194%
Total coal			
Average selling price (A$ per tonne)	314	94	234%
Total ex-mine sales volume (Mt)	15.7	17.2	(9%)
Total ex-mine coal revenue (A$ million)	**4,909**	**1,621**	**203%**

- The Group's overall average ex-mine selling price of coal increased by 234% from A$94 per tonne in 1H 2021 to A$314 per tonne in 1H 2022 mainly as a result of (i) an increase in global USD coal prices with the weekly average

[7] 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.

GlobalCOAL Newcastle thermal coal index price increasing by US$222 per tonne (225%) during the same period; the weekly Argus/McCloskey API5 coal index price increasing by US$125 per tonne (212%) during the same period; and the average semi-soft coking coal benchmark price increasing by US$229 per tonne (248%) during the same period; and (ii) the Australian dollar weakening against the US dollar by 7% from an average of 0.7716 in 1H 2021 to 0.7195 in 1H 2022.

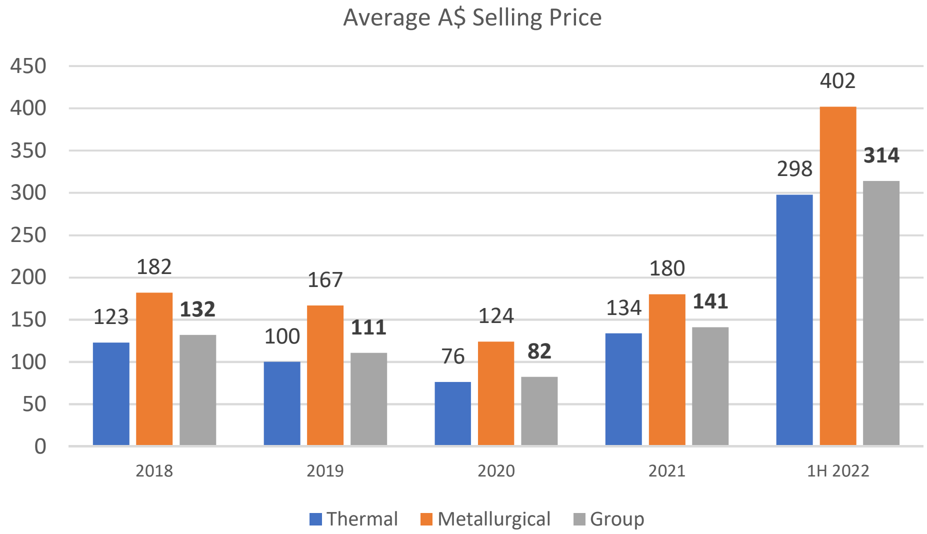
- The Group's average selling price of thermal coal increased from A$89 per tonne to A$298 per tonne. The Group's average selling price of metallurgical coal increased from A$122 per tonne to A$402 per tonne.

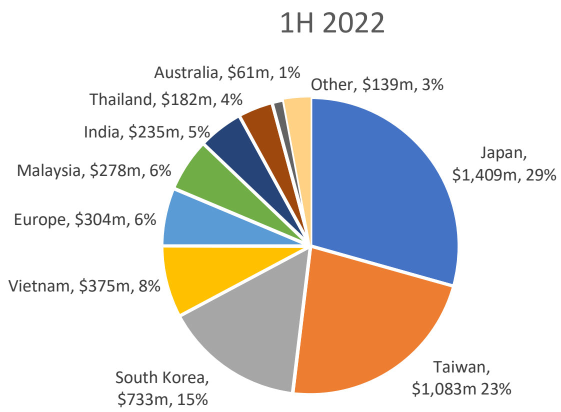
- The Group's ex-mine sales volume decreased by 9% from 17.2Mt in 1H 2021 to 15.7Mt in 1H 2022, primarily due to the 11% decrease in saleable production partially offset by movements in coal inventories.

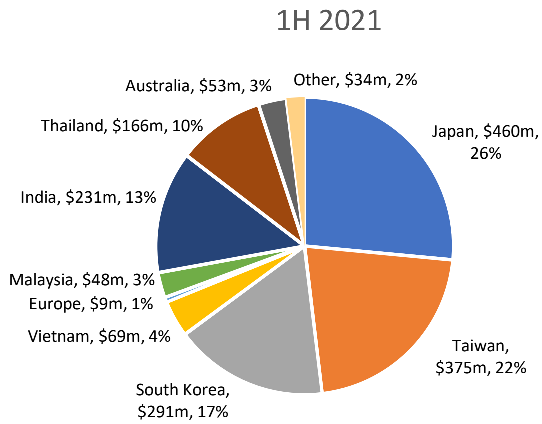
- A 210% decrease in the net revenue from the sale of purchased coal from $105 million in 1H 2021 to ($115) million in 1H 2022, primarily resulting from corporate sales made under a long-term fixed price contract acquired as part of the Coal & Allied acquisition that, with the current high market prices, effectively reduced Group revenue in 1H 2022.

A 211% increase in royalty revenue from $9 million in 1H 2021 to $28 million in 1H 2022 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 increase in the period primarily attributable to the strengthening coal price.

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[8].







Other includes Indonesia and Chile (1H 2021: Indonesia, Chile, Bangladesh, Pakistan, Cambodia and UAE)

[8] In prior periods customer domicile was used to determine the primary geographical markets, however end user destination is considered to be more useful information. The 1H 2021 numbers have been restated.

Sales revenue to the primary Asian seaborne markets of Japan, South Korea and Taiwan, as a percentage of total coal sales revenue, remained relatively stable at 67% (1H 2021: 65%).

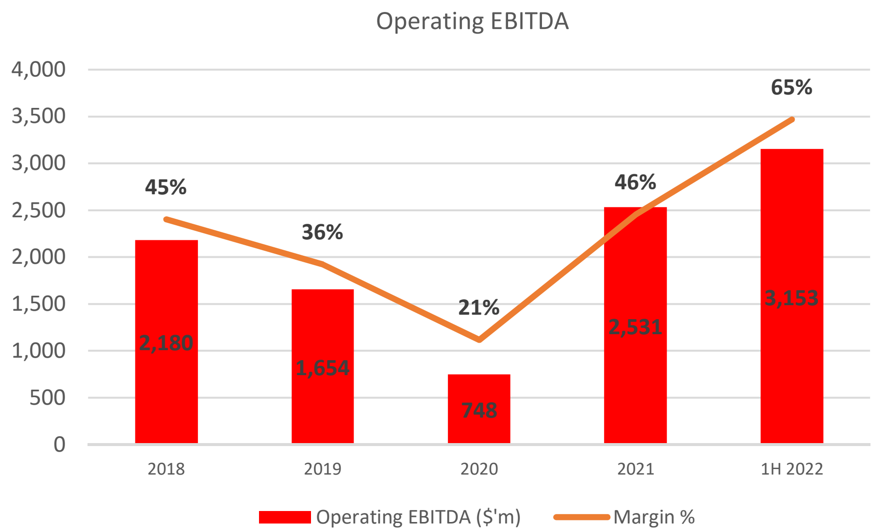
Sales to end users in Vietnam and Malaysia increased by 4% and 3%, respectively, primarily due to market development opportunities being realised; whilst sales to India decreased by 8% due to alternative markets providing better commercial returns.

Sales revenue to end users in Europe increased by 5% primarily through opportunities to further diversify sales due to the global energy crisis created from the current Russian/Ukraine conflict.

Sales revenue to Thailand remained relatively stable at $182 million (1H 2021: $166 million) but with these sales delivered under a long-term fixed price contract, the relative percentage of group sales decreased from 10% to 4%.

Operating EBITDA and operating EBITDA margin

Operating EBITDA increased by 677% from a $406 million in 1H 2021 to $3,153 million in 1H 2022. The $2,747 million increase was primarily due to the $3,087 million (172%) increase in revenue, noted above. Other factors included (i) a $40 million increase in other income; (ii) a $490 million increase in costs; (iii) a $24 million decrease in coal purchases; and (iv) an $86 million increase in the equity accounted profit. Operating EBITDA margin as a percentage of operating revenue increased from 23% in 1H 2021 to 65% in 1H 2022.



Other income

	Half-year ended 30 June		
	2022 $m	**2021 $m**	**Change %**
Net gain on foreign exchange	62	24	158%
Sundry income	4	2	100%
Other income	**66**	**26**	**154%**

Other income increased from $26 million in 1H 2021 to $66 million in 1H 2022. This included a net gain on foreign exchange of $62 million (1H 2021: $24 million) primarily recognised on holding USD cash balances as the Australian dollar weakened during 1H 2022.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress was consistent at $22 million in 1H 2022 (1H 2021: $19 million).

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 but excludes care and maintenance costs and non-cash changes in rehabilitation provisions. It also includes indirect corporate costs, in particular, corporate employee costs, but excludes 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	**Half-year ended 30 June**	
	2022	**2021**
	$/t	**$/t**
Cash operating costs		
Raw materials and consumables used	27	21
Employee benefits	21	16
Transportation [9]	18	15
Contractual services and plant hire	13	10
Other operating expenses	3	3
Cash operating costs (excluding royalties)	**82**	**65**
Royalties	26	7
Cash operating costs	**108**	**72**
Non-cash operating costs		
Depreciation and amortisation	27	23
Total production costs	**135**	**95**
Total production costs (excluding royalties)	109	88

The table above is prepared on a cost per sales tonne basis. Over a period, 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 product 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.

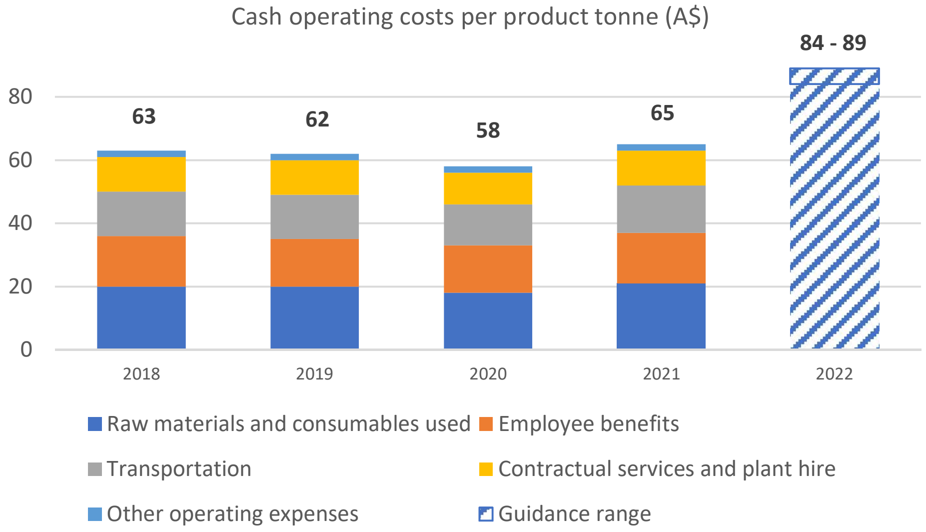
Per saleable product tonne	**Half-year ended 30 June**	
	2022	**2021**
	$/t	**$/t**
Cash operating costs		
Raw materials and consumables used	28	21
Employee benefits	21	16
Transportation [9]	18	14
Contractual services and plant hire	13	10
Other operating expenses	3	3
Cash operating costs (excluding royalties)	**83**	**64**
Non-cash operating costs		
Depreciation and amortisation	27	23
Total production costs (excluding royalties)	**110**	**87**

The Group's cash operating costs, after capitalised development, per saleable product tonne increased by $19/t from $64/t in 1H 2021 to $83/t in 2H 2022 primarily due to i) decreased production volumes resulting from the persistent and heavy rainfall experienced throughout 2021 and the escalation in COVID-19 cases in Q4 2021 reducing labour availability, resulting in low pre-strip overburden, in-pit and ROM coal inventories at the start of the period; ongoing severe and persistent wet weather, and the continuing high COVID-19 numbers experienced throughout the period, together with tight labour markets, have compounded the situation and hampered site recovery plans resulting in further decreases in production; ii) inflationary costs pressures across the coal mining industry, particularly the diesel price; and iii) increases in demurrage as wet weather and production delays have extended vessel queues. These uncontrollable impacts have been compounded by the additional costs incurred by the Group's "washing harder" strategy to improve coal quality to capture more of the current low-ash thermal coal price arbitrage opportunity for a net positive outcome on the Group's operating margin.

The increases in operating costs due to the aforementioned uncontrollable factors and the Group's "washing harder" strategy have been partially offset by management's non-negotiable focus on operational productivity improvements and cost reduction initiatives. In 2022, the Group's "Key Tasks" initiative focuses on 40 key workstreams across the Group, overseen directly by the Board.

[9] Transportation costs in 1H 2022 exclude sea freight costs incurred on a single Cost and Freight ("CFR") contract the Group acquired as part of the Coal & Allied acquisition. The sea freight incurred is largely recovered from the customer through an increased coal price. The Group's FOB contracts do not incur sea freight. 1H 2021 has been restated to exclude sea freight of $37 million, $2.15 per product tonne.

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



In 2021, the Group's cash operating costs increased to $65/t primarily due to (i) a decrease in production from the Group's lowest cost tier-1 mines impacted by 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; (ii) an increase in diesel costs due to the strengthening oil price; (iii) increases in demurrage costs due to multiple adverse weather and Newcastle Port facility interruptions; and (iv) cost deferral activities undertaken to preserve cash in 2020 as a response to the depressed coal price resulting from the initial wave of COVID-19.

The Group's cash operating costs guidance for full year 2022 is $84/t - $89/t with the increase from $65/t in 2021 primarily due to the aforementioned increase in 1H 2022 cash operating costs to $83/t, with further 2H 2022 cost increases forecast as the mine's wet weather recovery plans continue to be implemented, compounded by further forecast inflationary cost pressures, particularly the potential for diesel prices to increase further and an increase in port charges at one of the coal loadout facilities at the Port of Newcastle.

Raw materials and consumables used

Raw materials and consumables used increased by 19% from $360 million in 1H 2021 to $428 million in 1H 2022, primarily due to a $63 million increase in diesel costs, despite an 11% decrease in saleable production, due to a 96% increase in the diesel price. This contributed to an increase in per saleable product tonne raw materials and consumables used from $21 to $28 over the same period.

Employee benefits

Employee benefits expense increased by 16% from $284 million in 1H 2021 to $329 million in 1H 2022, primarily due to an increase in headcount and wage and salary inflation together with a $21 million increase in bonus accruals including the impact of the Group's increasing share price on deferred bonuses for senior management and a $7 million increase in workers compensation premiums. This contributed to an increase in per saleable product tonne employee benefits from $16 to $21 over the same period.

Transportation

Transportation costs increased by 11% from $289 million in 1H 2021 to $321 million in 1H 2022, primarily due to a $13 million increase in demurrage costs due to wet weather impacting vessel queues and an $18 million increase in port costs due to increased usage of the higher cost NCIG port, that operated with reduced capacity during 1H 2021 due to storm damage. This contributed to an increase in per saleable product tonne transportation costs from $14 to $18 over the same period.

Contractual services and plant hire

Contractual services and plant hire expenses increased by 13% from $180 million in 1H 2021 to $204 million in 1H 2022 primarily due to a $15 million increase in contractors and plant hire utilised as part of the wet weather recovery plans and to mitigate labour availability issues and a $6 million increase in revenue based marketing commissions. This contributed to an increase in per saleable product tonne contractual service and plant hire costs from $10 to $13 over the same period.

Government royalties

Government royalty expenses increased by 230% from $123 million in 1H 2021 to $406 million in 1H 2022, primarily due to a 203% increase in ex-mine coal sales revenue. 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 an increase in per ex-mine sales tonne government royalties from $7 to $26 over the same period. The increase in coal royalties announced by the Queensland Government in the period will be appliable to coal sales from the Group's Yarrabee and Middlemount mines from 1 July 2022, and as such is not reflected in the 1H 2022 result.

Coal purchases

Coal purchases decreased by 25% from $97 million in 1H 2021 to $73 million in 1H 2022, primarily due to the weather impacted reduction in supply across many other Australian producers creating reduced opportunities to make coal purchases.

Other operating expenses

Other operating expenses increased by 76% from $46 million in 1H 2021 to $81 million in 1H 2022 and included a $30 million increase in the Duralie rehabilitation provision, recognised in the profit and loss due to mining having now ceased at Duralie, based on the preliminary mine closure work completed to date. Excluding the Duralie provision increase, other operating expenses increased by $5 million. This contributed to a flat per saleable product tonne other operating expenses of $3 over the same period.

Share of profit / (loss) of equity-accounted investees, net of tax

Share of profit / (loss) of equity-accounted investees, net of tax increased from a loss of $14 million in 1H 2021 to a profit of $72 million in 1H 2022 primarily due to the improved profit after tax performance of the incorporated Middlemount joint venture. This was positively impacted by a 282% increase in realised A$ coal price partially offset by a 22% decrease in sales tonnes as Middlemount's production was also impacted by wet weather and COVID-19.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 6% from $397 million in 1H 2021 to $420 million in 1H 2022. The increase was primarily due to $20 million higher underground depreciation at Moolarben due to increased production with 1H 2021 tonnes impacted by the dyke; and additional depreciation at Stratford resulting from the increase in its rehabilitation asset. Per saleable product tonne depreciation and amortisation costs increased from $23 to $27 over the same period.

Operating EBIT and operating EBIT margin

Operating EBIT increased by 30267% from $9 million in 1H 2021 to $2,733 million in 1H 2022 primarily due to a 677% increase in Operating EBITDA and a 6% increase in depreciation and amortisation as noted above. Operating EBIT margin as a percentage of operating revenue increased from 1% in 1H 2021 to 56% in 1H 2022.

Net finance costs

Net finance costs decreased by 41% from $135 million in 1H 2021 to $79 million in 1H 2022 due to no change in total interest expense and bank fees and charges and a $56 million (509%) increase in interest income.

The interest expense and bank fees and charges had no change primarily due to (i) an increase in the Group's LIBOR based debt facilities all-in interest rate from an average of 4.51% in 1H 2021 to an average of 4.88% in 1H 2022; and (ii) a decrease in the AUD:USD exchange rate from an average of 0.7716 in 1H 2021 to 0.7195 in 1H 2022 resulting in an increase in the Australian dollar value finance charge, where the Group's loans are denominated in US dollars; being offset by a decrease in interest-bearing liabilities through mandatory loan repayments of US$25 million in January and July 2021 and a US$500 million voluntary debt repayment in October 2021.

The $57 million increase in interest income was primarily due to $63 million of non-cash interest income being recognised on the Middlemount shareholder loan due to voluntary repayments. The Middlemount shareholder loan was previously converted to an interest free loan resulting in an accounting fair value discount being applied to the face value of the loan. The discount was being recognised through the profit and loss, as non-cash interest income, over the life of the loan with loan repayments based on Middlemount's forecast cash flows. With the significant increase in coal prices and cash flows, Middlemount has been able to repay $200 million of its shareholder loan from Yancoal during the period, ahead of forecast, resulting in the acceleration of the profit and loss recognition. At 30 June 2022 the outstanding face value of the shareholder loan was $12 million (31 December 2021: $212 million).

Operating profit / (loss) before income tax and profit before income tax margin

As a result of the aforementioned reasons, the operating profit / (loss) before income tax increased from a loss of $126 million in 1H 2021 to a profit of $2,654 million in 1H 2022. Operating profit before income tax margin as a percentage of operating revenue increased from (7%) to 54% over the same period.

Profit / (loss) before income tax and profit before income tax margin

As a result of the aforementioned reasons, and the non-operating items discussed below, profit / (loss) before income tax increased by 1487% from a loss of $177 million in 1H 2021 to a profit of $2,455 million in 1H 2022. Profit before income tax margin as a percentage of operating revenue increased from (10%) to 50% over the same period.

Income tax (expense) / benefit

Income tax (expense) / benefit increased from a tax benefit of $48 million in 1H 2021 to an expense of $717 million in 1H 2022. The effective tax rate was 27.1% and 29.2% in the same periods, respectively, compared to the Australian corporate income tax rate of 30%. In 1H 2022, the marginally lower effective tax rate was primarily due to the non-taxable equity-accounted profits of $72 million. In 1H 2021, the lower effective tax rate was primarily due to the non-deductible equity accounted losses of $14 million. During the period, the Group fully utilised its tax losses of $63 million brought forward from 31 December 2021 such that the Group will now pay Australian corporate income tax on future taxable profits.

Profit / (loss) after income tax and profit after income tax margin

As a result of the aforementioned reasons, profit / (loss) after income tax increased by 1447% from a loss of $129 million in 1H 2021 to a profit of $1,738 million in 1H 2022. Profit after income tax margin as a percentage of operating revenue increased from (7%) to 36% over the same period.

OVERVIEW OF NON-OPERATING ITEMS

Non-operating items in the half-year ended 30 June 2022 and 2021 included the following:

	Half-year ended 30 June	
	2022	**2021**
	$m	**$m**
Non-operating items		
Fair value losses recycled from hedge reserve	(170)	(28)
Contingent royalty payments	(12)	(13)
Re-measurement of contingent royalty	(48)	(10)
Re-measurement of royalty receivable	31	-
Loss before tax impact	**(199)**	**(51)**

Fair value losses recycled from the hedge reserve of $170 million (1H 2021: $28 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.

Contingent royalty payments of $12 million (1H 2021: $13 million) represents the contingent coal price-linked royalty payable to Rio Tinto as part of the purchase consideration for the 2017 Coal & Allied acquisition. During the period from 1 September 2020 to 31 August 2030, if the GlobalCOAL Newcastle index is above a threshold price, a royalty is payable to Rio Tinto. Due to the continued strength of the thermal coal price in the first half of 2022, the GlobalCOAL Newcastle index price was above the threshold price.

Re-measurement of contingent royalty up by $48 million (1H 2021: $10 million) represents an increase in the provision against the aforementioned contingent coal-price linked royalty payable to Rio Tinto in future periods with the increase attributable to the strengthening thermal coal price forecast.

Re-measurement of the royalty receivable of $31 million (1H 2021: nil) represents an increase 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 attributable to the strengthening coal price forecast.

CASH FLOW ANALYSIS

	Half-year ended 30 June		
	2022 $m	2021 $m	Change $m
Net operating cash flows	2,750	179	2,571
Net investing cash flows	75	(236)	311
Net financing cash flows	(972)	(50)	(922)
Net decrease in cash	**1,853**	**(107)**	**1,960**

Net operating cash flows

Net operating cash inflows increased by $2,571 million (1436%) to $2,750 million reflecting an increase in net receipts from customers over payments to suppliers primarily due to a 172% increase in revenue over the same period.

Net investing cash flows

Net investing cash outflows decreased by $311 million (132%) to an inflow of $75 million. In 1H 2022, investing cashflows included $132 million of capital expenditure offset by $200 million of loan repayments received from Middlemount. In 1H 2021, investing cash outflows included (i) $100 million being the final instalment payment for the further 10% interest in the Moolarben joint venture; and (ii) $135 million of capital expenditure.

Net financing cash flows

Net financing cash outflows increased by $922 million (1844%) to an outflow of $972 million. In 1H 2022, the net financing cash outflow included (i) a $930 million dividend payment being the settlement of the 2021 final declared dividend; (ii) $23 million (US$16 million) of voluntary loan repayments; and (iii) $19 million of lease repayments. In 1H 2021, the net financing cash outflow included (i) $32 million (US$25 million) of mandatory debt repayments; and (ii) $18 million of lease repayments.

FINANCIAL RESOURCES AND LIQUIDITY

	30 June 2022 $m	31 December 2021 $m	Change $m
Current assets	4,576	2,531	2,045
Current liabilities	(1,472)	(826)	(646)
Net current assets	**3,104**	**1,705**	**1,399**
Total assets	13,647	11,800	1,847
Total liabilities	(6,704)	(5,654)	(1,050)
Total equity	**6,943**	**6,146**	**797**

Current assets increased by $2,045 million to $4,576 million at 30 June 2022, mainly reflecting an increase in cash and cash equivalents of $1,888 million and an increase in trade and other receivables of $160 million.

Current liabilities increased by $646 million to $1,472 million at 30 June 2022, mainly reflecting a $693 million increase in current tax liabilities, payable to the Australian Tax Office, as during the period the Group became tax paying having fully utilised it's brought forward tax losses; and a $47 million decrease in trade and other payables.

Total assets increased by $1,847 million to $13,647 million at 30 June 2022, mainly reflecting the $2,045 million increase in current assets, partially offset by (i) a $170 million decrease in mining tenements due to amortisation in the period; and (ii) a $133 million decrease in non-current trade and other receivables due to the Middlemount loan repayments.

Total liabilities increased by $1,050 million to $6,704 million at 30 June 2022, mainly reflecting (i) the $646 million increase in current liabilities; (ii) a $204 million increase in provisions including a $66 million increase in the rehabilitation provision at the Stratford Duralie mine based on the preliminary mine closure work completed to date as the complex approaches the end of its mine life and a $59 million increase in the rehabilitation provision at HVO; together with a $48 million increase in the contingent royalty provision; and (iii) a $180 million increase in interest-bearing liabilities, including a $192 million unrealised foreign exchange loss on the Group's US$ denominated interest bearing liabilities, due to the Australian dollar weakening from 0.7256 at 31 December 2021 to 0.6889 at 30 June 2022.

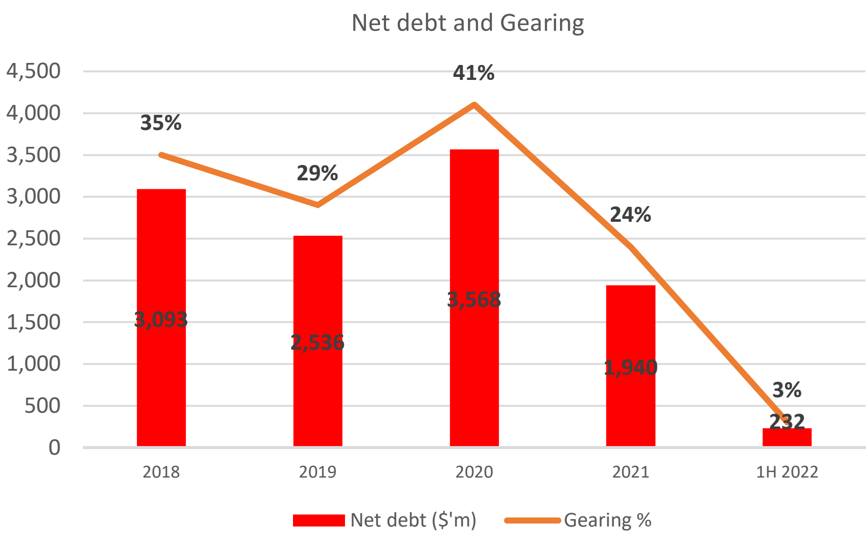
Total equity increased by $797 million to $6,943 million at 30 June 2022, mainly reflecting the $1,738 million profit after income tax for the half year offset by the $930 million dividend paid out of retained earnings.

The Group's primary source of liquidity was operating cash flows that contributed $2,750 million in the half-year ended 30 June 2022. Together with the opening cash position and the $200 million loan repayments received from Middlemount, the Group's sources of liquidity enabled the payment for the other net investing activities of $125 million and financing activities of $972 million.

For the year ending 31 December 2022, the primary source of liquidity is expected to continue to be operating cash flows for ongoing business and potentially additional interest-bearing liabilities for any possible inorganic growth transactions. 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 and gearing ratio is set out in the table below.

	30 June 2022 $m	31 December 2021 $m	Change $m
Interest-bearing liabilities	3,615	3,435	180
Less: cash and cash equivalents	(3,383)	(1,495)	(1,888)
Net debt	**232**	**1,940**	**(1,708)**
Total equity	6,943	6,146	797
Net debt + total equity	**7,175**	**8,086**	**(911)**
Gearing ratio [10]	0.03	0.24	



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 gearing ratio decreased from 24% to 3% during the period mainly due to (i) a decrease in net debt due to the high operating cash inflows that enabled the voluntary early repayment of debt and a significant increase in cash and cash equivalents on hand; and (ii) an increase in total equity primarily due to the $1,738 million profit after tax offset by the $930 million dividend paid.

The Group's interest-bearing liabilities at 30 June 2022 included (i) secured bank loans of A$1,724 million (31 December 2021: A$1,632 million); and (ii) unsecured loans from related parties of A$1,774 million (31 December 2021: A$1,672 million); all denominated in US dollars and lease liabilities of A$117 million (31 December 2021: A$131 million) denominated in Australian dollars.

Secured bank loans of US$1,202 million carry a floating interest rate calculated with reference to the 3-month LIBOR rate for which the average all-in rate (including guarantee fees) for the half-year ended 30 June 2022 was 4.88% (1H 2021: 4.51%). Unsecured loans from related parties comprise two facilities (i) US$625 million at a fixed interest rate for which the

[10] The Group's gearing ratio is defined as net debt (being interest-bearing liabilities less cash and cash equivalents) divided by the sum of net debt and total equity.

rate for the half-year ended 30 June 2022 was 7.00% (1H 2021: 7.00%); and (ii) US$775 million at a fixed cash rate of 4.65% for the first three years and at the Loan Prime Rate[11] for the next three years[12].

During the period, Yancoal made a US$16 million voluntary prepayment of its unsecured loans from related parties.

Subsequent to the end of the period;

- on 8 July 2022, Yancoal made a US$25 million mandatory repayment of its secured bank loans, reducing the amount outstanding to US$1,177 million;
- on 11 July 2022, Yancoal made a US$625 million voluntary prepayment of its unsecured loans from related parties, reducing the amount outstanding on the US$625 million 7.00% facility to nil; and
- on 14 July 2022, Yancoal made a US$160 million voluntary prepayment of its secured bank loans, further reducing the amount outstanding to US$1,017 million.

The Group's cash and cash equivalents includes A$2,347 million (31 December 2021: A$970 million) and US$705 million (31 December 2021: US$381 million).

While the Group operates entirely in Australia and its 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 USD, procurement of diesel and imported plant and equipment, which can be priced in USD or other foreign currencies, and debt denominated in USD.

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 Company aims to protect against the volatility of cash expenditures or reduced collection in the abovementioned transactions and to reduce the volatility of the profit or loss on the 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 USD 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 AUD 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 Annual Report for the year ended 31 December 2021.

Available debt facilities

Information of the debt facilities available to the Group as at 30 June 2022 is set out below.

- A$845 million of undrawn debt under its A$1,400 million unsecured facility from related parties with a maturity date of 31 December 2024. This facility was fully repaid on 11 July 2022.

- A$84 million of undrawn bank guarantees under its A$975 million Syndicated Bank Guarantee Facility 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 of 2 June 2023.

- No undrawn debt under its US$869 million Syndicated Facility with maturity dates of US$25 million on 8 July 2022; US$25 million on 10 July 2023; US$231.5 million on 8 July 2024; and US$587.5 million on 8 July 2025.

- No undrawn debt under its US$333 million Syndicated Term Loan with maturity dates of US$301 million on 23 August 2024 and US$32 million on 21 August 2026.

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

[11] The Loan Prime Rate ("LPR") is the reference rate for lending in China as announced by the People's Bank of China in August 2020. The LPR is the interest rate banks charge their most creditworthy customers.

[12] The arms' length interest rate on the US$775 million loan was independently determined to be 12% resulting in a fair value discount of $309 million being recognised. The unwind of this discount through the profit and loss over the life of the loan effectively increases the interest expense to 12%.

CAPITAL EXPENDITURE AND COMMITMENTS

During the half-year ended 30 June 2022, capital expenditure cash flows of the Group amounted to $132 million (1H 2021: $135 million) comprising $132 million (1H 2021: $135 million) of property, plant and equipment and $nil (1H 2021: nil) of exploration.

Included in the capital expenditure of $132 million is capitalised operating expenses, net of any applicable revenue, incurred on open-cut and underground development activities of $27 million (1H 2021: $28 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 30 June 2022, commitments of the Group comprised capital commitments of $284 million.

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, Yancoal has the required approvals to increase annual open-cut mine ROM production from 14Mt to 16Mt. Studies under review incorporate work to assess the optimal production profile and address the various licensing requirements. Yancoal's ability to increase open-cut production depends on increasing the capacity at the Coal Handling and Preparation Plant ("CHPP"). This CHPP project is underway, and the expansion to 16Mtpa will occur over the next 12 months.

At MTW, the underground mine project remains subject to study and assessment, but we do not expect to reach a conclusion within the next 18 months.

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.

On 16 December 2020, the Company received a letter from Shandong Energy (formerly Yankuang Group) confirming its commitment, having regard to the overall situation of the coal industry; the operations and financial circumstances of the Company and Shandong Energy; the Company's existing financings; the global funding market; and the profitability of any proposed project, to explore with the Company whether, and the basis on which, financial support may be provided to the Company by Shandong Energy in the next few years for the purpose of (i) potential acquisitions or finance lease arrangements; or (ii) additional financial support required by Watagan. In addition, Shandong Energy confirmed it is willing to assist and support the Company in discussions with Yankuang Energy (formerly Yanzhou) to explore the possibility of (i) obtaining a licence on paid terms for the use of technology recently acquired by Yankuang Energy; and (ii) commencing technology cooperation in accordance with standard and reasonable commercial practices.

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions or disposals were undertaken during the period.

EMPLOYEES

As at 30 June 2022, the Group had approximately 3,283 employees (including contract labour who are full time equivalents), all normally 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 and 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 $329 million (1H 2021: $284 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 an on annual basis. Remuneration packages include base wages or salaries, short-term site production bonuses, short and long-term staff incentives, 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, comply with the diversity policy, provide market competitive remuneration to attract and retain skilled and motivated employees and structure incentives to link rewards with performance.

Details of the Group's incentive plans are included in the Remuneration Report in the Groups' Annual Report for the year ended 31 December 2021.

The Company believes that capable and competent employees contribute to the success of the Group. The Group invests in competence development and programs to assist with statutory compliance and minimise harm to its employees. The Group also contributes to the ongoing professional development of its employees for example, the roll out of an "Inclusive Leadership" program to all site leadership teams in 2021. This investment contributes to a pipeline of employees who are ready to transition into new roles as well as creating a value proposition for new employees looking to join the Group.

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 8 July 2022, the Group made a US$25 million mandatory repayment of its secured bank loans; on 11 July 2022, the Group made a US$625 million voluntary prepayment of its unsecured loans from related parties; and on 14 July 2022, the Group made a US$160 million voluntary prepayment of its secured bank loans.

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

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 of the Group's Annual Report for the year ended 31 December 2021. 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 30 June 2022, there are $259 million of provisionally priced sales still to be finalised. If prices were to increase by 10%, provisionally priced sales would increase by $26 million.

CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 30 June 2022 comprise (i) $891 million (31 December 2021: $875 million) of bank guarantees comprising $377 million (31 December 2021: $370 million) of performance guarantees provided to third parties and $514 million (31 December 2021: $505 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 a Syndicated Bank Guarantee Facility provided by a syndicate of nine Australian and International banks totalling A$975 million. As at 30 June 2022, the facility was drawn to A$891 million.

The Group has a Syndicated Term Loan facility provided by a syndicate of six International banks totalling US$333 million. As at 30 June 2022, the facility was fully drawn.

The Syndicated Bank Guarantee and Term Loan facilities are both secured by the assets of the consolidated group of Yancoal Resources Pty Ltd and Coal & Allied Industries Pty Ltd (both wholly owned subsidiaries of Yancoal) with a carrying value of $9,818 million as at 30 June 2022.

FUTURE PROSPECTS

Yancoal has the following targets for the year ended 31 December 2022:

- operating cash costs guidance (excluding government royalties) of $84/t - $89/t;
- saleable coal production guidance of 31 million - 34 million tonnes (attributable); and
- capital expenditure guidance of $550 million - $600 million (attributable).

Yancoal has retained its current guidance; the revised production and operating cost guidance include an allowance for the Bureau of Meteorology's forecast for further rainfall in the coming months; however, there remains a risk to the revised guidance if wet weather disruptions exceed the allowances made. Even if the rain falls as predicted, Yancoal will face water storage capacity constraints well into 2023. In addition to potential volumes impacts, unforecast inflationary cost pressures could also impact second half costs, particularly the impact of an increasing diesel price.

Yancoal has a long-term strategic commitment to organic growth, through brownfield expansion and extension projects. The current focus remains on exploration and expansion works across Moolarben and MTW.

	Notes	**30 June 2022 $M**	30 June 2021 $M
Revenue	B2	**4,776**	1,775
Other income	B3	**97**	26
Changes in inventories of finished goods and work in progress		**(22)**	(19)
Raw materials and consumables used		**(428)**	(360)
Employee benefits	B4	**(329)**	(284)
Depreciation and amortisation		**(420)**	(397)
Transportation		**(321)**	(289)
Contractual services and plant hire		**(204)**	(180)
Government royalties		**(406)**	(123)
Coal purchases		**(73)**	(97)
Other operating expenses	B4	**(161)**	(94)
Finance costs	B4	**(126)**	(121)
Share of profit / (loss) of equity-accounted investees, net of tax	E1	**72**	(14)
Profit / (loss) before income tax		**2,455**	(177)
Income tax (expense) / benefit	B5	**(717)**	48
Profit / (loss) after income tax		**1,738**	(129)
Profit / (loss) is attributable to:			
Owners of Yancoal Australia Ltd		**1,738**	(129)
Non-controlling interests		**-**	-
		1,738	(129)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Fair value losses		**(192)**	(108)
Fair value losses transferred to profit and loss		**170**	28
Deferred income tax benefit		**7**	24
Other comprehensive expense, net of tax		**(15)**	(56)
Total comprehensive income / (expense)		**1,723**	(185)
Total comprehensive income / (expense) for the period attributable to owners of Yancoal Australia Ltd arises from:			
Continuing operations		**1,723**	(185)
		1,723	(185)
Earnings / (loss) per share attributable to the ordinary equity holders of the Company:			
Basic earnings / (loss) per share (cents)	B6	**131.6**	(9.8)
Diluted earnings / (loss) per share (cents)	B6	**131.2**	(9.8)

These Half-Year Financial Statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 30 June 2022

	Notes	**30 June 2022 $M**	31 December 2021 $M
ASSETS			
Current assets			
Cash and cash equivalents		**3,383**	1,495
Trade and other receivables	C6	**867**	707
Inventories	C7	**249**	264
Royalty receivable	D7	**38**	23
Other current assets		**39**	42
Total current assets		**4,576**	2,531
Non-current assets			
Trade and other receivables	C6	**106**	239
Property, plant and equipment	C1	**3,254**	3,232
Mining tenements	C2	**4,438**	4,608
Exploration and evaluation assets	C4	**541**	541
Intangible assets	C5	**140**	138
Royalty receivable	D7	**214**	198
Interest in other entities	E1	**370**	303
Other non-current assets		**8**	10
Total non-current assets		**9,071**	9,269
Total assets		**13,647**	11,800
LIABILITIES			
Current liabilities			
Trade and other payables	C8	**696**	743
Interest-bearing liabilities	D1	**66**	66
Provisions		**17**	17
Current tax liabilities		**693**	-
Total current liabilities		**1,472**	826
Non-current liabilities			
Trade and other payables		**10**	8
Interest-bearing liabilities	D1	**3,549**	3,369
Provisions		**1,139**	935
Deferred tax liabilities		**534**	516
Total non-current liabilities		**5,232**	4,828
Total liabilities		**6,704**	5,654
Net assets		**6,943**	6,146
EQUITY			
Contributed equity	D2	**6,698**	6,698
Reserves	D5	**(199)**	(188)
Retained earnings / (accumulated losses)		**442**	(366)
Capital and reserves attributable to the owners of Yancoal Australia Ltd		**6,941**	6,144
Non-controlling interests		**2**	2
Total equity		**6,943**	6,146

These Half-Year Financial Statements should be read in conjunction with the accompanying notes.

	Notes	Attributable to owners of Yancoal Australia Ltd					
		Contributed equity $M	Reserves $M	Retained earnings / (accumulated losses) $M	Total $M	Non-controlling interests $M	Total equity $M
Balance at 1 January 2021		**6,482**	**(134)**	**(1,157)**	**5,191**	**2**	**5,193**
Loss after income tax		-	-	(129)	(129)	-	(129)
Other comprehensive expense		-	(56)	-	(56)	-	(56)
Total comprehensive expense		**-**	**(56)**	**(129)**	**(185)**	**-**	**(185)**
Transactions with owners in their capacity as owners:							
Movements in other contributed equity	D2	216	-	-	216	-	216
Movements in other reserves		-	1	-	1	-	1
		216	1	-	217	-	217
Balance at 30 June 2021		**6,698**	**(189)**	**(1,286)**	**5,223**	**2**	**5,225**

	Notes	Contributed equity $M	Reserves $M	Retained earnings / (accumulated losses) $M	Total $M	Non-controlling interests $M	Total equity $M
Balance at 1 January 2022		**6,698**	**(188)**	**(366)**	**6,144**	**2**	**6,146**
Profit after income tax		-	-	1,738	1,738	-	1,738
Other comprehensive expense		-	(15)	-	(15)	-	(15)
Total comprehensive income		**-**	**(15)**	**1,738**	**1,723**	**-**	**1,723**
Transactions with owners in their capacity as owners:							
Dividends paid	D3	-	-	(930)	(930)	-	(930)
Movements in other reserves		-	4	-	4	-	4
		-	4	(930)	(926)	-	(926)
Balance at 30 June 2022		**6,698**	**(199)**	**442**	**6,941**	**2**	**6,943**

These Half-Year Financial Statements should be read in conjunction with the accompanying notes.

	Notes	30 June 2022 $M	30 June 2021 $M
Cash flows from operating activities			
Receipts from customers		**4,713**	1,652
Payments to suppliers and employees		**(1,774)**	(1,391)
Interest paid		**(193)**	(86)
Interest received		**4**	4
Net cash inflow from operating activities		**2,750**	179
Cash flows from investing activities			
Payments for property, plant and equipment		**(132)**	(135)
Proceeds from sale of property, plant and equipment		**1**	-
Repayment of borrowing from joint venture		**200**	3
Dividends received		**6**	5
Payment of non-contingent royalties		**-**	(13)
Receipts of non-contingent royalties		**-**	4
Payments for acquisition of interest in joint operation (net of cash acquired)		**-**	(100)
Net cash inflow / (outflow) from investing activities		**75**	(236)
Cash flows from financing activities			
Repayment of interest bearing liabilities - related entities		**(23)**	-
Dividends paid	D3	**(930)**	-
Payment of financial lease liabilities		**(19)**	(18)
Repayment of interest-bearing liabilities		**-**	(32)
Net cash outflow from financing activities		**(972)**	(50)
Net increase / (decrease) in cash and cash equivalents		**1,853**	(107)
Cash and cash equivalents at the beginning of the financial year		**1,495**	637
Effects of exchange rate changes on cash and cash equivalents		**35**	9
Cash and cash equivalents at the end of the period		**3,383**	539

These Half-Year Financial Statements should be read in conjunction with the accompanying notes.

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A Basis of preparation of half-year financial statements

These financial statements for the half-year ended 30 June 2022 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements are for the consolidated entity (the "Group") consisting of Yancoal Australia Ltd (the "Company") and the entities it controlled at the end of, or during, the half-year ended 30 June 2022 ("the period"). These half-year financial statements do not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and any public announcements made by Yancoal Australia Ltd during the half-year ended 30 June 2022 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*, Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong.

These half-year financial statements were authorised for issue in accordance with a resolution of the Directors on 17 August 2022.

The accounting policies adopted are consistent with those of the most recent Annual Financial Report and the corresponding half-year financial report in the prior period except for as disclosed below under New and amended accounting standards adopted by the Group.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest million dollars unless otherwise stated.

Compliance with IFRS

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

Auditor sign-off

The independent auditor’s review report of these consolidated half-year financial statements is unqualified and unmodified.

In addition:

- the half-year financial statements have been reviewed by the Company's external auditors per Appendix 16 paragraph 46(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”); and
- the accounting information given in the half-year financial report has not been audited per Appendix 16 paragraph 43 of the Listing Rules.

(a) New and amended accounting standards adopted by the Group

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

AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018 - 2020 and Other Amendments*

Amendments to property, plant and equipment accounting standard has required the entity to recognise the sales proceeds from selling items produced while preparing the assets for its intended use, instead of deducting the amounts received from the cost of the asset. This will affect the production stage underground development costs and the coal produced during the longwall move. Management assessed the impact to the Group on 1 January 2022 to be $15 million which is not material. These amendments are adopted prospectively.

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.

A Basis of preparation of half-year financial statements (continued)

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

Australian Accounting Standards and Interpretations issued but not yet applicable for the half-year ended 30 June 2022 have not been early adopted by the Group. The Group has not yet determined the potential impacts of other amendments on the Group's financial statements.

B Performance

B1 Segment information

(a) Accounting Policies

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.

The reportable segments are considered at a regional level being New South Wales ("NSW") and Queensland ("QLD"). NSW includes the Austar and Donaldson mines that are on closure, and care and maintenance respectively.

Non-operating items of the Group are presented under the segment Corporate which includes administrative expenses, foreign exchange gains and losses on interest-bearing liabilities, and the elimination of intersegment transactions and other consolidation adjustments.

(b) Segment information

The segment information for the reportable segments for the half-year ended 30 June 2022 is as follows:

	Coal mining			
30 June 2022	**NSW**	**QLD**	**Corporate**	**Total**
	$M	$M	$M	$M
Total segment revenue*	4,366	433	(170)	4,629
Add: Fair value losses recycled from hedge reserve	-	-	170	170
Revenue from external customers	**4,366**	**433**	**-**	**4,799**
Operating EBIT	2,568	70	95	2,733
Operating EBITDA	2,966	89	98	3,153
Material income or expense items				
Non-cash items				
Depreciation and amortisation expense	(399)	(19)	(2)	(420)
Remeasurement of royalty receivable	-	-	31	31
Remeasurement of contingent royalty	-	-	(48)	(48)
	(399)	**(19)**	**(19)**	**(437)**
Total capital expenditure	(245)	(26)	(6)	(277)
At 30 June 2022				
Segment assets	9,333	620	3,324	13,277
Investment in joint venture and associate	179	-	191	370
Total assets	**9,512**	**620**	**3,515**	**13,647**

B Performance (continued)

B1 Segment information (continued)

(b) Segment information (continued)

The segment information for the reportable segments for the half-year ended 30 June 2021 and segment assets as at 31 December 2021 are as follows:

	Coal mining			
30 June 2021	**NSW** $M	**QLD** $M	**Corporate** $M	**Total** $M
Total segment revenue*	1,571	165	(28)	1,708
Add: Fair value losses recycled from hedge reserve	-	-	28	28
Revenue from external customers	**1,571**	**165**	**-**	**1,736**
Operating EBIT	80	(51)	(20)	9
Operating EBITDA	454	(32)	(16)	406
Material income or expense items				
Non-cash items				
Depreciation and amortisation expense	(374)	(19)	(4)	(397)
Remeasurement of royalty receivable	-	-	(1)	(1)
Remeasurement of contingent royalty	-	-	(10)	(10)
	(374)	**(19)**	**(15)**	**(408)**
Total capital expenditure	(242)	(2)	-	(244)
At 31 December 2021				
Segment assets	9,133	662	1,701	11,496
Investments in associates and joint ventures	171	-	133	304
Total assets	**9,304**	**662**	**1,834**	**11,800**

* Total segment revenue consists of revenue from the sale of coal whereas revenue disclosed in the profit or loss also includes other revenue such as management fees, sea freight, rents and sub-lease rentals, interest income, dividend income and royalty income.

Apart from the items included as non-cash items, and the fair value losses there was no impairment charge or other significant non-cash items recognised during the half-years ended 30 June 2022 and 30 June 2021.

(c) 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 profit or loss.

Revenue from external customers is 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 regions.

Revenues from the top five external customers were $1,464 million (30 June 2021: $618 million) which in aggregate represent approximately 30% (30 June 2021: 36%) of the Group's revenues from the sale of coal. These revenues are attributable to the NSW and QLD coal mining segments.

B Performance (continued)

B1 Segment information (continued)

(c) Other segment information (continued)

Segment revenue reconciles to total revenue as follows:

	30 June 2022 $M	30 June 2021 $M
Total segment revenue	**4,629**	1,708
Interest income	**67**	11
Sea freight	**38**	37
Royalty revenue	**28**	9
Other revenue	**14**	10
Total revenue (Note B2)	**4,776**	1,775

(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 remeasurements and unrealised gains/(losses) on interest-bearing liabilities.

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

	30 June 2022 $M	30 June 2021 $M
Operating EBITDA	**3,153**	406
Depreciation and amortisation	**(420)**	(397)
Operating EBIT	**2,733**	9
Finance costs	**(126)**	(120)
Bank fees and other charges	**(20)**	(25)
Interest income	**67**	11
Fair value losses recycled from hedge reserve	**(170)**	(28)
Contingent royalty payments	**(12)**	(13)
Remeasurement of contingent royalty	**(48)**	(10)
Remeasurement of royalty receivable	**31**	(1)
Profit / (loss) before income tax	**2,455**	(177)

(iii) Segment capitalised expenditure

Amounts with respect to capital expenditure are measured in a manner consistent with that of the financial statements. Reportable segments' capital expenditure is set out in Note B1(b).

All segment assets are located in Australia.

(iv) 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.

B Performance (continued)

B2 Revenue

Contracts with customers

The Group has recognised the following amounts relating to revenue in the profit or loss:

	30 June 2022 $M	30 June 2021 $M
From continuing operations		
Sales revenue		
Sale of coal	**4,799**	1,736
Fair value losses recycled from hedge reserve	**(170)**	(28)
	4,629	1,708
Other revenue		
Interest income	**67**	11
Sea freight	**38**	37
Royalty revenue	**28**	9
Other items	**14**	10
	147	67
	4,776	1,775

At 30 June 2022 there are $259 million (30 June 2021: $89 million) of provisionally priced sales, still to be finalised, of which $144 million is yet to be collected (30 June 2021: $80 million).

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products/service lines of revenue recognition, based on the end-destination of coal sold. Previously, customer domicile was used to determine the primary geographic market, however end-destination is considered more useful information. Accordingly, the 30 June 2021 table has been restated. The table also includes a reconciliation of the disaggregated revenue with the Group's three reportable segments (see Note B1):

30 June 2022	**NSW $M**	**QLD $M**	**Total $M**
Primary geographical markets			
Japan	1,341	68	1,409
Taiwan	1,083	-	1,083
South Korea	637	96	733
Vietnam	175	200	375
Europe	304	-	304
Malaysia	278	-	278
India	166	69	235
Thailand	182	-	182
Indonesia	70	-	70
Chile	69	-	69
Australia (Yancoal's country of domicile)	61	-	61
Total	**4,366**	**433**	**4,799**
Major product/service lines			
Thermal coal	3,827	-	3,827
Metallurgical coal	539	433	972
Total	**4,366**	**433**	**4,799**

B Performance (continued)

B2 Revenue (continued)

30 June 2021 (Restated)	**NSW $M**	**QLD $M**	**Total $M**
Primary geographical markets			
Japan	430	30	460
Taiwan	375	-	375
South Korea	250	41	291
India	205	26	231
Thailand	166	-	166
Vietnam	8	61	69
Australia (Yancoal's country of domicile)	52	1	53
Malaysia	42	6	48
Europe	9	-	9
All other foreign countries	34	-	34
Total	**1,571**	**165**	**1,736**
Major product/service lines			
Thermal coal	1,411	25	1,436
Metallurgical coal	160	140	300
Total	**1,571**	**165**	**1,736**

In the first six months of 2022 8.9% of coal sales were attributable to the largest customer and 30.5% to the top five customers (first six months of 2021: 8.6% and 35.6% respectively).

Contract balances

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

	30 June 2022 $M	31 December 2021 $M
Receivables from contracts with customers	**808**	619

There are no other contract assets or liabilities as at 30 June 2022 or 31 December 2021.

B3 Other income

	30 June 2022 $M	30 June 2021 $M
Net gain on foreign exchange	**62**	24
Gain on remeasurement of royalty receivable	**31**	-
Sundry income	**4**	2
	97	26

B Performance (continued)

B4 Expenses

	30 June 2022 $M	30 June 2021 $M
Profit / (loss) before income tax includes the following specific expenses:		
(a) Employee benefits		
Employee benefits	**303**	260
Superannuation contributions	**26**	24
Total employee benefits	**329**	284

During the period to 30 June 2022 $11 million of employee benefits were capitalised (30 June 2021: $10 million)

(b) Finance costs

	30 June 2022 $M	30 June 2021 $M
Unwinding of discount on provisions and deferred payables	**12**	6
Lease charges	**4**	4
Other interest expenses	**110**	111
Total finance costs	**126**	121

(c) Other operating expenses

	30 June 2022 $M	30 June 2021 $M
Loss on remeasurement of contingent royalty	**48**	10
Rehabilitation provision increase	**30**	-
Bank fees and other charges	**20**	25
Duties and other levies	**15**	15
Contingent royalty payments	**12**	13
Insurance	**11**	9
Information technology	**8**	9
Travel and accommodation	**5**	3
Rental expense	**2**	1
Other operating expenses	**10**	9
Total other operating expenses	**161**	94

(d) Largest suppliers

In the first six months of 2022 9.6% of total operating expenses related to one supplier and 25.3% to the top five suppliers (first six months of 2021: 7.3% and 23.2% respectively).

B5 Taxation

(a) Income tax (expense) / benefit

	30 June 2022 $M	30 June 2021 $M
Income tax (expense) / benefit	**(717)**	48
Income tax (expense) / benefit is attributable to:		
Profit from continuing operations	**(717)**	48

B Performance (continued)

B5 Taxation (continued)

(b) Reconciliation of income tax (expense) / benefit to prima facie tax payable

	30 June 2022 $M	30 June 2021 $M
Profit / (loss) from continuing operations before tax	**2,455**	(177)
Tax (expense) / benefit at the Australian tax rate of 30% (2021 - 30%)	**(737)**	53
Tax effect of amounts which are not assessable / (deductible) in calculating taxable income:		
Share of profit / (loss) of equity-accounted investees not assessable / (deductible)	**22**	(4)
Other	**(2)**	(1)
Income tax (expense) / benefit	**(717)**	48

The income tax (expense) / benefit is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the financial period. The estimated average tax rate used for the half-year ended 30 June 2022 is 29.2% (30 June 2021:27.1%). The estimated average tax rate takes into account permanent differences that arise from the equity-accounting of associates and other matters.

B6 Earnings per share

(a) Basic and diluted earnings per share

	30 June 2022	30 June 2021
Total basic earnings / (loss) per share (cents)	**131.6**	(9.8)
Total diluted earnings / (loss) per share (cents)	**131.2**	(9.8)

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

	30 June 2022 Number	30 June 2021 Number
Ordinary shares on issue at the start of the period	**1,320,439,437**	1,320,439,437
Less: weighted average of treasury shares held	**(31,225)**	(31,225)
Weighted average number of ordinary shares used in basic earnings per share	**1,320,408,212**	1,320,408,212
Adjusted for rights and options on issue	**4,217,646**	3,294,850
Anti-dilutive options	**-**	(3,294,850)
Weighted average shares used in diluted earnings per share	**1,324,625,858**	1,320,408,212

(c) Reconciliation of earnings used in calculating earnings per share

	30 June 2022 $M	30 June 2021 $M
Basic and diluted earnings per share		
Profit / (loss) used in calculating the basic and diluted earnings per share:		
From continuing operations	**1,738**	(129)

C Operating assets and liabilities

C1 Property, plant and equipment

	Assets under construction $M	Freehold land and buildings $M	Mine development $M	Plant and equipment $M	Right of use assets $M	Total $M
At 31 December 2021						
Cost or fair value	257	484	2,237	3,463	211	6,652
Accumulated depreciation	-	(95)	(835)	(2,401)	(89)	(3,420)
Net book amount	257	389	1,402	1,062	122	3,232
Half-year ended 30 June 2022						
Opening net book amount	257	389	1,402	1,062	122	3,232
Transfers	(74)	1	7	63	-	(3)
Additions	130	-	137	4	6	277
Disposals	-	-	-	-	(1)	(1)
Depreciation charge	-	(5)	(100)	(126)	(20)	(251)
Closing net book amount	313	385	1,446	1,003	107	3,254
At 30 June 2022						
Cost or fair value	313	484	2,385	3,533	208	6,923
Accumulated depreciation	-	(99)	(939)	(2,530)	(101)	(3,669)
Net book amount	313	385	1,446	1,003	107	3,254

During the period ended 30 June 2022 $2 million of depreciation was capitalised (30 June 2021: $4 million).

C2 Mining tenements

	30 June 2022 $M	31 December 2021 $M
Opening net book amount	**4,608**	4,883
Transfers from exploration and evaluation	**-**	69
Amortisation	**(170)**	(344)
Closing net book amount	**4,438**	4,608

C3 Impairment of assets

(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 has been included in the Group of NSW CGU's. The Austar mine is progressing toward closure and is therefore 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.

C Operating assets and liabilities (continued)

C3 Impairment of assets (continued)

(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 (9 - 46 years). The fair value model adopted has been categorised as level 3 in the fair value hierarchy.

The key assumptions in the model include:

Key assumptions	Description
Coal prices	The Group's cash flow forecasts are based on estimates of future coal prices, which assume the current high benchmark coal prices reduce over the near to medium-term before reverting to the group's assessment of the long term real coal prices of US$69 – US$105 per tonne (2021: US$57 – US$105 per tonne) for thermal and US$123 – US$180 per tonne (2021: US$103 – US$180 per tonne) for metallurgical coal. 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. 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 remain relatively consistent to 2025 and then range between remaining relatively consistent or decline to 33% below 2022 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. The Group has considered the impacts of a more rigorous international response to climate change under the Paris Agreement incorporating updated pledges for COP26 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 less than three years for the three CGU's. The NSW CGU has 91% exposure to thermal coal and 9% exposure to metallurgical coal whilst Yarrabee and Middlemount are both metallurgical coal mines. 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 action are not expected to materially impact during the time period noted above and hence would not result in the recoverable amount falling below book value. For both thermal and metallurgical coal the Group's forecast coal price is within the range of external price forecasts. These forecasts include the assumption that following the current market disruptions which include the Russian-Ukraine conflict and weather events impacting supply, the market will take longer to rebalance with continued supply disruptions. The forecast is based on global coal demand growing marginally until 2024 whilst limited supply will be brought online due to low investment in new coal production capacity over the last five to ten years. There is a risk that these assumptions are incorrect and that future coal prices are different from those forecast.

C Operating assets and liabilities (continued)

C3 Impairment of assets (continued)

(b) Assessment of fair value (continued)

Foreign exchange rates	The long-term AUD/USD forecast exchange rate of $0.75 (2021: $0.75) is based on external sources. The 30 June 2022 AUD/USD exchange rate was $0.6889 per the Reserve Bank of Australia.
Production and capital costs	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. 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.
Coal reserves and resources	The Group estimates its coal reserves and resources based on information compiled in accordance with the JORC 2012 Code and ASX Listing Rules 2014. Further discussion is included in Note C2 of the Group's Annual Financial Report for the year ended 31 December 2021.
Discount rate	The Group has applied a post-tax nominal discount rate of 10.75% (2021: 10.5%) to discount the forecast future attributable post-tax cash flows. 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. 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.

Based on the above assumptions at 30 June 2022 the recoverable amount is determined to be above book value for all CGU's resulting in no impairment.

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.

(c) 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.

C Operating assets and liabilities (continued)

C3 Impairment of assets (continued)

(c) Key sensitivity (continued)

2022	**NSW $M**	**Yarrabee $M**	**Middlemount $M**
Book Value	5,740	250	218
Recoverable Amount	13,511	937	504
Head Room	7,771	687	286
US$ Coal Price (i)			
+10%	2,752	318	167
-10%	(2,485)	(306)	(198)
Exchange Rate (ii)			
+5 cents	(1,502)	(191)	(121)
-5 cents	2,003	225	120
Discount Rate (iii)			
+50 bps	(239)	(22)	(8)
-50 bps	532	24	9

(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 AUD/USD 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% lower over life of mine the three CGU recoverable amounts would exceed book value. 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 CGU's. If the WACC was 11.25%, or 0.5% higher, the recoverable amount would exceed book value for all CGU's.

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

Donaldson remains on care and maintenance and technical work remains ongoing to assess potential future mining operations. Based on the latest available technical information, with development commencing in 2025, and adopting a 14.25% discount rate, the recoverable amount exceeds the book value.

The key sensitivity for Donaldson is whether the operation is developed, If, as a result of the ongoing technical work, or due to other strategic priorities, the development is delayed or cancelled there may be an impairment.

C4 Exploration and evaluation assets

	30 June 2022 $M	31 December 2021 $M
Opening net book amount	**541**	709
Transfers to mining tenements	**-**	(69)
Other additions	**-**	1
Impairment	**-**	(100)
Closing net book amount	**541**	541

During the the year ended 31 December 2021 an impairment of $100 million was recognised against the Donaldson exploration and evaluation assets.

C Operating assets and liabilities (continued)

C5 Intangible assets

	Goodwill $M	Computer software $M	Water rights $M	Other $M	Total $M
At 31 December 2021					
Cost	60	36	62	16	174
Accumulated amortisation	-	(31)	-	(5)	(36)
Net book amount	60	5	62	11	138
Half-year ended 30 June 2022					
Opening net book amount	60	5	62	11	138
Transfers - assets under construction	-	3	-	-	3
Amortisation charge	-	(1)	-	-	(1)
Closing net book amount	60	7	62	11	140
At 30 June 2022					
Cost	60	39	62	16	177
Accumulated amortisation	-	(32)	-	(5)	(37)
Net book amount	60	7	62	11	140

(a) Impairment tests for goodwill

The goodwill relates to the acquisition of Yancoal Resources Pty Limited from an independent third party in an arm's length transaction and was allocated to the Yarrabee mine. Refer to Note C3 for the details regarding the fair value less costs on disposal calculation performed at 30 June 2022. 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 Trade and other receivables

	30 June 2022 $M	31 December 2021 $M
Current		
Trade receivables from contracts with customers	**808**	619
Other trade receivables	**59**	88
	867	707
Non - current		
Long service leave receivables	**74**	76
Receivables from other entities (i)	**20**	14
Receivables from joint venture (ii)	**12**	149
	106	239

(i) Receivables from other entities includes the Group's investment in securities issued by Wiggins Island Coal Export Terminal Pty Ltd ("WICET") and other non-current receivables.

(ii) Receivables from joint venture includes a loan provided to Middlemount with an initial face value of $212 million (2021: $212 million). At 30 June 2022 $200 million has been repaid with only $12 million outstanding.

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:

C Operating assets and liabilities (continued)

C6 Trade and other receivables (continued)

	30 June 2022 $M	31 December 2021 $M
0 - 90 days	**808**	591
91 - 180 days	**-**	5
181 - 365 days	**-**	10
Over 1 year	**-**	13
Total	**808**	619

(a) Past due but not impaired

The ageing analysis of the Group's and the Company's trade receivables, that were past due but not yet impaired as at 30 June 2022 and 31 December 2021, is as follows:

	30 June 2022 $M	31 December 2021 $M
0 - 90 days	**-**	3
91 - 180 days	**-**	5
181 - 365 days	**-**	10
Over 1 year	**-**	13
Total	**-**	31

C7 Inventories

	30 June 2022 $M	31 December 2021 $M
Coal - at lower of cost or net realisable value	**123**	142
Tyres and spares - at cost	**122**	118
Fuel - at cost	**4**	4
	249	264

(a) Inventory expense

Write downs of inventories to net realisable value recognised as a provision at 30 June 2022 amounted to nil (31 December 2021: $13 million). Any movement in the provision has been included in "Changes in inventories of finished goods and work in progress" in the profit or loss.

C8 Trade and other payable

	30 June 2022 $M	31 December 2021 $M
Trade payables	**505**	458
Payroll costs payable	**134**	136
Interest payable	**27**	127
Other payables	**30**	22
	696	743

C Operating assets and liabilities (continued)

C8 Trade and other payable (continued)

The following is an aged analysis of trade payable based on the invoice dates at the reporting date:

	30 June 2022 $M	31 December 2021 $M
0 - 90 days	**505**	453
91 - 180 days	**-**	5
181 - 365 days	**-**	-
Over 1 year	**-**	-
Total	**505**	458

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

D Capital structure and financing

D1 Interest-bearing liabilities

	30 June 2022 $M	31 December 2021 $M
Current		
Bank loans	**36**	34
Lease liabilities	**30**	32
	66	66
Non-current		
Bank loans	**1,688**	1,598
Unsecured loans from related parties	**1,774**	1,672
Lease liabilities	**87**	99
	3,549	3,369
Total interest-bearing liabilities	**3,615**	3,435

Reconciliation of liabilities arising from financing activities:

	Lease liabilities $'M	**Loans from related parties $'M**	**Bank loans $'M**
Opening balance at 31 December 2021	131	1,672	1,632
Additions	6	-	-
Repayments	(23)	(23)	-
Unwind of interest expenses and costs	4	21	4
Disposals	(1)	-	-
Foreign exchange movements	-	104	88
Closing balance at 30 June 2022	**117**	**1,774**	**1,724**

D Capital structure and financing (continued)

D1 Interest-bearing liabilities (continued)

(a) Bank loans

The bank loans are made up of the following facilities:

		30 June 2022		31 December 2021	
	Facility US $M	**Facility $M**	**Utilised $M**	Facility $M	Utilised $M
Secured bank loans					
Syndicated facility (i)*	869	**1,261**	**1,261**	1,198	1,198
Syndicated term loan (ii)	333	**483**	**483**	459	459
Unsecured bank loan					
Working capital facility (iii)	50	**-**	**-**	69	-
	1,252	**1,744**	**1,744**	1,726	1,657

* Facility balance excludes transaction costs of AU$20 million (31 December 2021: AU$24 million)

(i) Syndicated Facility

On 8 July 2020 the Syndicated Facility of US$1,275 million was refinanced with a new agreement and syndication of banks. During 2021 US$406 million was repaid reducing the facility to US$869 million. Repayments of US$25m each are due after six months, the first, second and third anniversary with the balance split over the fourth and fifth anniversary. On 8 July 2022, subsequent to period end, US$25 million (AU$37 million) was repaid and on 14 July 2022 US$160 million (AU$237 million) was repaid (31 December 2021: $406 million).

There was no breach of covenants at 30 June 2022.

(ii) Syndicated Term Loan

On 23 August 2021, the Syndicated Term Loan has been refinanced with a new agreement, provided from a syndicate of six international banks, with US$333 million in total of which US$301 million will mature in August 2024 and US$32 million will mature in August 2026.

The Syndicated Term Loan is secured by the assets of the consolidated groups of Yancoal Resources Pty Ltd and Coal & Allied Industries Pty Ltd with carrying value of $9,818 million as at 30 June 2022.

There was no breach of covenants at 30 June 2022.

(iii) Working Capital Facility

On 1 June 2020 the Company entered into a general purpose working capital facility with an international bank on an unsecured basis with an annual review. The facility lapsed on 29 June 2022 and was not renewed. The drawn balance at 31 December 2021 was NIL.

(b) Bank guarantee facility

Yancoal are party to the following bank guarantee facilities which have been issued for operational purposes in favour of port, rail, government departments and other operational functions:

Provider	**AU $M**	**Utilised AU $M**	**Security**
Syndicate of nine Australian and international banks	975	891	Secured by the assets of the consolidated groups of Yancoal Resources Ltd and Coal & Allied Industries Ltd with carrying value of $9,818 million at 30 June 2022. Facility expires on 3 June 2023.
Total	**975**	**891**	

The Syndicated Bank Guarantee Facility includes the same financial covenants as the Syndicated Term Loan.

D Capital structure and financing (continued)

D1 Interest-bearing liabilities (continued)

(c) Unsecured loans from related parties

In December 2014, the Company successfully arranged two long term loan facilities from its majority shareholder, Yankuang Energy repayable on 31 December 2024.

- Facility 1: AU$1,400 million - the purpose of the facility is to fund working capital and capital expenditure. The facility can be drawn in both AUD and USD. During the period, US$16 million has been repaid (31 December 2021: US$175 million). At 30 June 2022 US$382 million (AU$555 million) was drawn (31 December 2021: US$398 million (AU$548 million)). On 11 July 2022, the outstanding amount on this facility was fully repaid.

- Facility 2: US$243 million - initially the facility totalled US$807 million with the purpose of the facility being to fund the coupon payable on subordinated capital notes. On 31 January 2018 all remaining SCN's were redeemed limiting the facility to the current drawn amount US$243 million. During the period no amount has been drawn down or repaid. In total US$243 million (AU$352 million) was drawn as at 30 June 2022 (31 December 2021: US$243 million (AU$335 million)). On 11 July 2022, the outstanding amount on this facility was fully repaid.

Both of the facilities have a term of 10 years (with principal repayable at maturity, 31 December 2024) and are provided on an unsecured and subordinated basis with no covenants.

On 31 March 2021 Shandong Energy, provided the Group a US$775 million unsecured and subordinated loan. The loan matures on 16 December 2026. During the period, no principal repayments have been made on this loan.

A revaluation to fair value of the loan was performed at inception. This loan has an interest rate of 4.65% which is significantly below normal commercial terms. The implicit discount, between the agreed interest rate and determined arms length commercial interest rate of the loan, (if the loan was made by a financier that was not a related party) 12%, was recognised as an increase to other contributed equity. 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. As at 30 June 2022 the total outstanding loan (net of discounted equity contribution) amounts to $867 million (US$597 million) (31 December 2021: $789 million).

(d) Contractual maturities and cash flows of interest-bearing liabilities

The table below analyses the Group's interest-bearing liabilities into relevant maturity grouping based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows, which also includes interest, arrangement fees and withholding tax.

	Less than 1 year $M	Between 1 and 2 years $M	Between 2 and 5 years $M	Greater than 5 years $M	Total cash flows $M	Carrying Amount $M
At 30 June 2022						
Lease liabilities	36	29	54	18	137	117
Other interest bearing liabilities	250	248	3,953	-	4,451	3,498
Total	**286**	**277**	**4,007**	**18**	**4,588**	**3,615**

In July 2022 the Group made voluntary loan repayments of US$785 million (AU$1,144 million) that had contracted maturity dates between 2 and 5 years.

D Capital structure and financing (continued)

D2 Contributed equity

	30 June 2022 $M	31 December 2021 $M
Share Capital		
Ordinary shares	**6,219**	6,219
Other contributed equity		
Contingent value right shares	**263**	263
Related party loan contribution (i)	**216**	216
	479	479
Total contributed equity	**6,698**	6,698

(i) Related party loan contribution as mentioned under D1(c).

D3 Dividends

On 28 February 2022, the Board elected to declare 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 elected to declare a 2022 interim dividend allocation of $696 million, A$0.5271 per share (unfranked), with a record date of 6 September 2022 and payment date of 20 September 2022.

D4 Share-based payments

Generally, 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. On the achievement of certain performance hurdles all rights are redeemable on a one-for-one basis for the Group's shares, subject to Board's discretion the rights may be settled in cash. Dividends are not payable on the rights.

Details	**Date of measurement / grant**	**Number of Rights***	**Date of Expiry**	**Conversion Price ($)**
Management performance rights				
2019 LTIP	1 January 2019	591,960	1 January 2022	Nil
2020 LTIP	1 January 2020	2,115,455	1 January 2023	Nil
2021 LTIP	1 January 2021	2,870,651	1 January 2024	Nil
Balance at 31 December 2021		5,578,066		
2020 LTIP	1 January 2020	2,058,080	1 January 2023	Nil
2021 LTIP	1 January 2021	2,802,634	1 January 2024	Nil
Balance at 30 June 2022		4,860,714		

	2022 No. of Rights	2021 No. of Rights
Balance at beginning of the year	**5,578,066**	3,434,940
Granted during the period	**-**	2,870,651
LTIP paid in cash	**(236,783)**	(153,254)
LTIP rights lapsed	**(355,177)**	(229,881)
Forfeited during the period	**(125,392)**	(344,390)
Balance at the end of period	**4,860,714**	5,578,066

D Capital structure and financing (continued)

D4 Share-based payments (continued)

Fair value of performance rights granted

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

	2021 LTIP	**2020 LTIP**
Number of performance rights issued	2,870,651	2,591,655
Number of performance rights on issue	2,802,634	2,058,080
Grant date	1 January 2021	1 January 2020
Average share price at grant date ($)	2.45	2.86
Expected dividend yield	8%	8%
Vesting conditions	(a)	(a)
Value per performance right ($)	1.94	2.23

There are a maximum of 4,860,714 shares available for issue, which, if issued as new shares, would represent 0.4% of share capital on issue at 30 June 2022 (31 December 2021: 5,578,066 shares representing 0.4% 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.

(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.

D5 Reserves

	30 June 2022 $M	31 December 2021 $M
Hedging reserve	**(207)**	(192)
Employee compensation reserve	**8**	4
	(199)	(188)

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 United States dollar denominated interest-bearing liabilities against future coal sales.

During the period ended 30 June 2022, losses of $170 million were transferred from other comprehensive income to profit or loss in respect of the hedging reserve (31 December 2021: a loss of $153 million).

	30 June 2022 $M	31 December 2021 $M
Movements:		
Hedging reserve - cash flow hedges		
Opening balance	**(192)**	(137)
Fair value losses recognised on USD interest bearing liabilities	**(192)**	(232)
Fair value losses recycled to profit or loss	**170**	153
Deferred income tax benefit	**7**	24
Closing balance	**(207)**	(192)

D Capital structure and financing (continued)

D5 Reserves (continued)

If interest-bearing liabilities that are a natural hedge to future coal sales are repaid prior to the original designated date then 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 30 June 2022:

Twelve month period ending 30 June	**2023 $M**	**2024 $M**	**2025 $M**	**2026 $M**	**2027 $M**	**Total $M**
Hedge loss to be recycled in future periods	68	-	93	5	130	296
Of which:						
Hedges related to loans repaid prior to designated repayment date	238	-	49	-	-	287
Hedges related to loans yet to be repaid	(170)	-	44	5	130	9
						296
Deferred income tax benefit						(89)
Closing balance						207

Subject to foreign exchange rates the hedge loss to be recycled in the six months to 31 December 2022 is $67 million.

Employee compensation reserve

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).

During the period the movements related to any additional performance rights issued, settled, lapsed or forfeited as disclosed in Note D4.

D6 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2022 in respect of:

(i) Bank guarantees

	30 June 2022 $M	31 December 2021 $M
Parent entity and consolidated entities (excl. JV's)		
Performance guarantees provided to external parties	**138**	133
Guarantees provided to government departments as required by statute	**110**	108
	248	241
Joint ventures (equity share)		
Performance guarantees provided to external parties	**158**	151
Guarantees provided to government departments as required by statute	**400**	393
	558	544
Guarantees held on behalf of related parties (refer Note E2(f) for details of beneficiaries)		
Performance guarantees provided to external parties	**81**	86
Guarantees provided to government departments as required by statute	**4**	4
	85	90
	891	875

D Capital structure and financing (continued)

D6 Contingencies (continued)

(a) Contingent liabilities (continued)

(ii) Letter of Support provided to Middlemount
The Company has issued a letter of support dated 4 March 2015 to Middlemount, a joint venture of the Group confirming:

- it will not demand for 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, 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. The personal injury claims which have been made against the Group have largely been assumed by the insurers of the Group under the Group's insurance policies. The Directors do not believe that the outcome of the personal injury or day to day operations claims will have a material impact on the Group's financial position.

D7 Fair value measurement of assets and liabilities

(a) 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 following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2022 and 31 December 2021:

At 30 June 2022	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Royalty receivable	-	-	**252**	**252**
Total assets			**252**	**252**

At 31 December 2021	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Royalty receivable	-	-	221	221
Total assets			221	221

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 30 June 2022.

D Capital structure and financing (continued)

D7 Fair value measurement of assets and liabilities (continued)

(b) 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.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2022:

	30 June 2022 Royalty receivable $M	31 December 2021 Royalty receivable $M
Opening balance	**221**	217
Remeasurement of the royalty receivable recognised in profit and loss	**31**	4
Closing balance 30 June 2022	**252**	221

(i) Royalty receivable

The fair value of the royalty receivable as at 30 June 2022 has been calculated as 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 been determined to have a finite life being the life of the Middlemount Mine and is 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 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 foreign exchange rates are based on the same external data used for impairment assessments (refer to Note C3). The risk-adjusted post-tax discount rate used to determine the future cash flows is 9.25% (31 December 2021: 9.0%).

The estimated fair value would increase if the 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 table summarises the sensitivity analysis of royalty receivable. The analysis assumes that all other variables remain constant.

D Capital structure and financing (continued)

D7 Fair value measurement of assets and liabilities (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

	30 June 2022 Fair value increase/ (decrease) $M
Coal price	
+10%	22
-10%	(22)
Exchange rates	
+5 cents	(13)
-5 cents	15
Discount rates	
+50 bps	(7)
-50 bps	8

(ii) 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 discount rate used to determine the future cashflows is 11%. In 2018 the WIPS book value was reduced to nil.

(d) Fair values of other financial instruments

The carrying amount is assumed to approximate the fair value for the following:

(i) Trade and other receivables
(ii) Other financial assets
(iii) Trade and other payables
(iv) Interest-bearing liabilities

E Group structure

E1 Interests in other entities

(a) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June 2022 and 31 December 2021. 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.

E Group structure (continued)

E1 Interests in other entities (continued)

(a) Interest in associates and joint ventures (continued)

Name of entity	Place of business / country of incorporation	% of ownership interest 2022	% of ownership interest 2021	Nature of relationship	Measurement method	Carrying amount of investment 2022 $M	Carrying amount of investment 2021 $M
Port Waratah Coal Services Ltd	Australia	30	30	Associate	Equity method	179	171
WICET Holdings Pty Ltd	Australia	25	25	Associate	Equity method	-	-
Middlemount Coal Pty Ltd	Australia	49.9997	49.9997	Joint Venture	Equity method	191	132
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	-	-
Total						**370**	**303**

Amount recognised in profit or (loss):	**30 June 2022 $M**	30 June 2021 $M
Middlemount Coal Pty Ltd	**58**	(18)
Port Waratah Coal Services Ltd	**14**	4
	72	(14)

(i) 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 30 June 2022 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. The ultimate parent entity and ultimate controlling party is Shandong Energy Group Company Limited ("Shandong Energy"), incorporated in the People's Republic of China.

(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 Ltd, Yankuang Ozstar Ningbo Trading Co Ltd ("Yankuang Ozstar"), Yancoal Energy Pty Ltd and Syntech Resources Pty Ltd (collectively, "Yancoal International Group"). The Company manages these entities on behalf of Yankuang Energy.

(c) Associates and joint ventures

Refer to Note E1 for further details on the associates and joint ventures.

E Group structure (continued)

E2 Related party transactions (continued)

(d) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2022 $'000	30 June 2021 $'000
Sales of goods and services		
Sales of coal to Yancoal International (Holding) Co., Ltd (i)	**44,162**	6,167
Sales of coal to Yankuang Hainan (i)	**26,201**	-
Provision of marketing and administrative services to Yancoal International Group (ii)	**5,909**	4,553
Purchases of goods and services		
Purchases of coal from Syntech Resources Pty Ltd (i)	**-**	(9,862)
Advances and loans		
Repayment of loans from Middlemount	**200,000**	-
Repayment of revolver loan from Middlemount	**-**	3,000
Equity subscription, debt repayment and debt provision		
Repayments of loan from Yankuang Energy (ii)	**23,221**	-
Finance costs		
Interest on loan from Shandong Energy	**(22,396)**	(11,951)
Interest expenses on loans from Yankuang Energy (ii)	**(18,329)**	(27,668)
Interest expenses on loans from Yancoal International Resources Development Co., Ltd (ii)	**(744)**	(5,565)
Interest expense released on loan from Shandong Energy	**-**	(9,536)
Interest on bond from Yankuang Group (Hong Kong) Ltd	**-**	(2,718)
Interest expenses on loans from Yancoal International (Holding) Co., Ltd (ii)	**-**	(2,308)
Other costs		
Corporate guarantee fee to Yankuang Energy	**(9,261)**	(12,199)
Port charges to NCIG	**(74,680)**	(62,045)
Port charges to WICET	**(26,329)**	(27,517)
Port charges to PWCS	**(15,375)**	(13,121)
Finance income		
Interest income released from loan receivable with Middlemount	**62,813**	6,881
Interest income received from loan receivable with Middlemount	**-**	2,882
Other income		
Royalty income charged to Middlemount	**28,433**	9,480
Dividend income received from PWCS	**6,354**	6,908
Bank guarantee fee charged to Yancoal International Group (ii)	**1,047**	1,108

E Group structure (continued)

E2 Related party transactions (continued)

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2022 $'000	31 December 2021 $'000
Current assets		
Trade and other receivables		
Royalty receivable from Middlemount	**15,339**	46,390
Receivable from Yancoal International Group in relation to cost reimbursement	**726**	4,001
Loans receivable		
Other receivable from Shandong Energy	**1**	1
Interest income receivable from Middlemount	**-**	155
	16,066	50,547
Non-current assets		
Advances to joint venture		
Receivable from Middlemount being an unsecured, non-interest-bearing advance (face value $212 million)	**11,704**	148,892
	11,704	148,892
Current liabilities		
Other payables		
Payables to Shandong Energy	**13,042**	12,518
Payables to Yankuang Energy	**9,382**	110,714
Payables to Yancoal International Resources Development Co., Ltd	**67**	647
	22,491	123,879
Other payables to Shandong Energy, Yankuang Energy and its subsidiaries		
Payable to Yankuang Energy being an unsecured, interest-bearing loan (ii)	**906,777**	860,913
Payable to Shandong Energy, interest-bearing loan (ii)	**866,909**	788,946
Payable to Yancoal International Resources Development Co., Ltd being an unsecured, interest-bearing loan (ii)	**-**	22,046
	1,773,686	1,671,905

The terms and conditions of the related party non-current liabilities is detailed in Note D1(c) and (d) above.

(i) Continuing connected transaction under Chapter 14A of HK listing rules.
(ii) Fully exempt continuing connected transaction under Chapter 14A of HK listing rules.

E Group structure (continued)

E2 Related party transactions (continued)

(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:

	30 June 2022 $'000	31 December 2021 $'000
Yancoal International Group		
Syntech Resources Pty Ltd	**55,727**	60,899
Premier Coal Ltd	**29,062**	29,062
AMH (Chinchilla Coal) Pty Ltd	**29**	29
Tonford Holdings Pty Ltd	**10**	10
Athena Joint Venture	**3**	3
Other		
Yankuang Resources Pty Ltd	**45**	45
	84,876	90,048

Refer to Note D6 for details of the nature of the guarantees provided.

(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. For further information on terms and conditions related to unsecured loans from related parties refer D1(c).

(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 Yancoal, Yankuang Energy will ensure that Yancoal continues to operate so that it remains solvent.

F Other information

F1 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting date but not recognised as liabilities is as follows:

	30 June 2022 $M	31 December 2021 $M
Property, plant and equipment		
Not later than one year		
Share of joint operations	**277**	187
Other	**5**	1
Later than one year but not later than five years	**-**	5
	282	193
Exploration and evaluation		
Not later than one year		
Share of joint operations	**1**	1
Later than one year but not later than five years		
Other	**1**	-
	284	194

F Other information (continued)

F2 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that 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 or Company in subsequent financial periods, except for the following:

- On 8 July and 14 July, US$25 million (AU$37 million) and US$160 million (AU$237 million) were respectively repaid from the drawn amounts of the syndicated facility.

- On 11 July, the outstanding amount of US$382 million (AU$555 million), the Facility 1 from the Company's major shareholder, was fully repaid.

- On 11 July, the outstanding amount of US$243 million (AU$352 million) of the Facility 2 from the Company's major shareholder was fully repaid.

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

In the Directors' opinion:

(a) the financial statements and notes set out on pages 31 to 63 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
  (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-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.

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

Gregory James Fletcher
Director
17 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF YANCOAL AUSTRALIA LTD AND CONTROLLED ENTITIES

Report on the Half-year Financial Statements

Conclusion

We have reviewed the half-year financial statements of Yancoal Australia Ltd (the Company") and its controlled entities ("the Group") which comprise the consolidated balance sheet as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes to the financial statements and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial statements of the Group are not in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-Year Financial Statements section of our report. We are independent of the Company 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 annual financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Statements

The directors of the Company are responsible for the preparation of half-year financial statements 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 half-year financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Statements

Our responsibility is to express a conclusion on the half-year financial statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial statements are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

A review of half-year financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Yang (Bessie) Zhang
Partner

Rami Eltchelebi
Partner

Sydney, 17 August 2022

ADDITIONAL DISCLOSURES

Fulfilment of conditions and undertakings

The Company confirms that it has complied with the conditions and undertakings imposed by the Hong Kong Stock Exchange during the period from 1 January 2022 to 30 June 2022.

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 six months ended 30 June 2022.

Disclosure of Directors' information pursuant to Rule 13.51B(1) of the HK Listing Rules

There is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules subsequent to the publication of the 2021 Annual Report of the Company.

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.

Share Option Scheme

As of 30 June 2022, the Group has no share option scheme.

Purchase, sale or redemption of the Company's listed securities

During the period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

GLOSSARY

AAS	Australian Accounting Standards
ACCC	Australian Competition & Consumer Commission
AGM	Annual General Meeting
Aon	Aon Hewitt
API5	All Published Index 5 – 5,500 kCal coal index
ARMC	Audit and Risk Management Committee
ARTC	Australian Rail Track Corporation
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
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
Costs Target	Costs Target vesting condition
COVID-19	Novel Coronavirus
CVR	Contingent Value Rights
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
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
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
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
IASB	International Accounting Standards Board
IFRSs	International Financial Reporting Standards
JORC	Joint Ore Reserves Committee
Key Management Personnel (KMP)	Comprise the Directors of the Company and the Executive KMPs.
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
Middlemount	Middlemount Coal Pty Ltd
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
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.
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
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.
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.
SFO	Hong Kong Securities and Futures Ordinance
Shandong Energy	Shandong Energy Group Co. Ltd
Sojitz	Sojitz Corporation
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_2-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 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.
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
WICET	Wiggins Island Coal Export Terminal is a coal export terminal in at Gladstone, Queensland.
WIPS	Wiggins Island Preference Shares
Yankuang	Yankuang Group Company Ltd
Yankuang Energy	Yankuang Energy Group Company Limited
Yanzhou	Yanzhou Coal Mining Company Ltd