Yancoal Australia Ltd

ABN 82 111 859 119

Half-Year Financial Report for the half-year ended 30 June 2023

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 2022 and is lodged with the ASX under listing rule 4.2A.

APPENDIX 4D

1. Results for Announcement to the Market

	30 JUNE 2023 $M	30 JUNE 2022 $M	% CHANGE
Revenue from ordinary activities	3,976	4,776	(17%)
Profit before income tax (before non-recurring items)	1,388	2,455	(43%)
Profit before income tax (after non-recurring items)	1,388	2,455	(43%)
Net profit after income tax attributable to members (before non-recurring items)	973	1,738	(44%)
Net profit after income tax attributable to members (after non-recurring items)	973	1,738	(44%)

2. Earnings per share

	30 JUNE 2023 CENTS	30 JUNE 2022 CENTS	% CHANGE
Profit per share (before non-recurring items)			
Basic	73.7	131.6	(44%)
Diluted	73.4	131.2	(44%)
Profit per share (after non-recurring items)			
Basic	73.7	131.6	(44%)
Diluted	73.4	131.2	(44%)

3. Net tangible assets per security

	30 JUNE 2023 $	30 JUNE 2022 $	% CHANGE
Net tangible assets per share	6.01	5.15	17%

4. Distributions

	30 JUNE 2023		30 JUNE 2022	
Ordinary share distributions	CENTS PER SHARE	Total AU $M	CENTS PER SHARE	Total AU $M
Final and special dividend for 2021 (paid on 29 April 2022)	—	—	70.40	930
Final dividend for 2022 (paid on 28 April 2023)	70.00	924	—	—
Total distributions		**924**		**930**

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

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

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

APPENDIX 4D

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 2023		30 JUNE 2022	
	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION
	%	$M	%	$M
Joint venture entities				
Moolarben Joint Venture (unincorporated)	95%	437	95%	1,016
Warkworth Joint Venture (unincorporated)	84.472%	409	84.472%	285
Mount Thorley Joint Venture (unincorporated)	80%	143	80%	93
Hunter Valley Operations Joint Venture (unincorporated)	51%	331	51%	487
Middlemount Joint Venture	49.9997%	6	49.9997%	58
HVO Entities [(a)]	51%	—	51%	—
Boonal Joint Venture (unincorporated)	50%	Immaterial	50%	Immaterial
Newcastle Coal Infrastructure Group Pty Ltd	27%	—	27%	—

	30 JUNE 2023		30 JUNE 2022	
	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION	HOLDINGS	PROFIT AFTER INCOME TAX CONTRIBUTION
	%	$M	%	$M
Associate entities				
Port Waratah Coal Services Pty Ltd	30%	10	30%	14
WICET Holdings Pty Ltd	25%	—	25%	—

(a) HVO Entities consists of the following entities:

HV Operations Pty Ltd

HVO Coal Sales Pty Ltd

HVO Services Pty Ltd

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

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 2023 (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

- Geoffrey William Raby - became a director on 26 June 2012
- Helen Jane Gillies - became a director on 30 January 2018
- Yaomeng Xiao - became a director on 30 May 2022
- Changyi Zhang - became a director on 20 April 2023
- Gang Ru - became a director on 31 May 2023
- Xiaolong Huang - became a director on 31 May 2023

Directors retired during the period

- Xing Feng - was a director from 15 December 2017 to 20 April 2023
- Xiangqian Wu - was a director from 28 April 2017 to 31 May 2023
- Qingchun Zhao - was a director from 28 April 2017 to 31 May 2023

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

On 31 March 2023, Yancoal completed the early debt repayment of US$333 million, as indicated in the 2022 Financial Results on 27 February 2023. The early repayment will deliver an approximate US$43 million reduction in total finance costs over the loan period. Following the repayment Yancoal had no interest-bearing loans.

During the six months ended 30 June 2023, neither Yancoal nor any of its subsidiaries purchased, sold or redeemed Yancoal's listed securities. However, as noted in the 2022 Financial Report, Yancoal instructed CPU Share Plans Pty Ltd as trustee of the Yancoal Australia Limited Employee Share Trust to acquire and hold fully paid ordinary shares in the Company in on-market share transaction in June 2023

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 caused international coal price indices to decline 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.

Yancoal delivered a production uplift during the second quarter of the year, and is targeting further improvements during the third and fourth quarter. Further details on the significant changes in the state of affairs, operations and financial performance 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 shareholders' approval, the Directors may pay interim or final dividends, and per the Company's Constitution must:

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

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

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.

INTERESTS AND POSITIONS IN SHARES

INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 30 June 2023 the interests or short positions (as applicable) of the Directors and the Chief Executive of the Company in the Shares and debentures of the Company and any interests or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (1) have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 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	188,671	Beneficial owner	0.01429%
Gregory James Fletcher	2,100	Beneficial owner	0.00016%
Dr Geoffrey William Raby	22,858	Beneficial owner	0.00173%
David James Moult (CEO)	5,077,357	Beneficial owner	0.38452 %

ASSOCIATED CORPORATIONS OF THE COMPANY

NAME OF DIRECTOR	NAME OF THE ASSOCIATED CORPORATION	NUMBER OF SHARES AND UNDERLYING SHARES	NATURE OF INTEREST	APPROXIMATE PERCENTAGE
Yaomeng Xiao	Yankuang Energy Group Company Limited	350,000 [1]	Beneficial owner	0.0070545%
Xiaolong Huang	Yankuang Energy Group Company Limited	160,000 [2]	Beneficial owner	0.0032249%

Save as disclosed above, as at 30 June 2023, none of the Directors or the Chief Executive of the Company have an interest and/or short position (as applicable) in the Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

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 2022, 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

[1] After the end of the period, on 14 July 2023, the reported figure changed to 240,000

[2] After the end of the period, on 14 July 2023, the reported figure changed to 525,000

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

As at 30 June 2023 the following entities (other than a Director or Chief Executive of the Company) had an interest or short position (as applicable) in the Shares or underlying Shares which were recorded in the register required to be kept under section 336 of the SFO:

NAME OF SHAREHOLDER	CAPACITY	NUMBER OF SHARES HELD OR INTERESTED	APPROXIMATE PERCENTAGE (%)
Yankuang Energy Group Company Limited	Beneficial interest	822,157,715	62.26
Shandong Energy Group Co. Ltd[3]	Interest in controlled entity	822,157,715	62.26
Cinda International HGB Investment (UK) Limited	Beneficial interest	181,474,887	13.74
China Agriculture Investment Limited	Interest in controlled entity	181,474,887	13.74
International High Grade Fund B, L.P	Interest in controlled entity	181,474,887	13.74
Cinda International GP Management Limited	Interest in controlled entity	181,474,887	13.74
China Cinda (HK) Asset Management Co., Ltd[4]	Interest in controlled entity	181,474,887	13.74
Cinda International Holdings Limited	Interest in controlled entity	181,474,887	13.74
Cinda Securities Co., Ltd	Interest in controlled entity	181,474,887	13.74
China Cinda (HK) Holdings Company Limited	Interest in controlled entity	181,474,887	13.74
China Cinda Asset Management Co., Ltd	Interest in controlled entity	181,474,887	13.74

Save as disclosed above, as at 30 June 2023, none of the substantial shareholders or other persons, (other than the Directors and Chief Executive of the Company) had any interest or short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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 2023 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 at the end of the Directors' Report.

ROUNDING OF AMOUNTS

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

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

Gregory James Fletcher

Director

Sydney

16 August 2023

[3] 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.

[4] Cinda International HGB Investment (UK) limited, an indirect wholly owned subsidiary of China Cinda Asset Management Co., Ltd, is interested in 181,474,887 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 181,474,887 Shares which Cinda International HGB Investment (UK) Limited is interested in as beneficial owner. The disclosed shareholding at the start of the period was 181,474,887 shares.

Accountants & Advisors

Take the lead

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 2023 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
Chartered Accountants

Yang (Bessie) Zhang

Partner

Sydney, 16 August 2023

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[5].

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

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, South Korea and China accounting for approximately 85% of our revenue from coal sales in the half-year ended 30 June 2023.

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

The Group's export thermal coal is generally priced on either an index price, 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.

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

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

At the start of this period, our mines still held high water storage balances and needed to continue with their site recovery plans focussing on pre-strip and overburden removal and the rebuilding of overburden blasted inventory, exposed in-pit coal and ROM coal inventories. These recovery plans, that include the temporary use of additional equipment and labour, will continue throughout the year, and are expected to facilitate improved productivity and deliver increased ROM and saleable coal volumes as the year progresses. This can be seen in the Group's reported attributable saleable coal production which increased from 5.9Mt in the quarter to 31 March 2023 to 8.5Mt in the quarter to 30 June 2023.

Australia's unemployment rate during the period continued to be very low, and labour availability across our sites continued to be challenging, particularly skilled maintenance trade positions. Whilst the impact on our operations in 2022 was somewhat masked by the wet weather interruptions, achieving the required headcount and skillset will be essential to delivering the Group's recovery plans and production volumes. This remains a key focus for management with proactive initiatives being developed and rolled out across the business to attract and retain a highly skilled and motivated workforce.

As a result, production volumes have not yet fully recovered, despite the general improvement in the weather during the period. Similarly, lower coal production volumes compounded by the temporary additional costs of implementing the recovery plans, resulted in our cash operating costs per product tonne remaining high during the period. That said, there was a significant improvement in the recent quarter to 30 June 2023, as production volumes recovered.

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

Despite China resuming imports of Australian coal, the high-ash thermal coal market continued to depreciate due to stable domestic China coal production and competition from multiple supply options. The low-ash, high calorific, GlobalCOAL Newcastle index price, has depreciated substantially on the back of weakening demand, low gas prices, and strong supply options from South Africa, Colombia and North America.

During the period, the Group resumed sales of high-ash thermal coal into China which is becoming a major destination for the Group's coal.

In the metallurgical market, on the back of supply disruptions in North America, prices appreciated in the middle of the period before depreciating on the back of low demand as a result of economic pressures and reduced spend on major projects. During the period, we have seen a correction to the relativity of metallurgical coal and thermal coal pricing with metallurgical coal prices resuming its historic premium relative to thermal coal prices.

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

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

It is currently expected that Australia's share of the world seaborne thermal coal supply market, of 20% in 2023, will increase to approximately 29% by 2050[6], and it will continue to play a critical role as a primary source of premium grade coals.

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

The Group's overall average ex-mine selling price of coal decreased by 11% from A$314 per tonne in 1H 2022 to A$278 per tonne in 1H 2023 mainly as a result of a decrease in global USD coal prices with the weekly average GlobalCOAL Newcastle thermal coal index price decreasing by US$120 per tonne (37%) during the same period; the weekly Argus/McCloskey API5 coal index price decreasing by US$70 per tonne (38%) during the same period; and the weekly average Platts semi-soft coking coal index price decreasing by US$136 per tonne (38%) during the same period; partially offset by the Australian dollar weakening against the US dollar by 6% from an average of 0.7195 in 1H 2022 to 0.6764 in 1H 2023.

Internally, management actions were directed by the Group's "Key Tasks" initiative that focuses on 50 workstreams across the Group, overseen by the Board of Directors ("Board"). Operationally, the workstreams focus on delivering sustainable improvements in key productivity drivers, managing inventory levels as part of the site recovery plans and water management. The key outputs are to deliver improved production rates across the year and to reduce operating costs, particularly those temporary costs incurred as part of the site recovery plans.

The Group's overall average cash operating costs per product tonne, excluding government royalties, increased from A$83 per tonne in1H 2022 to A$109 per tonne in 1H 2023. The increase is primarily due to a decrease in saleable production volumes, the aforementioned site recovery plans and inflationary cost pressures.

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

	HALF-YEAR ENDED 30 JUNE		
	2023 MT	2022 MT	CHANGE (%)
ROM PRODUCTION			
Moolarben	9.1	9.3	(2%)
MTW	7.6	5.6	36%
HVO	5.8	6.6	(12%)
Yarrabee	1.1	1.1	—%
Ashton	0.6	0.9	(33%)
Stratford Duralie	0.4	0.3	33%
Middlemount	1.4	2.0	(30%)
Total - 100% basis	**26.0**	**25.8**	**1%**
SALEABLE PRODUCTION			
Moolarben	7.4	8.4	(12%)
MTW	4.6	3.7	24%
HVO	4.2	5.6	(25%)
Yarrabee	0.9	1.0	(10%)
Ashton	0.3	0.4	(25%)
Stratford Duralie	0.2	0.3	(33%)
Middlemount	1.0	1.4	(29%)
Total - 100% basis	**18.6**	**20.8**	**(11%)**

On a 100% basis, ROM coal production increased 1% from 25.8Mt in 1H 2022 to 26.0Mt in 1H 2023. This included a 5% increase in the three tier-one assets (being Moolarben, MTW and HVO) from 21.5Mt in 1H 2022 to 22.5Mt in 1H 2023.

Saleable coal production decreased 11% from 20.8Mt in 1H 2022 to 18.6Mt in 1H 2023. This included a decrease in the three tier-one assets of 8% from 17.7Mt in 1H 2022 to 16.2Mt in 1H 2023.

Moolarben's ROM production decreased by 0.2Mt (2%) and its saleable production decreased by 1.0Mt (12%). The decrease in ROM production was primarily due to the ongoing cumulative impacts of wet weather in prior periods that resulted in wet and boggy mining conditions in the open-cut, that together with continued high water storage levels, impacted productivity in the first quarter. Improved weather and drier conditions in the second quarter led to improved performance from the open-cut. The underground operation largely performed to plan but volumes were impacted by a longwall move in the first quarter. The more significant decrease in saleable production resulted from a relative decrease in the proportion of underground coal, which is 100% bypass, and the wash plant occasionally facing lower open-cut feed rates due to variability of the open-cut coal quality and the timing of ROM coal presentation.

MTW's ROM production increased by 2.0Mt (36%) and its saleable production increased by 0.9Mt (24%). The increase in ROM production was primarily due to higher prime waste material movement resulting in increased uncovered coal compared to 1H 22 that was significantly impacted by low opening inventories, wet weather and COVID-19, together with MTW having a congested mine footprint that compounded the prior year weather impacts. The increase in saleable production was attributable to the increase in ROM production, including movements in inventories.

[6] Wood Mackenzie Coal Market Service Data May 2023

HVO's ROM production decreased by 0.8Mt 12% and its saleable production decreased by 1.4Mt (25%). The decrease in ROM production was primarily the flow on impact of reduced overburden removal in the prior year resulting from the cumulative wet weather. ROM volumes are expected to recover in the second half of the year. The more significant decrease in saleable production resulted from the second wash plant being operational in 1H 2022, but stood down at the end of 2022, as it became uneconomic to operate on lower volumes, and similar to Moolarben, the wash plant faced lower feed rates due to variability in coal quality.

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

	OWNERSHIP	HALF-YEAR ENDED 30 JUNE		CHANGE
		2023	2022	
	%[7]	MT	MT	(%)
SALEABLE PRODUCTION				
Moolarben	95	7.0	7.9	(11%)
MTW	82.9	3.9	3.1	26%
HVO	51	2.1	2.8	(25%)
Yarrabee	100	0.9	1.0	(10%)
Ashton	100	0.3	0.4	(25%)
Stratford Duralie	100	0.2	0.3	(33%)
Attributable		**14.4**	**15.5**	**(7%)**
Middlemount (equity-accounted)	~50	0.5	0.7	(29%)
Total - equity basis		**14.9**	**16.2**	**(8%)**
Thermal		12.0	13.1	(8%)
Metallurgical		2.9	3.1	(6%)
		14.9	**16.2**	**(8%)**

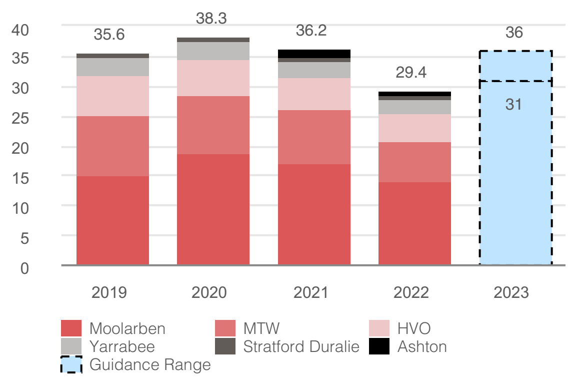
The Group's attributable saleable coal production, excluding Middlemount, decreased 7% from 15.5Mt in 1H 2022 to 14.4Mt in 1H 2023, and including Middlemount, decreased 8% from 16.2Mt in 1H 2022 to 14.9Mt in 1H 2023.

The attributable saleable production contribution of the Group's tier-one assets increased from 85% of total equity saleable production in 1H 2022 to 87% in 1H 2023.

Thermal coal saleable production decreased by 8% from 13.1Mt in 1H 2022 to 12.0Mt in 1H 2023 and metallurgical coal saleable production decreased by 6% from 3.1Mt in 1H 2022 to 2.9Mt in 1H 2023. Thermal coal represented 81% of total saleable coal production in 1H 2023, consistent with the 81% in 1H 2022.

The chart below shows the longer-term trend in the Group's attributable saleable production[8].

ATTRIBUTABLE SALEABLE PRODUCTION (MT)



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

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

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

The Group's attributable saleable production guidance for the full year is between 31Mt and 36Mt. Attributable saleable production for the first half of the year was 14.4Mt, but with recovery plans and mine inventory rebuild prioritised, the Group's production was always significantly skewed toward the second half of the year as the recovery plans take effect. Improved weather conditions, including reduced water levels across our open cut mines, should facilitate an improved second half performance.

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 2022.

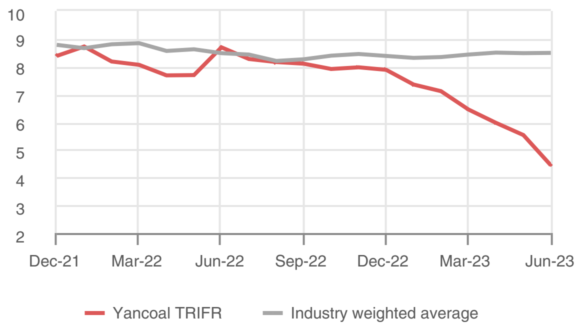
[7] Ownership percentage stated as at 30 June 2023.
[8] The Group's quarterly report issued on 19 January 2021 included Attributable Saleable Coal Production for the year ended 31 December 2020 of 38.3Mt with this amount including an additional 0.5Mt attributable to the additional 10% interest acquired 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.

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.

YANCOAL 12MTH ROLLING TRIFR



Our 12-month rolling TRIFR[9] at 30 June 2023 was 4.4, representing a significant decrease from 7.9 at 31 December 2022, and below the comparable weighted average industry TRIFR of 8.5 at 30 June 2023.

During the period, Yancoal continued the rollout of "The Yancoal Safe Way Every Day" programme which centres around the Yancoal "Safe Way" value and offers a range of training and interpersonal initiatives that are designed to enhance personal safety skill sets. This programme is designed to provide a consistent approach to health, safety and training management across all Yancoal operations, and to support the integration of a new safety culture that demonstrates the "Safe Way Every Day" principles and encourages safety best practice performance on the ground.

Yancoal also continued implementation of a four-year, four stage Mental Health Programme. During the period, Stage 2 has largely been completed with employees being introduced to the program via a 2½ hour workshop for mental health awareness and education.

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, with the 2022 ESG Report published on 26 April 2023. 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.

Climate Change Risk: The transition to a lower carbon economy gathered pace in 2022, with the 2022 United Nations Climate Change Conference of Parties ("COP27") in Sharm El-Sheik, Egypt.

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

This scheme commenced on 1 July 2023, and all Yancoal's mines, except Stratford Duralie, fall within this legislation. On 7 July 2023, the federal government issued a position paper that set out the baseline emission intensity factor methodology to be applied out to FY2030 and we continue to improve our modelling of the potential impact and timing.

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.

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

In terms of our operations, there is a particular focus on targeting the reduction of Scope 1 emissions (from diesel consumption and fugitive emissions) and Scope 2 emissions (from electricity consumption). Work has commenced to identify emissions reduction opportunities at key sites with an express aim at driving down Yancoal's carbon footprint.

Yancoal is progressing two significant renewable energy projects – a pumped hydro power and solar facility at its Stratford mine (where coal production is anticipated to end in 2024), and an innovative project at Austar (in collaboration with Green Gravity) to utilise kinetic energy in old mine shafts to generate electricity during periods of peak demand. Both projects are at an early stage of investigation, but if proved up and developed, have the potential to both increase Yancoal's self-sufficiency for power and diversify the business. Yancoal also studied the potential for nature-based carbon credit generation projects across its property portfolio.

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

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

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

On 26 June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards; IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and IFRS S2 Climate-related Disclosures. The Australian Federal Government has proposed to introduce a mandatory climate-related financial disclosure regime, aligned with IFRS S2, which is proposed to commence for the first cohort of reporting entities from FY2024-2025. A multi-function working group has been established to manage the Group's transition to a more timely and robust sustainability reporting environment.

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

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

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

COVID-19

Our employees, as part of the broader community, were not immune to COVID-19 and the Group continued recording positive cases across most sites and offices during the period. However, the number of workers unable to attend work due to COVID-19 has materially declined when compared to the same period last year. With only relatively few cases reported during the period, there were no material adverse impacts or changes to the Group's funding or business plan as a result of COVID-19.

WATER MANAGEMENT

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

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

Planning activities continued to include:

- Review of water management strategies including longer term water modelling
- Prioritisation of investment in infrastructure including pumps and duplicating pipeline infrastructure
- The construction of additional water storage dams
- Completion of the increased capacity of the Moolarben water treatment plant
- Sharing of pumps across the operations based on priority
- Crushing gravel and building stockpiles in advance to improve road conditions during wet weather
- Continuing to increase blasted inventory volumes
- Establishing systems to maximise the discharge of excess water as environmental approvals allow
- Wet weather preparedness such as emergency ROM stockpiles, contingent wet weather waste dumps and drainage works
- Maintaining existing water licences for use in prolonged dry weather conditions.

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

NEW SOUTH WALES RESERVATION POLICY

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

Yancoal is meeting its obligations under the Directions, and in the quarter to 30 June 2023 supplied the quantity of coal called by generators under the Directions of 0.17Mt.

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

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

FINANCIAL RESULTS REVIEW

RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

For the management discussion and analysis, the Group's operating results for the half-year ended 30 June 2023 are compared with the operating results for the half-year ended 30 June 2022.

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						
	2023			2022			
	IFRS REPORTED $M	NON-OPERATING $M	OPERATING $M	IFRS REPORTED $M	NON-OPERATING $M	OPERATING $M	CHANGE %
Revenue	**3,976**	**(52)**	**3,924**	**4,776**	**103**	**4,879**	**(20%)**
Other income	25	—	25	97	(31)	66	(62%)
Changes in inventories of finished goods and work in progress	(19)	—	(19)	(22)	—	(22)	14%
Raw materials and consumables	(549)	—	(549)	(428)	—	(428)	28%
Employee benefits	(348)	—	(348)	(329)	—	(329)	6%
Transportation	(401)	—	(401)	(321)	—	(321)	25%
Contractual services and plant hire	(260)	—	(260)	(204)	—	(204)	27%
Government royalties	(365)	—	(365)	(406)	—	(406)	(10%)
Coal purchases	(94)	—	(94)	(73)	—	(73)	29%
Other operating expenses	(153)	45	(108)	(161)	80	(81)	33%
Share of profit of equity-accounted investees, net of tax	16	—	16	72	—	72	(78%)
EBITDA	**1,828**	**(7)**	**1,821**	**3,001**	**152**	**3,153**	**(42%)**
EBITDA %	***46 %***	**—**	***46 %***	***63 %***	**—**	***65 %***	
Depreciation and amortisation	(411)	—	(411)	(420)	—	(420)	(2%)
EBIT	**1,417**	**(7)**	**1,410**	**2,581**	**152**	**2,733**	**(48%)**
EBIT %	***36 %***	**—**	***36 %***	***54 %***	**—**	***56 %***	
Net finance (cost) / income [10]	(29)	39	10	(126)	47	(79)	(113%)
Non-operating items	—	(32)	(32)	—	(199)	(199)	
Profit before income tax	**1,388**	**—**	**1,388**	**2,455**	**—**	**2,455**	**(43%)**
Profit before income tax %	***35 %***	**—**	***35 %***	***51 %***	**—**	***50 %***	
Income tax expense	(415)	—	(415)	(717)	—	(717)	(42%)
Profit after income tax	**973**	**—**	**973**	**1,738**	**—**	**1,738**	**(44%)**
Profit after income tax %	***24 %***	**—**	***25 %***	***36 %***	**—**	***36 %***	
Attributable to:							
- Owners of Yancoal	973	—	973	1,738	—	1,738	(44%)
- Non-controlling interests	—	—	—	—	—	—	—%
Profit per share attributable to the ordinary equity holders of the Company							
Basic profit per share (cents)	73.7	—	73.7	131.6	—	131.6	(44%)
Diluted profit per share (cents)	73.4	—	73.4	131.2	—	131.2	(44%)

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 before income tax for the half-year as adjusted for net finance (cost) / income, depreciation and amortisation and any significant non-operating items, while Operating EBIT represents profit before income tax as adjusted for net finance (cost) / income and any significant non-operating items.

[10] Includes the reclassification of interest income of $52 million (1H 2022: $67 million) from revenue to net finance (cost) / income and bank fees and other charges of $13 million (1H 2022: $20 million) from other operating expenses to net finance (cost) / income as these amounts are excluded from operating EBITDA.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit after income tax decreased by 44% from $1,738 million in 1H 2022 to $973 million in 1H 2023 and was fully attributable to the owners of Yancoal with no non-controlling interests.

Profit attributable to the owners of Yancoal of $973 million was impacted by a number of non-operating items in 1H 2023. These totalled a net loss before tax impact of $32 million comprising $13 million of contingent royalty payments together with a $8 million contingent royalty remeasurement loss and an $11 million royalty receivable remeasurement loss. These are discussed in more detail separately in the section "Overview of non-operating items" below and have been excluded from the operating commentary.

OVERVIEW OF OPERATING RESULTS

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

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

REVENUE

	HALF-YEAR ENDED 30 JUNE		
	2023 $M	2022 $M	CHANGE (%)
Ex-mine coal sales[11]	4,003	4,909	(18%)
Sale of purchased coal	(154)	(115)	(34%)
Other	4	5	(20%)
Sale of coal	**3,853**	**4,799**	**(20%)**
Sea freight	42	38	11%
Royalty revenue	12	28	(57%)
Other	17	14	21%
Revenue	**3,924**	**4,879**	**(20%)**

Total revenue decreased by 20% from $4,879 million in 1H 2022 to $3,924 million in 1H 2023 primarily due to a 20% decrease in coal sales revenue from $4,799 million in 1H 2022 to $3,853 million in 1H 2023. With respect to the decrease in coal sales revenue, the key factors were:

	HALF-YEAR ENDED 30 JUNE		
	2023	2022	CHANGE (%)
THERMAL COAL			
Average selling price (A$ per tonne)	256	298	(14%)
Sales volume (Mt)	12.0	13.3	(10%)
% of total ex-mine sales volume	86 %	85 %	1%
Total ex-mine thermal coal revenue (A$ million)	**3,069**	**3,956**	**(22%)**
METALLURGICAL COAL			
Average selling price (A$ per tonne)	389	402	(3%)
Sales volume (Mt)	2.4	2.4	—%
% of total ex-mine sales volume	14 %	15 %	(7%)
Total ex-mine metallurgical coal revenue (A$ million)	**934**	**953**	**(2%)**
TOTAL COAL			
Average selling price (A$ per tonne)	278	314	(11%)
Total ex-mine sales volume (Mt)	14.4	15.7	(8%)
Total ex-mine coal revenue (A$ million)	**4,003**	**4,909**	**(18%)**

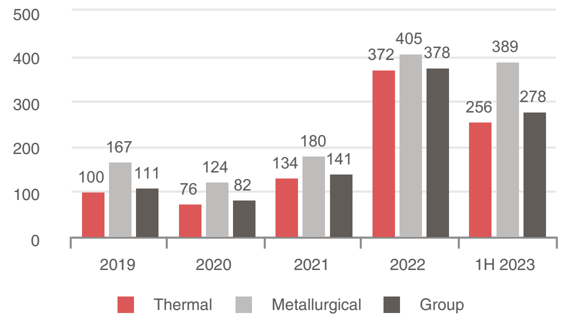
- The Group's overall average ex-mine selling price of coal decreased by 11% from A$314 per tonne in 1H 2022 to A$278 per tonne in 1H 2023 mainly as a result of a decrease in global USD coal prices with the weekly average GlobalCOAL Newcastle thermal coal index price decreasing by US$120 per tonne (37%) during the same period; the weekly Argus/McCloskey API5 coal index price decreasing by US$70 per tonne (38%) during the same period; and the weekly average Platts semi-soft coking coal index price decreasing by US$136 per tonne (38%) during the same period; partially offset by the Australian dollar weakening against the US dollar by 6% from an average of 0.7195 in 1H 2022 to 0.6764 in 1H 2023.
- The Group's average selling price of thermal coal decreased from A$298 per tonne to A$256 per tonne. The Group's average selling price of metallurgical coal decreased from A$402 per tonne to A$389 per tonne.
- The Group's ex-mine sales volume decreased by 8% from 15.7Mt in 1H 2022 to 14.4Mt in 1H 2023, primarily due to the 11% decrease in saleable production partially offset by movements in coal inventories.
- A 34% increase in the negative net revenue impact from the sale of purchased coal from $115 million in 1H 2022 to $154 million in 1H 2023, primarily resulting from the timing of corporate sales made under a long-term fixed price contract acquired as part of the Coal & Allied acquisition that, with the high market prices, effectively reduced Group revenue in 1H 2023.

A 57% decrease in royalty revenue from $28 million in 1H 2022 to $12 million in 1H 2023 recognised on the Group's Middlemount royalty where it receives a royalty of 4% of Free on Board Trimmed Sales on 100% of the Middlemount mine coal sales, with the decrease in the period primarily due to the decrease in sales volumes and weaker coal prices.

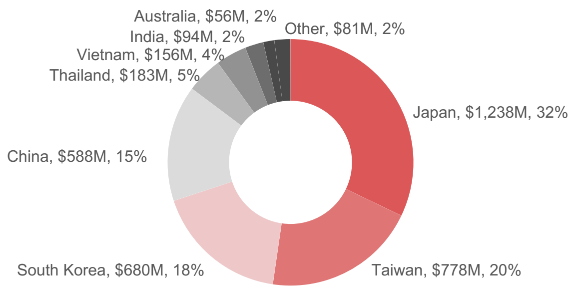
[11] Ex-mine coal sales include only coal that has been produced at one of the Group's mines. They exclude the sale of coal that has been purchased from third parties.

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

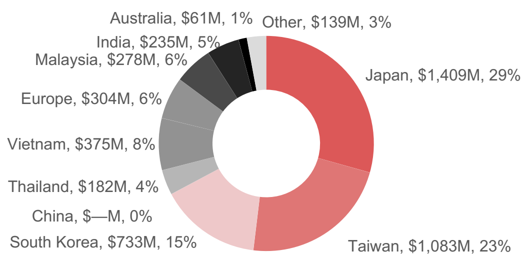
AVERAGE A$ SELLING PRICE



1H 2023



1H 2022



Other include Indonesia and Chile
(1H 2022: Indonesia, Chile, Bangladesh, Pakistan, Cambodia and UAE)

Sales revenue to the primary Asian seaborne markets of Japan, Taiwan and South Korea, as a percentage of total coal sales revenue, remained relatively stable at 70% (1H 2022: 67%).

Sales revenue to China increased from 0% in 1H 2022 to 15% in 1H 2023 as China resumed buying Australian coal. This contributed to the 4% decrease to Vietnam and the 3% decrease to India, over the same period, as China provided improved returns.

Sales revenue to Europe decreased from 6% in 1H 2022 to 0% in 1H 2023 primarily due to reduced demand from a very mild winter.

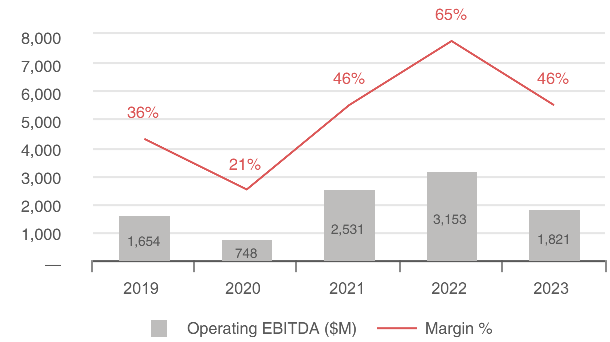
Sales to Malaysia decreased from 6% in 1H 2022 to 0% in 1H 2023 due to increased competition from Russian and South African supply.

Sales revenue to Thailand remained stable at $183 million (1H 2022: $182 million) but with these sales delivered under a long-term fixed price contract, the relative percentage of group sales decreased from 5% to 4%.

OPERATING EBITDA AND OPERATING EBITDA MARGIN

Operating EBITDA decreased by 42% from $3,153 million in 1H 2022 to $1,821 million in 1H 2023. The $1,332 million decrease was primarily due to the $955 million (20%) decrease in revenue, noted above. Other factors included (i) a $41 million decrease in other income; (ii) a $259 million increase in costs; (iii) a $21 million increase in coal purchases; and (iv) a $56 million decrease in the equity accounted profit. Operating EBITDA margin as a percentage of operating revenue decreased from 65% in 1H 2022 to 46% in 1H 2023.

OPERATING EBITDA



OTHER INCOME

	HALF-YEAR ENDED 30 JUNE		
	2023	2022	CHANGE
	$M	$M	(%)
Net gain on foreign exchange	23	62	(63 %)
Sundry income	2	4	(50 %)
Other income	**25**	**66**	**(62 %)**

Other income decreased from $66 million in 1H 2022 to $25 million in 1H 2023. This included a net gain on foreign exchange of $23 million (1H 2022: $62 million) primarily recognised on holding USD cash balances as the Australian dollar weakened during 1H 2023.

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Changes in inventories of finished goods and work in progress was consistent at $19 million in 1H 2023 (1H 2022: $22 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	
	2023	2022
	$/T	$/T
CASH OPERATING COSTS		
Raw materials and consumables used	38	27
Employee benefits	24	21
Transportation	25	18
Contractual services and plant hire	18	13
Other operating expenses	4	3
Cash operating costs (excluding royalties)	**109**	**82**
Royalties	25	26
Cash operating costs	**134**	**108**
NON-CASH OPERATING COSTS		
Depreciation and amortisation	29	27
Total production costs	**163**	**135**
Total production costs (excluding royalties)	**138**	**109**

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

PER SALEABLE PRODUCTION TONNE

	HALF-YEAR ENDED 30 JUNE	
	2023	2022
	$/T	$/T
CASH OPERATING COSTS		
Raw materials and consumables used	38	28
Employee benefits	24	21
Transportation	25	18
Contractual services and plant hire	18	13
Other operating expenses	4	3
Cash operating costs (excluding royalties)	**109**	**83**
NON-CASH OPERATING COSTS		
Depreciation and amortisation	29	27
Total production costs (excluding royalties)	**138**	**110**

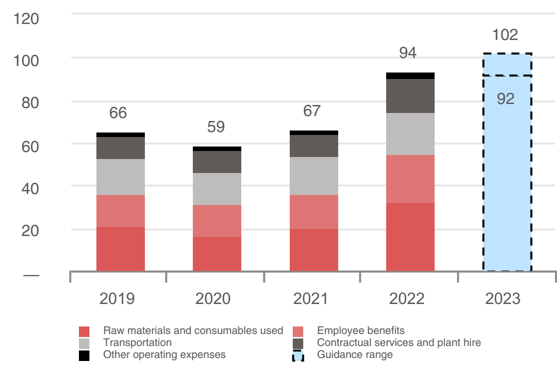
The Group's cash operating costs, after capitalised development, per saleable tonne increased by $26/t from $83/t in 1H 2022 to $109/t in 1H 2023.

However, it is noted that whilst the full year 2022 cash operating costs were $94/t, the 2H 2022 cash operating costs increased to approximately $107/t, comparable with the $109/t in 1H 2023. The $24/t increase from $83/t in 1H 2022 to $107/t in 2H 2022 was primarily due to (i) an 11% decrease in saleable production volumes as the cumulative impacts of the wet weather and labour shortages continued to impact; (ii) cumulative inflationary cost pressures across the coal industry; and (iii) the increasing impacts of the site recovery plans that include the temporary use of additional equipment and labour, This elevated cost profile largely continued into 1H 2023 with the aforementioned skewed production profile expected to deliver lower 1H 2023 volumes and the site recovery plans in full effect.

This increase in operating costs due to the aforementioned uncontrollable factors has been partially offset by management's non-negotiable focus on operational productivity and cost reductions. In 2023 this is led by the Group's "Key Tasks" initiative that focuses on 50 key workstreams across the Group, overseen by the Board.

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

CASH OPERATING COSTS PER PRODUCT TONNE (A$)



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

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

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

The Group's cash operating costs guidance for full year 2023 is $92/t - $102/t. With first half cash operating costs of $109/t, the Group's cost profile was always significantly skewed toward the second half as the site recovery plans take effect. An improved production performance in 2H 2023 should deliver a significant decrease in cash operating costs, despite the ongoing tight labour market and cumulative inflationary impacts. This improvement has already been evidenced during the period, with the Group's reported attributable saleable coal production increasing from 5.9Mt in the quarter to 31 March 2023 to 8.5Mt in the quarter to 30 June 2023

RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used increased by 28% from $428 million in 1H 2022 to $549 million in 1H 2023, primarily due to (i) market and inflationary cost increases including a $32 million (156%) increase in electricity costs, a $26 million (48%) increase in explosive costs, a $26 million (23%) increase in maintenance costs and a $23 million (18%) increase in diesel costs; and (ii) a 4% increase in attributable ROM production, including a 17% increase in open cut attributable ROM production. This contributed to an increase in per saleable product tonne raw materials and consumables used from $28 to $38 over the same period.

EMPLOYEE BENEFITS

Employee benefits expense increased by 6% from $329 million in 1H 2022 to $348 million in 1H 2023, primarily due to an increase in headcount and wage and salary inflation together with a $6 million increase in superannuation contribution and workers compensation premiums and a $6 million increase in deferred bonuses for senior management due to the increase in the Group share price at the time of issue relative to 1H 2022. This contributed to an increase in per saleable product tonne employee benefits from $21 to $24 over the same period.

TRANSPORTATION

Transportation costs increased by 25% from $321 million in 1H 2022 to $401 million in 1H 2023, primarily due to (i) an increase in NCIG port costs following the introduction of an additional coal price-linked toll charge from 1 July 2022 and (ii) inflationary impacts on rail and port costs, including diesel, partially offset by an $8 million decrease in demurrage as vessel queues decreased. Given the Group's long-term take or pay arrangements for rail and port, transportation costs did not decrease in line with the 7% decrease in saleable production. This contributed to an increase in per saleable product tonne transportation costs from $18 to $25 over the same period.

CONTRACTUAL SERVICES AND PLANT HIRE

Contractual services and plant hire expenses increased by 27% from $204 million in 1H 2022 to $260 million in 1H 2023 primarily due to a $49 million increase in contractors including those utilised as part of the wet weather recovery plans and to mitigate labour availability issues. This contributed to an increase in per saleable product tonne contractual service and plant hire costs from $13 to $18 over the same period.

GOVERNMENT ROYALTIES

Government royalty expenses decreased by 10% from $406 million in 1H 2022 to $365 million in 1H 2023, primarily due to an 18% decrease in ex-mine coal sales revenue, partially offset by the increase in coal royalty rates introduced by the Queensland Government effective from 1 July 2022. Royalties are determined on an ad valorem basis by reference to the value of coal sold, the type of mine and the State the mine is in and are payable to the appropriate State government. This contributed to a decrease in per ex-mine sales tonne government royalties from $26 to $25 over the same period.

COAL PURCHASES

Coal purchases increased by 29% from $73 million in 1H 2022 to $94 million in 1H 2023, primarily due to the requirement to purchase a premium quality coal to meet contractual and blending commitments and a weaker exchange rate between the periods.

OTHER OPERATING EXPENSES

Other operating expenses increased by 33% from $81 million in 1H 2022 to $108 million in 1H 2023 and included a $41 million increase in the rehabilitation provisions at Austar and Duralie, recognised in the profit and loss due to mining having ceased (1H 2022: $30 million), based on the preliminary mine closure work completed to date. Excluding the provision increases, other operating expenses increased by $16 million including a $5 million increase in IT costs, including software licences following the prior period upgrade to the Group's ERP system, and a $4 million increase in insurance premiums. This contributed to an increase in per saleable product tonne other operating expenses from $3 to $4 over the same period.

SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES, NET OF TAX

Share of profit of equity-accounted investees, net of tax decreased from $72 million in 1H 2022 to $16 million in 1H 2023 primarily due to the lower profit after tax performance of the incorporated Middlemount joint venture. This was negatively impacted by a 24% decrease in realised A$ coal price and a 39% decrease in sales tonnes as Middlemount's production was also impacted by wet weather.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses decreased by 2% from $420 million in 1H 2022 to $411 million in 1H 2023. Per saleable production tonne depreciation and amortisation costs increased from $27 to $29 over the same period.

OPERATING EBIT AND OPERATING EBIT MARGIN

Operating EBIT decreased by 48% from $2,733 million in 1H 2022 to $1,410 million in 1H 2023 primarily due to a 42% decrease in Operating EBITDA and a 2% decrease in depreciation and amortisation as noted above. Operating EBIT margin as a percentage of operating revenue decreased from 56% in 1H 2022 to 36% in 1H 2023.

NET FINANCE (COST) / INCOME

Net finance (cost) / income decreased by 113% from a net cost of $79 million in 1H 2022 to net income of $10 million in 1H 2023 primarily due to the voluntary prepayment of the Group's loans.

Interest expense and bank fees and charges decreased by 71% from $146 million in 1H 2022 to $42 million in 1H 2023 primarily due to the progressive voluntary prepayment of all of the Group's loans, concluding on 31 March 2023. The Group will continue to incur finance costs on its contingent guarantee facilities, leasing arrangements and the accounting unwind of discounts on provisions.

Interest income decreased by 22% from $67 million in 1H 2022 to $52 million in 1H 2023. In 1H 2022 interest income included $63 million of non-cash interest income recognised on the Middlemount shareholder loan due to voluntary early repayments made by Middlemount. Excluding the Middlemount shareholder loan, interest income increased by $48 million due to an increasing cash balance and market interest rates.

OPERATING PROFIT BEFORE INCOME TAX AND PROFIT BEFORE INCOME TAX MARGIN

As a result of the aforementioned reasons, operating profit before income tax decreased from a profit of $2,654 million in 1H 2022 to a profit of $1,420 million in 1H 2023. Operating profit before income tax margin as a percentage of operating revenue decreased from 54% to 36% over the same period.

PROFIT BEFORE INCOME TAX AND PROFIT BEFORE INCOME TAX MARGIN

As a result of the aforementioned reasons, and the non-operating items discussed below, profit before income tax decreased by 43% from $2,455 million in 1H 2022 to $1,388 million in 1H 2023. Profit before income tax margin as a percentage of operating revenue decreased from 50% to 35% over the same period.

INCOME TAX EXPENSE

Income tax expense decreased from $717 million in 1H 2022 to $415 million in 1H 2023. The effective tax rate was 29.2% and 29.9% in the same periods, respectively, compared to the Australian corporate income tax rate of 30%. In 1H 2023, the marginally lower effective tax rate was primarily due to the non-taxable equity-accounted profits of $16 million (1H 2022: $72 million).

PROFIT AFTER INCOME TAX AND PROFIT AFTER INCOME TAX MARGIN

As a result of the aforementioned reasons profit after income tax decreased by 44% from $1,738 million in 1H 2022 to $973 million in 1H 2023. Profit after income tax margin as a percentage of operating revenue decreased from 36% to 25% over the same period.

OVERVIEW OF NON-OPERATING ITEMS

Non-operating items in the half-year ended 30 June 2023 and 30 June 2022 included the following:

	HALF-YEAR ENDED 30 JUNE	
	2023	2022
	$M	$M
NON-OPERATING ITEMS		
Contingent royalty expense	(13)	(12)
Re-measurement of royalty receivable	(11)	31
Re-measurement of contingent royalty	(8)	(48)
Fair value losses recycled from hedge reserve	—	(170)
Loss before tax impact	**(32)**	**(199)**

Contingent royalty expense of $13 million (1H 2022: $12 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 2023, the GlobalCOAL Newcastle index price was above the threshold price

Re-measurement of the royalty receivable down by $11 million (1H 2022: up by $31 million) represents a decrease 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 a decrease in the life of mine tonnes.

Re-measurement of contingent royalty payable up by $8 million (1H 2022: $48 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 increased volatility in thermal coal price forecast.

In 1H 2022, non-operating items also included a fair value loss recycled from the hedge reserve of $170 million that represents the retranslation loss 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.

CASH FLOW ANALYSIS

	HALF-YEAR ENDED 30 JUNE		
	2023	2022	CHANGE
	$M	$M	$M
Net operating cash flows	89	2,750	(2,661)
Net investing cash flows	(282)	75	(357)
Net financing cash flows	(1,447)	(972)	(475)
Net decrease in cash	**(1,640)**	**1,853**	**(3,493)**

NET OPERATING CASH FLOWS

Net operating cash inflows decreased by $2,661 million (97%) to $89 million primarily due to (i) a $1,696 million increase in tax payments that included a payment of $1,412 million in June 2023 relating to the Group's taxable profits for the year ended 31 December 2022; and (ii) a $1,188 million decrease in net receipts from customers over payments to suppliers reflecting the $1,332 million decrease in Operating EBITDA.

NET INVESTING CASH FLOWS

Net investing cash outflows decreased by $357 million (476%) to $282 million. In 1H 2023 investing cash outflows included $295 million of capital expenditure. In 1H 2022 investing cash outflows included $132 million of capital expenditure offset by $200 million of loan repayments received from Middlemount.

NET FINANCING CASH FLOWS

Net financing cash outflows increased by $475 million (49%) to an outflow of $1,447 million, as set out in the table below.

	HALF-YEAR ENDED 30 JUNE		
	2023	2022	CHANGE
	$M	$M	$M
Dividends paid	(924)	(930)	6
Voluntary loan repayments	(496)	(23)	(473)
Lease payments	(26)	(19)	(7)
Purchase of treasury shares	(1)	—	(1)
Net financing cash flows	**(1,447)**	**(972)**	**(475)**

In 1H 2023 the net financing cash outflow included (i) a $924 million dividend payment being the settlement of the 2022 final declared dividend.(ii) $496 million (US$333 million) of voluntary loan prepayments; and (iii) $26 million of lease repayments. 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 debt repayments; and (iii) $19 million of lease repayments.

FINANCIAL RESOURCES AND LIQUIDITY

	30 JUNE 2023 $M	31 DECEMBER 2022 $M	CHANGE $M
Current assets	2,056	3,810	(1,754)
Current liabilities	(1,015)	(2,532)	1,517
Net current assets	**1,041**	**1,278**	**(237)**
Total assets	10,913	12,801	(1,888)
Total liabilities	(2,820)	(4,771)	1,951
Total equity	**8,093**	**8,030**	**63**

Current assets decreased by $1,754 million to $2,056 million at 30 June 2023 primarily due to a decrease in cash and cash equivalents of $1,615 million and a decrease in trade and other receivables of $156 million.

Current liabilities decreased by $1,517 million to $1,015 million at 30 June 2023, primarily due to a $1,310 million decrease in the current tax liability payable to the Australian Tax Office following the $1,412 million payment in June 2023; and a $185 million decrease in trade and other payables.

Total assets decreased by $1,888 million to $10,913 million at 30 June 2023 primarily due to (i) the aforementioned decrease in current assets of $1,754 million; and (ii) a $112 million decrease in mining tenements primarily due to amortisation in the period.

Total liabilities decreased by $1,951 million to $2,820 million at 30 June 2023 primarily due to (i) the aforementioned decrease in current liabilities of $1,517 million; and (ii) a $505 million decrease in non-current interest-bearing liabilities mainly due to the $496 million voluntary loan prepayment.

Total equity increased by $63 million to $8,093 million at 30 June 2023 mainly reflecting the $973 million profit after tax for the half year offset by the $924 million dividend paid out of retained earnings.

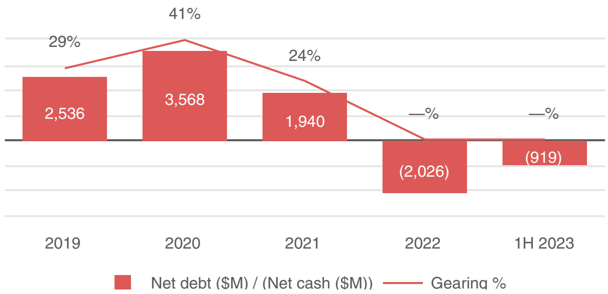
The Group's primary sources of liquidity was its opening cash position of $2,699 million and operating cash flows that contributed $89 million in the half-year ended 30 June 2023 (after payment of $1,696 million of tax). The Group's sources of liquidity enabled the payment for investing activities of $282 million and financing activities of $1,447 million.

For the year ending 31 December 2023, 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 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 is set out in the table below.

	30 JUNE 2023 $M	31 DECEMBER 2022 $M	CHANGE $M
Interest-bearing liabilities	165	673	(508)
Less: cash and cash equivalents	(1,084)	(2,699)	1,615
Net (cash) / debt	**(919)**	**(2,026)**	**1,107**
Total equity	8,093	8,030	63
Net debt + total equity	**7,174**	**6,004**	**1,170**

NET DEBT AND GEARING



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

The Group's net cash position at 30 June 2023 was $919 million, a decrease from $2,026 million at 31 December 2022. With the Group in a net cash position its gearing ratio, which is defined as net debt (being interest-bearing liabilities less cash and cash equivalents) divided by the sum of net debt and total equity, is effectively nil.

The Group's interest-bearing liabilities includes lease liabilities of A$165 million (31 December 2022: A$184 million) denominated in Australian and US dollars. At 31 December 2022 the Group's interest-bearing liabilities also included secured bank loans of A$489 million (US$333 million) denominated in US dollars.

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

The Group's cash and cash equivalents includes A$715 million (31 December 2022: A$2,176 million) and US$245 million (31 December 2022: US$354 million). While the Group operates entirely in Australia[12], and its costs are primarily denominated in its functional currency, the Australian dollar, foreign currency exposure arises particularly in relation to coal supply contracts, which generally are priced and payable in US dollars, procurement of diesel and imported plant and equipment, which can be priced in US dollars or other foreign currencies, and debt denominated in US dollars.

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

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

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

[12] The group does have a captive insurance company located in Guernsey

due to the future rise or fall in the Australian dollar against the relevant currencies.

More details on interest-bearing liabilities, cash and cash equivalents and equity, including types of instrument used, security provided, maturity profile of interest-bearing liabilities, interest rates and hedging strategies are included in Notes D1, D2 and D7 of the Group's Annual Report for the year ended 31 December 2022.

AVAILABLE DEBT FACILITIES

As at 30 June 2023, the Group had $246 million of undrawn guarantees under its $1.2 billion Guarantee Facilities that are provided for operational purposes in favour of port, rail, government departments and other operational functions in the normal course of business with a maturity date of February 2026.

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

CAPITAL EXPENDITURE AND COMMITMENTS

During the half-year ended 30 June 2023, capital expenditure cash flows of the Group amounted to $295 million (1H 2022: $132 million) comprising $295 million (1H 2022: $132 million) of property, plant and equipment and nil (1H 2022: nil) of exploration.

Included in the capital expenditure of $295 million is capitalised operating expenses, net of any applicable revenue, incurred on open-cut and underground development activities of $68 million (1H 2022: $27 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 2023, commitments of the Group comprised capital commitments of $202 million (31 December 2022: $222 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, modifications to increase the coal wash plant production capacity to 16Mtpa were completed and commissioned during the period. The facility continues to operate at the targeted levels.

The MTW underground mine concept remains subject to study and assessment, and we do not expect to reach a conclusion during 2023.

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

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

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

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

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 Coal) 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 2023, the Group had approximately 3,437 employees (including contract labour who are full time equivalents), all located in Australia, in addition to other contractors and service providers who support the Group's operations by delivering fixed scopes of work. For the period, the total employee costs (including director's emoluments, HVO employees who are not included in the employee number above and excluding contract labour, contractors and service providers whose costs are included in Contractual services and plant hire) amounted to $348 million (1H 2022: $329 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, complies with the diversity policy, provides market competitive remuneration to attract and retain skilled and motivated employees and structures incentives to link rewards with performance.

Details of the Group's incentive plans are included in the Remuneration Report in the Groups' Financial Report for the year ended 31 December 2022.

The Company believes that capable and competent employees contribute to the success of the Group. The Group invests in competence development and assurance programs to ensure statutory compliance and zero harm to its employees. The Group also contributes to the ongoing professional development of its employees as maintaining a skilled and engaged workforce is critical to success. In February 2023, Yancoal launched the Yancoal Learning Academy (YLA) comprising a scheduled calendar of short course soft skills training to all salaried employees. The launch was integrated with employee goal and development planning conversations with managers. The 2023 program schedule consists of 15 short courses which are delivered as three hour online facilitated programs to a classroom of 20 participants. Over 250 salaried employees will participate in at least one program over the course of the year.

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. During 2022, Yancoal made good progress against our measurable gender diversity targets and increased the proportion of the female workforce to 15%, noting that the Australian mining sector is a male dominated sector. Yancoal has set itself a stretch goal to further increase female participation in 2023.

In addition to this our Yancoal mine sites have been actively driving greater awareness of indigenous inclusion and offering opportunities for career pathways across the business. Yancoal continues to be a long-term sponsor of the Clontarf Foundation which supports indigenous youth education and career development, leading to positive outcomes in the communities where they operate. In 2023, Yancoal has established a Diversity & Inclusion Committee. The primary focus for the committee is centred on making positive advancement in the representation and inclusion of female and indigenous employees. The committee also shares a focus of improving inclusivity at Yancoal more broadly.

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

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 2022. 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 2023, there were $71 million of provisionally priced sales still to be finalised. If prices were to increase by 10%, provisionally priced sales would increase by $7 million.

CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 30 June 2023 comprised (i) $955 million (31 December 2022: $941 million) of bank guarantees and surety bonds comprising $400 million (31 December 2022: $395 million) of performance guarantees provided to third parties and $554 million (31 December 2022: $546 million) of guarantees provided in respect of the cost of restoration of certain mining leases given to government departments as required by statute with respect to the Group's owned and managed mines, (ii) a letter of support provided to the Middlemount Coal Pty Limited joint venture; and (iii) a number of claims have been made against the Group as part of the Group's day to day operations. The Directors do not believe that the outcome of these claims will have a material impact on the Group's financial position.

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

CHARGES ON ASSETS

The Group has Syndicated Bank Guarantee and Surety Bond Facilities provided by a syndicate of nine Australian and international financial institutions totalling A$1,200 million. As at 30 June 2023 the facility was drawn to A$954 million.

The Syndicated Bank Guarantee and Surety Bond Facilities were 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 $10,766 million as at 30 June 2023.

FUTURE PROSPECTS

As mining inventory rebuilds and productivity rates improve over the coming quarters, production rates should increase towards the levels experienced in prior years. Yancoal's 2023 attributable saleable production guidance remains between 31 million tonnes and 36 million tonnes.

Unit cost reduction is likely to take longer to deliver than the production uplift, as the recovery plans incur additional costs, energy input costs are still elevated, and cost inflation from recent years is now embedded. Over time, increasing production rates are expected to contribute to lower unit costs. Yancoal's 2023 cash operating costs guidance remains between $92/tonne and $102/tonne.

Capital expenditure in 2023 includes the fleet replacement cycle, that commenced in 2021 and additional equipment secured to deliver the Group's near-term production. Yancoal's 2023 capital expenditure guidance has been revised down to $600 - $750 million, from the previous $750 - $900 million, primarily reflecting the timing of year to date capital spend.

Through the remainder of 2023 and potentially into 2024, the Group will need to continually balance output volumes, product quality, efficiency metrics, operating costs and capital expenditure as it executes its mine recovery plans. In 2023, Yancoal aims to deliver the best possible financial performance for its shareholders, which requires flexibility on production volumes and operating cash costs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2023

	NOTES	30 JUNE 2023 $M	30 JUNE 2022 $M
Revenue	B2	3,976	4,776
Other income	B3	25	97
Changes in inventories of finished goods and work in progress		(19)	(22)
Raw materials and consumables used		(549)	(428)
Employee benefits	B4	(348)	(329)
Depreciation and amortisation		(411)	(420)
Transportation		(401)	(321)
Contractual services and plant hire		(260)	(204)
Government royalties		(365)	(406)
Coal purchases		(94)	(73)
Other operating expenses	B4	(153)	(161)
Finance costs	B4	(29)	(126)
Share of profit of equity-accounted investees, net tax	E1	16	72
Profit before income tax		**1,388**	**2,455**
Income tax expense	B5	(415)	(717)
Profit after income tax		**973**	**1,738**
PROFIT IS ATTRIBUTABLE TO:			
Owners of Yancoal Australia Ltd		973	1,738
Non-controlling interests		—	—
		973	**1,738**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Fair value losses	D5	(4)	(192)
Fair value losses transferred to profit and loss	D5	—	170
Deferred income tax benefit	D5	1	7
Other comprehensive expense, net of tax		**(3)**	**(15)**
Total comprehensive income		**970**	**1,723**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of Yancoal Australia Ltd		970	1,723
Non-controlling interests		—	—
		970	**1,723**
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic earnings per share (cents per share)	B6	73.7	131.6
Diluted earnings per share (cents per share)	B6	73.4	131.2

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	NOTES	30 JUNE 2023 $M	31 DECEMBER 2022 $M
ASSETS			
Current assets			
Cash and cash equivalents		1,084	2,699
Trade and other receivables	C6	580	736
Inventories	C7	320	330
Royalty receivable	D7	23	20
Other current assets		49	25
Total current assets		**2,056**	**3,810**
NON-CURRENT ASSETS			
Trade and other receivables	C6	94	97
Property, plant and equipment	C1	3,514	3,486
Mining tenements	C2	4,255	4,367
Exploration and evaluation assets	C4	233	275
Intangible assets	C5	132	133
Royalty receivable	D7	199	213
Interest in other entities	E1	424	413
Other non-current assets		6	7
Total non-current assets		**8,857**	**8,991**
Total assets		**10,913**	**12,801**
LIABILITIES			
Current liabilities			
Trade and other payables	C8	678	863
Interest-bearing liabilities	D1	45	48
Current tax liabilities		232	1,542
Provisions		60	79
Total current liabilities		**1,015**	**2,532**
NON-CURRENT LIABILITIES			
Trade and other payables		5	14
Interest-bearing liabilities	D1	120	625
Deferred tax liabilities		412	383
Provisions		1,268	1,217
Total non-current liabilities		**1,805**	**2,239**
Total liabilities		**2,820**	**4,771**
Net assets		**8,093**	**8,030**
EQUITY			
Contributed equity	D2	6,698	6,698
Reserves	D5	(250)	(264)
Retained earnings		1,643	1,594
Capital and reserves attributable to owners of Yancoal Australia Ltd		**8,091**	**8,028**
Non-controlling interests		2	2
Total equity		**8,093**	**8,030**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2023

		ATTRIBUTABLE TO OWNERS OF YANCOAL AUSTRALIA LTD					
	NOTES	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
		$M	$M	$M	$M	$M	$M
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	D4	—	—	(930)	(930)	—	(930)
Movements in other contributed equity	D2	—	—	—	—	—	—
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**
Balance at 1 January 2023		**6,698**	**(264)**	**1,594**	**8,028**	**2**	**8,030**
Profit after income tax		—	—	973	973	—	973
Other comprehensive expense		—	(3)	—	(3)	—	(3)
Total comprehensive income		**—**	**(3)**	**973**	**970**	**—**	**970**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:							
Dividends paid	D4	—	—	(924)	(924)	—	(924)
Movements in other contributed equity	D2						
Movements in other reserves		—	17	—	17	—	17
		—	17	(924)	(907)	—	(907)
Balance at 30 June 2023		**6,698**	**(250)**	**1,643**	**8,091**	**2**	**8,093**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2023

	NOTES	30 JUNE 2023 $M	30 JUNE 2022 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,069	4,713
Payments to suppliers and employees		(2,318)	(1,774)
Interest paid		(18)	(193)
Interest received		52	4
Income tax paid		(1,696)	—
Net cash inflow from operating activities		**89**	**2,750**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(295)	(132)
Proceeds from sale of property, plant and equipment		7	1
Dividend received		6	6
Repayment of borrowing from joint venture		—	200
Net cash (outflow)/inflow from investing activities		**(282)**	**75**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends	D4	(924)	(930)
Repayment of interest-bearing liabilities		(496)	—
Repayment of lease liabilities		(26)	(19)
Payment for treasury shares		(1)	—
Repayment of interest bearing liabilities - related entities		—	(23)
Net cash outflow from financing activities		**(1,447)**	**(972)**
Net (decrease)/increase in cash and cash equivalents		**(1,640)**	**1,853**
Cash and cash equivalents at the beginning of the financial period		2,699	1,495
Effects of exchange rate changes on cash and cash equivalents		25	35
Cash and cash equivalents at the end of the period		**1,084**	**3,383**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS INDEX

A BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These financial statements for the half-year ended 30 June 2023 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 2023 ("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 2022 and any public announcements made by Yancoal Australia Ltd during the half-year ended 30 June 2023 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 16 August 2023.

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.

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.

(i) Compliance with IFRS

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

(ii) Auditor sign-off

The independent auditor’s review report on these consolidated 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.

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

All mandatory standards effective have been adopted and have not resulted in any changes to the Group’s accounting policies and have no impact on the the amounts reported for the current or prior periods.

(iv) 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 2023 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

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 recycled from hedge reserve, and the elimination of intersegment transactions and other consolidation adjustments.

(a) Segment information

The segment information for the reportable segments for the half-year ended 30 June 2023 is as follows:

	COAL MINING			
	NSW	QLD	CORPORATE	TOTAL
30 JUNE 2023	$M	$M	$M	$M
Total segment revenue (i)	3,421	432	—	3,853
Add: Fair value losses recycled from hedge reserve	—	—	—	—
Revenue from external customers	**3,421**	**432**	**—**	**3,853**
Operating EBIT	1,306	68	36	1,410
Operating EBITDA	1,699	84	38	1,821

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

	COAL MINING			
	NSW	QLD	CORPORATE	TOTAL
30 JUNE 2023	$M	$M	$M	$M
MATERIAL INCOME OR EXPENSE ITEMS				
Non-cash items				
Depreciation and amortisation	(392)	(17)	(2)	(411)
Remeasurement of contingent royalty	—	—	(8)	(8)
Remeasurement of royalty receivable	—	—	(11)	(11)
	(392)	**(17)**	**(21)**	**(430)**
Total capital expenditure	**(297)**	**(10)**	**(3)**	**(310)**
AT 30 JUNE 2023				
Segment assets	8,654	675	1,160	10,489
Interests in other entities	180	—	244	424
Total assets	**8,834**	**675**	**1,404**	**10,913**

The segment information for the reportable segments for the half-year ended 30 June 2022 and segment assets as at 31 December 2022 are as follows:

	COAL MINING			
	NSW	QLD	CORPORATE	TOTAL
30 JUNE 2022	$M	$M	$M	$M
Total segment revenue (i)	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	(399)	(19)	(2)	(420)
Remeasurement of contingent royalty	—	—	(48)	(48)
Remeasurement of royalty receivable	—	—	31	31
	(399)	**(19)**	**(19)**	**(437)**
Total capital expenditure	**(245)**	**(26)**	**(6)**	**(277)**
AT 31 DECEMBER 2022				
Segment assets	9,226	781	2,381	12,388
Interests in other entities	175	—	238	413
Total assets	**9,401**	**781**	**2,619**	**12,801**

There were no other significant non-cash items recognised during the half-year ended 30 June 2023 and 30 June 2022 other than those disclosed above.

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

(b) Other segment information

(i) Segment revenue

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

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

Revenues from the top five external customers were $1,578 million (30 June 2022: $1,464 million) which in aggregate represent approximately 41% (30 June 2022: 30%) of the Group's revenues from the sale of coal. These revenues were attributable to the NSW and Queensland coal mining segments.

Segment revenue reconciles to total revenue as follows:

	30 JUNE 2023	30 JUNE 2022
	$M	$M
Total segment revenue	**3,853**	**4,629**
Interest income	52	67
Sea freight	42	38
Royalty revenue	12	28
Other revenue	17	14
Total revenue (refer to Note B2)	**3,976**	**4,776**

(ii) Operating EBITDA

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

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

	30 JUNE 2023 $M	30 JUNE 2022 $M
Operating EBITDA	**1,821**	**3,153**
Depreciation and amortisation	(411)	(420)
Operating EBIT	**1,410**	**2,733**
Interest income	52	67
Finance costs	(29)	(126)
Bank fees and other charges	(13)	(20)
Contingent royalty payments	(13)	(12)
Remeasurement of royalty receivable	(11)	31
Remeasurement of contingent royalty	(8)	(48)
Fair value losses recycled from hedge reserve	—	(170)
Profit before income tax	**1,388**	**2,455**

(iii) Segment capitalised expenditure

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

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.

B2 REVENUE

Contracts with customers

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

	30 JUNE 2023 $M	30 JUNE 2022 $M
FROM CONTINUING OPERATIONS		
Sales revenue		
Sale of coal	3,853	4,799
Fair value losses recycled from hedge reserve	—	(170)
	3,853	**4,629**
Other revenue		
Interest income	52	67
Sea freight	42	38
Royalty revenue	12	28
Other items	17	14
	123	**147**
	3,976	**4,776**

At 30 June 2023 there are $71 million (30 June 2022: $259 million) of provisionally priced sales, still to be finalised, of which $42 million is yet to be collected (30 June 2022: $144 million). These amounts are included in the revenue recognised above.

There were no recycled fair value losses from the hedge reserves during the period (30 June 2022: $170 million loss).

Disaggregation of revenue

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

30 JUNE 2023	NSW $M	QLD $M	TOTAL $M
PRIMARY GEOGRAPHICAL MARKETS			
Japan	1,089	148	1,237
Taiwan	778	—	778
South Korea	542	138	680
China	588	—	588
Thailand	183	—	183
Vietnam	94	62	156
India	15	79	94
Australia (Yancoal's country of domicile)	56	—	56
Chile	48	—	48
Indonesia	28	—	28
Cambodia	5	—	5
Total	**3,426**	**427**	**3,853**
PRODUCT MIX			
Thermal coal	2,985	—	2,985
Metallurgical coal	441	427	868
Total	**3,426**	**427**	**3,853**

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**
PRODUCT MIX			
Thermal coal	3,827	—	3,827
Metallurgical coal	539	433	972
Total	**4,366**	**433**	**4,799**

In the first six months of 2023 13.2% of coal sales were attributable to the largest customer and 41.0% to the top five customers (first six months of 2022: 8.9% and 30.0% respectively).

Contract balances

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

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Receivables from contracts with customers	515	657

There are no other contract assets, liabilities or costs as at 30 June 2023 or 31 December 2022.

B3 OTHER INCOME

	30 JUNE 2023 $M	30 JUNE 2022 $M
Net gain on foreign exchange	23	62
Gain on remeasurement of royalty receivable	—	31
Sundry income	2	4
	25	**97**

B4 EXPENSES

Profit before income tax includes the following specific expenses:

(a) Employee benefits

	30 JUNE 2023 $M	30 JUNE 2022 $M
Employee benefits	318	303
Superannuation contributions	30	26
Total employee benefits	**348**	**329**

During the period to 30 June 2023, $20 million of employee benefits were capitalised (30 June 2022: $11 million).

(b) Finance costs

	30 JUNE 2023 $M	30 JUNE 2022 $M
Lease charges	5	4
Unwinding of discount on provisions and deferred payables	14	12
Other interest expenses	10	110
Total finance costs	**29**	**126**

(c) Other operating expenses

	30 JUNE 2023 $M	30 JUNE 2022 $M
Rehabilitation provision increase	41	30
Rates and other levies	18	15
Insurance	15	11
Bank fees and other charges	13	20
Contingent royalty payments	13	12
Information technology	13	8
Loss on remeasurement of royalty receivable	11	—
Travel and accommodation	9	5
Remeasurement of contingent royalty	8	48
Rental expense	2	2
Other operating expenses	10	10
Total other operating expenses	**153**	**161**

(d) Largest suppliers

In the first six months of 2023 9.0% of total operating expenses related to one supplier and 27.0% to the top five suppliers (first six months of 2022: 9.6% and 25.3% respectively).

B5 TAXATION

(a) Income tax expense

(i) Income tax expense

	30 JUNE 2023 $M	30 JUNE 2022 $M
Income tax expense	(415)	(717)
Income tax expense is attributable to:		
Profit from continuing operations	**(415)**	**(717)**

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

	30 JUNE 2023 $M	30 JUNE 2022 $M
Profit from continuing operations before tax	1,388	2,455
Tax expense at the Australian tax rate of 30% (2022- 30%)	(416)	(737)
Tax effect of amounts which are not deductible / taxable in calculating taxable income		
Share of profit of equity-accounted investees not assessable	5	22
Over provision in prior years	2	—
Other	(6)	(2)
Income tax expense	**(415)**	**(717)**

The income tax expense 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 2023 is 29.9% (30 June 2022: 29.2%). The estimated average tax rate takes into account non-temporary 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 2023 CENTS	30 JUNE 2022 CENTS
Total basic earnings per share (cents)	73.7	131.6
Total diluted earnings per share (cents)	73.4	131.2

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

	30 JUNE 2023 $M	30 JUNE 2022 $M
Basic and diluted earnings per share		
Earnings used in calculating the basic and diluted earnings per share		
From continuing operations	973	1,738

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

	30 JUNE 2023 NUMBER	30 JUNE 2022 NUMBER
Ordinary shares on issue at start on the period	1,320,439,437	1,320,439,437
Weighted average number of ordinary shares used in basic earnings per share	1,320,439,437	1,320,439,437
Adjusted for rights and options on issue	6,033,120	4,217,646
Weighted average shares used in diluted earnings per share	**1,326,472,557**	**1,324,657,083**

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 2022						
Cost or fair value	516	484	2,438	3,617	245	7,300
Accumulated depreciation	—	(104)	(1,025)	(2,587)	(98)	(3,814)
Net book amount	**516**	**380**	**1,413**	**1,030**	**147**	**3,486**
HALF-YEAR ENDED 30 JUNE 2023						
Opening net book amount	516	380	1,413	1,030	147	3,486
Transfers	(422)	—	87	312	—	(23)
Additions	260	—	—	45	5	310
Remeasurement	—	—	(13)	—	—	(13)
Disposals	—	—	—	(4)	—	(4)
Depreciation charge	—	(6)	(104)	(110)	(22)	(242)
Closing net book amount	**354**	**374**	**1,383**	**1,273**	**130**	**3,514**
AT 30 JUNE 2023						
Cost or fair value	354	484	2,510	3,861	246	7,455
Accumulated depreciation	—	(110)	(1,127)	(2,588)	(116)	(3,941)
Net book amount	**354**	**374**	**1,383**	**1,273**	**130**	**3,514**

During the period ended 30 June 2023 $9 million of depreciation was capitalised (30 June 2022: $2 million).

C2 MINING TENEMENTS

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Opening net book amount	4,367	4,608
Transfers from exploration and evaluation	42	124
Transfers from assets under construction	22	—
Impairment	—	(36)
Amortisation	(176)	(329)
Closing net book amount	**4,255**	**4,367**

During the year ended 31 December 2022 an impairment of $36 million was recognised against the Donaldson mining tenement assets.

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

(b) Assessment of fair value

Each CGU's fair value less costs of disposal has been determined using a discounted cash flow model over the expected life of mine (16 - 48 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 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 (2022: US$69 – US$239 per tonne) for thermal and US$138 – US$206 per tonne (2022: US$136 – US$249 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 decline between 13-38% below 2023 levels by 2040, whilst the global seaborne demand for metallurgical coal will increase up to 2040. Key risks to the outlooks are increasing decarbonisation trends, shareholder activism to divest from coal, the pace of renewable technology advancement and investor behaviour to coal project financing. In addition, trade disputes, protectionism, import control policies in end markets may also impact demand. The Group has considered the impacts of a more rigorous international response to climate change under the Paris Agreement incorporating updated pledges for COP27 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 6, 4 and 7 years for the NSW, Yarrabee and Middlemount CGUs respectively. 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 recent market disruptions which include the Russian-Ukraine conflict and weather events impacting supply, the market is returning to a more balanced position, noting that there is continued uncertainty in the trade balance and short term price volatility will continue with seasonal or short-term 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.
Foreign exchange rates	The long-term AUD/USD forecast exchange rate of $0.75 (2022: $0.75) is based on external sources. The 30 June 2023 AUD/USD exchange rate was $0.6630 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. All but one of the Group's mines fall within the revised Safeguard Mechanism and the model includes an estimate of the life of mine impact.
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 2022.
Discount rate	The Group has applied a post-tax real discount rate of 8% (2022: 8%) 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 2023 the recoverable amount is determined to be above book value for all CGU's resulting in no additional 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.

	2023		
	NSW $M	YARRABEE $M	MIDDLEMOUNT $M
Book Value	5,501	246	253
Recoverable Amount	9,797	1,038	421
Head Room	4,296	792	168
USD COAL PRICE (i)			
+10%	2,773	349	172
-10%	(2,789)	(359)	(179)
EXCHANGE RATE (ii)			
+5 cents	(1,744)	(225)	(111)
-5 cents	1,987	254	125
DISCOUNT RATE (iii)			
+50 bps	(276)	(43)	(13)
-50 bps	294	47	14

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

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

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

If coal prices were 10% lower over life of mine, NSW and Yarrabee recoverable amounts would exceed book value but Middlemount would be lower than its 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 three CGU's. If the real WACC was 8.5% or 0.5% higher, the recoverable amount would exceed book value for all three 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.

C4 EXPLORATION AND EVALUATION ASSETS

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Opening net book amount	275	541
Other additions	—	2
Transfers to mining tenements	(42)	(124)
Impairment	—	(144)
Closing net book amount	**233**	**275**

During the year ended 31 December 2022 an impairment of $144 million was recognised against the Monash exploration and evaluation assets.

C5 INTANGIBLE ASSETS

	GOODWILL $M	COMPUTER SOFTWARE $M	WATER RIGHTS $M	OTHER $M	TOTAL $M
AT 31 DECEMBER 2022					
Cost	60	39	56	16	171
Accumulated amortisation	—	(32)	—	(6)	(38)
Net book amount	**60**	**7**	**56**	**10**	**133**
HALF-YEAR ENDED 30 JUNE 2023					
Opening net book amount	60	7	56	10	133
Transfers - assets under construction	—	—	—	1	1
Amortisation charge	—	(1)	—	(1)	(2)
Closing net book amount	**60**	**6**	**56**	**10**	**132**
AT 30 JUNE 2023					
Cost	60	39	56	16	171
Accumulated amortisation	—	(33)	—	(6)	(39)
Net book amount	**60**	**6**	**56**	**10**	**132**

The goodwill at 30 June 2023 relates to the acquisition of Yancoal Resources Limited (formally known as Felix Resources Limited) in a public offer to shareholders of the ASX listed company and was allocated to the Yarrabee mine. Refer to Note C3 for the details regarding the fair value less cost to sell calculation performed at 30 June 2023. The CGU for which goodwill was allocated was not subject to an impairment charge as the recoverable amount is greater than the carrying value for this CGU.

C6 TRADE AND OTHER RECEIVABLES

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
CURRENT		
Trade receivables from contracts with customers	515	657
Other trade receivables	65	79
	580	**736**
NON-CURRENT		
Receivables from other entities (i)	21	21
Long service leave receivables	73	76
	94	**97**

(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.

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:

As at 30 June 2023 the total receivables amounting to $515 million is in the 0-90 days age category (31 December 2022: $633 million). As at 31 December 2022: $22 million was in the 91-180 days category and $2 million was 181-365 days post invoice date.

(a) Past due but not impaired

The ageing analysis of the Group's trade receivables (based on the invoice dates) as at 30 June 2023, amounted to $1 million in the 0-90 days category past due but not yet impaired (31 December 2022: $1 million 0-90 days, $2 million 181-365 days past due but not impaired.)

C7 INVENTORIES

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Coal - at lower of cost or net realisable value	168	183
Tyres and spares - at cost	147	141
Fuel - at cost	5	6
	320	**330**

(a) Inventory expense

Write downs of inventories to net realisable value recognised as a provision at 30 June 2023 amounted to $3 million (2022: $3 million). The movement in the provision has been included in "Changes in inventories of finished goods and work in progress" in the profit or loss.

C8 TRADE AND OTHER PAYABLES

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Trade payables	507	669
Payroll costs payable	132	150
Interest payable	—	3
Other payables	39	41
	678	**863**

The following is an ageing analysis of trade payables based on the invoice dates at the reporting dates: As at 30 June 2023 the total amount of trade payables amounting to $507 million (31 December 2022: $663 million) is in 0-90 days age category. As at 31 December 2022 $6 million was in the 91-180 days category.

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

D CAPITAL STRUCTURE AND FINANCING

D1 INTEREST-BEARING LIABILITIES

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
CURRENT		
Lease liabilities	45	48
	45	**48**
NON-CURRENT		
Lease liabilities	120	136
Bank loans (i)	—	489
	120	**625**
Total interest-bearing liabilities	**165**	**673**

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

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	LEASE LIABILITIES $M	BANK LOANS $M
Opening balance at 1 January 2023	184	489
Additions	5	—
Repayments	(31)	(496)
Disposals	—	—
Unwind of interest expenses and costs	5	3
Foreign exchange movements	2	4
Closing balance at 30 June 2023	**165**	**—**

(a) Bank loans

The bank loans are made up of the following facilities:

		30 JUNE 2023		31 DECEMBER 2022	
	FACILITY US $M	FACILITY $M	UTILISED $M	FACILITY $M	UTILISED $M
SECURED BANK LOANS					
Syndicated Term Loan (i)	333	—	—	492	492
	333	**—**	**—**	**492**	**492**

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

(i) Syndicated Term Loan

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

(b) Guarantee facilities

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

PROVIDER	FACILITY AU $M	UTILISED AU $M	SECURITY
Syndicate of nine Australian and international financial institutions	1,200	954	Secured by the assets of the consolidated groups of Yancoal Resources Pty Ltd and Coal & Allied Industries Pty Ltd with a carrying value of $10,766 million at 30 June 2023. Facilities expire in February 2026.
Total	**1,200**	**954**	

(c) 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 2023						
Non-derivatives						
Lease liabilities	53	40	85	8	186	165
Other interest-bearing liabilities	—	—	—	—	—	—
Total non-derivatives	**916**	**40**	**150**	**13**	**1,049**	**1,028**
AT 31 December 2022						
Non-derivatives						
Lease liabilities	57	43	96	13	209	184
Other interest-bearing liabilities	38	473	54	—	565	489
Total non-derivatives	**958**	**516**	**150**	**13**	**1,637**	**1,536**

On 31 March 2023, the Syndicated Term Loan US$333 million (AU$496 million) was prepaid in full. At 31 December 2022 the contracted maturity dates were between 2 and 5 years.

D2 CONTRIBUTED EQUITY

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
(i) Share capital		
Ordinary shares	6,219	6,219
(ii) Other contributed equity		
Contingent value right shares	263	263
Related party loan contribution	216	216
	479	**479**
Total contributed equity	**6,698**	**6,698**

D3 SHARE-BASED PAYMENTS

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

DETAILS	DATE OF MEASUREMENT / GRANT	NUMBER OF RIGHTS	DATE OF EXPIRY	CONVERSIONS PRICE ($)
MANAGEMENT PERFORMANCE RIGHTS				
2020 LTIP (i)	1 January 2020	2,058,080	1 January 2023	Nil
2021 LTIP	1 January 2021	2,802,634	1 January 2024	Nil
2022 LTIP	1 January 2022	2,542,567	1 January 2025	Nil
Balance at 31 December 2022		**7,403,281**		
2021 LTIP (i)	1 January 2021	2,802,634	1 January 2024	Nil
2022 LTIP	1 January 2022	2,542,567	1 January 2025	Nil
2023 LTIP	1 January 2023	1,216,705	1 January 2026	Nil
Balance at 30 June 2023		**6,561,906**		

(i) 2020 LTIP is still on issue and expected to vest in first half 2023

	2023 NO. OF RIGHTS	2022 NO. OF RIGHTS
Balance at beginning of the Period	7,403,281	5,578,066
Granted during the Period	1,216,705	2,542,567
LTIP settled in the Period	(2,007,635)	(236,783)
LTIP rights lapsed	—	(355,177)
Forfeited during the Period	(50,445)	(125,392)
Balance at the end of Period	**6,561,906**	**7,403,281**

Fair value of performance rights granted

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

	2023 LTIP	2022 LTIP	2021 LTIP
Number of performance rights issued	1,216,705	2,542,567	2,870,651
Number of performance right on issue	1,216,705	2,542,567	2,802,634
Grant date	1 January 2023	1 January 2022	1 January 2021
Average share price at grant date ($)	6.16	2.80	2.45
Expected dividend yield	10%	10%	10%
Vesting conditions	(a)	(a)	(a)
Value per performance right ($)	**4.63**	**2.10**	**1.94**

There are a maximum of 6,561,906 shares available for issue, which, if issued as new shares, would represent 0.5% of share capital on issue at 30 June 2023 (31 December 2022: 7,403,281 shares representing 0.6% of share capital).

The LTIP has been valued using the volume weighted average price of Yancoal's ordinary shares across a 20 day trading period around the grant date.

(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.

D4 DIVIDENDS

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

D5 RESERVES

(a) Reserve balances

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Hedging reserve	(256)	(253)
Treasury shares reserve	(9)	(25)
Employee compensation reserve	14	14
Other Reserve	1	—
	(250)	**(264)**

(b) Hedging reserve

The hedging reserve is used to record gains or losses on cash flow hedges that are recognised directly in equity through other comprehensive income.

The closing balance relates to the effective portion of the cumulative net change in the fair value of the natural cash flow hedge using the US dollar denominated interest-bearing liabilities to hedge against future coal sales.

During the period ended 30 June 2023, nil were transferred from other comprehensive income to profit or loss in respect of the hedging reserve (31 December 2022: a loss of $239 million).

MOVEMENTS

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Hedging reserve - cash flow hedges		
Opening balance	(253)	(192)
Fair value losses recognised on USD interest bearing liabilities	(4)	(326)
Fair value losses recycled to profit or loss	—	239
Deferred income tax benefit	1	26
Closing balance	**(256)**	**(253)**

If interest-bearing liabilities that are a natural hedge to future coal sales are repaid prior to the original designated date the hedge gain/loss incurred prior to repayment will be released to the profit or loss in line with the original sales to which they were designated. This has resulted in the following pre-tax release profile as at 30 June 2023:

Twelve month period ending 30 June

	2024 $M	2025 $M	2026 $M	2027 $M	Total $M
Hedge loss to be recycled in future periods	1	128	48	188	365
Of which:					
Hedges related to loans repaid prior to designated repayment date	1	122	55	188	366
Hedges related to loans yet to be repaid	—	—	—	—	—
					366
Deferred income tax benefit					**(110)**
Closing balance					**256**

Hedge loss to be recycled in the six months to 31 December 2023 is $1 million.

(c) 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 2023 additional performance rights issued or forfeited as disclosed in Note D3.

D6 CONTINGENCIES

Contingent liabilities

The Group had contingent liabilities at 30 June 2023 in respect of:

(i) Bank guarantees and surety bonds

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
PARENT ENTITY AND GROUP		
Performance guarantees provided to external parties	89	83
Guarantees provided to government departments as required by statute	119	110
	208	**193**
JOINT VENTURES (EQUITY SHARE)		
Performance guarantees provided to external parties	235	231
Guarantees provided to government departments as required by statute	431	432
	666	**663**
GUARANTEES HELD ON BEHALF OF RELATED PARTIES (REFER TO NOTE E2(F) FOR DETAILS OF BENEFICIARIES)		
Performance guarantees provided to external parties	77	81
Guarantees provided to government departments as required by statute	4	4
	81	**85**
	955	**941**

(ii) Letter of Support provided to Middlemount Coal Pty Ltd

The Company has issued a letter of support dated 4 March 2015 to Middlemount Coal Pty Ltd ("Middlemount"), a joint venture of the Group confirming:

- it will not demand the repayment of any loan due from Middlemount, except to the extent that Middlemount agrees otherwise or as otherwise provided in the loan agreement; and
- it will provide financial support to Middlemount to enable it to meet its debts as and when they become due and payable, by way of new shareholder loans in proportion to its share of the net assets of Middlemount.

This letter of support will remain in force whilst the Group is a shareholder of Middlemount or until notice of not less than 12 months is provided or such shorter period as agreed by Middlemount.

(iii) Other contingencies

A number of claims have been made against the Group as part of the Group's day to day operations. The Directors do not believe that the outcome of these claims will have a material impact on the Group's financial position.

D7 FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

(i) Fair value hierarchy

The Group uses various methods in estimating the fair value of financial instruments. AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The royalty receivable was classified as a level 3 financial instrument in 2023 and 2022. No other financial instruments were subject to recurring measurement.

(ii) Valuation techniques

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the royalty receivable.

(iii) 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 2023:

	30 JUNE 2023 ROYALTY RECEIVABLE $M	31 DECEMBER 2022 ROYALTY RECEIVABLE $M
Opening balance	233	221
Remeasurement of the royalty receivable recognised in profit and loss	(11)	12
	222	**233**

Royalty receivable

The fair value of the royalty receivable is the fair value of the right to receive a royalty of 4% of Free on Board Trimmed Sales from the Middlemount Mine. The financial asset has a finite life being the life of the Middlemount Mine and will be measured on a fair value basis.

The fair value is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments (refer to Note C3). The risk-adjusted post-tax real discount rate used to determine the future cash flows is 6.54% (31 December 2022: 6.54%).The estimated fair value could increase significantly if the following unobservable inputs of sales volumes and coal prices were higher and if the Australian dollar weakens against the US dollar. The estimated fair value would also increase if the risk-adjusted discount rate was lower.

Sensitivity

The following tables summarise the sensitivity analysis of royalty receivable. This analysis assumes that all other variables remain constant.

	30 JUNE 2023 FAIR VALUE INCREASE/ (DECREASE) $M	31 DECEMBER 2022 FAIR VALUE INCREASE/ (DECREASE) $M
COAL PRICE		
+10%	21	20
-10%	(19)	(20)
EXCHANGE RATES		
+5 cents	(12)	(13)
-5 cents	15	15
DISCOUNT RATES		
+50 bps	(6)	(8)
-50 bps	8	8

(iv) Fair value of other financial instruments

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

(i) Trade and other receivables

(ii) Other financial assets

(iii) Trade and other payables

(iv) Interest-bearing liabilities

E GROUP STRUCTURE

E1 INTEREST 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 2023 and 31 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS / COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST 2023 %	% OF OWNERSHIP INTEREST 2022 %	NATURE OF RELATIONSHIP	MEASUREMENT METHOD	CARRYING AMOUNT OF INVESTMENT 2023 $M	CARRYING AMOUNT OF INVESTMENT 2022 $M
Port Waratah Coal Services Ltd	Australia	30 %	30 %	Associate	Equity method	180	175
WICET Holdings Pty Ltd	Australia	25 %	25 %	Associate	Equity method	—	—
Middlemount Coal Pty Ltd	Australia	49.9997 %	49.9997 %	Joint Venture	Equity method	244	238
HVO Coal Sales Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
HV Operations Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
HVO Services Pty Ltd	Australia	51 %	51 %	Joint Venture	Equity method	—	—
Newcastle Coal Infrastructure Group Pty Ltd	Australia	27 %	27 %	Joint Venture	Equity method	—	—
Total						**424**	**413**

	30 JUNE 2023 $M	30 JUNE 2022 $M
AMOUNT RECOGNISED IN PROFIT OR LOSS:		
Middlemount Coal Pty Ltd	6	58
Port Waratah Coal Services Ltd	10	14
	16	**72**

(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 2023 as set out in Note D6(ii).

As a shipper in NCIG and WICET, the Group may be required to pay its share of any outstanding senior debt, amortised over the remaining years of that particular contract, if the Group's source mines are unable to maintain a minimum level of Marketable Coal Reserves. Furthermore, the Group may be required to pay its share of any outstanding senior debt in full, if NCIG or WICET are unable to refinance a tranche of its maturing debt and defaults on its remaining debt. If an NCIG or WICET shipper was to default on its contractual obligations and was unable to pay its share of the NCIG or WICET debt, the outstanding senior debt would be socialised amongst the remaining shippers. In this scenario's the Group's share of the outstanding senior debt would increase.

The Group currently expects to remain in compliance with the minimum level of Marketable Coal Reserves and is unaware of any issues with NCIG or WICET refinancing their future debt maturities.

E2 RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Yancoal Australia Ltd. The Group's majority shareholder is Yankuang Energy Group Company Limited ("Yankuang Energy"), incorporated in the People's Republic of China, formerly known as Yanzhou Coal Mining Company Limited. The ultimate parent entity and ultimate controlling party is Shandong Energy Group Company Limited ("Shandong Energy"), incorporated in the People's Republic of China, formerly known as Yankuang Group Corporation Limited.

(b) Yancoal International (Holdings) 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 ("Yancoal International Group"). The Company manages these entities on behalf of Yankuang Energy.

(c) Associates and joint ventures

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

(d) Transactions with other related parties

The following transactions occurred with related parties:

	NOTES	30 JUNE 2023 $'000	30 JUNE 2022 $'000
SALES OF GOODS AND SERVICES			
Sales of coal to Yancoal International Trading Co. Ltd (i)		99,244	44,162
Sales of coal to Yankuang Hainan (i)		65,568	26,201
Sales of coal to Shandong Energy (Qingdao) Intelligent Industry Technology Co. Ltd (i)		42,046	—
Provision of marketing and administrative services to Yancoal International Group (ii)		9,595	5,909
Provision of marketing and administrative services to Shandong Energy Group		415	—
		216,868	**76,272**
ADVANCES AND LOANS			
Repayment of loans from Middlemount		—	200,000
		—	**200,000**
EQUITY SUBSCRIPTION, DEBT REPAYMENT AND DEBT PROVISION			
Lease payments for NHL trucks with Zhongyin (Hong Kong) Co., Limited		8,375	—
Repayments of loan from Yankuang Energy (ii)		—	23,221
		8,375	**23,221**
FINANCE COSTS			
Interest on loan from Shandong Energy		—	(22,396)
Interest expenses on loans from Yankuang Energy (ii)		—	(18,329)
Interest expenses on loans from Yancoal International Resources Development Co., Ltd (ii)		—	(744)
		—	**(41,469)**
OTHER COSTS			
Port charges to NCIG		(144,267)	(74,680)
Port charges to PWCS		(27,932)	(15,375)
Port charges to WICET		(25,724)	(26,329)
Corporate guarantee fee to Yankuang Energy (ii)		—	(9,261)
		(197,923)	**(125,645)**
FINANCE INCOME			
Interest income received from loan receivable with Middlemount		—	62,813
		—	**62,813**
OTHER INCOME			
Royalty income charged to Middlemount		12,265	28,433
Dividend income received from PWCS		6,833	6,354
Bank guarantee fee charged to Yancoal International Group (ii)		1,112	1,047
		20,210	**35,834**

(e) Outstanding balances arising from transactions with related parties

Balances outstanding at the reporting date to / from related parties are unsecured, non-interest bearing (except for loans receivable and loans payable) and are repayable on demand.

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

	30 JUNE 2023 $'000	31 DECEMBER 2022 $'000
CURRENT ASSETS		
Trade and other receivables		
Royalty receivable from Middlemount	8,821	7,120
Receivable from Yancoal International Group in relation to cost reimbursement	917	1,126
Other receivable from Shandong Energy Australia	8	—
LOANS RECEIVABLE		
Other receivable from Shandong Energy	10	13
	9,756	**8,259**
Total assets	**9,756**	**8,259**
CURRENT LIABILITIES		
Other payables		
Lease liabilities (NHL trucks) with Zhongyin (Hong Kong) Co., Limited	14,625	11,329
	14,625	**11,329**
NON-CURRENT LIABILITIES		
Other payables		
Lease liabilities (NHL trucks) with Zhongyin (Hong Kong) Co., Limited	51,766	57,890
	51,766	**57,890**
Total liabilities	**66,391**	**69,219**

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

(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 2023 $'000	31 DECEMBER 2022 $'000
YANCOAL INTERNATIONAL GROUP		
Syntech Resources Pty Ltd	52,232	55,707
AMH (Chinchilla Coal) Pty Ltd	49	49
Premier Coal Ltd	29,062	29,062
Tonford Holdings Pty Ltd	10	10
Athena Joint Venture	3	3
	81,356	**84,831**

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.

(h) Letter of support provided by parent

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

F OTHER INFORMATION

F1 COMMITMENTS

(a) Capital commitments

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

	30 JUNE 2023 $M	31 DECEMBER 2022 $M
Property, plant and equipment		
Not later than one year		
Share of joint operations	191	213
Other	8	9
Later than one year but not later than five years	2	—
Exploration and evaluation		
Not later than one year		
Share of joint operations	1	—
Later than one year but not later than five years		
Other	—	—
	202	**222**

F2 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstances have occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations or the state of affairs of the Group or Company in subsequent financial periods except for the following:

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

DIRECTORS’ DECLARATION

For the half-year ended 30 June 2023

In the Directors’ opinion:

(a) the financial statements and notes set out on pages 23 to 48 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001,* and

(ii) giving a true and fair view of the Group’s financial position as at 30 June 2023 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

Sydney

16 August 2023

SW Accountants & Advisors

Take the lead

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 comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 accompanying half-year financial statements of the Group does not comply with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date, and

b. 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 the 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 2023 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 a 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
Chartered Accountants

Yang (Bessie) Zhang
Partner

Rami Eltchelebi
Partner

Sydney, 16 August 2023

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 2023 to 30 June 2023.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the six months ended 30 June 2023.

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

There is no change in the information required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules subsequent to the publication of the 2022 Annual Report of the Company.

Pre-emptive rights on new issues of shares

Under the *Corporations Act 2001* (Cth) and the 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 2023, the Group has no share option scheme.

GLOSSARY

AAS	Australian Accounting Standards
ACCC	Australian Competition & Consumer Commission
ACCU	Australian Carbon Credit Units
AMI	Aurelia Metals Ltd
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
COP27	2022 United Nations Climate Change Conference of Parties
Costs Target	Costs Target vesting condition
COVID-19	Novel Coronavirus
CVR	Contingent Value Right
Deferred Share Rights	Rights to Yancoal shares with no dividend equivalent payments that vest over time subject to remaining employed
DE&I	The Yancoal Diversity, Equity and Inclusion strategy
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

GLOSSARY

HKExnews	Website for regulatory filings and disclosures of listed issuers on the Stock Exchange of Hong Kong
HSEC Committee	Health, Safety, Environment and Community Committee
HVO	The Hunter Valley Operations mine
HVO Entities	HVO Coal Sales Pty Ltd, HV Operations Pty Ltd and HVO Services Pty Ltd
IASB	International Accounting Standards Board
IFRSs	International Financial Reporting Standards
JORC	Joint Ore Reserves Committee
KMP	Key Management Personnel comprise the Directors of the Company and nominated members of the Executive Committees.
KPIs	Key Performance Indicators
LOM	Life of Mine
LPR	Loan Prime Rate
LTI/LTIP	Long-term incentive plan
LTIFR	The Lost Time Injury Frequency Rate is the number of lost time injuries occurring in a workplace per 1 million hours worked.
MCA	Minerals Council of Australia
Metallurgical coal	A collective term applied to coal used in the steel making process
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
MND	Monadelphous Group Ltd
Moolarben	JV Moolarben Coal Joint Venture
MTW	The Mount Thorley Warkworth Mine
NAR	Net As Received
NCIG	Newcastle Coal Infrastructure Group is a coal export terminal in Newcastle, New South Wales
NGER	National Greenhouse and Energy Reporting
NRC	Nomination and Remuneration Committee
NSW	New South Wales
NSWMC	New South Wales Mineral Council
PBT	Profit Before Tax
PCI Coal	Pulverised Coal Injection coal is used heat source and supplementary fuel in the steel making process to reduce coke consumption.
Performance Rights	Rights to Yancoal shares with no dividend equivalent payments that vest over time subject to meeting performance criteria and remaining employed
Period	The 6 months ending 30 June 2023
PRD	Performance Review and Development
Protocol	Board Performance Evaluation Protocol
PWCS	Port Waratah Coal Services is a coal export terminal in Newcastle, New South Wales.
QLD	Queensland
ROM Coal	Run Of Mine Coal, the coal volume initially extracted from the mine
ROM tonnes	Run of Mine tonnes
Saleable coal	Coal volume remaining after processing to remove non-coal material
Scope 1 emissions	Scope 1 covers direct emissions from owned or controlled sources; for example emissions released from coal during the mining process.
Scope 2 emissions	Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
Scope 3 emissions	Scope 3 includes all other indirect emissions that occur in a company's value chain; for example the emissions real during combustion of coal by the end users.
Semi-soft coking coal	Used to produce coke for the steel-making process, but it produces a low coke quality and more impurities compared to hard coking coal.
Services	IT services, which comprise the granting of the permission to use the Company's hardware or software and the provision of IT support services.
SFO	Hong Kong Securities and Futures Ordinance
Shandong Energy	Shandong Energy Group Co. Ltd
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.

GLOSSARY

tCO2-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
YIT	Yancoal International Trading Company Limited