



CONTRIBUTION 

YANCOAL AUSTRALIA LTD

(INCORPORATED IN VICTORIA, AUSTRALIA WITH LIMITED LIABILITY) ASX STOCK CODE: YAL HKEX STOCK CODE: 3688 ACN 111 859 119

ABOUT THIS REPORT

Taxation is embedded in all levels of our business and Yancoal is committed to open and transparent communication with all our stakeholders. At Yancoal, we understand that the impact of our business underpins the growth of our people, communities we operate in and future generations of Australians.

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This Report provides tax and related information on Yancoal Australia Ltd group operations for the period 1 January 2022 to 31 December 2022. It has been prepared in accordance with the Board of Taxation's Voluntary Tax Transparency Code.

Yancoal is a public company, listed on both the Australian Securities Exchange (ASX:YAL) and the stock exchange of Hong Kong (HKEx: 3668) with over 7,000 shareholders. Yancoal is

majority owned by Yankuang Energy Group Company Limited, which is listed on the HKEx (HKEx: 1171) and Shanghai Stock Exchange (SSE: 600188).

All dollar figures in this Report are expressed in Australian Dollars unless otherwise specified. References to 'Yancoal', 'we', 'the Group', 'the Company' and 'our' refer to Yancoal Australia Ltd and its subsidiaries.

This Report should be read in conjunction with Yancoal Australia Ltd's 2022 Annual Report, which is available on our website: www.yancoal.com.au.

This report complements our 2022 Environment, Social and Governance (ESG) Report and other regular reporting on our economic and community contributions.

Strong financial results in 2022 enabled Yancoal to recoup the balance of carried forward tax losses during the year and to commence the payment of corporate income tax. This is an important step in the ongoing evolution of Yancoal as a significant contributor to Australia and its prosperity.

Yancoal is a leading Australian coal producer and exporter to the global seaborne market, producing a mix of premium thermal, semi-soft coking and PCI coals. Since 2004, Yancoal has generated over \$10 billion in Foreign Direct Investment for Australia and now owns, operates or participates in nine producing coal mines across NSW, Queensland and Western Australia.

Yancoal has a diverse range of customers: in 2022 we sold our Australian coal to 13 countries, including major markets across the Asian region and with an uplift of sales to Europe. Every year, Yancoal's

thermal coal exports power millions of households in Asia, and our metallurgical coal exports assist in the production of millions of tonnes of steel. As we look to diversifying our business into renewable energy projects and other critical minerals and commodities, our core focus on coal will continue to play a key role in delivering economic growth and improved quality of life, especially in Asia.

In 2022, Yancoal's contribution to the Australian economy included: directly and indirectly supporting over 67,000 full time jobs, which paid over \$5 billion in wages and salaries; directly supporting around 2,900 suppliers and businesses; and injecting \$14.2 billion into the economy. Since our transformative acquisition of Coal and Allied in 2017, Yancoal's tax contributions have surpassed \$4 billion, which included \$1.5 billion in 2022 alone.

In 2022, the Company completed the recoupment of all carried forward group tax losses and started paying corporate income tax, which will make our contribution to the Australian economy even more significant.

FOREWORD

In 2022, Yancoal's contributions to the Australian economy were estimated to have supported around 67,000 jobs.

Tax is an important element of Yancoal's economic contribution to Australia. Our tax framework on page 8 describes how we approach tax management, which ensures robust governance and risk management around how we operate. We are committed to being a responsible and valued corporate citizen, through maintaining open and transparent relationships with our stakeholders on taxation. This is integral to Yancoal's overall business objectives to bring enduring value to all our stakeholders.



We are pleased to present Yancoal's 2022 Tax Transparency Report.

Yancoal's continued strong performance in 2022 led us to achieving record results, despite facing challenges of severe weather and flooding, continuation of COVID-19, industry-wide labour shortages and inflation. In 2022, Yancoal delivered record revenues of \$10.5 billion, record operating EBITDA of \$7 billion and a record EBITDA margin of 65%, resulting in provisional tax of \$1.6 billion. Strong cash generation enabled the Company to repay US\$2.6 billion

of interest-bearing debt and record dividends to our shareholders. In 2022, Yancoal contributed a record payment of \$1.5 billion in taxes, rates and levies to all levels of Australian government.

As well as being transformational for Yancoal's financial position, the robust market conditions during 2022 placed the Company in a solid position to withstand a number of operational challenges. Our results in 2022 were achieved through the dedicated effort of our resilient workforce, who navigated through ongoing operational complexities.

While coal mining remains the core focus of our operations, we have commenced the implementation of Yancoal's strategy to diversify into renewable energy projects and into minerals and commodities beyond coal.

Strong financial results enabled the Company to recoup all carried forward tax losses during the year and to commence the payment of corporate income tax. This is an important step in the ongoing evolution of Yancoal as a significant contributor to Australia and its prosperity, which reiterates our commitment to making a positive economic difference where we operate and provides an opportunity to highlight our responsible approach to tax management.

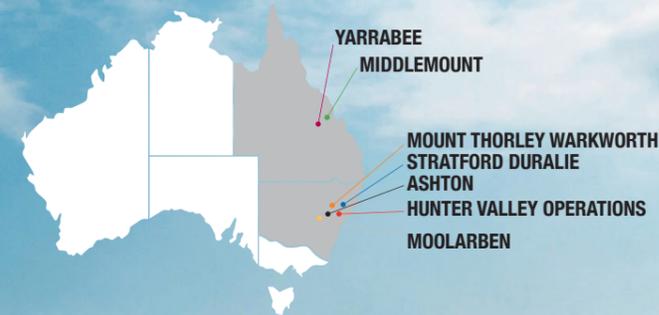
While coal mining remains the core focus of our operations, we have commenced

the implementation of Yancoal's strategy to diversify into renewable energy projects and into minerals and commodities beyond coal, which could further increase Yancoal's overall economic contribution.

We envisage an exciting future, providing both opportunity and challenges for the Company, as the world continues moving towards a lower carbon economy. We hope Yancoal's business strategy will deliver diversification and long-term sustainability for the business for many years to come.

David Moulton
CEO

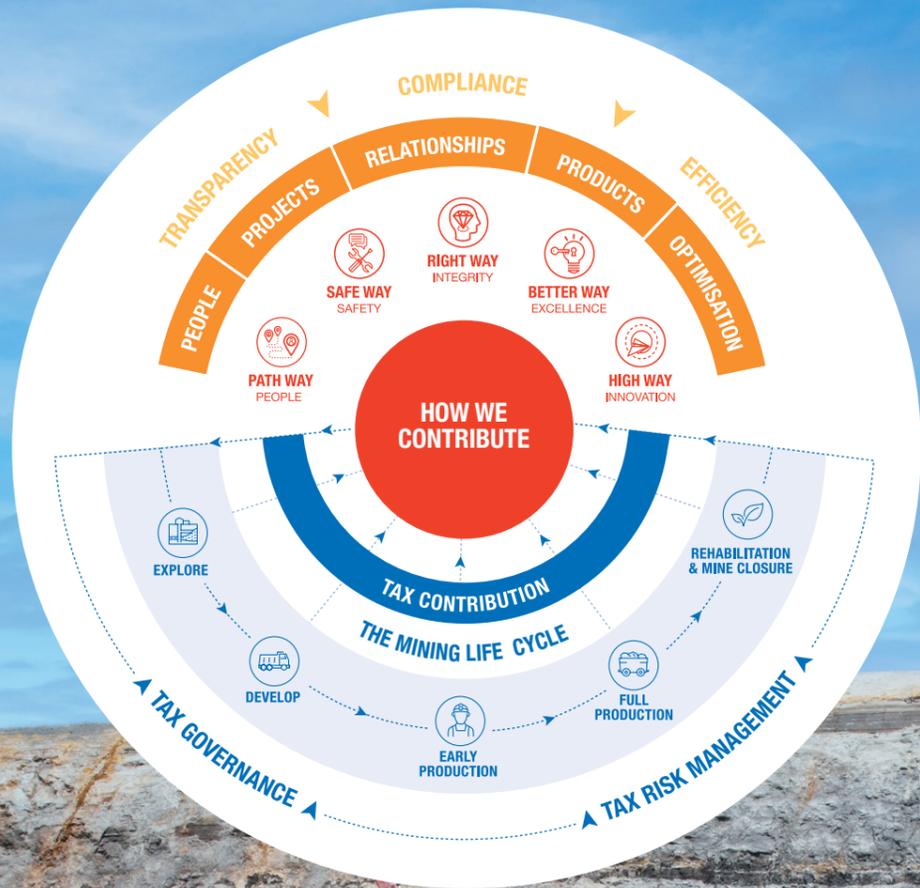
Kevin Su
CFO



	MOOLARBEN NSW	MOUNT THORLEY WARKWORTH NSW	HUNTER VALLEY OPERATIONS NSW	YARRABEE QLD	MIDDLEMOUNT QLD	ASHTON NSW	STRATFORD- DURALIE NSW
ECONOMIC INTEREST	95%	~83%	51%	100%	~50%	100%	100%
DESCRIPTION	Truck and shovel open-cut and longwall underground mining complex producing thermal coal; operated by Yancoal.	Dragline, Truck and shovel open-cut mine producing semi-soft coking coal and thermal coal; operated by Yancoal.	A multi-pit mine using dragline, truck and shovel operations to produce semi-soft coking coal and thermal coal; operated by Hunter Valley Joint Venture.	Truck and shovel open-cut mine producing ultra low volatile pulverised coal injection (PCI) coal and thermal coal; operated by Yancoal.	Truck and shovel open-cut mine producing low volatility pulverised coal injection (PCI) coal and hard coking coal; operated by Middlemount Joint Venture.	The Ashton longwall mine produces a semi-soft coking coal; operated by Yancoal.	Truck and shovel open-cut mine producing thermal coal and semi-hard coking coal; operated by Yancoal.
HEAD COUNT	~860 EMPLOYEES & CONTRACTORS	~1,360 EMPLOYEES & CONTRACTORS	~1,365 EMPLOYEES & CONTRACTORS	~430 EMPLOYEES & CONTRACTORS	~640 EMPLOYEES & CONTRACTORS	~315 EMPLOYEES & CONTRACTORS	~105 EMPLOYEES & CONTRACTORS
2022 SALEABLE COAL PRODUCTION (100%)	14.9 MILLION TONNES	8.1 MILLION TONNES	9.6 MILLION TONNES	2.1 MILLION TONNES	2.6 MILLION TONNES	0.9 MILLION TONNES	0.7 MILLION TONNES
MARKETABLE RESERVES (AS AT 31 DEC 2022)	169 MILLION TONNES	169 MILLION TONNES	610 MILLION TONNES	59 MILLION TONNES	67 MILLION TONNES	24 MILLION TONNES	0.8 MILLION TONNES

* Coal sales managed by Yancoal.

HOW WE CONTRIBUTE



Leveraging the competitive and strategic advantage of our portfolio of assets, and applying Yancoal's values to our decisions and behaviours, enable us to sustain efficient operations, generating healthy revenues and cashflow, leading to continued growth and returns. Tax contributions occur across all stages of the life cycle of our mines. These operations generate value for the Company and our stakeholders across the life cycle of our assets, generating healthy revenues and cashflow, and leading to continued growth and returns.

The tax function plays a key role in this process through maintaining a robust tax governance and tax risk management framework. Effective tax management enables the Company to better support operations at every stage of the mine life cycle.

Tax contributions are generated consistently throughout the life cycle of our mines. During the exploration and development phases, Yancoal makes significant capital investment to ready our assets for operation and production. The significant upfront investment, coupled with cyclical market conditions, have resulted in the carry forward of tax losses for our business in the early

years of operations. As our operations moved into production, the generation of taxable profits enabled us to recoup these tax losses.

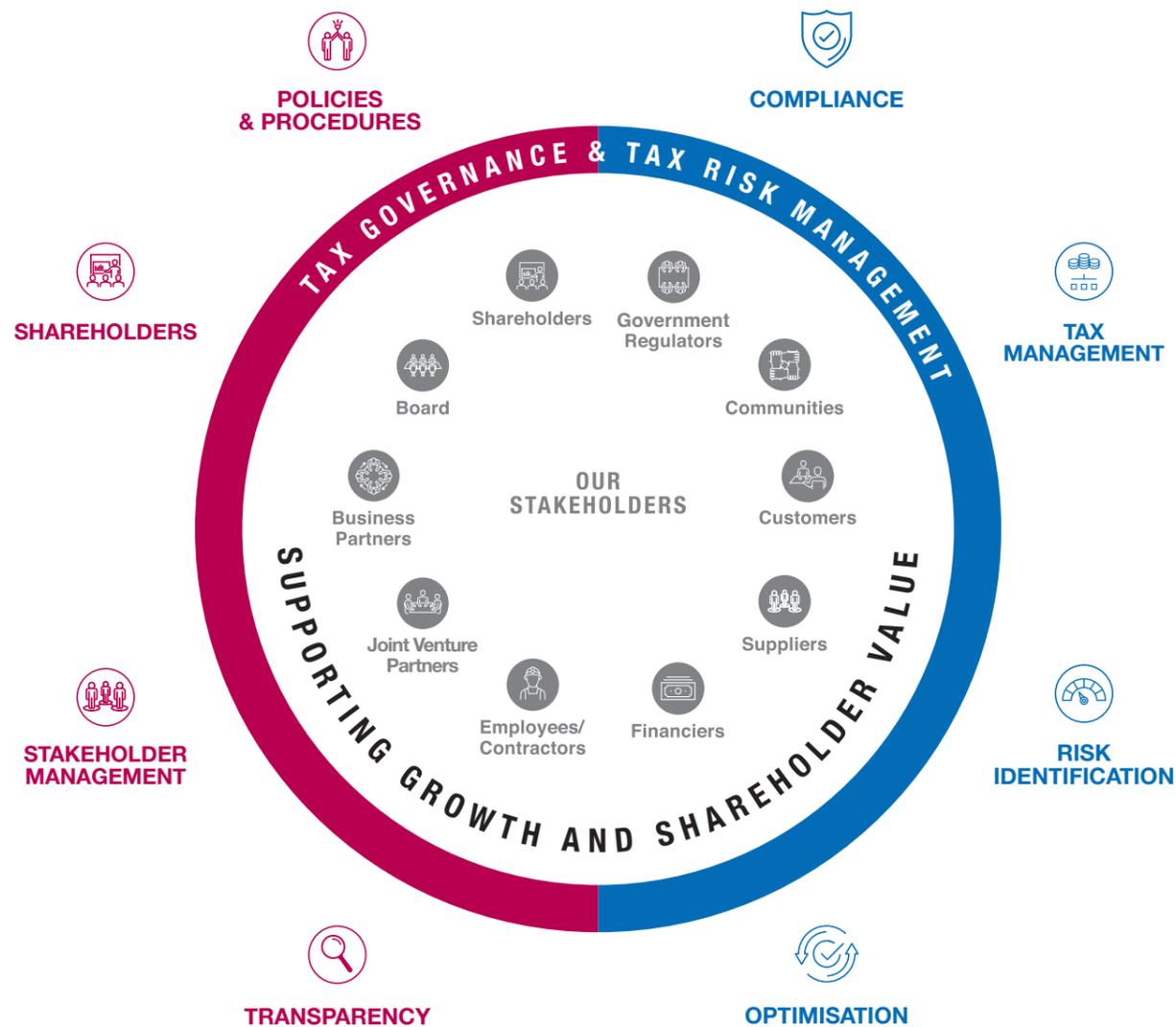
The majority of the Group's assets are now in the full production stage of the mining life cycle and after a period of consistent production as well as robust market conditions, Yancoal has now fully recouped carried forward group tax losses and has commenced the payment of corporate income tax on profits. We expect our assets to operate in the full production stage for many years to come.

MINING LIFE CYCLE

	EXPLORE	DEVELOP	EARLY PRODUCTION	FULL PRODUCTION	REHABILITATION & MINE CLOSURE
TAXES CONTRIBUTIONS	<ul style="list-style-type: none"> Corporate Income Tax Royalties State & Local Taxes PAYG/EMPLOYEE TAXES EMPLOYMENT TAXES & WORKERS COMPENSATION WITHHOLDING TAX 				
OUR OPERATIONS AND TAX IMPACTS	<p>Investment in identification of future coal reserves through exploration activities and feasibility studies, using local suppliers and the hire of equipment</p> <p>Costs incurred on suppliers, employees and exploration costs give rise to employment-related taxes and duties, stamp duty, local rates and levies.</p>	<p>Investment in mine development, construction of facilities and building infrastructure.</p> <p>Local workforce and use of local suppliers increase significantly, including labour and materials, giving rise to employment-related taxes and duties, stamp duty, import duties, local rates and levies.</p>	<p>Mining operations begin to generate revenue and profits from coal sales, net of operational costs, which are associated with rail and port services, local workforce and suppliers, leading to payment of coal royalties, employment-related taxes and duties, local rates and levies.</p> <p>Taxable income from coal sales will begin to recoup carried forward income tax losses.</p>	<p>Operations in full production, generating profits through the coal market cycles, net of operational costs, including, rail and port, local workforce and suppliers, with ongoing payment of corporate income tax and coal royalties, and other taxes including employment-related taxes and duties, fuel tax, local rates and levies.</p>	<p>Rehabilitation of mining land for alternate uses, and removal of assets, and deconstruction of mining facilities and supporting infrastructure.</p> <p>Continued operational costs result in employment-related taxes, local rates and levies; and the cessation of revenue generating activity and significant cash spending on rehabilitation, result in tax losses, which are utilised within the tax group.</p>

Notes:

- (1) Yancoal's assets span various stages of the mining life cycle and additional mine asset acquisitions can occur at any of the first four stages of the mine life cycle. The group position indicates the current net group position in the mining life cycle.
- (2) The cyclical nature of the market also presents operational challenges which can impact the generation of taxable profits.



Yancoal's tax framework is built on the pillars of Tax Governance and Tax Risk Management, which drives the management of tax across the business to support continued growth and shareholder value. Yancoal is committed to ongoing open and transparent relationships and communication with all stakeholders.

Our tax framework is built on two key pillars:

TAX GOVERNANCE

HOW WE ESTABLISH OUR TAX STRATEGY

Policies and Procedures

Yancoal has policies and procedures in place to govern the operations of our tax function. Policies and procedures support the management of tax to ensure that business outcomes are achieved within the remit of the tax governance and risk management framework.

Shareholders

Yancoal seeks to maintain shareholder confidence through optimising tax strategy, processes, and internal governance and risk management. This is intended to support organisational value accretion through appropriate application of the tax law, and strengthening stakeholder relationships and communication.

Stakeholder Management

We strive to operate to high governance standards, and to implement transparent, compliant and efficient processes to meet the expectations of all stakeholders. Working closely with the broader business beyond the finance function, we are able to synergise and identify opportunities and areas for process improvement and value creation. We do this by actively communicating with the business and driving tax awareness across functions and operations

Transparency

We endeavour to be consistent and proactive when engaging with stakeholders. Yancoal has adopted the Board of Taxation's voluntary Tax Transparency Code and is committed to ongoing tax transparency reporting. We have an open and transparent approach to our relationship with all tax authorities, government agencies and stakeholders.

TAX RISK MANAGEMENT

HOW WE OPERATIONALISE OUR STRATEGY

Compliance

Yancoal's tax policy requires the group to operate in compliance with tax legislation, rulings, guidance and statutory obligations in Australia and all other tax jurisdictions in which we have a presence. We adhere to arm's length principles when reviewing business transactions. Our tax balances are determined in accordance with prescribed Australian Accounting Standards and internal accounting policies.

Tax Management

Tax strategy and management is governed by the Tax Policy, approved by the Yancoal Board and Audit and Risk Management Committee (ARMC), and implemented by the Chief Financial Officer and tax function. In accordance with the tax governance and risk management framework, Yancoal adopts a conservative approach to tax. We have established operational policies and procedures supporting the tax policy, guiding internal governance, including a requirement for the tax function to provide regular updates on tax matters to the ARMC.

Risk Identification

Risks are identified and assessed through working closely with the business on transactions, process improvements, policies and procedures, and continuously keeping abreast of tax developments in the market. We maintain a detailed tax risk register, and are subject to regular internal and external assurance activities.

Optimisation

We aim to simplify our tax positions and reduce business transaction complexity. We continuously work towards streamlining and optimising technology to support data integrity and completeness in data output, improving our systems and processes along the way.

OUR TAX PROFILE AND CONTRIBUTIONS

YANCOAL TAX TRANSPARENCY REPORT 2022

Yancoal Australia Ltd and its wholly owned subsidiaries are part of a tax consolidated group headed by Yancoal Australia Ltd. The tax consolidated group differs immaterially to the accounting consolidated group, which includes controlled, but not wholly-owned, entities.

The tax consolidated group has historically carried forward group tax losses, which have been fully recouped during 2022. As a result the Group is in a current tax payable position at 31 December 2022 and has commenced the payment of corporate income tax through PAYG instalments.

As a result of the payment of corporate income tax, the Company increased the accumulation of franking credits. As at 31 December 2022, the Group's net franking account balance, after adjusting for the provision of income tax payable was \$1.64 billion, which enabled the 2022 final dividend to be fully franked.

The Group recognises deferred tax assets and deferred tax liabilities in accordance with the relevant Australian Accounting Standards.

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE AND INCOME TAX PAID OR PAYABLE

A reconciliation of the Group's income tax expense, and its reconciliation to prima facie tax payable is detailed in note B6 of Yancoal's 2022 Annual Report. The disclosures are prepared in accordance with the relevant Australia Accounting Standards.

TEMPORARY DIFFERENCES

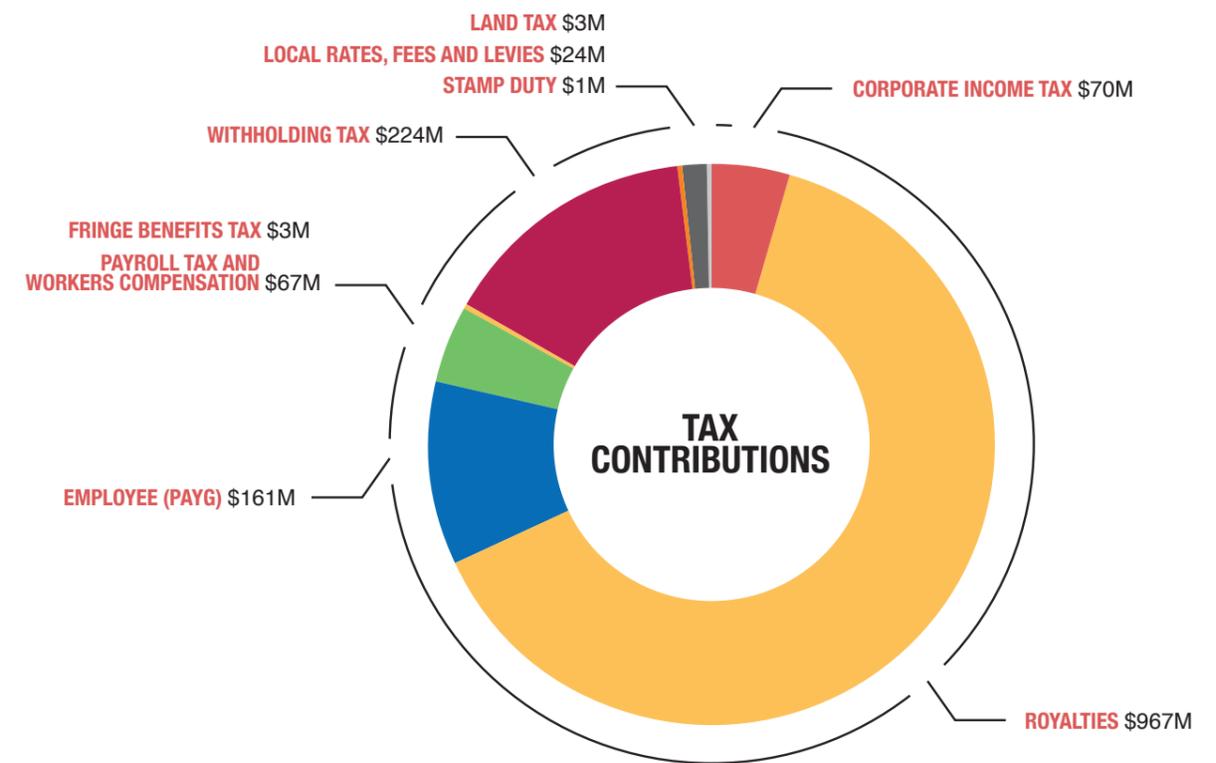
A temporary difference arises when there is a difference between the carrying value of an asset or liability in the balance sheet and its tax base, resulting in a timing difference in its assessment or deductibility. The main temporary differences of the Group during 2022 included those relating to mining tenements, plant and equipment, and general provisions and accruals.

INCOME TAX EXPENSE

The Group's 2022 Annual Report discloses effective tax rates of 29.6% and 28.3% for the 2022 and 2021 years respectively, compared to the Australian corporate income tax rate of 30%. In both years, the lower effective tax rate primarily resulted from the non-assessable equity-accounted profit of Yancoal's ownership in an incorporated joint venture operation.

In 2022, the total income tax expense of \$1,505 million is comprised of current tax expense of \$1,612 million and net deferred tax benefit of \$107 million. After adjusting for temporary differences, recoupment of tax losses and PAYG instalments, the corporate tax payable provisioned for 2022 is \$1.542 billion.

Please refer to Yancoal's 2022 Annual Report for further detail.



Figures based on the 31 December 2022 audited financial report for Yancoal Australia Ltd.

	2022 A\$M	2021 A\$M
Profit before tax	5,091	1,103
Prima facie income tax at Australian rate of 30%	(1,527)	(331)
Over provision in prior years	(3)	5
Share of loss of equity-accounted investees not deductible	44	17
Other	(19)	(3)
Income tax expense	(1,505)	(312)
TEMPORARY DIFFERENCES		
Provisions	(112)	(32)
Mining tenements and exploration and evaluation assets	(100)	(68)
Property, plant and equipment	18	42
Other	24	(47)
Income tax payable	(1,675)	(417)
<i>Less: tax losses utilised / (incurred)</i>	<i>63</i>	<i>417</i>
<i>Less: PAYG instalments</i>	<i>70</i>	<i>0</i>
Net income tax payable	(1,542)	0

TAX CONTRIBUTIONS	YANCOAL 2022 A\$M	YANCOAL 2021 A\$M
Corporate income tax	70	0
Royalties	967	422
Employee (PAYG)	161	144
Payroll tax and workers compensation	67	52
Fringe benefits tax	3	1
Withholding tax	224	10
Land tax	3	3
Local rates, fees and levies	24	24
Stamp duty	1	0
Total	1,520	656

Notes:

- (1) Goods and Service Tax (GST): The Group remits GST charged to and borne by customers and claims an input tax credit for the GST charged by suppliers. As we export the majority of our coal, the Group is a net claimant of GST.
- (2) Federal Excises and Duties: Yancoal is a purchaser and user of fuel, and an importer of equipment, the cost of both of which includes embedded taxes.
- (3) Tax Losses: Yancoal has fully recouped group tax losses and has commenced the payment of corporate income tax.

OFFSHORE RELATED PARTY DEALINGS

Yancoal has dealings with offshore related parties operating in different tax jurisdictions. Our dealings with related parties adhere to arm's length principles and are reviewed by the tax function in accordance with ATO guidelines.

At 31 December 2022, Yancoal's major shareholder is Yankuang Energy Group Company Limited (incorporated in the People's Republic of China). The ultimate shareholding entity is Shandong Energy Group Corporation Limited (incorporated in the People's Republic of China).

Yancoal's operations and workforce are 100% located in Australia. In 2022, the Company established a wholly owned captive insurance company, located and operated in Guernsey. As a new establishment, the company initially retained some operational risk in 2022, with the intention to build up risk capital and assist with offsetting future reductions in external insurance capacity over time. The amounts associated with the establishment of the captive in 2022 are immaterial to the overall Group.

The key dealings with offshore related parties and the key jurisdictions the Group transacted with in 2022 are detailed in the table below.

MATERIAL OFFSHORE RELATED PARTY DEALINGS ¹		JURISDICTION
 Sales	Yancoal has coal sales transactions with related parties ² , which are determined on third party arm's length terms.	China Hong Kong
 Loans and Advances	Yancoal has loans and advances from related parties in China and Hong Kong, on which it pays interest. In 2022, Yancoal repaid AU\$2.12 billion of interest-bearing related party loans and advances.	China Hong Kong
 Corporate Guarantees	Yancoal's largest shareholder Yankuang Energy is based in China, and provides Yancoal a corporate guarantee on a loan with a syndication of third party banks. In 2022, this loan was fully repaid, and Yancoal no longer requires the corporate guarantee.	China

¹ Refer to Yancoal Australia Ltd 2022 Annual Report Note E2 for further detail.

² Coal sales to related parties were only to trading entities with which Yancoal dealt with at arm's length. No end-customers were related parties.

CORPORATE DIRECTORY

DIRECTORS

Baocai Zhang
Ning Zhang
Gregory Fletcher
Gang Ru
Yaomeng Xiao
Xiaolong Huang
Changyi Zhang
Dr Geoffrey Raby
Helen Gillies

COMPANY SECRETARY:

Laura Ling Zhang

AUDITOR:

SW Audit
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia

Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance

REGISTERED AND PRINCIPAL PLACE OF BUSINESS:

Level 18 Darling Park, Tower 2
201 Sussex Street
Sydney NSW 2000
Australia
T: +61 2 8583 5300

AUSTRALIAN COMPANY NUMBER:

111 859 119

AUSTRALIAN SECURITIES EXCHANGE LTD (ASX)

Stock code: YAL

STOCK EXCHANGE OF HONG KONG LIMITED (HKEX)

Stock code: 3668

SHARE REGISTRY:

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

T: +61 2 8234 5000

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre
183 Queens Road East
Wan Chai
Hong Kong

T: +852 2862 8555

COUNTRY OF INCORPORATION:

Incorporated in Victoria, Australia with limited liability

WEB ADDRESS:

www.yancoal.com.au

SHAREHOLDER ENQUIRIES:

shareholder@yancoal.com.au

