

26.6468° S 150.3339° E



GAMEBY DOWNS, SURAT BASIN, QLD

Together, we're making a difference.



32°36'56"S 151°05'57"E

Proudly doing our part.

We acknowledge and pay our respects to the Traditional Owners of the land on which Yancoal operates and conducts business. In the spirit of respect and reconciliation, we will continue to support initiatives that strengthen cultural ways of life.

2	Foreward
4	Our approach to tax
6	Our operations
8	How we contribute
12	Tax policy, strategy and governance
14	Summary of tax profile
15	Tax contribution summary
16	Offshore related party dealings
17	Corporate directory

This Report provides tax and related information on Yancoal Australia Ltd group operations for the period 1 January 2023 to 31 December 2023. 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). 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 2023 Annual Report.

The 2023 Tax Transparency Report, along with the 2023 Annual Report, 2023 Sustainability Report and 2023 Economic Contribution Report are all available on our website: www.yancoal.com.au.

Two decades down under: Integrity, commitment, and economic impact

In 2024, Yancoal celebrates 20 years since its first Australian mining operation in 2004. Through strategic acquisitions and organic expansion, we have grown into one of Australia's largest thermal and metallurgical coal producers and exporters. In the past 20 years, Yancoal has made significant investment in expanding its Australian operations, contributing over \$6 billion in taxes and government royalties.

For two decades, Yancoal has operated with integrity and commitment, continuously investing in the regional areas where our mines are located. As we reflect on our expansive journey, we are proud of our significant contribution to the Australian economy and our continual contributions to the success of our people and the communities where we operate.¹ Over this time, Yancoal has developed a profitable and sustainable business, built on a strong asset portfolio and dedicated workforce.

Since 2004, the Company has demonstrated remarkable resilience in the face of significant market fluctuations, extreme weather events and global economic shifts. These challenges have served as a catalyst for operational excellence, driving us to overcome adversity and emerge as a leader in our industry. Our ability to adapt and innovate under pressure has transformed our business performance.

Tax contribution

From the initial stages of heavy investment to development, and now in steady-state production, Yancoal has transformed from incurring tax losses to making significant tax contribution. In 2023 alone, Yancoal's cash payments exceeded \$2 billion in corporate income tax and over \$3 billion in total tax contributions (including royalties), equating to over \$7 billion of direct and indirect economic impacts.

We are proud of the difference we are making in the Australian economy and to local communities. As a business, Yancoal is committed to ongoing and transparent communication with all our stakeholders, as we look to the future with a clear purpose - to continue to be a reliable source of energy and resources that help to power and build societies around the world.


Notes:

(1) Refer to Yancoal 2023 Annual Report, 2023 Sustainability Report and 2023 Execonomic Contribution Report.



“In 2023, Yancoal’s cash payments exceeded \$2 billion in corporate income tax and over \$3 billion in total tax contributions.”





“Our approach to tax is a key element in sustaining Yancoal’s business, so we can play a positive role in the global shift to a lower carbon economy.”

Our approach to tax

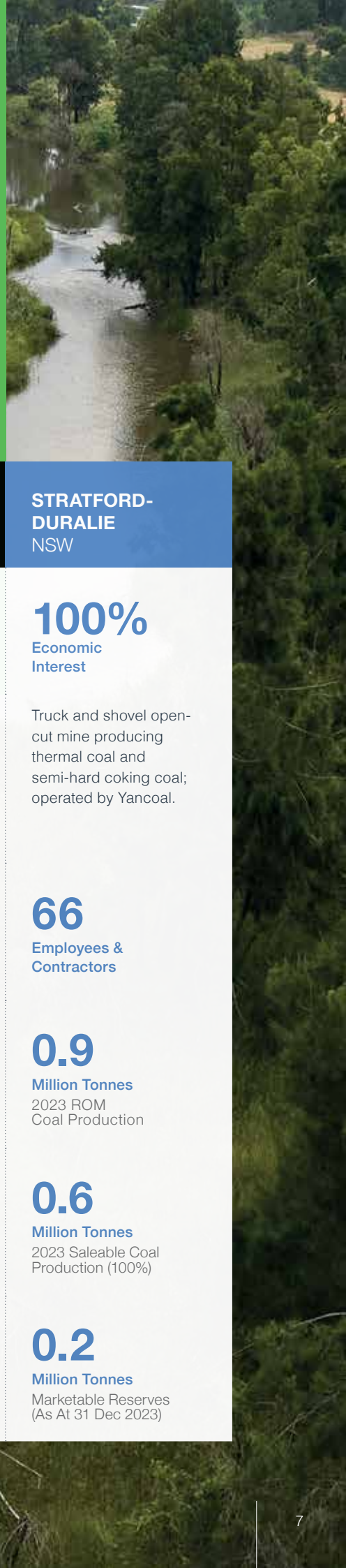
Our approach to tax will always be a pillar of Yancoal's commitment to: our continued strategic growth; our evolution as a leading competitor in global energy markets; and our generation of returns for shareholders.

Our tax strategy goes beyond compliance, it is a part of the way we operate and deliver outcomes to our stakeholders. The business has implemented a robust tax management framework, which underpins how we address tax issues in a responsible and transparent manner. Our tax contributions help to support the prosperity of the communities in which we operate and improve the quality of life for many Australians.

We believe this approach to tax is a key element in sustaining Yancoal's business, as we continue to engage in meaningful communication with all our stakeholders that provide valuable insights into our strategies, operations and practices.

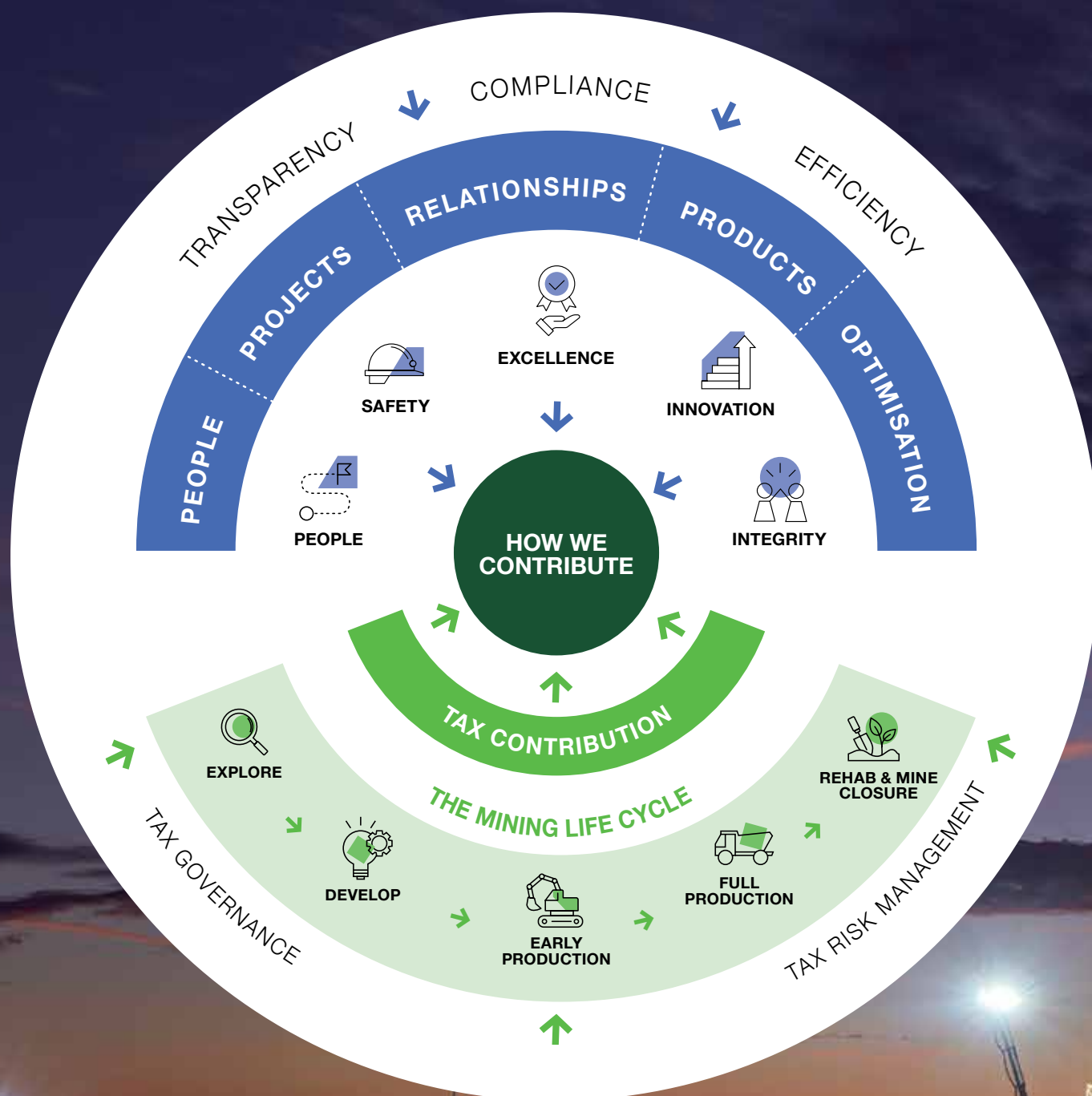
Our operations

MOOLARBEN NSW	MOUNT THORLEY WARKWORTH NSW	HUNTER VALLEY OPERATIONS NSW
95% Economic Interest	~83% Economic Interest	51% Economic Interest
Truck and shovel open-cut and 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 truck and shovel operations to produce semi-soft coking coal and thermal coal; operated by Hunter Valley Joint Venture.
915 Employees & Contractors	1,418 Employees & Contractors	1,670 Employees & Contractors
20.4 Million Tonnes 2023 ROM Coal Production	17.2 Million Tonnes 2023 ROM Coal Production	15.3 Million Tonnes 2023 ROM Coal Production
16.7 Million Tonnes 2023 Saleable Coal Production (100%)	11.3 Million Tonnes 2023 Saleable Coal Production (100%)	10.5 Million Tonnes 2023 Saleable Coal Production (100%)
178 Million Tonnes Marketable Reserves (As At 31 Dec 2023)	169 Million Tonnes Marketable Reserves (As At 31 Dec 2023)	582 Million Tonnes Marketable Reserves (As At 31 Dec 2023)



MIDDLEMOUNT QLD	YARRABEE QLD	ASHTON NSW	STRATFORD- DURALIE NSW
<p>~50% Economic Interest</p> <p>Truck and shovel open-cut mine producing low volatility pulverised coal injection (PCI) coal and hard coking coal; operated by Middlemount Joint Venture.</p>	<p>100% Economic Interest</p> <p>Truck and shovel open-cut mine producing ultra low volatile pulverised coal injection (PCI) coal and thermal coal; operated by Yancoal.</p>	<p>100% Economic Interest</p> <p>The Ashton underground longwall mine produces a semi-soft coking coal; operated by Yancoal.</p>	<p>100% Economic Interest</p> <p>Truck and shovel open-cut mine producing thermal coal and semi-hard coking coal; operated by Yancoal.</p>
<p>517 Employees & Contractors</p>	<p>431 Employees & Contractors</p>	<p>304 Employees & Contractors</p>	<p>66 Employees & Contractors</p>
<p>3.3 Million Tonnes 2023 ROM Coal Production</p>	<p>2.4 Million Tonnes 2023 ROM Coal Production</p>	<p>0.7 Million Tonnes 2023 ROM Coal Production</p>	<p>0.9 Million Tonnes 2023 ROM Coal Production</p>
<p>2.2 Million Tonnes 2023 Saleable Coal Production (100%)</p>	<p>1.4 Million Tonnes 2023 Saleable Coal Production (100%)</p>	<p>0.4 Million Tonnes 2023 Saleable Coal Production (100%)</p>	<p>0.6 Million Tonnes 2023 Saleable Coal Production (100%)</p>
<p>65 Million Tonnes Marketable Reserves (As At 31 Dec 2023)</p>	<p>57 Million Tonnes Marketable Reserves (As At 31 Dec 2023)</p>	<p>24 Million Tonnes Marketable Reserves (As At 31 Dec 2023)</p>	<p>0.2 Million Tonnes Marketable Reserves (As At 31 Dec 2023)</p>

How we contribute



2023 snapshot

\$3 **BILLION, TOTAL ECONOMIC CONTRIBUTIONS**
attributed to Tax and Government Royalties

>90 **PERCENT OF TOTAL TAX PAYMENTS**
comprise corporate income tax and royalties

100 **% INCREASE IN TOTAL TAX PAYMENTS**

29.6 **% EFFECTIVE TAX RATE¹**

\$2.1 **BILLION, CORPORATE TAX CASH PAYMENTS**

\$774 **MILLION, STATE TAXES**

69.5 **CENTS PER SHARE, FULLY FRANKED DIVIDENDS**

¹ Income Tax Expense / Accounting Profit Before Tax

Creating long-term value

We own and operate a portfolio of mines across Australia, with tax contributions occurring at all stages of the life cycle of our operations.

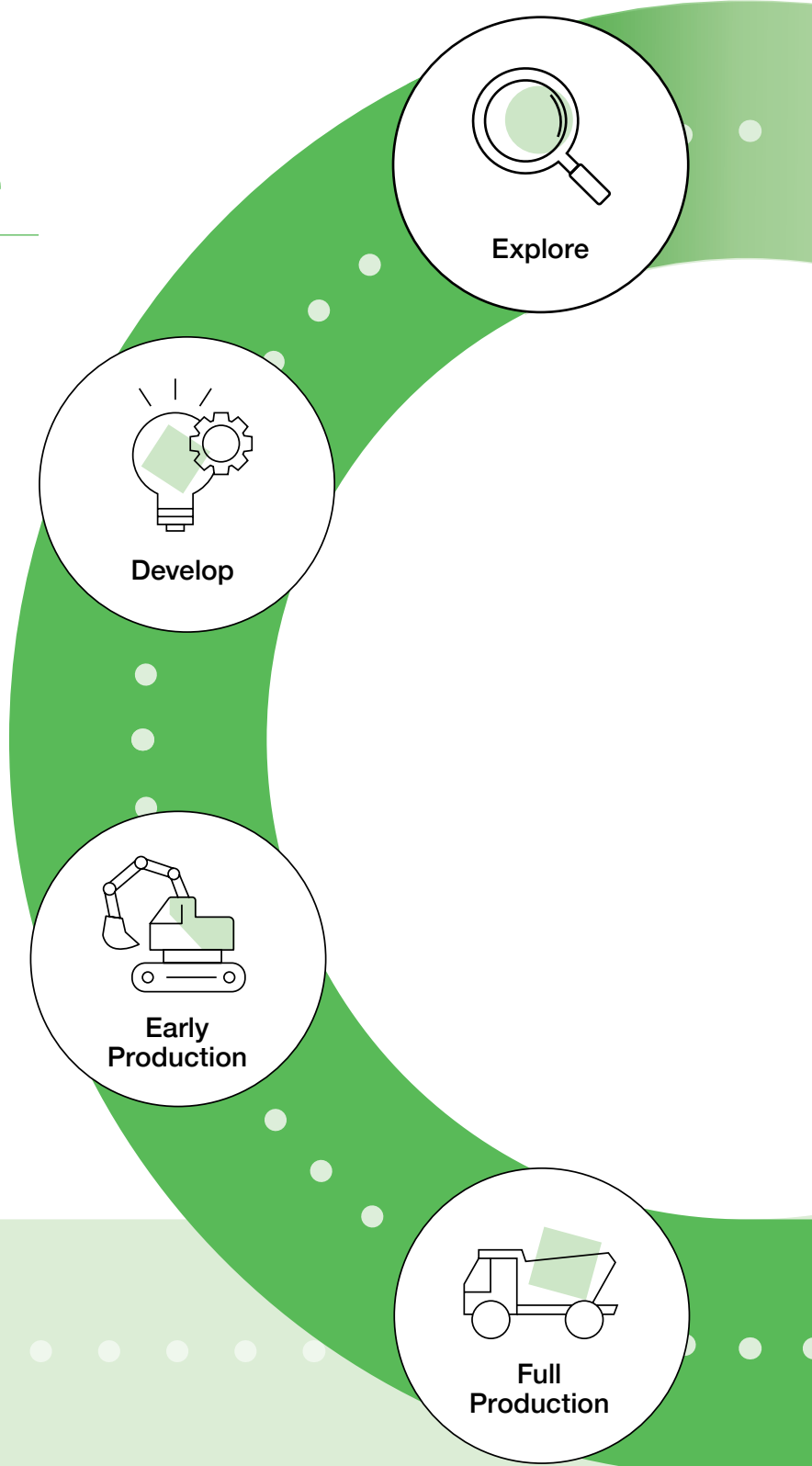
Through maintaining a robust tax governance and tax risk management framework, the tax function plays a key role in the mining life cycle to enable responsible tax management at every stage.

The majority of the Group's assets are currently in the full production stage of the mining life cycle. After a period of consistent production coupled with robust market conditions, Yancoal has increased tax contributions significantly through the payment of corporate income tax.

Notes:

(1) Yancoal's assets span various stages of the mining life cycle and mine asset acquisitions can occur at any of the first four stages of the mine life cycle.

(2) The cyclical nature of the market also presents operational challenges which can impact profitability.



“Through maintaining a robust tax governance and tax risk management framework, the tax function plays a key role in the mining life cycle.”



Rehabilitate &
Mine Closure

Tax policy, strategy and governance

Our tax strategy aims to deliver a sustainable tax function that supports Yancoal in achieving long term organisational growth and shareholder value.

The Yancoal tax framework has been implemented to ensure the tax function operates effectively to support the organisation in delivering on its objectives, having regard to Board-endorsed principles of: ensuring compliance with the Group's

tax and tax-related obligations; properly identifying, understanding and managing tax risks; adopting tax positions that are appropriate and substantiated; and having open, transparent and collaborative dealings with tax and revenue authorities.

TAX GOVERNANCE

How we establish our tax strategy



Policies and Procedures

Yancoal's Tax Policy is endorsed by the ARMC a sub-committee of the Board, and is regularly reviewed and updated to support the management of tax and to ensure that business outcomes are aligned with the tax framework.



Shareholders

Yancoal seeks to maintain shareholder confidence through effective operation of the tax policy, strategy and governance. The tax function supports organisational value generation through appropriate application of tax legislation and tax planning.



Stakeholder Management

We endeavour to be consistent and proactive when communicating and engaging with stakeholders. 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 can drive tax awareness, synergise and identify opportunities, as well as areas for process improvement.



Transparency

Yancoal is supportive of tax transparency in the Australian market and is committed to ongoing tax transparency reporting in accordance with the Board of Taxation's Voluntary Tax Transparency Code.



Engagement with tax authorities

We have an open and transparent approach to our relationship with all tax authorities and government agencies. In this regard, we proactively engage with tax authorities and communicate with them in a collaborative manner to support positive relationships.

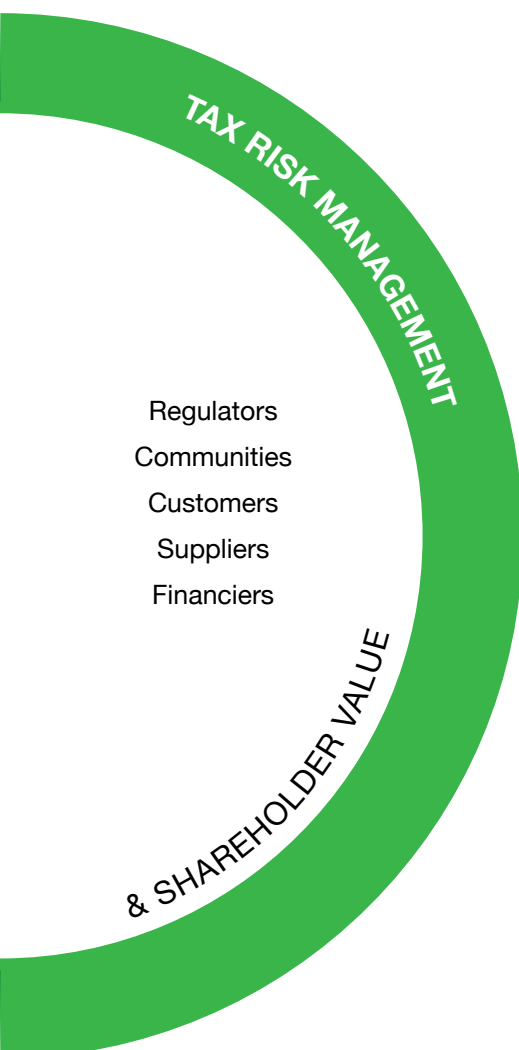


Our tax framework is built on the pillars of Tax Governance and Tax Risk Management, which drives the management of tax across the business.

The tax function reports to the Audit and Risk Management Committee (ARMC), a sub-committee of the Board of Directors.

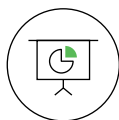
TAX RISK MANAGEMENT

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. Yancoal only adopts valid and supportable tax positions and we do not engage in aggressive tax planning. We adhere to arm's length principles when reviewing business transactions.



Tax Management

The Tax Policy governs the implementation of the Company's tax strategy and management of tax across the business, and is approved by the ARMC. Yancoal's Tax framework has been designed with regard to ATO guidance. In accordance with the tax framework, Yancoal adopts a conservative approach to tax: our objective is that all tax liabilities are correctly recorded, accounted for and paid. The tax function provides regular updates on tax matters to the ARMC.



Risk Identification

Risks are identified, assessed and mitigated 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 tax risk register, and are subject to regular internal and external assurance activities.



Process optimisation

We aim to simplify our tax positions and reduce business and 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.

Summary of tax profile

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 marginally to the reporting group, because the reporting group includes immaterial non-wholly owned controlled entities.

Since 2022, Yancoal has been in a current tax payable position. At 31 December 2023, the net income tax expense of the Group was \$803 million.

Yancoal makes substantial contributions to Government revenues through taxes and royalty payments. On a cash basis, in 2023 Yancoal paid \$2.1 billion of cash tax to the Australian Taxation Office, comprising of 2022 corporate income tax payable of \$1.4 billion and PAYG instalments of \$711 million.

As a result of the payment of corporate income tax, the Group has increased its franking account balance, which has enabled all dividends distributed to shareholders in 2023 to be fully franked.

Reconciliation of accounting profit to income tax expense and income tax payable

A reconciliation of the Group's income tax expense, and its reconciliation to tax payable is detailed in Note B6 of Yancoal's 2023 Annual Report. Disclosures are prepared in accordance with the relevant Australian Accounting Standards.

Temporary and Non-Temporary Differences

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

A temporary difference arises when there is a difference between the carrying value of an asset or liability and its tax base, resulting in a timing difference in its assessment or deductibility. The main temporary differences of the Group during 2023 related to mining tenements, plant and equipment, and general provisions and accruals. There were no material non-temporary differences during 2023.

Effective Tax Rate

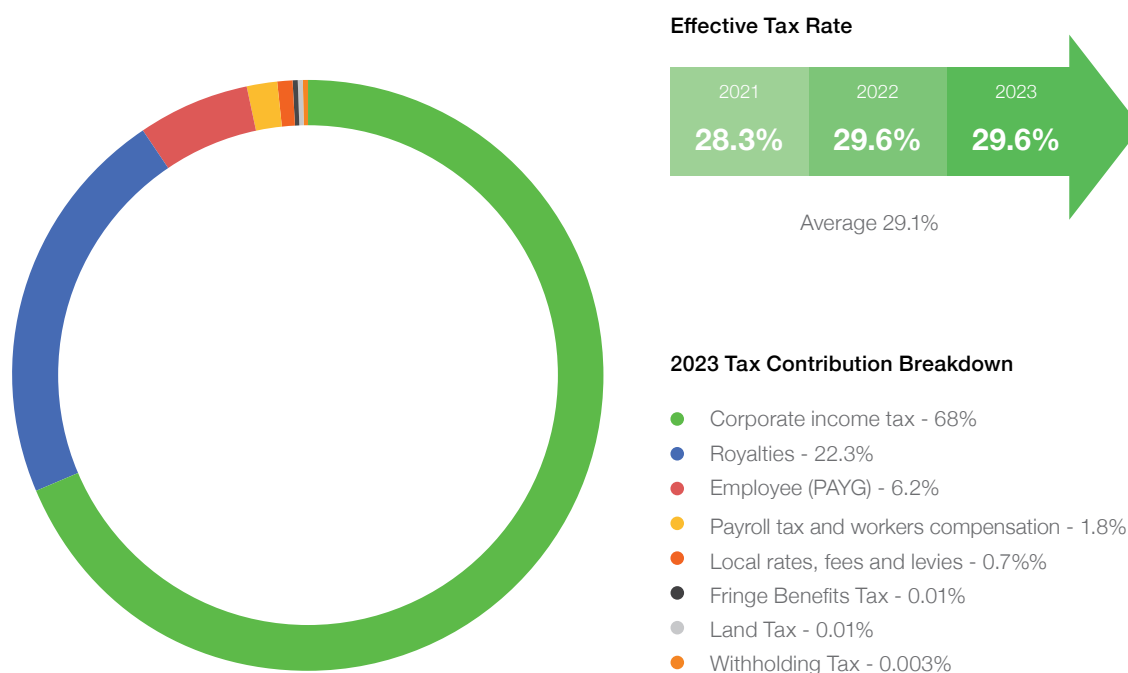
The Group's 2023 Annual Report discloses an effective tax rate of 29.6% for both 2023 and 2022, compared with the Australian corporate income tax rate of 30%. The effective tax rate is calculated by dividing income tax expense by the accounting profit. The small variance in the effective tax rate primarily resulted from the non-assessable equity accounted profit of Yancoal's ownership in an incorporated joint venture operation.

In 2023, the total income tax expense of \$764 million is comprised of current tax expenses of \$803 million and net deferred tax benefit of \$39 million. After adjusting for temporary differences and PAYG instalments, the net income tax payable at 31 December 2023 is \$222 million.

Please refer to Yancoal's 2023 Annual Report for further detail.

	2023 A\$M	2022 A\$M
Profit before tax	2,583	5,091
Prima facie income tax at Australian rate of 30%	(775)	(1,527)
Over/(Under) provision in prior years	13	(3)
Profit from equity-accounted investees not deductible	9	44
Other	(11)	(19)
Income tax expense	(764)	(1,505)
Temporary differences		
Provisions	(9)	(112)
Finance lease liabilities	25	(6)
Property, plant and equipment	(7)	18
Mining tenements and exploration and evaluation assets	(58)	(100)
Other	10	30
	(803)	(1,675)
<i>Less: tax losses utilised / (incurred)</i>	0	63
Current Tax Expense	(803)	(1,612)

Tax contribution summary



TAX CONTRIBUTIONS	2023 A\$M	2022 A\$M
Corporate income tax	2,123	70
Royalties	691	967
Employee (PAYG)	191	161
Payroll tax and workers compensation	57	67
Fringe benefits tax	3	3
Withholding tax	1	224
Land tax	3	3
Local rates, fees and levies	23	24
Stamp duty	–	1
Total	3,092	1,520

Notes:

(1) Goods and Services 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.

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, in accordance with ATO guidelines.

At 31 December 2023, 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 2023, Yancoal had no related party debt, having early repaid all related party loans in the previous year. The key dealings with offshore related parties and the key jurisdictions the Tax Group transacted with in 2023 are covered in the table below.

MATERIAL OFFSHORE RELATED PARTY DEALINGS¹

JURISDICTION



Sales

Yancoal has coal sales transactions with related parties², which are determined on third party arm's length terms.

China
Hong Kong



Leases

Yancoal has a lease liability with a related party on which it pays interest.

Hong Kong

(1) Refer to Yancoal Australia Ltd 2023 Annual Report Note E2 for further detail.

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

Corporate directory

CURRENT DIRECTORS

Gang Ru
Ning Yue
Gregory Fletcher
Yaomeng Xiao
Xiaolong Huang
Changyi Zhang
Dr Geoffrey Raby
Debra Bakker

CEO:

David Moulton

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

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6 Hope Street
Ermington NSW 2115
Australia
T: +61 2 8234 5000
Computershare Hong Kong Investor Services Limited
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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

