The following is the text of a report received from the Company's reporting accountants, SW Audit, for the purpose of incorporation in this circular.



Take the lead

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF KESTREL COAL GROUP PTY LTD AND ITS SUBSIDIARIES TO THE DIRECTORS OF YANCOAL AUSTRALIA LIMITED

Introduction

We report on the historical financial information of Kestrel Coal Group Pty Ltd (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-3 to II-69, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows, of the Target Group for each of the years ended 31 December 2023, 31 December 2024, 31 December 2025 and half year ended 30 June 2026 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-69 forms an integral part of this report, which has been prepared for inclusion in the investment circular of Yancoal Australia Limited ("Yancoal") dated 23 November 2026 (the "Circular") in connection with the Transaction (as defined in the Circular).

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1a to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of Yancoal are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of Yancoal.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1a to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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Take the lead

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026 and the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 1a to the Historical Financial Information.

Review of the stub period

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months ended 30 June 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1a to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, 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 International Standards on Auditing 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1a to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Yours sincerely



SW Audit
Chartered Accountants
Rami Eltchelebi

Sydney, 23 November 2026

A. FINANCIAL INFORMATION OF THE GROUP

HISTORICAL FINANCIAL INFORMATION OF THE KESTREL GROUP

Preparation of financial information of Kestrel Coal Group Pty Ltd ("Kestrel Group")

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of Kestrel Group for the Period ("Underlying Financial Statements") prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), on which the Historical Financial Information is based, were audited by SW Audit in accordance with Australian Auditing Standards issued by the Auditing and Assurance Standards Board in Australia.

The Historical Financial Information is presented in US Dollars ("US$") and all values are rounded to the nearest million (US$M) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
USD	*Notes*	**2023**	**2024**	**2025**	**2025**	**2026**
		$'M	*$'M*	*$'M*	*$'M*	*$'M*
					(unaudited)	
Revenue from contracts with customers	*4*	993	711	623	226	410
Other income	*5(a)*	19	2	14	4	7
Other gains – net	*5(b)*	(4)	22	23	8	14
Changes in coal inventories		(19)	(19)	52	23	(34)
External services expenses		(112)	(114)	(119)	(55)	(59)
Depreciation and amortisation expense		(150)	(112)	(143)	(55)	(64)
Freight expenses		(89)	(80)	(90)	(43)	(49)
Materials and consumables used		(94)	(80)	(77)	(35)	(39)
Employee benefits expense		(71)	(71)	(68)	(31)	(36)
Royalties		(174)	(102)	(67)	(25)	(52)
Fuel and energy expenses		(35)	(25)	(26)	(13)	(14)
Insurance		(10)	(10)	(9)	(4)	(5)
Other expenses		(24)	(24)	(34)	(17)	(23)
Finance expenses	*5(c)*	(77)	(60)	(54)	(27)	(22)
Profit/(loss) before income tax		**153**	**38**	**25**	**(44)**	**34**
Income tax benefit/(expense)	*6*	(46)	(6)	(1)	16	(7)
Profit/(loss) for the period		**107**	**32**	**24**	**(28)**	**27**
Other comprehensive income						
Other comprehensive income/ (loss) for the year/period, net of tax		**–**	**–**	**–**	**–**	**–**
Total comprehensive income/ (loss) for the year/period		**107**	**32**	**24**	**(28)**	**27**
Total comprehensive income/ (loss) for the year/period is attributable to:						
Owners of Kestrel Coal Group Pty Ltd		107	32	24	(28)	27

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD	Notes	At 31 December 2023	At 31 December 2024	At 31 December 2025	At 30 June 2026
		$'M	*$'M*	*$'M*	*$'M*
ASSETS					
Current assets					
Cash and cash equivalents	*7*	163	129	144	181
Trade and other receivables	*8*	134	58	91	89
Derivative financial instruments	*16*	–	–	–	2
Inventories	*9*	57	41	96	59
Current tax receivables		5	13	–	–
Total current assets		**359**	**241**	**331**	**331**
Non-current assets					
Trade and other receivables	*8*	7	6	6	6
Property, plant and equipment	*10*	1,993	1,990	1,913	1,892
Right of use assets	*11*	11	10	9	8
Intangible assets	*12*	–	–	1	1
Total non-current assets		**2,011**	**2,006**	**1,929**	**1,907**
Total assets		**2,370**	**2,247**	**2,260**	**2,238**
LIABILITIES					
Current liabilities					
Trade and other payables	*14*	88	57	82	63
Borrowings	*15*	7	–	–	–
Lease liabilities	*11*	4	3	2	3
Derivative financial instruments	*16*	51	33	9	–
Current tax liabilities		–	–	1	2
Employee benefit obligations	*17*	28	28	29	28
Provisions		–	3	11	13
Total current liabilities		**178**	**124**	**134**	**109**

USD	Notes	At 31 December 2023	2024	2025	At 30 June 2026
		$'M	*$'M*	*$'M*	*$'M*
Non-current liabilities					
Borrowings	*15*	576	465	444	419
Lease liabilities	*11*	11	12	11	9
Deferred tax liabilities	*19*	108	114	116	123
Provisions	*18*	48	51	50	46
Total non-current liabilities		**743**	**642**	**621**	**597**
Total liabilities		**921**	**766**	**755**	**706**
Net assets		**1,449**	**1,481**	**1,505**	**1,532**
EQUITY					
Contributed equity	*20*	1,184	1,184	1,184	1,184
Retained earnings		265	297	321	348
Total equity		**1,449**	**1,481**	**1,505**	**1,532**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

USD	Contributed equity *$'M*	Retained profits *$'M*	Total equity *$'M*
Balance at 1 January 2023	1,184	158	1,342
Profit for the year		107	107
Other comprehensive income		–	–
Total comprehensive income for the year		107	107
Balance at 31 December 2023	1,184	265	1,449
Balance at 1 January 2024	1,184	265	1,449
Profit for the year		32	32
Other comprehensive income			
Total comprehensive income for the year		32	32
Balance at 31 December 2024	1,184	297	1,481
Balance at 1 January 2025	1,184	297	1,481
Profit for the year		24	24
Other comprehensive income			
Total comprehensive income for the year		24	24
Balance at 31 December 2025	1,184	321	1,505

USD	Contributed equity *$'M*	Retained profits *$'M*	Total equity *$'M*
Balance at 1 January 2025	1,184	297	1,481
Loss for the period		(28)	(28)
Other comprehensive income			
Total comprehensive loss for the period		(28)	(28)
Balance at 30 June 2025 (unaudited)	1,184	269	1,452
Balance at 1 January 2026	1,184	321	1,505
Profit for the year		27	27
Other comprehensive income			
Total comprehensive income for the year		27	27
Balance at 30 June 2026	**1,184**	**348**	**1,532**

CONSOLIDATED STATEMENTS OF CASH FLOWS

USD	Notes	Year ended 31 December 2023 $'M	2024 $'M	2025 $'M	Six months ended 30 June 2025 $'M (unaudited)	2026 $'M
Cash flows from operating activities						
Receipts from customers (inclusive of GST)		999	781	601	229	412
Payments to suppliers and employees (inclusive of GST)		(654)	(535)	(464)	(219)	(290)
Interest received		10	11	8	4	3
Income taxes paid		(16)	(8)	13	13	–
Net cash inflow from operating activities	*28(a)*	**339**	**249**	**158**	**27**	**125**
Cash flows from investing activities						
Payments for property, plant and equipment and intangibles		(119)	(101)	(73)	(18)	(43)
Proceeds from sale of property, plant and equipment		–	–	2	–	–
Net cash outflow from investing activities		**(119)**	**(101)**	**(71)**	**(18)**	**(43)**
Cash flows from financing activities						
Loans repaid to related parties	*28(b)*	(3)	–	–	–	–
Proceeds from borrowings	*28(b)*	–	–	100	100	–
Repayment of borrowings	*28(b)*	(144)	(122)	(125)	(60)	(26)
Interest and fees paid		(66)	(54)	(48)	(25)	(19)
Lease payments		(4)	(2)	(2)	(1)	(1)
Net cash (outflow)/inflow from financing activities		**(217)**	**(178)**	**(75)**	**14**	**(46)**
Net increase/(decrease) in cash and cash equivalents		**3**	**(30)**	**12**	**23**	**36**
Cash and cash equivalents at the beginning of the financial period		160	163	129	129	144
Effects of exchange rate changes on cash and cash equivalents		–	(4)	3	2	1
Cash and cash equivalents at end of period	*7*	**163**	**129**	**144**	**154**	**181**

1. Summary of material accounting policies

This note provides a list of all material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all Track Record Periods presented, unless otherwise stated.

The financial statements comprise the Group, Kestrel Coal Group Pty Ltd and its subsidiaries. The Group owns an 80% interest in the Kestrel Coal Mine (the "Mine"), a large-scale, long-life coal asset located in Queensland's Bowen Basin, Australia. The Mine primarily produces a premium metallurgical product (high fluidity and plasticity, low ash, and low deleterious elements), which is in high demand from steelmakers. It is the largest producing underground coal mine in Australia.

(a) Basis of preparation

These consolidated financial statements are general purpose financial statements prepared to provide information to the directors of the Company for their internal governance purposes. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Kestrel Coal Group Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

(iii) New standards and interpretations adopted

The Group has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2026:

- *Disclosures about Uncertainties in the Financial Statements (Amendments to AASB 136 and AASB 137);*

- *Classification and Measurement of Financial Instruments (Amendments to AASB 9 and AASB 7); and*

- *Annual Improvements to AASB Accounting Standards (Amendments to AASB 1, AASB 7, AASB 9, AASB 10, and AASB 107)*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published but are only effective for reporting periods beginning after 1 January 2026 and have not been early adopted by the Group.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 will replace AASB 101 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

The other amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

(v) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of consolidation and joint arrangements

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kestrel Coal Group Pty Ltd ("Company" or "parent entity") and the results of all subsidiaries for the Track Record Period ended. Kestrel Coal Group Pty Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(i)). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the Group.

(ii) Joint arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Kestrel Coal Group Pty Ltd has only a joint operation.

Joint operations

Kestrel Coal Group Pty Ltd recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These amounts have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 27(b).

(c) Segment reporting

The Group operates in one operating segment in one geographical location, being the coal mining industry in Queensland, Australia.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars ($), which is Kestrel Coal Group Pty Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year/period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(e) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of coal

Revenue comprises sales to third parties at invoiced amounts, with most sales being free on board (FOB) with each shipment considered a single performance obligation.

Sales revenue is recognised on each individual sale when control transfers to the customer. Control passes to the customers and sales revenue is recognised when the product is loaded onto the vessel on which the coal will be shipped to the destination port. For CFR contracts revenue is recorded at the invoiced amounts, however, the shipping service represents a separate performance obligation and is recognised separately from the sale of coal over period which the shipping service has been provided, along with associated shipping costs.

In some circumstances the terms of executed sales agreements allow for an adjustment to the sales price based on a specified coal index. These adjustments can be settled monthly or quarterly in arrears. Revenue on such provisionally priced sales is initially recognised at the commercial terms specified in the sales contract. The fair value of the final sales price adjustment is continually re-estimated and measured with reference to the relevant coal index. The associated fair value movement is accounted for under AASB 9 and is presented as part of other income.

(ii) Management fees

Management fees are recognised on a monthly basis in accordance with the terms of agreements with Joint Venture parties.

(iii) Interest income

Interest income is recognised on a time proportionate basis using the effective interest method.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Where the grant is in relation to an asset, the proceeds will be applied against the asset rather than recognised as income. The grant will reduce the asset cost base, and the benefit of the grant will be recognised through a reduction in depreciation expense.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the corresponding period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the country where the Group's subsidiaries operate and generate taxable income. The Group evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Tax consolidation legislation

Kestrel Coal Group Pty Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Kestrel Coal Group Pty Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kestrel Coal Group Pty Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kestrel Coal Group Pty Ltd for any current tax payable assumed and are compensated by Kestrel Coal Group Pty Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Kestrel Coal Group Pty Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial period. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(h) Leases

The Group leases various offices and equipment. Rental contracts have varying lease terms and may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,

- amounts expected to be payable by the Group under residual value guarantees,

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, consideration is given to all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of property the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the:

- fair values of the assets transferred

- liabilities incurred to the former owners of the acquired business

- equity interests issued by the Group

- fair value of any asset or liability resulting from a contingent consideration arrangement, and

- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as mineral rights and is classified within mine properties (refer to note 1(t)). If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(k) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institution, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Cash that is reserved and its use specifically restricted for maintenance and/or debt servicing under the Group's borrowing agreements is defined as restricted cash.

(l) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 40 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value.

The Group holds the following types of trade receivables:

- Trade receivables held at amortised cost: These are trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

- Trade receivables at fair value through profit and loss (FVPL): These are trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the "solely payments of principal and interest" criteria and as a result must be held at FVPL. These balances are considered in their entirety for classification purposes under AASB 9. Subsequent fair value movements are taken to the consolidated statement of profit or loss and other comprehensive income and presented as part of other income.

Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(m) Inventories

Inventories of coal are physically measured or estimated and valued at the lower of cost and net realisable value.

Cost is determined as follows:

- Coal stocks – cost comprises average mining cost under normal mining conditions or actual purchase price and, where applicable, coal preparation expenditure, fixed and variable overhead costs and transportation costs.

- Raw material and stores – costs comprises average cost or purchase price and associated charges. As regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

Net realisable value is the amount estimated to be obtained from sale of inventory in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Other inventory represents Australian Carbon Credit Units (ACCUs) generated under the Carbon Farming Initiative. Units are held as inventory and have been valued at the lower of cost and net realisable value (NRV).

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income. The Group doesn't hold any assets at FVOCI.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9/IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(o) Exploration and evaluation expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately for an area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure.

Each area of interest is limited to a size related to a known or probable mineral deposit capable of supporting a mining operation.

Costs arising from exploration and evaluation activities are expensed when incurred up until a decision to proceed with a pre-feasibility or full feasibility study is undertaken, at which point exploration and evaluation costs are capitalised when incurred. Capitalised exploration and evaluation costs are amortised over the life of mine of any operation commenced as a result of this exploration and evaluation expenditure work once production commences, or are written off should the relevant exploration and evaluation area be deemed not worthy of any further progression.

Costs arising from the exploration and evaluation activities are carried forward from the feasibility study phase of the project provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

(p) Intangible assets

(i) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Software is amortised on a straight-line basis over 4-5 years.

(q) Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter. For certain assets, the economic benefits from the asset are consumed in a pattern that is linked to the level of production. In such cases, depreciation is generally charged on a unit of production basis. The straight line method is used for some operations where this provides a suitable alternative because production is not expected to fluctuate significantly from one year to another. Assets for which consumption of economic benefits is linked to passage of time are depreciated on straight line basis.

Land is not depreciated unless acquired for mining purposes in which case it is included in mining properties. The depreciation and amortisation rate used for each class of asset is as follows:

- Mine properties – remaining marketable reserves utilised on a unit of production basis
- Plant and equipment – the shorter of applicable mine life and 2-15 years depending on the nature of the asset
- Buildings not part of mine properties – 40 years

Certain mining property assets recognised as part of the mine acquisition are unwound based on marketable reserves as at the time of acquisition. In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves and resources included in the life of mine plan. Development costs that relate to a discrete section of an ore body and which only provide benefit over the life of those reserves, are depreciated over the estimated life of that discrete section.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Changes to the estimated residual values or useful lives are accounted for prospectively.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1u)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Maintenance, repair costs and minor renewals are charged as an expense as incurred. These are included in profit or loss.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 45 days after end of month. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Mine properties

Mine properties includes aggregate expenditure in relation to mine construction, mine development, exploration and evaluation expenditure where a development decision has been made and acquired mineral rights.

Development costs incurred after the commencement of production are capitalised to the extent they give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalised until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination acquisition and are recognised at fair value at the date of acquisition. Where possible, mineral rights are attributable to specific areas of interest and are classified within mine properties.

Depreciation in relation to mine properties is set out in note 1(q).

(u) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(v) Provisions for close down restoration and environmental clean-up costs

Close down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the site development or during the production phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of operations and the majority of close down and restoration expenditures are incurred at the end of the life of the operation. Although the ultimate cost to be incurred is uncertain, the Group estimates its costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the consolidated statement of profit or loss and other comprehensive income in each financial period.

The initial closure provision together with other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within closure assets. These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the outstanding continuous rehabilitation work at each balance date and the cost is charged to the consolidated statement of profit or loss and other comprehensive income.

Environmental clean-up costs

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the balance date. These costs are charged to the consolidated statement of profit or loss and other comprehensive income.

(w) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as current employee benefit obligations in the consolidated statement of financial position. All other short-term employee benefit obligations are presented as payables.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Additional long service leave payments are made monthly to the Queensland Coal Mining Industry (Long Service Leave Funding) Corporation based on the eligible monthly payroll of employees involved in the mining of black coal. Reimbursement is sought from the fund when long service leave is paid to employees involved in the mining of black coal. For these employees, the entire long service leave obligation is classified as current as Kestrel do not have oversight over the length of accumulated leave from previous service when they join the Group, and as such do not know when the employee will be eligible for long service leave. An asset for the amount recoverable from the Coal Mining Industry (Long Service Leave Funding) Corporation is recognised in trade and other receivables.

(iii) Short term incentive plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration key performance indicators including, but not necessarily limited to safety performance, financial performance and climate related performance. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MSB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(aa) Parent entity financial information

The financial information for the parent entity, Kestrel Coal Group Pty Ltd, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and joint venture entities

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Kestrel Coal Group Pty Ltd.

2. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Judgement is exercised in applying the Group's accounting policies.

(a) Significant estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Mine closure and rehabilitation provisions estimates

The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of costs required to rehabilitate and restore disturbed areas of land to their required condition. The costs are estimated on the basis of a closure plan. Significant judgement is required in determining the provision as there are many transactions and other factors that will affect the ultimate liability payable.

Factors that will affect this liability include future disturbances caused by further development, changes in technology and restoration techniques, changes in the timing of rehabilitation expenditure due, for example, to changes in ore reserves or production rates, changes in regulations, price increases and changes in discount rates. These estimates are regularly reviewed and adjusted in order to ensure the most up to date data is used to calculate these balances. When these factors change in the future, such differences will impact the provision in the period in which they change or become known.

(ii) Determination of coal reserves and resources

The Group estimates its coal reserves and coal resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the "JORC code"), which is produced by the Australasian Joint Ore Reserve Committee. Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives, and for forecasting the timing of the payment of close-down and restoration costs and the recovery of deferred tax assets.

(iii) Warrants

The fair value of warrant instruments recognised as financial liabilities is estimated based on an assessed fair market value of shares in the Group as at the vesting date. Inputs such as assumed market volatility, as well as observable market data such as risk free rates are used in order to generate the estimate. The chosen valuation techniques and assumptions used are appropriate in determining the fair value of warrant instruments recognised as financial liabilities.

Further information related to the fair valuation inputs on the warrant instruments recognised as financial liabilities is disclosed in note 16(a). The valuation is categorised as level 3 in the fair value hierarchy.

(iv) Deferred tax assets

Deferred income tax assets are recognised for all deductible temporary differences carried forward unused tax assets and unused tax losses. Deferred tax assets are based on tax laws and tax rates that have been enacted at the consolidated statement of financial position date.

Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same tax authority and the same taxable entity, the projected future taxable income of these taxable entities and after taking account of specific risk factors that are expected to affect the recovery of these assets.

3. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Each Track Record Periods' profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasting	Debt and sales both in same currency
	Site expenses are denominated in Australian dollar	Sensitivity analysis	Hedging foreign currency exposure
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Monitoring exposure and market rates

Risk	Exposure arising from	Measurement	Management
Market risk – commodity price	Future commercial transactions	Sensitivity analysis	Commodity swaps (where appropriate)
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, debt investments and contract assets	Aging analysis Credit ratings	Diversification of derivative instruments, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is predominantly controlled by the board of directors. The board identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

Exposure

The Group's exposure to Australian dollar foreign currency risk, expressed in United States dollars, was as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Trade and other receivables	19	17	30	19
AUD denominated liabilities	(115)	(108)	(140)	(112)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Net foreign exchange (losses)/ gains included in other gains	(4)	4	(2)	2	3

Instruments used by the Group

The Group sells product internationally which is primarily in USD. The Group is exposed to foreign exchange risk, primarily the Australian dollar from other revenue and operating expenses. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable Australian dollar expenditures.

The Group uses foreign exchange collar option contracts to hedge its currency risk at the direction of the Board of Directors. Entered contracts generally mature within 12 months and are designated as cash flow hedges.

Sensitivity

As shown in the exposure table above, the Group is primarily exposed to changes in USD/ AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from AUD-denominated financial instruments.

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Impact on post-tax profit					
USD/AUD exchange rate – increase 5%*	2	5	6	5	3
USD/AUD exchange rate – decrease 5%*	(2)	(5)	(6)	(5)	(3)

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. In the past, the Group entered into long-term borrowings at floating rates and swapped them into fixed rates that were lower than those available if the Group borrowed at fixed rates directly. During each Track Record Period, the Group's borrowings at variable rate were denominated in US dollars. The applicable variable rate on these borrowings is the Secured Overnight Financing Rate (SOFR) administered by the Federal Bank of New York. No existing debt will be impacted by the IBOR reforms.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of each Track Record Period are as follows:

	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2025**	**30 June 2026**
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Variable rate borrowings –					
SOFR/LIBOR	599	476	451	451	424

Instruments used by the Group

There are currently no interest rate swaps in place to cover the balance of the variable loan principal outstanding. The variable rates are based on SOFR plus 4.00%. The rate set on variable interest at the end of each financial period was 9.35596% (31 December 2023); 8.32878% (31 December 2024); 7.67194% (31 December 2025) and 7.64392% (30 June 2026).

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/ decrease in the fair value of the cash flow hedges of borrowings.

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Impact on post-tax profit/(loss)					
Interest rates – increase by 50 basis points*	(2)	(1)	(1)	(1)	(1)
Interest rates – decrease by 50 basis points*	2	1	1	1	1

* Holding all other variables constant

(iii) Commodity price risk

The Group's main commodity price risk arises from hard-coking coal sales contracts that are linked to the floating market price of coal, which exposes the Group to a cash flow commodity price risk. Group policy is to perform commodity price hedging only with approval from the Board.

Instruments used by the Group

The Group previously held fixed price commodity swap contracts to fix the price of hard coking coal on the Australian Coking Coal (TSI) Low Vol Index. These arrangements came to full term on 30 June 2022, and no further contracts have been executed to hedge the commodity price beyond this date. No contracts are held at year/period end.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored.

Sales to customers are required to be settled using a variety of trading terms. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or regions.

(ii) Security

For some trade receivables the Group may obtain security in the form of bills of exchange or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The Group's main financial assets that are subject to the expected credit loss model are trade receivables for sales of inventory.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there is no identified impairment loss in either reporting period.

Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance for trade receivables as at each Track Record Period were determined as follows:

30 June 2026	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	67	–	–	–	67
Loss allowance	–	–	–	–	–

31 December 2025	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	67	–	–	–	67
Loss allowance	–	–	–	–	–

31 December 2024	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	32	–	–	–	32
Loss allowance	–	–	–	–	–

31 December 2023	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount – trade receivables	107	–	–	–	107
Loss allowance	–	–	–	–	–

There is no loss allowance for trade receivables as at each Track Record Period end.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 50 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating result. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in working capital management by maintaining committed credit lines.

The Group monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 7) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end each Track Record Period:

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Floating rate				
– Expiring within one year (syndicated bank working capital facility)	100	100	100	100

The undrawn bank loan facilities may be drawn at any time in US dollars and are subject to a six-monthly clean down mechanism whereby drawn amounts must be cleared to nil for a period of no less than four consecutive business days every year.

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carry amount of liabilities
	$'M	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*
at 30 June 2026							
Non-derivatives							
Trade and other payables	63	–	–	–	–	63	63
Bank loans – senior facility	16	16	439	–	–	471	424
Lease liabilities	1	1	2	7	1	12	10
Total non-derivatives	80	17	441	7	1	546	497
Derivatives							
Warrant liabilities	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
at 31 December 2025							
Non-derivatives							
Trade and other payables	82	–	–	–	–	82	82
Bank loans – senior facility	20	198	40	514	–	772	451
Lease liabilities	2	1	2	6	4	15	13
Total non-derivatives	104	199	42	520	4	869	546
Derivatives							
Warrant liabilities	9	–	–	–	–	9	9
	9	–	–	–	–	9	9

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carry amount of liabilities
	$'M	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*
at 31 December 2024							
Non-derivatives							
Trade and other payables	56	–	–	–	–	56	57
Bank loans – senior facility	20	20	40	514	–	594	476
Lease liabilities	2	1	2	6	4	15	14
Total non-derivatives	78	21	42	520	4	665	547
Derivatives							
Warrant liabilities	–	–	33	–	–	33	33
	–	–	33	–	–	33	33
at 31 December 2023							
Non-derivatives							
Trade and other payables	88	–	–	–	–	88	88
Bank loans – senior facility	32	32	64	685	–	813	599
Lease liabilities	2	2	3	6	5	18	15
Total non-derivatives	122	34	67	691	5	919	702
Derivatives							
Warrant liabilities	–	–	–	51	–	51	51
	–	–	–	51	–	51	51

4. Revenue from contract with customers

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Sale of coal – at a point of time	991	710	621	225	409
Management fees – over time	2	1	2	1	1
	993	711	623	226	410

5. Other income and expenses

(a) Other income

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Interest income	10	11	8	4	3
Sale of coal – price adjustments	2	(13)	4	(1)	3
Other income	7	4	2	1	1
	19	2	14	4	7

(b) Other gains – net

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Net gain on disposal of property, plant and equipment	–	–	1	–	–
Net foreign exchange (losses)/gains	(4)	4	(2)	(2)	3
Net fair value gains on warrants	–	18	24	10	11
	(4)	22	23	8	14

(c) Finance expenses

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Interest and finance charges paid/payable	(68)	(53)	(48)	(22)	(19)
Provisions: unwinding of discount	(2)	(2)	(2)	(1)	(1)
Amortisation of debt issue costs	(7)	(5)	(4)	(4)	(2)
	(77)	(60)	(54)	(27)	(22)

6. Income tax expense

(a) income tax expense

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Current tax					
Current tax on profits for the year/period	11	–	–	(16)	–
Adjustments for current tax of prior periods/period	–	–	–	–	–
Total current tax expense	11	–	–	(16)	–
Deferred income tax					
Increase in deferred tax assets *(note 13)*	7	(22)	(7)	–	7
Increase in deferred tax liabilities *(note 19)*	28	28	8	–	–
Total deferred tax expense	35	6	1	–	7
Income tax expense	46	6	1	(16)	7

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Profit from continuing operations before income tax expense	152	37	26	(44)	34
Tax at the Australian tax rate of 30.0%	46	11	8	(13)	10
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Non-deductible expenses	1	–	–	–	–
Warrants valuation	–	(5)	(8)	(3)	(3)
Sundry items	(1)	–	–	–	–
Subtotal	46	6	–	(16)	7
Adjustments for current tax of prior periods	–	–	–	–	–
Adjustments for deferred tax of prior periods	–	–	1	–	–
Income tax expense	46	6	1	(16)	7

7. Cash and cash equivalents

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Cash at bank and in hand	163	129	144	181

(a) Restricted cash

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include US$9.6 million (30 June 2026); US$10.4 million (31 Dec 2025); US$12.9 million (31 Dec 2024) and US$16.7 million (31 Dec 2023).

8. Trade receivables

Current	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Trade receivables	107	32	67	67
Management fee receivables	2	3	1	1
Goods and services tax receivable	7	7	3	4
Prepayments	11	9	10	5
Other receivables	7	7	10	12
	134	58	91	89
Non-current				
Other receivables	7	6	6	6
	7	6	6	6

9. Inventory

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Current assets				
Stores	22	23	28	30
Coal stocks – at cost	28	11	63	29
Other inventories				
(Carbon credit units)	7	7	5	–
	57	41	96	59

10. Property, plant and equipment

	Land	Mine properties	Buildings	Plant and equipment	Assets under construction	Total
	$'M	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*
At 1 January 2023						
Cost	12	1,495	40	697	93	2,337
Accumulated depreciation	–	(174)	(6)	(137)	–	(317)
Net book amount	12	1,321	34	560	93	2,020
Year ended 31 December 2023						
Opening net book amount	12	1,321	34	560	93	2,020
Additions	–	–	–	–	119	119
Disposals	–	–	–	–	–	–
Transfers	(3)	27	(5)	92	(111)	–
Depreciation charge	–	(69)	(1)	(76)	–	(146)
Closing net book amount	9	1,279	28	576	101	1,993
At 1 January 2024						
Cost	9	1,538	33	718	101	2,399
Accumulated depreciation	–	(259)	(5)	(142)	–	(406)
Net book amount	9	1,279	28	576	101	1,993
Year ended 31 December 2024						
Opening net book amount	9	1,279	28	576	101	1,993
Additions	–	11	1	36	57	105
Reclassifications at net book value	–	(20)	5	15	–	–
Transfers	–	23	–	59	(82)	(108)
Depreciation charge	–	(49)	(1)	(58)	–	–
Closing net book amount	9	1,244	33	628	76	1,990

	Land	Mine properties	Buildings	Plant and equipment	Assets under construction	Total
	$'M	*$'M*	*$'M*	*$'M*	*$'M*	*$'M*
At 1 January 2025						
Cost	9	1,540	42	775	76	2,442
Accumulated depreciation	–	(296)	(9)	(147)	–	(452)
Net book amount	9	1,244	33	628	76	1,990
Year ended 31 December 2025						
Opening net book amount	9	1,244	33	628	76	1,990
Additions	–	9	–	10	54	73
Disposals	(1)	(7)	–	–	–	(8)
Transfers	–	11	–	31	(43)	(1)
Depreciation charge	–	(67)	–	(74)	–	(141)
Closing net book amount	8	1,190	33	595	87	1,913
At 1 January 2026						
Cost	8	1,553	43	815	87	2,506
Accumulated depreciation	–	(363)	(10)	(220)	–	(593)
Net book amount	8	1,190	33	595	87	1,913
Period ended 30 June 2026						
Opening net book amount	8	1,190	33	595	87	1,913
Additions	–	1	–	5	37	43
Disposals	–	–	–	–	–	–
Transfers	–	2	–	25	(27)	–
Depreciation charge	–	(27)	(1)	(34)	–	(62)
Change to closure asset	–	(2)	–	–	–	(2)
Closing net book amount	8	1,164	32	591	97	1,892
At 30 June 2026						
Cost	8	1,554	43	846	98	2,549
Accumulated depreciation	–	(391)	(11)	(255)	–	(657)
Net book amount	8	1,163	32	591	98	1,892

(a) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication of impairment of the Group's assets. Where an indicator of impairment is identified, impairment testing is performed. There were no impairment indicators in the current financial year.

11. Lease

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 December 2023	**31 December 2024**	**31 December 2025**	**30 June 2026**
	$'M	*$'M*	*$'M*	*$'M*
Properties	–	–	1	1
Rail and port	8	7	6	5
Equipment	3	3	2	2
Total Right-of-use assets	11	10	9	8
Current	4	3	2	3
Non-current	11	12	11	9
Total lease liabilities	15	15	13	12

Additions to the right-of-use assets during each financial period were US$2.8 million (31 Dec 2023); US$2.3 million (31 Dec 2024); US$1.1 million (31 Dec 2025) and nil (30 June 2026).

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Depreciation charge of right-of-use assets					
Properties	–	–	–	–	–
Rail and port	1	1	1	1	1
Equipment	3	2	1	1	–
	4	3	2	2	1
Interest expense (included in finance cost)	3	1	2	1	1

12. Intangible assets

Software

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'000	*$'000*	*$'000*	*$'000*
Cost	714	778	1,331	3,552
Accumulated amortization	(485)	(548)	(732)	(3,026)
Net book amount	229	230	599	526

13. Deferred tax assets

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
The balance comprises temporary differences attributable to:				
Tax losses	–	22	31	29
Lease liabilities	8	3	3	14
Site rehabilitation and closure provision	10	14	14	9
Employee benefit obligations	9	9	9	3
Other	6	7	5	3
Total deferred tax assets	33	55	62	58
Set-off of deferred tax assets pursuant to set-off provisions	(33)	(55)	(62)	(58)
Net deferred tax assets	–	–	–	–

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Movements:				
Opening balance	40	33	55	62
Credited/charged) to profit or loss	(7)	22	7	(4)
	33	**55**	**62**	**58**

14. Trade and other payables

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Trade payables	28	21	19	18
Related party payables	–	–	2	1
Royalties payable	23	7	21	18
Accrued expenses	35	27	30	25
Other payables	2	2	10	1
	88	**57**	**82**	**63**

15. Borrowing

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Secured				
Bank loans – senior facility	599	476	451	424
Deferred debt issue costs	(16)	(11)	(7)	(5)
Total secured non-current borrowings	**583**	**465**	**444**	**419**

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are secured over all the assets and undertakings of the Group.

(b) Syndicated Facility Agreement ("SFA")

The SFA has an interest rate at the Secured Overnight Financing Rate (SOFR) administered by the Federal Reserve Bank of New York plus 4.00% per annum. A Working Capital Facility of $100,000,000 is available to the Group under the SFA.

The SFA has a final maturity date of 14 November 2027, with principal and interest payable in instalments on a quarterly basis. Prepayments may also be made.

In accordance with the SFA, the Group is required to maintain certain financial ratios. The Group is also required to comply with certain terms and conditions with regard to cash management, periodic reporting, financial activities, and other matters.

As part of entering into the SFA, the Group paid $24,678,000 in upfront and related borrowing costs which were capitalised on the date the facility was first utilised. The capitalised costs will be amortised over the life of the loan.

(c) Loan covenants

Under the Syndicated Facility Agreement, the Group was required to comply with the following financial covenants:

- cash flow available for debt service plus cash to senior debt ratio of greater than 1.2 times, and
- the ratio of net senior debt to EBITDA must be not more than 3.5 times, and
- net present value of projected cash flow available for debt service to senior debt ratio of greater than 1.5 times.

During the period, covenant compliance was actively monitored, and in some periods, amendments or waivers were agreed with lenders prior to covenant testing dates. Management continues to monitor covenant compliance.

(d) Fair value

For borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

16. Derivative financial instruments

The Group has the following derivative financial instruments in the following line items in the consolidated statement of financial position.

	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
Current assets				
Foreign exchange collar derivatives	–	–	–	2
Total current derivative financial instrument assets	–	–	–	2
Current liabilities				
Warrant liability	51	33	9	–
Total current derivative financial instrument liabilities	51	33	9	–

(a) Foreign exchange collar derivatives

At the reporting date, the Kestrel Group held four foreign exchange collar option contracts that economically hedged forecast AUD dollar-denominated cash flows. The contracts provided hedge coverage of US$40 million per month through to September 2026. The contracts had a fair value asset of US$2.2 million at 30 June 2026. In accordance with the Group's accounting policy for derivative financial instruments, the contracts were measured at fair value. As hedge accounting was not applied, all fair value movements were recognised in profit or loss. Valuations are sourced from participating financials institutions.

(b) Warrant liability

Kestrel Coal Group Pty Ltd issued 134,030,872 warrants on 24 July 2018. Upon the achievement of certain vesting terms and conditions, each vested warrant entitles the holder to receive the cash equivalent of the market value of a newly issued share in Kestrel Coal Group Pty Ltd, less US$1, or to purchase one newly issued share in Kestrel Coal Group Pty Ltd for US$1.

The warrants do not vest and become exercisable unless the fair market value of the Kestrel Coal Group Pty Ltd equal to 1.5 times the total paid up capital of Kestrel Coal Group Pty Ltd as at the vesting date prior to the exercise of the warrants.

Each warrant is automatically exercised on the earlier of the date the warrant holder (or its related entity) ceases to hold any shares in Kestrel Coal Group Pty Ltd, an exit event occurs (such as a listing or sale of the underlying business or assets) or the 5th anniversary of the acquisition date. Additional warrants, based on 11% of the number shares and warrants held by the holder, will be issued to the holder, should the fair market value of Kestrel Coal Group Pty Ltd equal 1.5 times the total paid up capital of Kestrel Coal Group Pty Ltd as of 1 August 2018. A subsequent vesting hurdle exists for if the fair market value of the Group is equal to 1.7 times the total paid up capital, at which point an additional 3% shareholding is added to the original 11%.

Management has calculated the fair market value of the Kestrel Coal Group Pty Ltd and noted that at 30 June 2026, the values do not meet the threshold for the warrants to be exercised and hence, the warrants have been valued at $Nil.

During the current period, the Group has determine that the purchase consideration negotiated under an ongoing sale transaction, which has not yet been finalized, provides a better estimate of the fair market value of shares at the vesting date than a modelled valuation, and has adopted this as the basis of estimation, adjusted for a minority discount and estimated net debt.

The warrants continued to be classified as a financial liability as at 30 June 2026, as they are to be cash settled (at the option of the holder). Key assumptions that went into the calculation of the value of the warrants at 30 June 2026, compared to 31 December 2025 are outlined below:

Assumptions – 30 June 2026

Assumptions	**Approach**
Fair value of shares	Estimated with reference to the purchase consideration negotiated under an ongoing sale transaction that has not yet been finalized as at the date of this report (refer to Note 26 – Events occurring after the reporting period), which management considers to be a better estimate of fair market value than a modelled valuation.
Estimated net debt	The Group's estimated net debt position as at the valuation date, deducted from the sale consideration in arriving at the fair market value of equity.
Minority discount	A discount of 25% has been applied to the fair market value of equity attributable to the warrant holders, on a stand-alone basis with no attribution of value for a control premium, consistent with the basis applied in the prior period.
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.

In the current period, management considers the purchase consideration negotiated under the ongoing sale transaction referred to above to provide a better estimate of the fair market value of shares than the discounted cash flow/option pricing based approach applied at 31 December 2025, and has adopted this updated basis of estimation accordingly.

Assumptions – 31 December 2025

Assumptions	Approach used to determine values
Weighted Average Cost of Capital (WACC)	The Group has applied a nominal post tax WACC of 10.1%. This is applied to the value of future post tax cash flow forecasts.
Compounded risk free interest rate	This is sourced from readily available market data of 4.55%.
Annualised Price Volatility	An annualised price volatility of 44.19% is based off a median of observable published market data from identified companies that are similar to the Group.
Coal Price	Coal prices applied to the Group's cash flow forecasts are based on consideration of third-party forecasts over the life of the mine. The benchmark hard coking coal price utilised fell between the range of US$190/t – US$225/t.
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.

17. Employee benefit obligations

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Leave obligations	22	19	22	24
Other employee benefits	7	10	7	4
Total employee benefit obligations	29	29	29	28

(a) Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(w).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of each provision US$22.2 million (31 Dec 2023); US$19.4 million (31 Dec 2024); US$21.8 million (31 Dec 2025) and US$24 million (30 June 2026) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
Current leave obligations expected to be settled after 12 months	17	14	16	18

18. Provisions

Current	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
Other provisions	–	3	11	13
	–	**3**	**11**	**13**
Non-current				
Site rehabilitation and closure provision	44	46	46	46
Other provisions	4	5	4	–
	48	**51**	**50**	**46**

Other provisions relate to the Safeguard Mechanism (Crediting) Amendment Act 2023 which took effect from 1 July 2023. A provision has been recognised for the expected obligation arising from emissions exceeding the safeguard baseline. All movement in other provisions is charged to the profit or loss.

(a) Movements in provisions

Movements in the site rehabilitation and closure provision during the financial period is set out below:

	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
Carrying amount at the start of the period	42	44	46	46
Addition/(provision reversed) to plant and equipment	–	5	(6)	(2)
Foreign exchange movement	–	(4)	4	1
Unwinding of the discount	2	1	2	1
Carrying amount at the end of the period	44	46	46	46

19. Deferred tax liabilities

	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
The balance comprises temporary differences attributable to:				
Property, plant and equipment	128	159	168	172
Inventories	5	6	7	2
Right-of-use assets	8	4	3	7
	141	**169**	**178**	**181**
Set-off of deferred tax liabilities pursuant to set-off provisions	(33)	(55)	(62)	(58)
Net deferred tax liabilities	108	114	116	123
Movement				
Opening balance	114	141	169	178
Charged/(credited) to profit or loss	27	28	9	3
	141	**169**	**178**	**181**

20. Contributed equity

(a) Share capital

	2023	2024	2025	30 June 2026	2023	2024	2025	30 June 2026
	Shares	*Shares*	*Shares*	*Shares*	*$'M*	*$'M*	*$'M*	*$'M*
Ordinary shares	1,501,098,267	1,501,098,267	1,501,098,267	1,501,098,267	1,184,432	1,184,432	1,184,432	1,184,432

(b) Ordinary shares

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

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Warrants

As described in note 16(a), the Group executed a Warrant Instrument and issued 134,030,872 warrants. As the warrants were issued for nil consideration and that the warrants and the ordinary shares have been issued in contemplation of each other, the warrants were considered to be a cost of issuing the ordinary shares. As a result, the initial fair value of the warrants of $25,000,000 was deducted from the share capital amount of $1,084,431,600.

(d) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and

- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

21. Dividends

(a) Ordinary shares

No dividends have been paid by KESTREL to target groups during the relevant Track Record Period.

(b) Franking dividends

The Company has a franking account balance of $16,540,800 since 31 Dec 2025.

22. Remuneration of auditors

During each Track Record Period the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

PricewaterhouseCoopers

	31-Dec 2023	**31-Dec 2024**	**31-Dec 2025**	**30-Jun 2025**	**30-Jun 2026**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(unaudited)	
Audit of financial statements	201	186	184	184	246
Other assurance services	–	–	85	85	47
Other services	20	32	34	34	–
Total remuneration for audit and other services	**221**	**218**	**303**	**303**	**293**

23. Contingent liabilities

The Group had contingent liabilities in respect of:

(i) Bank guarantees

The Group held bank guarantees in favour of various infrastructure service providers. The total of these guarantees was $11 million for all Track Record Period with various financial institutions.

(ii) Joint ventures

For contingent liabilities relating to joint ventures refer to note 27(b)(i).

24. Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Property, plant and equipment	58	24	37	37	41

25. Related party transactions

(a) Parent entities

Name	Place of incorporation	Ownership interest 2023	2024	2025	June 2026
Adaro Capital Ltd	Malaysia	47.99%	47.99%	47.99%	47.99%
Kestrel Coal (EMR) Ltd*	Cayman Islands	4.51%	4.51%	4.51%	4.51%
Kestrel Coal (EMR) Pty Ltd*	Australia	47.50%	47.50%	47.50%	47.50%

* There is no common ultimate parent entity for these companies.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27(a).

(c) Key management personnel compensation

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(unaudited)	
Short term benefits	2,986	2,901	4,380	2,837	996
Post-employment benefits	823	86	100	52	42
Long-term benefits	–	2,192	–	–	–
Termination benefits	–	–	254	–	110
Total key management personnel compensation	3,809	5,179	4,734	2,889	1,148

(d) Transactions with other related parties

The following transactions occurred with related parties:

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(unaudited)	
Sponsor service fee expenses from related parties	–	–	(6,712)	–	(1,205)

(e) Outstanding balances to related parties

The balances outstanding at the end of the reporting year in relation to transactions with related parties are referred to in note 14 for payables.

26. Events occurring after the reporting period

Subsequent to the reporting date, the following events occurred:

Proposed sale to Yancoal Australia Limited

The Group entered into arrangements in relation to the proposed sale to Yancoal Australia Limited. The transaction remains subject to the satisfaction of customary conditions precedent and is expected to complete following satisfaction of those conditions. The financial effects of the proposed transaction have not been recognised in these financial statements as at the reporting date.

Dividend payment

On 10 July 2026, the Board declared and paid a fully franked dividend of $8,750,000. As the dividend was declared after the end of the reporting period, no liability has been recognised in the financial statements as at 30 June 2026.

Enterprise Agreement Approved

On 21 August 2026, employees voted to approve the new Kestrel Coal Workforce Enterprise Agreement 2026, which provides for revised remuneration, allowances and employee benefits. The agreement is expected to be lodged with the Fair Work Commission by 4 September 2026 and will become effective seven days after approval by the Fair Work Commission. At the date of authorisation of these financial statements, the financial impact of the agreement cannot be reliably estimated.

Other than the matters disclosed above, no events have occurred after the reporting period that require adjustment to or disclosure in these financial statements.

27. Interests in other entities

(a) Subsidiaries

The Group's subsidiaries at each Track Record Period are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held 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	Ownership interest held by the Group				Principal activities
		31 Dec 2023	31 Dec 2024	31 Dec 2025	30 Jun 2026	
		%	%	%	%	
Kestrel Coal Holdings Pty Ltd	Australia	100	100	100	100	Holding entity
Kestrel Coal Midco Pty Ltd	Australia	100	100	100	100	Holding/financing entity
Kestrel Coal Subsidiary Pty Ltd	Australia	100	100	100	100	Holding entity
Kestrel Coal Resources Pty Ltd	Australia	100	100	100	100	JV participant
Kestrel Coal Sales Pty Ltd	Australia	100	100	100	100	JV sales agent
Kestrel Coal Pty Limited	Australia	100	100	100	100	JV management entity

(b) Joint operations

Kestrel Coal Resources Pty Ltd has an 80% interest in a joint operation called the Kestrel Coal Joint Venture which mines coal in central Queensland.

(i) Contingent liabilities in respect of joint ventures

As part of a compensation agreement for surface rights, the Kestrel Coal Joint Venture gave an undertaking to the relevant tribunal to pay compensation to the landowner if the land was sold during the term of the mining lease. The value to be equivalent to the difference between fair market value and the price realised. The amount is therefore unspecified.

The Kestrel Joint Venture has entered into agreements with surrounding landowners obliging the Kestrel Joint Venture to 'make good' any adverse impact that mining operations at Kestrel has on the landowner's water entitlements. The amount is therefore unspecified.

As part of a compensation agreement for the renewal of a mining lease, the Kestrel Coal Joint Venture has given an indemnity to landholders to make good any loss or damage caused by the Kestrel Coal Joint Venture's use of the land. The amount is therefore unspecified.

28. Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	31 December 2023	31 December 2024	31 December 2025	30 June 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*	*$'M*
				(unaudited)	
Profit for the year	107	32	24	(28)	27
Adjustments for					
Depreciation and amortisation	150	112	143	55	63
Net gain on sale of non-current assets	–	–	(1)	–	–
Fair value gains on warrants	–	(18)	(24)	(10)	(11)
Capitalised interest	2	–	–	–	–
Interest and finance charges paid/payable	66	54	48	25	19
Amortisation of debt issue costs	7	5	4	2	2
Unwinding of provisions	2	2	2	3	–
Net exchange differences	1	4	(3)	(3)	–
Change in operating assets and liabilities:					
(Increase)/decrease in trade and other receivables	(3)	77	(35)	8	2
(Increase)/decrease in inventories	8	16	(54)	(20)	36
Decrease/(increase) in income tax receivable	(5)	(8)	14	12	–
Increase/(decrease) in trade and other payables	(35)	(33)	17	4	(20)
Increase in other operating liabilities	4	–	20	(5)	–
Increase in net deferred tax liabilities	35	6	2	(16)	7
Net cash inflow from operating activities	339	249	157	27	125

(b) Debt reconciliation

Debt	31 December 2023 *$'M*	31 December 2024 *$'M*	31 December 2025 *$'M*	30 June 2026 *$'M*
Borrowings – repayable within one year	(7)	–	–	–
Borrowings – repayable after one year	(576)	(465)	(444)	(419)
	(583)	(465)	(444)	(419)

	Lease liabilities *$'M*	Debt issue cost *$'M*	Bank loans *$'M*	Loan from related parties *$'M*	Total *$'M*
Debt as at 1 January 2023	(14)	24	(741)	(3)	(734)
Cash flows	–	–	144	3	147
Accrued interest	–	–	(2)	–	(2)
Amortisation of debt issue costs	–	(7)	–	–	(7)
Debt as at 31 December 2023	(14)	17	(599)	–	(596)
Debt as at 1 January 2024	(14)	17	(599)	–	(596)
Cash flows	–	–	122	–	122
Amortisation of debt issue costs	–	(5)	–	–	(5)
Debt as at 31 December 2024	(14)	12	(477)	–	(479)
Debt as at 1 January 2025	(14)	11	(476)	–	(479)
Cash flows	–	–	25	–	25
Amortisation of debt issue costs	2	(4)	–	–	(2)
Debt as at 31 December 2025	(12)	8	(452)	–	(456)
Debt as at 1 January 2026	(12)	8	(452)	–	(456)
New lease/de-recognition of leases	2	–	–	–	2
Cash flows	1	–	25	–	26
Revaluation	–	–	1	–	1
Amortisation of debt issue costs	–	(2)	–	–	(2)
Debt as at 30 June 2026	(9)	6	(426)	–	(429)

(c) Non-cash investing and financing activities

Non-cash investing and financing activities relating to the acquisition of right-of-use assets are disclosed in note 11.

29. Deed of cross guarantee

Kestrel Coal Group Pty Ltd, Kestrel Coal Midco Pty Ltd and Kestrel Coal Holdings Pty Ltd have entered into a deed of cross guarantee under which each company guarantees the debts of the others. The wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

(a) Consolidated statement of profit and loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Kestrel Coal Group Pty Ltd, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2025 of the closed group consisting of Kestrel Coal Group Pty Ltd, Kestrel Coal Midco Pty Ltd and Kestrel Coal Holdings Pty Ltd.

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(unaudited)	
Consolidated statement of profit or loss and other comprehensive income					
Interest income	56	38	42	20	19
Foreign exchange losses	(40)	346	(133)	(198)	(81)
Fair value gain on warrants	–	18,000	24,000	9,600	9,000
Other expenses	(9)	–	(38)	(38)	–
Income tax expense	–	–	(963)	16,208	(963)
Profit for the year	**7**	**18,384**	**22,908**	**25,592**	**7,976**

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
				(unaudited)	
Summary of movements in consolidated retained earnings					
Retained earnings at the beginning of the financial period	166,287	166,295	184,678	184,678	207,586
Profit for the year	7	18,384	22,908	25,592	7,976
Retained earnings at the end of the financial period	**166,294**	**184,679**	**207,586**	**210,270**	**215,562**

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at each Track Record Period of the closed group consisting of Kestrel Coal Group Pty Ltd, Kestrel Coal Midco Pty Ltd and Kestrel Coal Holdings Pty Ltd.

USD	**31 December 2023**	**31 December 2024**	**31 December 2025**	**30 June 2026**
	$'M	*$'M*	*$'M*	*$'M*
Current assets				
Cash and cash equivalents	–	1	2	2
Related party tax receivables	64	59	50	41
Total current assets	64	60	52	43
Non-current assets				
Related party receivables	6	4	7	7
Investments in subsidiaries	1,347	1,347	1,347	1,353
Deferred tax assets	11	14	22	29
Total non-current assets	**1,364**	**1,365**	**1,375**	**1,389**
Total assets	**1,428**	**1,425**	**1,427**	**1,432**

USD	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Current liabilities				
Trade and other payables	2	–	1	1
Related party loans	25	23	25	32
Derivative financial instruments	51	33	9	–
Total current liabilities	**78**	**56**	**35**	**33**
Net assets	**1,350**	**1,369**	**1,392**	**1,399**
EQUITY				
Contributed equity	1,184	1,184	1,184	1,184
Retained earnings	166	185	208	215
Total equity	**1,350**	**1,369**	**1,392**	**1,399**

30. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Kestrel Coal Group Pty Ltd, show the following aggregate amounts:

USD	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	$'M	*$'M*	*$'M*	*$'M*
Statement of financial position				
Current assets	–	–	1	1
Non-current assets	1,151	1,151	1,154	1,154
Total assets	1,151	1,151	1,155	1,155
Current liabilities	51	33	13	4
Total liabilities	1,151	1,151	1,155	1,155
Net assets	1,100	1,118	1,142	1,151

USD	31 December 2023 $'M	31 December 2024 $'M	31 December 2025 $'M	30 June 2026 $'M
Shareholders' equity				
Issued capital	1,184	1,184	1,184	1,184
Accumulated losses	(84)	(66)	(42)	(33)
	1,100	**1,118**	**1,142**	**1,151**
Profit for the year	–	18	24	9
Total comprehensive income	–	18	24	9

31. Financial instruments

(a) Accounting classifications

	Notes	31 December 2023 $'M	31 December 2024 $'M	31 December 2025 $'M	30 June 2026 $'M
Financial assets measured at amortised cost					
Cash and cash equivalent	*7*	163	129	144	181
Trade and other receivables*	*8*	121	44	84	86
		284	173	228	267
Financial assets measured at amortised cost					
Derivative financial instruments (foreign exchange collars)	*16*	–	–	–	2
		–	–	–	2

	Notes	31 December 2023 $'M	31 December 2024 $'M	31 December 2025 $'M	30 June 2026 $'M
Financial liabilities measured at amortised cost					
Trade and other payables*	*14*	88	57	82	63
Lease liabilities	*11*	11	12	13	12
Borrowings	*15*	576	465	444	419
		675	534	539	492
Financial liabilities measured at fair value					
Derivative financial instruments (warrant liability)	*16*	51	33	9	–
		51	33	9	–

* Other receivable and payables that are not financial instruments (Goods and service tax receivable, prepayments and deferred income) are not included.

(b) Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	31 December 2023 $'M	31 December 2024 $'M	31 December 2025 $'M	30 June 2026 $'M
Opening balance	51	51	33	9
Net change in fair value	–	(18)	(24)	(9)
Closing balance	51	33	9	–