



U&D Coal Limited  
Annual Report  
2025





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## Directors' Report





The Directors' present their report on the consolidated entity (referred to hereafter as "**the Group**") consisting of U&D Coal Limited ("**the Company**") and the entities it controlled at the end of, or during, the year ended 30 June 2025.

## Directors

The names of the Directors and their appointment dates are:

Name	Position	Appointed / Resigned
Qian Yu	Executive Director and Chairman	Appointed Director on 31 July 2014, Appointed Chairman on 5 February 2016
Peter Edwards	Director and Company secretary	Appointed Company secretary on 20 November 2013 Appointed Director on 7 September 2023
Christopher Coombes	Non-executive Director	Appointed on 7 September 2023
Feng Shao	Non-executive Director	Appointed on 25 January 2024

No Directors ceased holding office during the year.

## Principal activities

The Group's principal activities during the period were focussed on two key areas.

- The first in relation to the exploration, development, production and sales of hard-coking, thermal and PCI coal in the Bowen Basin of Queensland. Details of the sale are contained in the notes to the financial statements.
- The second in relation to interest income earned on the investment of available funds in financial deposits. The Group continues to explore investment opportunities for its financial assets.

## Directors' meetings

Financial Year 2025		Meetings of Committees							
		Board		HSE		Remuneration & Nominations		Audit & Risk Management	
Directors	Country of Residence	A	B	A	B	A	B	A	B
Qian Yu	Australia	8	8	1	1	-	-	1	1
Peter Edwards	Australia	8	8	1	1			1	1
Christopher Coombes	Australia	8	8	1	1				
Feng Shao	Mainland China	8	4			-	-	1	-

- A** Number of meetings held during the time the Director held office or was a member of the committee during the year
- B** Number of meetings attended
- Not a member of this committee

## Dividends paid or recommended

No dividends were paid during the period, and no recommendation is made as to the payment of dividends.

## Review of operations

The Group has worked consistently throughout the year on its principal activities. Positive cash flows are continuing from coal sales through its unincorporated MDS Joint Venture (JV/MDS JV) with Sojitz Blue Pty Ltd (Sojitz) and from interest income on its investments.

Whilst there is a strong emphasis on the operation of the Meteor Downs South (MDS) mine project, the Group has also been continuing limited exploration of tenement assets located in highly prospective areas and looking at other investment opportunities.

### MDS Project

Mine construction commenced in February 2018, with first coal sold in July 2018. Initially, coal was transported to Sojitz Corporation's Minerva mine by road, until the JV completed the train load out facility in July 2020. The coal is transported to the Port of Gladstone for international shipping. The mining operation is expected to be completed in the financial year ended June 2028.



### Rookwood Project

The Rookwood Project (previously known as 'Rockwood') remains a key asset for the Group, with a pre-2012 JORC-compliant resource of 447.1 Mt. During November to December 2024, the Group completed the first phase of drilling, which provided further insights into the geological characteristics of the area. The Group re-commence drilling in August 2025, with the objective of updating the resource for MDL 3022 in accordance with the current 2012 JORC Code. The Group did not drill and will not update the JORC for EPC 1514, which also part of the Rookwood project.

### Broughton Project

The Broughton Project remains a key asset for the Group, with a JORC resource of 120.9Mt. In the current year the Group has requested an extension of the Mineral Development Licence (MDL) granted in June 2019, and an extension of the Exploration Permit for Coal (EPC) covering the tenement area. The Group engaged an external consultant to review and manage the renewal process of the project. The work programme has been accepted by the department recently, and the renewal is underway.

The Group remains committed to development of the Broughton Project subject to its financial viability.

### Inderi Project

The Inderi Project has been a potential project for the Group for some time. This project is a potential underground mine near the existing MDS Project. During the previous year the Group undertook a gap analysis on a dated concept study for the Inderi Project. The group is unlikely to proceed with this project based on current coal prices.

### Native Dog Project

The group was awarded an Exploration Permit for Minerals (EPM) for the Native Dog Project in FY24. It is early days for this Project which offers potential for Wolfram (W) also known as Tungsten. The group is looking at early phase exploration plans involving desktop reviews and site surveys to identify target areas.

## Review of operations (continued)

### Tenement exploration

The Group holds 10 tenements, including MDS and Broughton, with a combined total of 227 sub-blocks held under EPC's and 39 sub-blocks held under EPM. The total land area held under EPCs, MDLs and MLs is 804 km<sup>2</sup>. The Group has a primary focus on all projects identified above and will carry out further investigation on its other tenements subject to funding.

### Resources and reserves

At the date of this report the Group has the following JORC reserves and resources. With the exception of Rookwood, the table is in accordance with the 2012 JORC code. Rookwood is a combination of MDL3022 and EPC1514. During the year the group updated the JORC on MDL3022 to be compliant under the 2012 JORC Code, however the group did not update the JORC on EPC1514. The table below still reflects the total JORC for Rookwood prior to the 2012 JORC Code update on MDL3022.

Tenement	JORC Measured Resource (Mt)	JORC Indicated Resource (Mt)	JORC Inferred Resource (Mt)	Total JORC Resource (Mt)	JORC Marketable Reserves (Mt)	Total JORC Reserves (Mt)
MDS*	13.3	3.5	-	16.8	13.0	13.0
Orion Downs	18.5	8.1	8.0	34.6	-	-
Rookwood MDL3022**	-	26.0	53.0	79.0	-	-
Rookwood EPC1514	-	21.1	347.0	368.1	-	-
Broughton	17.8	11.1	92.0	120.9	-	-
	49.6	69.8	500.0	619.4	13.0	13.0

\* The table doesn't take into account the reduction of the JORC resource on the MDS project. As of 30 June 2025, MDS has produced 8.03 Mt coal from the 13.0 Mt marketable reserves.

\*\* The Group updated the JORC on MDL 3022 part of the Rookwood project to the 2012 JORC code. The JORC on the MDL portion are 26 Mt indicated, and 53 Mt Inferred.

\*\*\*Previous Annual Reports have incorrectly stated that all of the JORC for the Group was compliance with the 2012 JORC Code.

### Other Investments

The group has accumulated significant financial assets over the last few years and returns on these financial assets (interest) has become a principal investment activity of the Group.

During the year the group has evaluated several potential investment proposals to improve shareholder returns. The group has explored debt and equity investments in minerals project, coal projects, and renewable and recycling projects.

### Health and safety

The Group has reported no lost time injuries over the past ten years of operation at the MDS JV. During the year, the MDS JV reported 9 High Potential Incidents (HPI).

In April, the Company engaged an external human resources consultancy to conduct a comprehensive training session for all team members on the prevention of workplace sexual harassment. This initiative also included a confidential employee survey aimed at assessing awareness and identifying potential areas for improvement in workplace conduct.

## Review of operations (continued)

Following the training and survey, the consultant assisted in drafting a formal policy on the prevention and management of workplace sexual harassment. This policy has since been submitted to the Board of Directors for review and was formally approved for implementation. The adoption of this policy underscores the Company's ongoing commitment to fostering a safe, respectful, and inclusive working environment.

Health and safety is a core value of the Group and the Group will strive to maintain that value so that it is embedded in the culture of our employees and contractors. The Group is committed to providing and maintaining a safe work environment in which its employees and contractors are not exposed to hazards that will jeopardise their health and safety.

## Financial performance

### Financial performance

The Group reports an operating loss for the year of \$5.4 million (2024: \$12.9 million profit).

	2025 \$ '000	2024 \$ '000
<b>Revenue from continuing operations</b>	85,526	94,856
Employee benefit expenses	(1,547)	(1,725)
Finance costs	(16,936)	(8,875)
Exploration and evaluation expenditure	(922)	(1,181)
Other expense	(71,554)	(70,151)
<b>(Loss)/Profit before income tax</b>	<b>(5,433)</b>	<b>12,925</b>

The (losses)/earnings per share is shown below.

	2025 Cents	2024 Cents
<b>(Losses)/Earnings per share</b>		
Basic (losses)/earnings per share	(0.3)	0.8
Diluted (losses)/earnings per share	(0.3)	0.8

In the current year the Group has generated coal sales of \$85.5 million and has incurred \$65.4 million as the operation expense of the MDS project.

### Financial position

	2025 \$ '000	2024 \$ '000
Current assets	130,956	109,063
Non-current assets	70,447	83,247
<b>Total assets</b>	<b>201,403</b>	<b>192,310</b>
Current liabilities	17,176	13,638
Non-current liabilities	192,159	183,125
<b>Total liabilities</b>	<b>209,335</b>	<b>196,763</b>
<b>Net Liabilities</b>	<b>(7,932)</b>	<b>(4,453)</b>

## Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

### Tenement Relinquishment

The Group relinquished 2 sub-blocks from EPC 818 during the current financial year.

### Impairment of exploration and evaluation assets

The Group performed an impairment assessment on its exploration and evaluation assets on the basis that there were indicators of impairment through lower coal pricing. After assessment the Group concluded that no impairment was required and so no impairment was recorded for the year ended 30 June 2025.

### Expiration of exploration permit

There is no exploration permit of the Group expired during the financial year 2025.

### Funding

The Group has cash and cash equivalents on 30 June 2025 of \$104.8 million. The Group has generated operating positive cash flows of \$17.4million in the current year and forecasts to generate operating positive cash flows on sales of coal and term deposit interest in the next 12 months. This would cover all its financial considerations for the year ahead based on Australia Kunqian International Energy Co., Pty Ltd (KQ) extending the due dates of the loans to 31 March 2027.

### Repayment of loans

The cash reserves accumulated during the year enabled the Group to fully repay the remaining AUD \$4.4 million of the original AUD \$20.0 million loan principal. As at the reporting date, the Group's only outstanding debt is an AUD \$73.8 million loan from the parent company, which is intended to be converted into equity, subject to the formal approval of the ultimate holding company.

### Proceeding with Flash Lighting Company Ltd

In 2016, Flash Lighting Company Ltd (FLC) a company incorporated in the British Virgin Islands commenced proceedings against the Group's majority shareholder KQ and U&D Mining Industry (Australia) Pty Ltd (UDM), a wholly owned subsidiary of the Group, alleging that the Director knowingly assisted, or was involved in, a breach of fiduciary duties of UDM in relation to the \$29.2 million indebtedness.

In 2019 and 2021, UDM and KQ successfully won the proceedings, clawed back some of those funds traced to other parties, have taken possession of some assets and liquidated certain trusts companies. The Group continues with recovery action and is hopeful that it will be able to finalise the matter within 12 months.



## Significant changes in the state of affairs (continued)

### Rolleston Coal Holdings Pty Ltd against Endocoal

The Supreme Court proceedings commenced by Rolleston Coal Holdings Pty Ltd against Endocoal on 9 May 2022 (being proceeding number BS 5347 of 2022) seek payment of a royalty debt that appears to be at least \$974,820.63 noting that the true amount of the alleged debt is not particularised in the statement of claim filed in the proceeding. Management considers the alleged quantum of any claim by Rolleston against Endocoal in this proceeding to be limited to approximately \$100,000 plus any interest and legal costs.

### Assets restructure

On 3 July 2024, the Group applied to transfer the ownership of the Broughton assets (EPC 818 and MDL 3030): EPC 818 and MDL 3030 from UDM (80%) and RPP (20%) to Endocoal Pty Ltd

The application has been approved by the Department of Resources on 28 August 2024

### Deed of Cross Guarantee

In February 2025, the Company lodged a *Deed of Cross Guarantee* with the Australian Securities and Investments Commission (ASIC) in respect of its wholly owned subsidiary, Endocoal Pty Ltd.

This arrangement enables the subsidiary to be relieved from the requirement to prepare, and lodge separate audited financial statements under ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The Deed of Cross Guarantee provides that the Company and the subsidiary are jointly and severally liable for each other's debts, thereby forming a closed group for financial reporting purposes.

## Environmental regulation

### MDS Mine

The site has been issued an Environmental Protection Order (EPO) for groundwater trigger exceedances in July 2024. This matter has officially been closed out in February 2025.

There are no other material matters that have arisen in relation to environmental issues up to the date of this report.

## Matters subsequent to the end of the financial year

### Shareholder loans

In August 2025, KQ agreed to extend the repayment date of the \$182 million borrowing, which comprises principal of \$73.8 million plus capitalised interest, to 31 March 2027.

### Rolleston Coal Holdings Pty Ltd against Endocoal

The Supreme Court proceedings commenced by Rolleston Coal Holdings Pty Ltd against Endocoal on 9 May 2022 (being proceeding number BS 5347 of 2022) seek payment of a royalty debt that appears to be at least \$974,820.63 noting that the true amount of the alleged debt is not particularised in the statement of claim filed in the proceeding. Management considers the alleged quantum of any claim by Rolleston against Endocoal in this proceeding to be limited to approximately \$100,000 plus any interest and legal costs.

Following the settlement of the claim in relation to outstanding royalty payments, the parties mutually agreed to discontinue the proceedings. A Notice of Discontinuance was duly signed by all parties and filed in the Supreme Court of Queensland on 12 August 2025.

## Future developments and expected results of operations

The Management is actively pursuing a debt-to-equity swap plan with the Group's majority shareholder KQ. Several crucial actions have been taken, and progress has been made in the process, including the asset valuation, legal and tax consultation, etc. The Management is of the firm belief that the interest component will be forgiven, and the loan principal will be converted into the Group's equity within the next 6 months, significantly improving the Group's net liabilities position to net assets.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this Financial Report because the directors believe it would be likely to result in unreasonable prejudice to the Group. The Group will continue to keep shareholders fully informed when new information becomes available.

## Insurance of officers

In January 2025, D&O insurance annual premium of \$119.9 thousand was paid to insure the Directors and Officers of the Group and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## Indemnity of auditors

The Group has not agreed to indemnify the auditor under certain circumstances as permitted in the Corporations Act 2001.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

## Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Group did not engage the auditor for non-audit services in the current and prior year.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this annual report.

## Auditor

SW Audit continues in office in accordance with section 327 of the Corporations Act 2001.

## Directors' resolution

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

于谦 *Fischer Q. Y*

Qian Yu

Director

Brisbane

Dated this 5 September 2025



# Auditors' Independence Declaration



Take the lead

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF U&D COAL LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, likely belonging to a representative of SW Audit.

**SW Audit**  
Chartered Accountants

A handwritten signature in blue ink, likely belonging to Yang (Bessie) Zhang.

**Yang (Bessie) Zhang**  
Partner

Sydney, 5 September 2025

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U&D Coal Limited  
Financial Report  
For the year ended 30 June 2025

# U&D Coal Limited

## Consolidated Financial Statements 2025

### Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2025

	Note	2025 \$	2024 \$
<b>Continuing operations</b>			
Revenue	5(a)	85,525,861	94,856,321
Cost of sales	6(a)	(65,444,416)	(67,854,902)
<b>Gross profit</b>		<b>20,081,445</b>	<b>27,001,419</b>
Depreciation and amortisation	12	(10,390,633)	(10,065,724)
Employee benefit expenses	6(b)	(1,546,548)	(1,724,781)
Interest income		5,023,579	5,450,018
Finance costs	6(c)	(16,936,229)	(8,874,767)
Travel and accommodation expenses		(95,178)	(97,121)
Exploration and evaluation expenditure		(921,574)	(1,180,919)
Foreign exchange gain		578,294	35,854
Other (expense) / income		(1,225,886)	2,381,285
<b>(Loss)/Profit before income tax</b>		<b>(5,432,731)</b>	<b>12,925,264</b>
Income tax benefit/(expense)	7	1,952,857	(4,551,978)
<b>(Loss)/Profit for the year</b>		<b>(3,479,874)</b>	<b>8,373,286</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to Owners of the Company</b>		<b>(3,479,874)</b>	<b>8,373,286</b>
<b>(Loss)/Profit per share</b>		<b>Cents</b>	<b>Cents</b>
Basic (Loss)/Profit per share	31	(0.3)	0.8
Diluted (Loss)/Profit per share	31	(0.3)	0.8

The above consolidated financial statements should be read in conjunction with the accompanying notes.



# U&D Coal Limited

## Consolidated Financial Statements 2025

### Consolidated statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	104,806,720	89,748,841
Trade and other receivables	9	19,192,543	16,147,093
Inventories	10	6,956,338	3,167,557
<b>Total current assets</b>		<b>130,955,601</b>	<b>109,063,491</b>
<b>Non-current assets</b>			
Trade and other receivables	11	19,961,845	19,962,346
Property, plant and equipment	12	33,685,172	46,484,416
Exploration and evaluation expenditure	13	16,800,000	16,800,000
<b>Total non-current assets</b>		<b>70,447,017</b>	<b>83,246,762</b>
<b>Total assets</b>		<b>201,402,618</b>	<b>192,310,253</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	15,613,730	11,992,553
Lease liabilities	15	997,311	935,294
Provisions	17	564,712	709,705
<b>Total current liabilities</b>		<b>17,175,753</b>	<b>13,637,552</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	1,077,999	2,064,152
Borrowings	16	182,060,475	169,564,645
Deferred tax liabilities	7	3,582,226	5,535,083
Provisions	17	5,438,048	5,960,830
<b>Total non-current liabilities</b>		<b>192,158,748</b>	<b>183,124,710</b>
<b>Total liabilities</b>		<b>209,334,501</b>	<b>196,762,262</b>
<b>Net liabilities</b>		<b>(7,931,883)</b>	<b>(4,452,009)</b>
<b>EQUITY</b>			
Contributed equity	18	45,941,395	45,941,395
Reserves	19(a)	832,674	832,674
Accumulated losses	19(b)	(54,705,952)	(51,226,078)
<b>Total equity</b>		<b>(7,931,883)</b>	<b>(4,452,009)</b>

The above consolidated financial statements should be read in conjunction with the accompanying notes.

# U&D Coal Limited

## Consolidated Financial Statements 2025

### Consolidated statement of changes in equity For the year ended 30 June 2025

	Note	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023		45,941,395	832,674	(59,599,364)	(12,825,295)
Total comprehensive income		-	-	8,373,286	8,373,286
Balance at 30 June 2024		45,941,395	832,674	(51,226,078)	(4,452,009)
Balance at 1 July 2024		45,941,395	832,674	(51,226,078)	(4,452,009)
Total comprehensive income	19(b)	-	-	(3,479,874)	(3,479,874)
Balance at 30 June 2025		45,941,395	832,674	(54,705,952)	(7,931,883)

The above consolidated financial statements should be read in conjunction with the accompanying notes.

# U&D Coal Limited

## Consolidated Financial Statements 2025

### Consolidated statement of cash flows For the year ended 30 June 2025

	Note	2025 \$	2024 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		86,243,985	101,208,242
Cash paid to suppliers and employees		(73,378,462)	(76,109,062)
Interest received		4,583,717	5,059,336
Interest paid		(26,165)	(40,001)
<b>Net cash from operating activities</b>	29	17,423,075	30,118,515
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(163,343)	(4,575,792)
Proceeds from sale of plant and equipment		2,584,030	(1,272,429)
<b>Net cash from / (used in) investing activities</b>		2,420,687	(5,848,221)
<b>Cash flows from financing activities</b>			
Repayment of borrowings	16	(4,413,965)	(23,586,035)
Payments of lease liabilities	15	(936,212)	(1,495,510)
<b>Net cash used in financing activities</b>		(5,350,177)	(25,081,545)
<b>Net increase / (decrease) in cash and cash equivalents</b>		14,493,585	(811,251)
Cash and cash equivalents at 1 July		89,748,841	90,228,386
Effect of movements in exchange rates on cash held		564,294	331,706
<b>Cash and cash equivalents at 30 June</b>	8	104,806,720	89,748,841

*The above consolidated financial statements should be read in conjunction with the accompanying notes.*



### 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 the years presented, unless otherwise stated. The financial statements are for U&D Coal Limited ("the Company" or "the parent entity") and its subsidiaries (together "the Group"). The Group is a for profit entity for the purpose of preparing the financial statements.

#### (a) Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Comparative information has been reclassified where appropriate to enhance comparability.

##### *Compliance with IFRS*

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

##### *Early adoption of standards*

The Group has not early adopted any standards.

##### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

##### *Rounding of amounts*

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

##### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

##### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its 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 3.

### 1. Summary of material accounting policies (continued)

#### (b) Going concern basis of accounting

The Group's continuous operation as a going concern has always been a key focus.

During the financial year ending on 30 June 2025, the Group reports an operating loss before tax of \$5.4 million, with a net cash inflow from operating activities amounting to \$17.4 million and a total net cash inflow of \$14.5 million. The cash reserves accumulated during this period enabled the Group to fully repay the remaining principal of the AUD 20 million loan.

Looking ahead, the Group's outlook for future coal sales remains positive for the next 12 months. Despite stable coal prices at around US\$ 85 per ton, the USD/AUD exchange rate is expected to remain at 0.67, indicating a positive cash inflow projection for the coming year.

Simultaneously, the Group's Management is actively progressing a debt-to-equity swap initiative, which has received preliminary approval from both KQ and Yima, the ultimate parent company. As at 30 June 2025, the outstanding loan from KQ amounts to approximately AUD 182 million, including capitalised interest of AUD 108 million. The preliminary agreement includes the partial forgiveness of the capitalised interest and the conversion of the loan principal into equity. This transaction is expected to be completed within the next 12 months and is anticipated to significantly improve the Group's financial position, transitioning from net liabilities to net assets.

Based on recent communications with shareholders, specifically KQ, the Directors have received confirmation of KQ's intent to ensure the Group's ongoing operation for at least the next twelve months from the date the financial report is released. This includes maintaining loan guarantees and refraining from calling for repayments.

Considering these factors, the Group will continue to operate as a going concern, and the financial statements for the year ending 30 June 2025 have been prepared on a going concern basis.

#### (c) Principles of consolidation

##### (i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of the Group as at 30 June 2025 and the results of the subsidiaries for the year then ended.

Subsidiaries are all those entities that the Group controls. The Parent controls an entity when 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 over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity respectively.

### 1. Summary of material accounting policies (continued)

#### (c) Principles of consolidation (continued)

##### (ii) *Associates*

Associates are entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity accounting method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment to the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (iii) *Joint arrangements*

Under AASB 11 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. The Group currently has a joint operation.

##### *Joint operations*

The Group 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 have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 26.

##### *Joint ventures*

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

##### (iv) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.



### 1. Summary of material accounting policies (continued)

#### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The CEO is responsible for allocating resources and assessing performance of the operating segments.

#### (e) Revenue recognition

Revenue arises mainly from the sale of coal and interest income.

The Group follows a 5-step process when recognising revenue:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when performance obligation(s) are satisfied.

The Group enters into transactions involving the sale of coal products to its customers. The transaction price of the contract is allocated to the performance obligation based on the relative stand-alone selling price. The transaction price is the consideration received or receivable excluding amounts collected on behalf of third parties. The Group recognises the amount of the transaction price as revenue at a point in time when it satisfies the performance obligation by transferring the promised products to its customer.

Revenue is recognised for the major business activities as follows:

##### (i) *Coal sales*

Revenue from sale of coal is recognised when the Group has transferred to the customer the significant risks and rewards of ownership of the coal products, generally when undisputed delivery of coal on to the carrying vessel has been completed.

##### (ii) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate.

##### (iii) *Impairment of receivables*

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate.

### 1. Summary of material accounting policies (continued)

#### (f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluate 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, the deferred income tax is 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 substantially enacted by the end of the reporting period 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 for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when 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) *Investment allowance*

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

### 1. Summary of material accounting policies (continued)

#### (f) Income tax (continued)

##### (ii) *Tax consolidation*

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and its 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, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as 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.

##### (iii) *International Tax Reform – Pillar Two Model Rules*

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Model Rules to address taxation challenges arising from the digitalisation of the global economy. The Pillar Two Model Rules operate to apply a minimum tax rate of 15 per cent to large corporate Groups in each jurisdiction where they operate. Due to uncertainty around the impact of these rules on the recognition and measurement of deferred taxes, the Australian Accounting Standards Board (AASB) issued AASB 2023-2 "Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules" to amend AASB 112 'Income taxes', introducing a mandatory temporary exception to the requirements of AASB 112, under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/ G20 BEPS Pillar Two Model Rules. The Group is in the scope of the Pillar Two Model Rules and adopted the temporary exception at 30 June 2025.



## Notes to the consolidated financial statements For the year ended 30 June 2025

### (g) Leases

A contract is, or contains, a lease if the contract conveys the right to obtain substantially all of the economic benefits from use and the right to direct the use of an identified asset for a period of time in exchange for consideration. The Group, as lessee, recognises a right-of-use asset representing its right to use the leased asset and a lease liability representing its obligations to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. At inception of the lease, the leased asset and lease liability are measured at the present value of the non-cancellable lease payments.

The leased asset is depreciated using the straight line method over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. The depreciation rates are as follows:

- Right-of-use property, plant and equipment – over 2 to 5 years

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

Lease payments associated with short-term leases or leases for which the underlying asset is of low value (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

### (h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, 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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

### 1. Summary of material accounting policies (continued)

#### (i) Impairment of assets

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 to sell 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### (j) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities that are readily converting to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### (k) Inventories

Coal stocks are stated at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (l) Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when assessing the risk of default under the expected credit losses model the Group determines that it will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### 1. Summary of material accounting policies (continued)

#### (m) Financial assets and financial liabilities

##### **Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets or financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at fair value adjusted for transaction costs except for those carried at fair value through profit or loss, which are measured initially at fair value with transaction costs expensed in profit or loss.

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. Financial liabilities are derecognised when it is extinguished, discharged, cancelled or expired.

##### **Classification of financial assets**

The Group classifies its financial assets in the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss. The classification is based on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets. Management determines the classification of its investments at initial recognition and re-evaluates this designation when its business model for managing those assets changes.

##### **Subsequent measurement of financial assets**

##### *(i) Financial assets at amortised cost*

The Group measures its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows and;
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

After initial recognition, these are measured at amortised cost using the effective interest method. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

All income and expenses relating to financial assets are presented in profit or loss within other income or other expenses in the period in which they arise. Details on how the fair value of financial instruments is determined are disclosed in Note 2.

##### **Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its trade and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers a range of information when assessing credit risk and measuring expected credit losses, including past events, current condition, other reasonable and supportable forecasts information that affect the expected collectability of the future cash flows of the financial instrument.

'12-month expected credit losses' are recognised for financial instruments when credit risk has not increased significantly while 'lifetime expected credit losses' are recognised when credit risk has increased significantly. The Group measures the expected credit losses by determining a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### **Classification and measurement of financial liabilities**

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value adjusted for transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest method.

All interest charges relating to financial liabilities are presented in profit or loss within finance costs.

### 1. Summary of material accounting policies (continued)

#### (n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items and include estimated future costs of closure and rehabilitation of the facility.

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 period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the net cost of each item of property, plant and equipment over their estimated useful lives, as follows:

- Plant and equipment – over 3 to 10 years
- Right-of-use property, plant and equipment – over 2 to 5 years

A mining property and development asset is depreciated using the units of production method over the estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 1(i)).

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

#### (o) Deferred stripping asset

A deferred stripping asset is recognised when all of the following criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Group;
- The Group can identify the component of the ore body to which access has been improved; and
- The costs relating to the stripping activity associated with the component can be measured reliably.

If the above criteria are not met then the balance is expensed.

A deferred stripping asset will be depreciated on units of production method over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.



### 1. Summary of material accounting policies (continued)

#### (p) Intangible assets

##### (i) *Goodwill*

Goodwill is measured as described in Note 1(h). Goodwill on acquisitions is included in intangible assets. Goodwill on acquisitions of associates is included in investment in associates. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash generating units or Groups of cash generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segments (Note 4).

##### (ii) *Rights in projects*

Costs incurred on rights in projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits. Costs capitalised on rights in projects are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

#### (q) Tenement exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure costs are accumulated in respect of each separate area of interest. These costs include the costs of mapping, drilling, analysis and testing in an area of interest. They include administrative and general expenses where those costs are directly attributable to the exploration and evaluation activity.

Exploration and evaluation costs, recognised at cost, are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploration of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest has been previously impaired, any additional exploration and evaluation costs will be expensed to the extent that the recoverable amount is less than or equal to the carrying amount.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

When production commences, the accumulated costs of the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserve or offset against revenue through the sale of the area of interest.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. Accumulated costs in relation to any abandoned areas are written off in full against profit in the year in which the decision to abandon the area is made.

### 1. Summary of material accounting policies (continued)

#### (q) Tenement exploration, evaluation and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the relevant clauses of the mining permits. Such costs are determined by using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Tenement costs incurred in the prospecting phase or before exploration and evaluation begins are not capitalised.

#### (r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (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 of 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 asset 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) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in profit or loss as finance costs.

### 1. Summary of material accounting policies (continued)

#### (u) Provisions

Provisions for legal claims, service warranties 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 has been 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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) Rehabilitation

A provision for rehabilitation is recognised when there is a present obligation to rehabilitate an area disturbed, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. An asset is created as part of the non-current development assets, to the extent that the development relates to future production activities which is offset by a current and/or non-current provision for rehabilitation. The provision for rehabilitation is not discounted.

The MDS Joint Venture has a constructive legislative obligation under the EP Act to rehabilitate areas on the mining leases disturbed by mining activities. The Joint Venture calculates its rehabilitation liability to reflect the costs to rehabilitate significantly disturbed land from mining activities, in accordance with the EHP Guideline: Financial Assurance under the *Environmental Protection Act 1994*. Significantly disturbed land is defined in the Environmental Protection Regulation 2008 and refers to land that is contaminated or disturbed and requires human intervention to rehabilitate it. Additional activities are also recognised in the provision for rehabilitation including:

- decommissioning of infrastructure;
- project management costs and;
- maintenance and monitoring.

The rehabilitation liability is estimated as part of the preparation of the annual Plan of Operations (submitted to the Queensland Government).

#### (w) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave 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 and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

### 1. Summary of material accounting policies (continued)

#### (w) Employee benefits (continued)

##### (ii) *Other long-term employee benefit obligations*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### (iii) *Retirement benefit options*

The Group makes contributions to a complying superannuation fund equal to or in excess of the superannuation guarantee levy requirements. Contributions are recognised as an expense as they become payable.

##### (iv) *Bonus plans*

The Group recognises a liability and an expense for bonuses in the period in which they are determined by the Remuneration Committee or where contractually obliged.

##### (v) *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 when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### (x) Contributed equity

Ordinary shares and other capital investment from shareholders are classified as equity (Note 18).

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

#### (y) 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 period but not distributed at the reporting period.



### 1. Summary of material accounting policies (continued)

#### (z) 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.

#### (aa) New accounting standards and interpretations

##### (i) New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year.

The Australian Accounting Standards Board (AASB) has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2024. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the financial report for the year ended 30 June 2025, that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

##### (ii) New and amended standards and interpretations in issue but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2024. The Group has assessed these standards and interpretations and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

### 2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The CEO conducts a quarterly risk assessment which is reported to the Board.

Risk management is carried out by the CEO under policies approved by the Board of Directors. The CEO identifies and evaluates financial risks in close co-operation with the Group's operating unit. The CEO provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risks and investing excess capital.

The Group hold the following financial instruments:

	2025 \$	2024 \$
<b>Financial assets</b>		
Cash and cash equivalents	104,806,720	89,748,841
Trade and other receivables	39,154,388	36,109,439
	<u>143,961,108</u>	<u>125,858,280</u>
<b>Financial liabilities</b>		
Borrowings	182,060,475	169,564,645
Lease liabilities	2,075,310	2,999,446
Trade and other payables	15,613,730	11,992,553
	<u>199,749,515</u>	<u>184,556,644</u>

#### (a) Market risk

##### (i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2025		2024	
	CNY	USD	CNY	USD
Cash and cash equivalents	356	86,431,476	344	81,876,672
Trade receivable	-	7,975,554	-	8,455,306
Borrowings	-	-	-	-
Interest payable	-	-	-	-

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 2. Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Foreign exchange risk (continued)

During the year, the following foreign-exchange related amounts were recognised in statement of comprehensive income:

	2025 \$	2024 \$
<b>Amounts recognised in statement of comprehensive income</b>		
Net foreign exchange gain	<b>578,294</b>	35,854

The Group is primarily exposed to USD/\$ exchange rates. The sensitivity of post tax profit or loss to changes in exchange rates arises mainly from USD denominated cash and borrowings and the impact on equity are summarised in the below table with all other variables held constant.

	Carrying amount \$	Impact of increase of 10% in currency/\$ exchange rate		Impact of decrease of 10% in currency/\$ exchange rate	
		Profit (decrease)/ increase \$	Equity (decrease)/ increase \$	Profit increase/ (decrease) \$	Equity increase/ (decrease) \$
<b>30 June 2025</b>					
Cash and cash equivalents	86,431,831	(7,857,439)	(7,857,439)	9,603,537	9,603,537
Trade receivable	7,975,554	(725,051)	(725,051)	886,172	886,172
Net exposure to FX exchange rate risk	<b>94,407,385</b>	<b>(8,582,490)</b>	<b>(8,582,490)</b>	<b>10,489,709</b>	<b>10,489,709</b>

	Carrying amount \$	Impact of increase of 10% in currency/\$ exchange rate		Impact of decrease of 10% in currency/\$ exchange rate	
		Profit (decrease)/ increase \$	Equity (decrease)/ increase \$	Profit increase/ (decrease) \$	Equity increase/ (decrease) \$
<b>30 June 2024</b>					
Cash and cash equivalents	81,877,015	(7,443,365)	(7,443,365)	9,097,446	9,097,446
Trade receivable	8,455,306	(768,664)	(768,664)	939,478	939,478
Net exposure to FX exchange rate risk	<b>90,332,321</b>	<b>(8,212,029)</b>	<b>(8,212,029)</b>	<b>10,036,924</b>	<b>10,036,924</b>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 2. Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Price risk

The Group is not exposed to equity securities price risk. The Group is exposed to coal price risk. The Group currently does not have any derivative hedges in place to manage the movement in the spot coal price.

##### (iii) Cash flow and fair value interest rate risk

The Group's interest bearing asset, cash equivalents, expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Group's exposure to interest rate risks:

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average %
<b>30 June 2025</b>					
<b>Financial assets</b>					
Cash and cash equivalents	114,456	86,392,128	18,300,136	104,806,720	3.8
Trade and other receivables	17,025,592	3,023,153	19,105,643	39,154,388	1.6
	<u>17,140,048</u>	<u>89,415,281</u>	<u>37,405,779</u>	<u>143,961,108</u>	
<b>Financial liabilities</b>					
Borrowings	-	182,060,475	-	182,060,475	9.8
Lease liabilities	-	2,075,310	-	2,075,310	3.5
Trade and other payables	-	-	15,613,730	15,613,730	-
	<u>-</u>	<u>184,135,785</u>	<u>15,613,730</u>	<u>199,749,515</u>	
	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average %
<b>30 June 2024</b>					
<b>Financial assets</b>					
Cash and cash equivalents	48,401	75,358,144	14,342,296	89,748,841	4.6
Trade and other receivables	10,500,000	9,549,246	16,060,193	36,109,439	1.6
	<u>10,548,401</u>	<u>84,907,390</u>	<u>30,402,489</u>	<u>125,858,280</u>	
<b>Financial liabilities</b>					
Borrowings	-	169,564,645	-	169,564,645	9.6
Lease liabilities	-	2,999,446	-	2,999,446	3.5
Trade and other payables	-	-	11,992,553	11,992,553	-
	<u>-</u>	<u>172,564,091</u>	<u>11,992,553</u>	<u>184,556,644</u>	

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 2. Financial risk management (continued)

#### (a) Market risk (continued)

##### (iv) Group sensitivity

The Group's main interest rate risk arises from cash equivalents and borrowings. The Group manages its cash balances by investing in term deposits. The following table summarises the sensitivity of the Group's profit or loss and equity to interest rate risk. The table examines the effect that changes in interest rates from year end rates, with all other variables held constant, would have on post tax profit or loss and equity.

	Carrying amount \$	Impact of increase of 75 basis points Profit increase/ (decrease) \$	Equity increase/ (decrease) \$	Impact of decrease of 75 basis points Profit (decrease)/ increase \$	Equity (decrease)/ increase \$
<b>30 June 2025</b>					
<b>Financial assets and liabilities</b>					
Cash and cash equivalents	104,806,720	648,799	648,799	(648,799)	(648,799)
Trade and other receivables	39,154,388	150,366	150,366	(150,366)	(150,366)
Lease liabilities	(2,075,310)	(15,565)	(15,565)	15,565	15,565
Borrowings	(182,060,475)	(1,365,454)	(1,365,454)	1,365,454	1,365,454
Net exposure to cash flow interest rate risk	(40,174,677)	(581,853)	(581,853)	581,853	581,853
<b>30 June 2024</b>					
<b>Financial assets and liabilities</b>					
Cash and cash equivalents	89,748,841	565,549	565,549	(565,549)	(565,549)
Trade and other receivables	36,109,439	150,369	150,369	(150,369)	(150,369)
Lease liabilities	(2,999,446)	(22,496)	(22,496)	22,496	22,496
Borrowings	(169,564,645)	(1,271,735)	(1,271,735)	1,271,735	1,271,735
Net exposure to cash flow interest rate risk	(46,705,811)	(578,313)	(578,313)	578,313	578,313

#### (b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments including trade receivables and deposits.

Credit risk is managed on a Group basis. The Group's credit risk from cash and cash equivalents and deposits with banks and financial institutions are managed by only holding deposits with independently rated parties with a minimum rating of 'A'.

The credit risk in respect of customers is managed by dealing only with credit worthy counterparties and providing credit terms of generally 30 days. The ongoing credit risk is managed through regular review of ageing analysis of customers.



# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 2. Financial risk management (continued)

#### (b) Credit risk (continued)

##### (i) Trade receivables

The Group applies the AASB 9 simplified approach of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The Group measures the expected credit losses of trade receivables on a collective basis by grouping them based on the days past due and also the geographical location of the customers. The expected loss rates are based on the payment profile for sales over the past 12 months and the historical losses during that period. The Group also consider the impact of current and forward looking macroeconomic factors such as gross domestic product and unemployment rates on the customer's ability to settle the amount outstanding. However, given the exposure to credit risk is only for a short period the impact of these macroeconomic factors has not been considered significant within this reporting period.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and financial liabilities summarised above.

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### (i) Maturities of financial liabilities

The following table analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contract amount \$	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	More than 5 years \$
<b>30 June 2025</b>					
<b>Financial liabilities</b>					
Trade and other payables	15,613,730	15,613,730	-	-	-
Lease liabilities	2,075,310	997,311	660,356	417,643	-
Borrowings	182,060,475	-	182,060,475	-	-
	<b>199,749,515</b>	<b>16,611,041</b>	<b>182,720,831</b>	<b>417,643</b>	<b>-</b>
<b>30 June 2024</b>					
<b>Financial liabilities</b>					
Trade and other payables	11,992,553	11,992,553	-	-	-
Lease liabilities	2,999,446	935,294	995,047	984,546	84,559
Borrowings	169,564,645	-	169,564,645	-	-
	<b>184,556,644</b>	<b>12,927,847</b>	<b>170,559,692</b>	<b>984,546</b>	<b>84,559</b>

In August 2025, KQ agreed to extending the expiry date of the \$182 million loans to 31 March 2027.

### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and 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.

#### (a) 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 year are discussed below.

##### (i) *Impairment of exploration and evaluation expenditure*

In accordance with the Group's policy for deferral of exploration and evaluation expenditure as set out in Note 1(q), exploration expenditure for each area of interest is carried forward as an asset, as exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area continuing.

The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area. It is possible that the eventual results of exploration will not satisfy these criteria and the costs may have to be written off as a loss against profits.

##### (ii) *Coal reserve estimates*

Coal reserves are estimates of the amount of product that can be economically and legally extracted from the Group's tenements. In order to calculate coal reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the coal reserves requires the size, shape and depth of coal bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The Group is required to determine and report coal reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

As the economic assumptions used to estimate coal reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of coal reserves may change from period to period. Changes in reported coal reserves may affect the Group's financial results and financial position in a number of ways, including the recoverable amount of deferred expenditure and capitalisation of costs.

##### (iii) *Income taxes*

Significant judgement is required in determining the provision for income taxes. The Group has tax losses. The directors have not recognised a deferred tax asset in relation to the tax losses. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and loss and is also contingent on the ability of the Group being able to satisfy either the Continuity of Ownership Test or the Same Business Test.

### 3. Critical accounting estimates and judgements (continued)

#### (b) Critical judgements in applying the entity's accounting policies

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production.

Costs are also deferred where exploration and evaluation activities in the area of interest have not reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves.

### 4. Segment information

#### Identification of reportable and operating segment

The Group is organised and operates in one material business segment consisting of the exploration, development, production and sales of hard-coking, thermal and pulverised coal injection (PCI) coal projects. This reporting segment is based on the internal reports that are reviewed and used by the chief operating decision makers ('CODM') in assessing performance and in determining the allocation of resources. The Group operates in one geographic area being Australia.

Starting from FY2023, the Group has accumulated a significant amount of U.S. dollar cash reserves, primarily driven by the rise in international coal prices and increased market demand. Beginning in FY2024, with the continued impact of the U.S. interest rate hike cycle, interest income generated from U.S. dollar term deposits across multiple financial institutions has become a notable supplementary revenue stream for the Group.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

	2025 \$	2024 \$
<b>Revenue</b>		
Sales of coal	85,525,861	94,856,321
EBITDA	20,081,445	27,001,419
Depreciation and amortisation	(10,390,633)	(10,065,724)
Interest income	5,023,579	5,450,018
Finance costs	(16,936,229)	(8,874,767)
Corporate overheads	(3,210,893)	(585,682)
<b>(Loss)/Profit before income tax</b>	<b>(5,432,731)</b>	<b>12,925,264</b>
Income tax	1,952,857	(4,551,978)
<b>(Loss)/Profit after income tax</b>	<b>(3,479,874)</b>	<b>8,373,286</b>
<b>Assets</b>		
Segment assets	41,366,911	56,938,978
Unallocated assets:		
Corporate assets	160,035,707	135,371,275
<b>Total assets</b>	<b>201,402,618</b>	<b>192,310,253</b>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 4. Segment information (continued)

	2025 \$	2024 \$
<b>Liabilities</b>		
Segment liabilities	17,981,569	18,721,273
Unallocated liabilities:		
Corporate liabilities	191,352,933	178,040,989
<b>Total liabilities</b>	<b>209,334,501</b>	<b>196,762,262</b>

### 5. Revenue

	2025 \$	2024 \$
<b>(a) Revenue from continuing operations</b>		
Revenue	85,525,861	94,856,321
Other revenue	-	-
	<b>85,525,861</b>	<b>94,856,321</b>

The revenue recognised were results consolidated to the Group from its 50% interest in the MDS joint operation with Sojitz. The coal products were sold to Sojitz Coal Sales Pty Ltd an associate company of Sojitz, acts as the Group's marketing agent to dispose product produced by the MDS joint operation and sell the coal products to the overseas customers on their behalf.

### 6. Expenses

	2025 \$	2024 \$
<b>(a) Cost of sales</b>		
Raw materials and consumables used	11,137,379	10,740,644
Transportation	33,283,228	33,812,402
Contractual services and plant hire	3,743,957	4,513,052
Royalty	6,451,340	7,273,457
Changes in coal inventory	(3,975,063)	2,426,162
Changes in overburden in advance	1,728,801	(3,965,489)
Personnel expenses	7,100,174	7,052,772
Other operating expenses	5,974,600	6,001,902
	<b>65,444,416</b>	<b>67,854,902</b>
<b>(b) Employee benefit expenses</b>		
Salary and wages	1,285,238	1,412,248
Superannuation contributions	146,526	154,912
Employee related costs on exploration and evaluation expenditure	(44,241)	(40,714)
Employee administration expenses	159,025	198,335
	<b>1,546,548</b>	<b>1,724,781</b>
<b>(c) Finance costs</b>		
Interest expense	16,891,328	8,827,346
Other	44,901	47,421
	<b>16,936,229</b>	<b>8,874,767</b>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 7. Income tax (benefit)/expense

	2025	2024
	\$	\$
(a) Income tax (benefit)/expense		
Current tax	-	-
Deferred tax	(1,952,857)	4,551,978
<b>Income tax (benefit)/expense for continuing operations</b>	<b>(1,952,857)</b>	<b>4,551,978</b>

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

(Loss)/Profit from continuing operations before income tax expense	(5,432,731)	12,925,264
Tax at the rate of 30.0%	(1,629,819)	3,877,579
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Thin capitalisation - debt deduction denial	2,114,599	1,546,629
Entertainment	7,493	6,690
Other	911,965	4,551,978
	<b>1,404,238</b>	<b>9,982,876</b>
Adjustment for current tax of prior periods	-	-
Capital loss on disposal	-	-
Tax losses utilised in the current year	(3,357,095)	(5,430,898)
<b>Aggregate income tax (benefit)/expense</b>	<b>(1,952,857)</b>	<b>4,551,978</b>

#### (c) Amounts recognised directly in equity

No tax amounts have been recognised directly in equity during the current or prior year.

#### (d) Tax expense / (income) relating to items of other comprehensive income

There are no amounts of other comprehensive income against which to recognise tax.

(e) Tax losses	2025	2024
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit at 30.0%	-	-

#### (f) Deferred tax balances

<b>Deferred tax liability (DTL)</b>		
Exploration and evaluation expenditure	(5,040,000)	(5,040,000)
PPE	(970,799)	(1,618,644)
Unrealised foreign exchange gains or losses	(167,774)	-
Prepayments	(10,593)	(16,190)
Other receivables	(303,879)	(171,920)
Lease Liabilities	-	-
Overburden in advance	(1,840,484)	(2,359,124)
Set-off of DTL against DTA pursuant to set off provisions	4,751,302	3,670,794
	<b>(3,582,226)</b>	<b>(5,535,083)</b>



# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 7. Income tax expense (continued)

#### (f) Deferred tax balances (continued)

	2025 \$	2024 \$
<b>Deferred tax asset (DTA)</b>		
Tax losses	3,408,324	2,590,728
Rehabilitation	704,131	916,847
Other	638,847	163,219
Set-off DTL pursuant to set off provisions	(4,751,302)	(3,670,794)
	-	-
Unrecognised DTA on temporary differences	-	-
Unused tax losses for which no DTA has been recognised	-	-
Total unrecognised deferred tax asset	-	-

### 8. Current assets - Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank	104,806,220	89,748,341
Cash in hand	500	500
	<u>104,806,720</u>	<u>89,748,841</u>

#### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balance per consolidated statement of cash flows	<u>104,806,720</u>	<u>89,748,841</u>
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#### (b) Interest rate risk exposure

The Group's exposure to interest rate risk is set out in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 9. Current assets - Trade and other receivables

	2025	2024
	\$	\$
Trade receivable	7,975,554	8,455,306
Prepayments and other debtors	11,116,070	7,569,464
Security for rental guarantee (a)	86,900	86,900
Security for credit cards (a)	-	25,495
GST recoverable	14,019	9,928
	<u>19,192,543</u>	<u>16,147,093</u>

#### (a) Security for rental guarantee and credit cards

The security term deposit for the corporate credit cards issued by the Commonwealth Bank of Australia is no longer required. The Group also provided cash to the landlord as security for the office facility at 235 Edward St, Brisbane.

#### (b) Impaired receivables

The Group has reviewed its trade and other receivables for indicators of impairment and concluded that there was no impairment in the current year.

#### (c) Foreign exchange and interest rate risk

The Group has no exposure to foreign currency risk and interest rate risk in relation to prepayments and other receivables.

#### (d) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount approximates their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to Note 2 for more information on the risk management policy of the Group.

### 10. Current assets - Inventories

	2025	2024
	\$	\$
Raw materials and consumables	2,021,601	2,207,882
Finished goods	4,934,737	959,675
	<u>6,956,338</u>	<u>3,167,557</u>

The inventories recognised were results consolidated to the Group from its 50% interest in the MDS joint operation with Sojitz.

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 11. Non-current assets - Trade and other receivables

	2025 \$	2024 \$
Financial assurance deposits (a)	2,936,253	9,462,346
Escrow deposit for Joint Venture (b)	17,025,592	10,500,000
	<u>19,961,845</u>	<u>19,962,346</u>

#### (a) Financial assurance deposits

In February of the current financial year, the Group's rehabilitation security deposit of \$6.5 million, previously provided to the State Government in the form of a bank guarantee, was cancelled and refunded. As a replacement, the joint venture partners entered into a Rehabilitation Fund Deed and deposited an equivalent amount into a trust account held by a legal firm.

The Group also provided bank guarantees of \$1.8 million to Aurizon Network to secure rights of access for train services in respect of its MDS coal mine.

The deposits were for a term of one year, expiring with the next 12 months with average interest of 2.5% payable upon maturity. These deposits will be rolled over for another one year when they expire.

#### (b) Escrow deposit for Joint Venture

In March 2022, the Group deposited \$10.5 million into an Escrow account to satisfy Sojitz of the Group's ability to meet cash call obligations going forward.

In January 2025, the Group deposited \$6.5 million into an escrow account to replace an equivalent amount of bank guarantees previously pledged to the Treasury, in order to meet its ongoing rehabilitation obligations.

#### (c) Impaired receivables

There were no impairments in respect of non-current receivables which relate to financial assurance deposits.

#### (d) Foreign exchange and interest rate risk

The Group has no exposure to foreign currency risk and interest rate risk in relation to non-current receivables.

#### (e) Fair value and credit risk

The fair values and carrying amounts of non-current receivables are as follows:

	2025		2024	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assurance deposits	<u>1,785,563</u>	<u>1,668,750</u>	8,311,155	7,767,435

The fair values are based on cash flows discounted using a current lending rate of 7.0% for deposits (2024: 7.0%). The amounts held in escrow are not considered to be a financial instrument and is shown at its carrying value.

#### Valuation techniques to derive Level 2 fair values

Level 2 fair values of non current financial assets deposits are derived using the market approach. Market evidence of market rates of comparable counterparties with similar credit quality is used to determine lending rate.

### 12. Non-current assets - Property, plant and equipment

	Mining property and development \$	Plant and equipment \$	Right-of-use property, plant and equipment \$	Total \$
<b>Year ended 30 June 2024</b>				
Opening net book amount	16,635,189	31,231,432	544,106	48,410,727
Additions	-	8,139,413	-	8,139,413
Disposal	-	-	-	-
Depreciation	(3,137,483)	(6,805,047)	(123,194)	(10,065,724)
Closing net book amount	13,497,706	32,565,798	420,912	46,484,416
<b>At 30 June 2024</b>				
Cost	30,244,698	55,114,339	615,969	85,975,006
Accumulated depreciation	(16,746,992)	(22,548,541)	(195,057)	(39,490,590)
Net book amount	13,497,706	32,565,798	420,912	46,484,416
<b>Year ended 30 June 2025</b>				
Opening net book amount	13,497,706	32,565,798	420,912	46,484,416
Additions	-	137,969	-	137,969
Disposal	-	(2,546,580)	-	(2,546,580)
Depreciation	(3,564,024)	(6,703,415)	(123,194)	(10,390,633)
Closing net book amount	9,933,682	23,453,772	297,718	33,685,172
<b>At 30 June 2025</b>				
Cost	30,244,698	52,705,729	615,969	83,566,396
Accumulated depreciation	(20,311,016)	(29,251,957)	(318,251)	(49,881,224)
Net book amount	9,933,682	23,453,772	297,718	33,685,172

#### (a) Right-of-use property, plant and equipment

For information on maturity analysis of lease liabilities please refer to Note 2(c)(i).

#### (b) Non-current assets pledged as security

No property, plant and equipment is pledged as security by the Group and its controlled entities at 30 June 2025. (2024: Nil).

### 13. Non-current assets - Exploration and evaluation expenditure

	2025 \$	2024 \$
Cost	55,665,540	55,665,540
Accumulated amortisation and impairment	(38,865,540)	(38,865,540)
Net book amount	<u>16,800,000</u>	<u>16,800,000</u>
<i>Movement:</i>		
Balance at 1 July	<u>16,800,000</u>	<u>16,800,000</u>
Balance at 30 June	<u>16,800,000</u>	<u>16,800,000</u>
 Carrying amounts		
Balance at 1 July	<u>16,800,000</u>	<u>16,800,000</u>
Balance at 30 June	<u>16,800,000</u>	<u>16,800,000</u>

#### (a) Relinquishment

The Company relinquished 2 sub-blocks from EPC 818 during the current financial year.

#### (b) Impairment on exploration and evaluation expenditure

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount. 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 the asset's fair value less cost to sell or value in use.

The Group reviewed impairment of its other exploration and evaluation assets using AASB 6 paragraph 20 as a non exhaustive list of indicators and concluded that there was no impairment in the current year.

Exploration and evaluation assets by their nature do not have a value in use and so an assessment of the assets fair value less cost to sell is required to compare to the carrying amount in assessing any impairment loss.

##### (i) Where there was no significant budgeted or planned expenditure

(a) For evaluation and exploration assets with no JORC - in the absence of relative market data, the Group assessed the recoverable value of these assets at zero. There was no impairment on this class of assets in the current year. (2024: Nil)

(b) For evaluation and exploration joint operation assets with no JORC - in the absence of relative market data, the Group assessed the recoverable value of these joint operations assets at zero. There was no impairment on this class of assets in the current year. (2024: Nil)

(c) For evaluation and exploration assets with JORC - the Group compared the carrying amount of their exploration asset to implied resource and reserve multiples from known asset sale transactions involving JORC assets in the last 24 months. The Group concluded that there was no impairment on the Broughton or Rockwood tenement in the current year. (2024: Nil)

##### (ii) Where there was sufficient data to indicate that although a development on the tenement was likely to proceed, the carrying amount of the exploration and evaluation asset was unlikely to be fully recovered.

(a) The Group has no asset based on this section.



# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 14. Current liabilities - Trade and other payables

	2025	2024
	\$	\$
Trade payables and accruals	<u>15,613,730</u>	<u>11,992,553</u>

Trade payables are non-interest bearing and normally settled on 30 day terms.

#### Fair value

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

### 15. Lease liabilities

	2025	2024
	\$	\$
Current lease liabilities	997,311	935,294
Non-current lease liabilities	<u>1,077,999</u>	<u>2,064,152</u>
	<u>2,075,310</u>	<u>2,999,446</u>

The incremental borrowing rate applied to the lease liabilities recognised is 5.3%. For information on the accounting policy on leases, please refer to Note 1(g).

#### Reconciliation to cash flows from financing activities

Balance at 1 July	2,999,446	2,189,776
Additions	12,076	2,305,180
Interest charged	136,802	127,579
Interest paid	(136,802)	(127,579)
Finance lease payments	<u>(936,212)</u>	<u>(1,495,510)</u>
Balance at 30 June	<u>2,075,310</u>	<u>2,999,446</u>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 16. Borrowings

	2025 \$	2024 \$
<b>Non-current liabilities - Borrowings</b>		
Secured loan from majority shareholder (KQ)	182,060,475	169,564,645
	<u>182,060,475</u>	<u>169,564,645</u>

#### Terms and repayment schedule

	Currency	Nominal interest rate	Year of maturity	2025 \$	2024 \$
Secured loan 1 from KQ (73.8m)	AUD	10.00%	2026	176,325,752	159,729,958
Secured loan 2 from KQ (20m)	AUD	BBSY 3m + 0.9%	Fully repaid (P)	5,734,723	9,834,687
				<u>182,060,475</u>	<u>169,564,645</u>

#### Fair value

The fair value of the loans approximates its carrying amount.

	2025 \$	2024 \$
<i>Movement:</i>		
Balance at 1 July	169,564,645	184,318,942
Repayment of borrowings	(4,413,965)	(23,586,035)
Interest charged	16,909,795	16,133,119
Interest paid	-	-
Interest waived	-	(7,301,381)
Effects of movements in exchange rates	-	-
Balance at 30 June	<u>182,060,475</u>	<u>169,564,645</u>

### 17. Provisions

	2025 \$	2024 \$
<b>Current liabilities - Provisions</b>		
Annual leave	275,220	256,563
Long service leave	106,545	57,035
Mine closure and rehabilitation	182,947	396,107
	<u>564,712</u>	<u>709,705</u>
<b>Non-current liabilities - Provisions</b>		
Long service leave	12,384	39,272
Mine closure and rehabilitation	5,425,664	5,921,558
	<u>5,438,048</u>	<u>5,960,830</u>
<i>Movement of mine closure and rehabilitation provision:</i>		
Balance at 1 July	6,317,665	5,494,273
Additional provisions	-	823,392
Amount utilised	(709,054)	-
Balance at 30 June	<u>5,608,611</u>	<u>6,317,665</u>

#### (a) Mine closure and rehabilitation provision

In 2022 the Group regains its control in MDS project, as a result provision attributed to the Sojitz 50% of the mine closure and rehabilitation costs provided has been consolidated into the results of the Group. The mine closure and rehabilitation costs are assessed using the relevant calculator associated with the PRCP to ensure compliance with regulatory requirements. The JV partner has commenced a project to provide a detailed cost plan to more accurately estimate the financial commitments necessary for effective rehabilitation and closure. This project will be completed by 31 March 2026.

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 18. Contributed equity

		2025 \$	2024 \$
Contributed equity		<u>45,941,395</u>	<u>45,941,395</u>
<b>(a) Movements in contributed equity</b>			
Details	Date	Number of shares	\$
Balance	01 July 2023	<u>1,000,241,708</u>	<u>45,941,395</u>
Balance	30 June 2024	<u>1,000,241,708</u>	<u>45,941,395</u>
Balance	30 June 2025	<u>1,000,241,708</u>	<u>45,941,395</u>

### **(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 upon 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) Capital risk management**

The Group's objectives when managing capital are to safeguard the ability of the Group to continue as a going concern, so that it can provide returns for stakeholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to the shareholders of the parent, comprising contributed capital, reserves and accumulated losses.

### 19. Reserves and accumulated losses

		2025 \$	2024 \$
<b>(a) Reserves</b>			
Equity option reserve		<u>832,674</u>	<u>832,674</u>
<i>Movements:</i>			
Balance at 1 July		<u>832,674</u>	<u>832,674</u>
Balance at 30 June		<u>832,674</u>	<u>832,674</u>

### 19. Reserves and accumulated losses (continued)

#### (a) Reserves (continued)

The equity option reserve is used to record the value of existing benefits provided to IPO investors as an incentive for acquiring shares under the IPO. As part of the IPO investors were issued with three free option parcels on 8,557,800 shares. The options are not listed for official quotation on ASX and therefore will not be publicly traded. The option tranches are as follows:

##### *Tranche 1*

Up to 19 February 2015, IPO investors had a call option to exercise at \$0.50 per share up to 30% (or 1,200 shares) for each parcel of 4,000 shares. No options were exercised at this date and all options from this tranche expired at that date.

##### *Tranche 2*

Up to 19 February 2016, IPO investors had a call option to exercise at \$0.70 per share up to 30% (or 1,200 shares) for each parcel of 4,000 shares. No options were exercised at this date and all options from this tranche expired at that date.

##### *Tranche 3*

Up to 19 February 2017, IPO investors will have a call option to exercise at \$0.90 per share up to 40% (or 1,600 shares) for each parcel of 4,000 shares. No options were exercised at this date and all options from this tranche expired at that date.

The assessed fair value at grant date of the options are independently determined using a Black-Scholes Option Pricing Model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The key assumptions used in the Black-Scholes Option Pricing Model was volatility of 70% and the share price equal to \$0.50.

#### (b) Accumulated losses

	2025 \$	2024 \$
Accumulated losses	<u>(54,705,952)</u>	<u>(51,226,078)</u>
<i>Movements:</i>		
Balance at 1 July	(51,226,078)	(59,599,364)
(Loss)/Profit for the year	<u>(3,479,874)</u>	<u>8,373,286</u>
Balance at 30 June	<u>(54,705,952)</u>	<u>(51,226,078)</u>

### 20. Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2025 \$	2024 \$
(a) <b>SW Audit</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	69,560	65,700
<b>Total remuneration of SW Audit</b>	<b>69,560</b>	<b>65,700</b>
(b) <b>Non-SW Audit firms</b>		
<i>Other services</i>		
Other services	-	-
Total remuneration of non-SW Audit firms	-	-
<b>Total auditors' remuneration</b>	<b>69,560</b>	<b>65,700</b>

It is the Group's policy to seek competitive tenders for all major consulting projects. The Group policy allows SW Audit to be employed on assignments additional to their audit duties where SW Audit expertise and experience with the Group are important and where the assignment remains compliant with the requirements of the *Corporations Act 2001*.

### 21. Contingencies

#### (a) Contingent liabilities

##### *Rolleston Coal Holdings Pty Ltd against Endocoal*

The Group had a contingent liability at 30 June 2025 for quantum of the claim by Rolleston Coal Holdings Pty Ltd against Endocoal. (2024: \$100,000).

The Supreme Court proceedings commenced by Rolleston Coal Holdings Pty Ltd against Endocoal on 9 May 2022 (being proceeding number BS 5347 of 2022) seek payment of a royalty debt that appears to be at least \$974,820.63 noting that the true amount of the alleged debt is not particularised in the statement of claim filed in the proceeding. Management considers the alleged quantum of any claim by Rolleston against Endocoal in this proceeding to be limited to approximately \$100,000 plus any interest and legal costs.

#### (b) Contingent assets

There are no contingent assets where the probability of future receipts is not considered remote. (2024: Nil)



### 22. Commitments

#### (a) Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group. To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish parts of, or entire tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

	2025 \$	2024 \$
Commitments for future exploration are payable as follows:		
Within one year	1,400,253	1,204,078
Between one and five years	3,723,086	4,233,200
More than five years	411,741	411,741
	<u>5,535,080</u>	<u>5,849,019</u>

#### (b) Capital commitments

Capital expenditure contracted for at the reporting date that was not recognised as a liability was Nil. (2024: Nil).

### 23. Events occurring after the reporting period

#### *Shareholder loan*

In August 2025, KQ agreed to extend the repayment date of the \$182 million borrowing, which comprises principal of \$73.8 million plus capitalised interest, to 31 March 2027.

#### *Rolleston Coal Holdings Pty Ltd against Endocoal*

Following the settlement of the claim in relation to outstanding royalty payments, the parties mutually agreed to discontinue the proceedings. A Notice of Discontinuance was duly signed by all parties and filed in the Supreme Court of Queensland on 12 August 2025.

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 24. Related party transactions

#### (a) Parent entity

The parent entity within the Group is U&D Coal Limited.

The immediate parent entity of the Group and its parent entities are as follows:

Name	Type	Place of incorporation	Ownership interest % of the Group	
			2025	2024
Australia Kunqian International Energy Co., Pty Ltd (KQ)	Immediate Australian parent entity	Australia	51%	51%
Yima Coal Industry Group., Co Ltd (Yima) *(Yima holds 100% of KQ)	Intermediate Oversees parent entity	China	51%	51%
Henan Energy Group Co.,Ltd (HNECGC) * (HNECGC holds 66% of Yima)	Ultimate parent entity	China	34%	34%

#### (b) Subsidiaries

Interest in subsidiaries are set out in Note 25.

#### (c) Associate

There is no interest in associates.

#### (d) Joint arrangements

Interest in joint arrangements are set out in Note 26.

#### (e) Key management personnel

Disclosures relating to key management personnel are set out in Note 27.

#### (f) Loans with related parties

Loans with related parties - Please refer to Note 16.

### 25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c)(i):

Name	Place of incorporation	Ownership interest (%)	
		2025	2024
<u>Subsidiary of the Group</u>			
U&D Mining Industry (Australia) Pty Ltd	Australia	100%	100%
Endocoal Pty Ltd	Australia	100%	100%
Resource Portfolio Partners Pty Ltd	Australia	100%	100%

### 26. Joint arrangements

#### Joint operations

A subsidiary of the Group has a 50% interest in a joint operation called the MDS Joint Venture which was set up as an unincorporated joint venture together with Sojitz to develop and mine the MDS Coal Mine which is located in Central Queensland of Australia. The principal place of business of the joint operation is in Australia.

The joint venture agreements in relation to the MDS Joint Venture empowered the management committee to make decisions for all relevant activities within the scope of the joint venture. The management committee consists of a maximum of two representatives appointed by each participant and an independent chairman. The two participants have direct rights to the assets of the joint operation and are severally liable for the liabilities incurred by the joint operation. The Group therefore recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 1(c)(iii).

### 27. Key management personnel disclosures

#### (a) Directors

The following persons were directors of the Group during the financial year:

- (i) *Chairperson - executive*  
Qian Yu (from 5 February 2016)
- (ii) *Non-executive directors*  
Christopher Coombes (from 7 September 2023)  
Feng Shao from 24 January 2024
- (iii) *Executive directors*  
Qian Yu (from 31 July 2014)  
Peter Edwards (from 7 September 2023)

#### (b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Peter Edwards	Chief Financial Officer / Company Secretary	UDM
Dugan Cunningham	General Counsel	UDM

#### (c) Key management personnel compensation

	2025 \$	2024 \$
Short term employee benefits	751,297	752,063
Post-employment benefits	86,399	82,396
	<u>837,696</u>	<u>834,459</u>

### 27. Key management personnel disclosures (continued)

#### (d) Equity instrument disclosure relating to key management personnel

##### (i) *Options provided as remuneration and shares issued on exercise of share options*

No share options have been provided to directors or other key management personnel of the Group.

#### (e) Loans to key management personnel

Details of loans made to directors of the Group and other key management personnel of the Group including their personally related parties, would be disclosed under current and non-current receivables. There were no loans to individuals at any time during the years ended 30 June 2025 and 30 June 2024.

#### (f) Other transactions with key management personnel

Other transactions with key management personnel are disclosed under the related party transactions note (Note 24).

### 28. Share based payments

There were no share based payments during the year.

### 29. Reconciliation of cash flows from operating activities

	2025 \$	2024 \$
<b>Cash flows from operating activities</b>		
(Loss)/Profit for the year	(3,479,874)	8,373,286
Adjustments for:		
- Depreciation and amortisation	10,390,633	10,065,271
- Interest capitalised on loans	16,909,795	8,831,739
- Gain on sale of property, plant and equipment	-	(10,909)
- Unrealised foreign currency gain	(559,246)	(128,902)
Changes in:		
- Trade and other receivables	623,318	(1,805,739)
- Inventories	(3,788,782)	2,370,595
- Trade and other payables	(2,904,414)	(163,612)
- Deferred tax liabilities	(1,952,857)	4,551,978
- Provisions	2,184,502	(1,965,192)
<b>Net cash from operating activities</b>	<b>17,423,075</b>	<b>30,118,515</b>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 30. Parent entity disclosures

(a) Financial position	2025 \$	2024 \$
<b>Assets</b>		
Current assets	33,700,344	44,436,908
Non-current assets	176,529,490	154,469,186
Total assets	<u>210,229,834</u>	<u>198,906,094</u>
<b>Liabilities</b>		
Current liabilities	-	253,373
Non-current liabilities	182,172,798	169,678,148
Total liabilities	<u>182,172,798</u>	<u>169,931,521</u>
<b>Net assets</b>	<u>28,057,036</u>	<u>28,974,573</u>
<b>Equity</b>		
Issued capital	45,941,295	45,941,295
Reserves	832,674	832,674
Accumulated losses	(18,716,934)	(17,799,395)
Total equity	<u>28,057,035</u>	<u>28,974,574</u>
<b>(b) Financial performance</b>	2025 \$	2024 \$
(Loss)/Profit for the year	(917,539)	5,723,726
Other comprehensive income	-	-
Total comprehensive (Loss)/Profit	<u>(917,539)</u>	<u>5,723,726</u>
<b>(c) Guarantees entered into by the parent entity</b>		
No guarantees were provided for the year ended 30 June 2025. (2024: Nil)		
<b>(d) Contingent liabilities of the parent entity</b>		
The parent entity had no contingent liabilities at 30 June 2025. (2024: Nil)		
<b>(e) Capital commitments</b>		
There was no capital expenditure contracted for at the reporting date that was not recognised as a liability. (2024: Nil)		
<b>(f) Lease expenditure commitments</b>		
The parent has no non-cancellable operating leases. (2024: Nil)		

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### 31. Earnings per share

<b>(a) Basic (losses)/earnings per share</b>	<b>2025 Cents</b>	<b>2024 Cents</b>
Basic earnings per ordinary share attributable to the ordinary equity holders of the Company	(0.3)	0.8
<b>(b) Diluted (losses)/earnings per share</b>	<b>2025 Cents</b>	<b>2024 Cents</b>
Diluted (losses)/earnings per ordinary share attributable to the ordinary equity holders of the Company	(0.3)	0.8
(Losses)/earnings used to calculate basic EPS from discontinuing operations	(0.3)	0.8
<b>(c) Reconciliation of (losses)/earnings used in calculating earnings share</b>	<b>2025 \$</b>	<b>2024 \$</b>
(Loss)/Profit attributed to the ordinary equity holders of the Company	(3,479,874)	8,373,286
<b>(d) Weighted average number of shares used as the denominator</b>	<b>2025 Number of shares</b>	<b>2024 Number of shares</b>
Weighted average number of ordinary shares used as the denominator	1,000,241,708	1,000,241,708

#### (e) Information concerning the classification of securities

##### (i) Options

Options granted to shareholders are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Shares in the Company were not traded on the ASX from 11 March 2014 until the Company was de-listed on 17 June 2015. Prior to the halt in trading the average share price for the previous year was \$0.51 which was above the strike price of the first option tranche. This option was included in the previous years dilution calculation, but has subsequently lapsed without any take up. The Company was delisted in June 2015 making the trading of shares more difficult. The second option tranche lapsed in February 2016 without take up. The third option tranche lapsed in February 2017 without take up. Details relating to the options are set out in Note 20(a).



### 32. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below (together the Closed Group) are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

The general effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of other entities in the Closed Group in the event of their winding up.

The following entities are parties to the Deed and part of the Closed Group as at the end of the year:

U&D Mining Industry (Australia) Pty Ltd  
Endocoal Pty Ltd  
Resource Portfolio Partners Pty Ltd

Endocoal Pty Ltd is a large proprietary company in the previous financial year, and obtained relief pursuant to the Instrument for the year ended 30 June 2025. Both U&D Mining and Resource Portfolio Partners are small propriety company.

#### (a) Statement of Consolidated Comprehensive Income

Set out below is the Statement of Consolidated Comprehensive Income for the year ended 30 June 2025 for the Closed Group:

	2025	2024
	\$	\$
<b>Continuing operations</b>		
Revenue	85,525,861	94,856,321
Cost of sales	(65,444,416)	(67,854,902)
Gross profit	20,081,445	27,001,419
Depreciation and amortisation	(10,390,633)	(10,065,724)
Employee benefit expenses	(1,546,548)	(1,724,781)
Interest income	5,023,579	5,450,018
Finance costs	(16,936,229)	(8,874,767)
Travel and accommodation expenses	(95,178)	(97,121)
Exploration and evaluation expenditure	(921,574)	(1,180,919)
Foreign exchange gain	578,294	35,854
Other (expense) / income	(1,225,886)	2,381,285
(Loss)/Profit before income tax	(5,432,731)	12,925,264
Income tax benefit/(expense)	1,952,857	(4,551,978)
(Loss)/Profit for the year	(3,479,874)	8,373,286
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive (loss)/income for the year attributable to Owners of the Company</b>	<b>(3,479,874)</b>	<b>8,373,286</b>

# U&D Coal Limited

## Notes to the consolidated financial statements For the year ended 30 June 2025

### Deed of Cross Guarantee (continued)

#### (b) Statement of financial position

Set out below is a Statement of Financial Position as at 30 June 2025 of the Closed Group:

	2025 \$	2024 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	104,806,720	89,748,841
Trade and other receivables	19,192,543	16,147,093
Assets held for sale	-	-
<b>Total current assets</b>	<b>130,955,601</b>	<b>109,063,491</b>
<b>Non-current assets</b>		
Investment accounted for using the equity method	-	-
Property, plant and equipment	33,685,172	46,484,416
Exploration and evaluation expenditure	16,800,000	16,800,000
<b>Total non-current assets</b>	<b>70,447,017</b>	<b>83,246,762</b>
<b>Total assets</b>	<b>201,402,618</b>	<b>192,310,253</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	15,613,730	11,992,553
Borrowings	-	-
Current tax liability	-	-
<b>Total current liabilities</b>	<b>17,175,754</b>	<b>13,637,552</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,077,999	2,064,152
Borrowings	182,060,475	169,564,645
Deferred tax liabilities	3,582,226	5,535,083
Provisions	5,438,048	5,960,830
<b>Total non-current liabilities</b>	<b>192,158,747</b>	<b>183,124,710</b>
<b>Total liabilities</b>	<b>209,334,501</b>	<b>196,762,262</b>
<b>Net liabilities</b>	<b>(7,931,883)</b>	<b>(4,452,009)</b>
<b>EQUITY</b>		
Contributed equity	45,941,395	45,941,395
Reserves	832,674	832,674
Accumulated losses	(54,705,952)	(51,226,078)
<b>Total equity</b>	<b>(7,931,883)</b>	<b>(4,452,009)</b>

### 33. Additional information

At the date of this report the Group is an unlisted Public Company limited by shares and incorporated in Australia. Shares are not publicly traded.

The financial report of the Group for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors on 5 September 2025 .

The nature of the operations and principal activities of the Group are described in Note 4.

*Principal place of business*

Suite A, Level 4, Rowes Building, 235 Edward Street  
Brisbane, QLD 4000



U&D Coal Limited  
Consolidated Entity Disclosure Statement  
For the year ended 30 June 2025

Entity name	Entity type	Place incorporated/formed	Ownership interest%	Tax residency	Jurisdiction(s) for Foreign tax residency
U&D Mining Industry (Australia) Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Endocoal Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Resource Portfolio Partners Pty Ltd	Body corporate	Australia	100%	Australian	N/A



## U&D Coal Limited and controlled entities

### Directors' declaration

For the year ended 30 June 2025

In accordance with a resolution of the directors of U&D Coal Limited, the directors of the company declare that:

1. The consolidated financial statements and notes for the year ended 30 June 2025 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position and performance of the consolidated group;
2. The Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the consolidated financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.
4. The information disclosed in the attached consolidated entity disclosure statement is true and correct.
5. There are reasonable grounds to believe that the Company and the group entities identified in Note 48 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

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

于谦 *Fischer Q. Y*

Qian Yu

Director

Brisbane

Dated this 5 September 2025



Accountants & Advisors



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF U&D COAL LIMITED

#### Opinion

We have audited the financial report of U&D Coal Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of U&D Coal Limited is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement for being true and correct in accordance with the requirements of the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement as true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

## Independent auditor's report



- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A stylized, handwritten signature in blue ink.

**SW Audit**  
Chartered Accountants

A stylized, handwritten signature in blue ink.

Yang (Bessie) Zhang  
Partner

Sydney, 5 September 2025



## Directory

ABN 19 165 894 806

### Board of Directors

Qian Yu	Executive Chair
Peter Edwards	Executive Director
Christopher Coombes	Non-Executive Director
Feng Shao	Non-Executive Director

### Management Team

Qian Yu	Managing Director and CEO
Peter Edwards	CFO and Company Secretary
Dugan Cunningham	General Counsel

### Registered and principal office

Suite A, Level 4, Rowes Building, 235 Edward Street  
Brisbane, QLD 4000  
T: +61 7 3188 9101  
F: +61 7 3188 9102  
E: [Brisbane.admin@udmining.com.au](mailto:Brisbane.admin@udmining.com.au)

### Website

[udmining.com.au](http://udmining.com.au)

### Share Register

Link Market Services  
Level 21, 10 Eagle Street  
Brisbane, QLD 4000  
Postal address:  
Locked Bag A14, Sydney South NSW 1235  
T: (within Australia) 1300 554 474  
T: (outside Australia) +61 1300 554 474  
F: (within Australia) 02 9287 0303  
F: (outside Australia) +61 2 9287 0303  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Auditor

SW Audit

### Bankers

Commonwealth Bank of Australia  
Industrial and Commercial Bank of China

### Solicitors

Clayton Utz  
Jones Day

