

Company Registration No. 10445733 (England and Wales)

**FITZROY QLD RESOURCES LIMITED  
REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2022**



## FITZROY QLD RESOURCES LIMITED

### COMPANY INFORMATION

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**Directors** Brian Douglas Beem Jr  
Hans Juergen Mende  
Kotaro Suzuki

**Company number** 10445733

**Registered office** 1<sup>st</sup> Floor  
West Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

**Auditor** Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **FITZROY QLD RESOURCES LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors of Fitzroy QLD Resources Limited ("the Company") present their Strategic Report together with the Directors' Report and the audited consolidated financial statements for the year ended 31 December 2022.

This Strategic Report has been prepared for the Company and its subsidiary undertakings ("the Group") as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

#### **Principal activity**

The principal activity of the Group during the course of the financial year was the management, operation and development of coal mines and exploration activities in Australia.

#### **Business review and key performance indicators**

The consolidated profit and total comprehensive income for the year ended 31 December 2022 amounted to AU\$174,916,485 (2021: AU\$117,152,660).

The most significant performance indicator in the business is safety - the safety of personnel and those who are engaged in any way with the business. Pleasingly there was a continued downward trend in safety incidents with the total recordable injuries frequency rate reducing from 21.39 in 2021 to 17.56 in 2022.

The twelve months to 31 December 2022 was a year of significant transformation for the Fitzroy business with the construction of Ironbark No. 1 underground mine well advanced and first coal being achieved in August 2022. The Group were also granted a new mining lease by the State of Queensland for the Carborough South area which provides a significant life extension to the Carborough underground mine. In addition, a large exploration program was undertaken at the Group's Broadlea Opencut mine which identified a significant quantity of additional economic resources that will extend the life of that asset by 8-10 years.

There was a significant increase in the workforce (2022 – 775, 2021 – 695) engaged by the Fitzroy operations reflecting the expansion of our operations.

#### **Sustainability - section 172(1) statement**

Business sustainability remained a key focus for the Directors and Management during 2022. The Group recognises that the coal industry is facing particular challenges associated with global concerns regarding climate change and emissions reduction. We are committed to maintaining a long-term position as a producer of high quality, low-impurity metallurgical coal for the global steel industry but we will achieve this through adopting high standards of performance across all aspects of environment, governance and social expectations.

We achieve this by:

- engaging a management team that has the skills and shared values to promote the success of the business for the benefit of its shareholders, employees and external stakeholders;
- putting in place policies, procedures and overarching audit processes to ensure compliance with the breadth of legislation, regulation, permits, standards and codes applicable to our operations;
- implementing operational practices consistent with our overarching sustainability goal to minimise emissions and reduce consumption;
- pursuing new and alternative strategies to deal with the in-situ gas content of our coal resources to reduce methane emissions and reduce costs;
- providing career paths and long term employment to support our communities, our employees and their families.

An internal project was commenced focused on methane and emission reduction. The project team are working with external consultants and third parties to develop and deliver solutions that can utilise and commercialise the in-site gas content of our resources.

During 2022, the Group published its third annual Sustainability Report to demonstrate our performance to our key stakeholders. The report is available to all employees via the internal intranet and is provided to key customers, insurers and financiers.

## FITZROY QLD RESOURCES LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### **Future developments**

During 2023 the Company will complete the mining of Domain 2 at the Carborough Downs underground mine. At that time the longwall equipment and employees will transfer from Carborough Downs to the Ironbark No. 1 mine. Carborough Downs will continue to produce coal but will become a Bord & Pillar mine operating in the Carborough South area using the existing infrastructure and facilities at Carborough Downs.

The Company's operations are all located in reasonable proximity to each other. The coal produced at each operation is hauled by truck to the central processing facilities and train loadout area. The shared infrastructure enables optimised use of installed capacity and provides opportunities for blending and meeting customer requirements.

##### **Principal risks and uncertainties**

The Group's management meets regularly and evaluates the Group's risk appetite. The principal risks and uncertainties facing the Group are broadly grouped as market demand including ESG, foreign currency risk and access to skilled labour.

##### **a) Market demand**

The resurgence in economies and the demand for steel making materials exceeding supply resulted in record high prices. Fitzroy responded to this situation by locking in term contracts with end users and moved away from sales on the spot market. This provides a level of security in the event that supply and demand metrics change.

##### **b) ESG impacts on demand**

Fitzroy recognises the impact that ESG concerns and the push for decarbonisation have on the international coal industry. The Group's production is focused on metallurgical coal for the steel industry and not thermal coal for the power industry. External analysts continue to predict a strong demand for metallurgical coal into the foreseeable future as it underpins the cost structure of global steel production. Whilst alternative steel production technologies are being pursued by many parties, the expected operating cost and the level of capital expenditure required to replace existing steel producing infrastructure are unlikely to displace existing plants or coal demand for many years. However Fitzroy is cognisant of ESG expectations and produces an annual ESG report to provide to our key stakeholders and demonstrate our proactive approach within our operations.

##### **c) Foreign currency risk**

The Group is exposed to foreign exchange risk arising from currency exposure with respect to the AU\$ and US\$. The Group's operating costs and capital expenditure are predominantly denominated in AU\$ whilst the global coal industry trades the commodities in US\$. These risks are monitored closely by the relevant management and by the Board.

##### **d) Access to skilled labour**

The Company competes with other mining companies for a diminishing pool of personnel with the necessary statutory qualifications required by legislation to maintain a safe operation. The Company has implemented a range of strategies to mitigate this risk including internal training programs for internal personnel to achieve additional qualifications, retention strategies to ensure we retain key staff, and increased the size and skill base of our human resources department to bring added focus and competency to this area of the business.

On behalf of the Board

H J Mende  
Director

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24.08.2023

## **FITZROY QLD RESOURCES LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their annual report on the affairs of the Company and the Group together with the audited consolidated financial statements for the year ended 31 December 2022.

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

|                                          |                                                     |
|------------------------------------------|-----------------------------------------------------|
| Brian Douglas Beem Jr                    |                                                     |
| Charles Oliphant Mark Hereward Chipchase | (Appointed 27 June 2022 and resigned 26 April 2023) |
| Bartow Jones                             | (Resigned 27 June 2022)                             |
| Hans Juergen Mende                       |                                                     |
| John Staudinger                          | (Resigned 26 April 2023)                            |
| Kotaro Suzuki                            | (Appointed 26 April 2023)                           |

#### **Results and dividends**

The results for the period are set out on page 10.

The Group declared and paid a dividend of AU\$175,000,505 (2021: AU\$nil) during the year.

#### **Strategic Report**

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of discussions relating to financial and other risk management objectives and policies and future developments.

#### **Indemnification and insurance of officers and auditor**

The Company indemnifies the current Directors of the Company and the Company Secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

#### **Energy and carbon reporting**

The Australian subsidiaries are subject to, and compliant with, the National Greenhouse Reporting Act in Australia. The amount of energy consumed in the UK is less than the 40,000kWh threshold and therefore the Group doesn't disclose emissions information related to the UK.

#### **Going concern**

The financial position of the Group is set out in the statements on pages 10 to 15. The Group's liquidity position defined as cash available at 31 December 2022 was strong at AUD\$118,444,996 (2021: AUD\$188,229,383) with minimal external debt except for bank guarantees.

To analyse the going concern basis of preparation, the Group prepares a detailed bottom up cash flow analysis to 30 September 2024, including downside scenarios based on significant reductions in prices and reverse stress testing. The forecasts include the construction of the Company's new Ironbark No. 1 which has been funded by equity from the owners and the commencement of longwall mining at Ironbark No. 1 in January 2024.

The Directors have reviewed these forecasts and believe that it is reasonable to continue to adopt the going concern basis in preparing the financial statements.

## FITZROY QLD RESOURCES LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022.

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#### Acquisition of JA Engineering Pty Ltd

The business was substantially strengthened by the acquisition on 1 July 2022 of JA Engineering Group Pty Ltd, a company that specialises in the maintenance of mining equipment and provision of support services thereof, for cash consideration of AU\$2,900,000. The acquisition is a strategic one ensuring both steady supplies of mining equipment and required services to deliver and meet the requirements of the Fitzroy group.

#### Events after the reporting date

On 20 April 2023, AMCI Group LLC, Series 23 ("AMCI"), the joint parent company, purchased the entire share capital that Riverstone Fitzroy LLC ("Riverstone") owned in the company. As part of the purchase, AMCI paid the company US\$35m (AU\$52m) to settle the AU\$44.8m outstanding between the company and AMCI. This amount was recognised in amounts due from related parties at 31 December 2022.

On 26 April 2023, the share capital held by AMCI was redesignated into 83,750 Ordinary shares of US\$1 (AU\$1.49) each. On the same day, 16,250 Ordinary shares of US\$1 (AU\$1.49) were issued to AMCI via a bonus issue.

On 27 April 2023, AMCI sold 30,000 Ordinary shares of US\$1 (AU\$1.49) each to IME Fitzroy Pty Ltd for consideration of US\$141m (AU\$213m).

#### Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### Auditor

Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

H J Mendé  
Director

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24.08.2023

## **FITZROY QLD RESOURCES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors have elected under company law to prepare group financial statements in accordance with UK-adopted International Accounting Standards and to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the Group and Company for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d) for the Company financial statements, state whether applicable UK accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FITZROY QLD RESOURCES LIMITED**

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### **Opinion**

We have audited the financial statements of Fitzroy QLD Resources Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes 1 to 36, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 August 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FITZROY QLD RESOURCES LIMITED**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability 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 the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FITZROY QLD RESOURCES LIMITED

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK Generally Accepted Accounting Practice and UK adopted international accounting standards) and local (Australian) tax legislation.
- We understood how Fitzroy QLD Resources Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated our enquiries through our review of Board minutes, papers provided to the company's Board and correspondence received from regulatory bodies and noted that there was no contradictory evidence. We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud.
- We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included using data analysis for testing journal entries that met our defined risk criteria based on our understanding of the business and challenging the assumptions and judgements made by management in areas where judgement is required.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations and enquiry of senior management personnel.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Steven Dobson (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 8/24/2023

## FITZROY QLD RESOURCES LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

|                                                                            | Notes | 2022<br>AU\$       | 2021<br>AU\$       |
|----------------------------------------------------------------------------|-------|--------------------|--------------------|
| Revenue                                                                    | 3     | 1,064,207,159      | 783,350,954        |
| Cost of sales                                                              |       | (440,030,856)      | (291,435,662)      |
| <b>Gross profit</b>                                                        |       | <b>624,176,303</b> | <b>491,915,292</b> |
| Selling and marketing expenses                                             |       | (262,864,065)      | (144,711,475)      |
| Administrative expenses                                                    |       | (80,814,937)       | (76,950,796)       |
| Other income                                                               | 4     | 4,169,892          | 12,057,855         |
| Fair value movements in contingent consideration                           | 7     | (22,166,233)       | (75,130,891)       |
| Finance income                                                             | 9     | 2,158,725          | 76,184             |
| Finance costs                                                              | 10    | (5,066,044)        | (8,441,628)        |
| <b>Profit before taxation</b>                                              | 8     | <b>259,593,641</b> | <b>198,814,541</b> |
| Taxation                                                                   | 11    | (84,677,156)       | (81,661,881)       |
| <b>Profit and total comprehensive income for the year</b>                  |       | <b>174,916,485</b> | <b>117,152,660</b> |
| <b>Profit and total comprehensive income for the year attributable to:</b> |       |                    |                    |
| Non-controlling interests                                                  |       | (19,089)           | -                  |
| Owners of the Parent Company                                               |       | <b>174,935,574</b> | <b>117,152,660</b> |

The above results were derived from continuing operations.

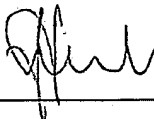
The Group has no items of other comprehensive income in the period for which financial statements are presented. As such, no separate statement of other comprehensive income is presented.

**FITZROY QLD RESOURCES LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

|                                      | Notes | 2022<br>AU\$         | 2021<br>AU\$         |
|--------------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                        |       |                      |                      |
| <b>Non-current assets</b>            |       |                      |                      |
| Goodwill                             | 13    | 1,538,456            | -                    |
| Other intangible assets              | 13    | 4,869,562            | 30,447,561           |
| <b>Total intangible assets</b>       |       | <b>6,408,018</b>     | <b>30,447,561</b>    |
| Property, plant, and equipment       | 14    | 394,072,517          | 244,415,882          |
| Right-of-use assets                  | 15    | 9,694,107            | 4,587,379            |
| Deferred tax assets                  | 28    | 43,700,014           | 49,665,007           |
| Trade and other receivables          | 20    | -                    | 44,832,125           |
| <b>Total non-current assets</b>      |       | <b>453,874,656</b>   | <b>373,947,954</b>   |
| <b>Current assets</b>                |       |                      |                      |
| Inventories                          | 19    | 90,560,794           | 35,740,253           |
| Trade and other receivables          | 20    | 162,469,287          | 121,332,109          |
| Cash and cash equivalents            | 21    | 118,444,996          | 188,229,383          |
| <b>Total current assets</b>          |       | <b>371,475,077</b>   | <b>345,301,745</b>   |
| <b>Total assets</b>                  |       | <b>825,349,733</b>   | <b>719,249,699</b>   |
| <b>Current liabilities</b>           |       |                      |                      |
| Borrowings                           | 22    | (1,300,000)          | -                    |
| Trade and other payables             | 23    | (184,561,139)        | (111,395,388)        |
| Lease liabilities                    | 24    | (2,315,516)          | (1,046,364)          |
| Taxation and other social security   |       | (44,513,206)         | (62,222,460)         |
| Provisions                           | 25    | (19,431,001)         | (14,774,418)         |
| <b>Total current liabilities</b>     |       | <b>(252,120,862)</b> | <b>(189,438,630)</b> |
| <b>Non-current liabilities</b>       |       |                      |                      |
| Lease liabilities                    | 24    | (7,752,772)          | (3,809,465)          |
| Provisions                           | 25    | (201,953,877)        | (162,937,152)        |
| <b>Total non-current liabilities</b> |       | <b>(209,706,649)</b> | <b>(166,746,617)</b> |
| <b>Total liabilities</b>             |       | <b>(461,827,511)</b> | <b>(356,185,247)</b> |
| <b>Net assets</b>                    |       | <b>363,522,222</b>   | <b>363,064,452</b>   |
| <b>Equity</b>                        |       |                      |                      |
| Share capital                        | 30    | 44,832,436           | 44,832,436           |
| Other reserves                       | 31    | 4,334,918            | 4,193,128            |
| Retained earnings                    | 31    | 313,973,957          | 314,038,888          |
| Non-controlling interests            |       | 380,911              | -                    |
| <b>Total equity</b>                  |       | <b>363,522,222</b>   | <b>363,064,452</b>   |

The financial statements were approved by the Board of Directors and authorised for issue on 24.08.2023 and are signed on its behalf by:

H J Mende  
Director

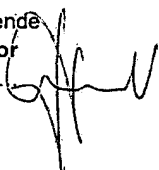


**FITZROY QLD RESOURCES LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

|                                      | Notes | 2022<br>AU\$         | 2021<br>AU\$         |
|--------------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                        |       |                      |                      |
| <b>Non-current assets</b>            |       |                      |                      |
| Investments                          | 16    | 165,719,016          | 143,552,783          |
| Trade and other receivables          | 20    |                      | 44,832,125           |
| <b>Total non-current assets</b>      |       | <b>165,719,016</b>   | <b>188,384,908</b>   |
| <b>Current assets</b>                |       |                      |                      |
| Trade and other receivables          | 20    | 44,832,125           | -                    |
| Cash and cash equivalents            | 21    | 369,917              | 4,572                |
| <b>Total current assets</b>          |       | <b>45,202,042</b>    | <b>4,572</b>         |
| <b>Total assets</b>                  |       | <b>210,921,058</b>   | <b>188,389,480</b>   |
| <b>Current liabilities</b>           |       |                      |                      |
| Trade and other payables             | 23    | (373,634)            | (2,257,837)          |
| Provisions                           | 25    | (19,431,001)         | (14,774,418)         |
| <b>Total current liabilities</b>     |       | <b>(19,804,635)</b>  | <b>(17,032,255)</b>  |
| <b>Non-current liabilities</b>       |       |                      |                      |
| Provisions                           | 25    | (126,750,432)        | (109,240,782)        |
| <b>Total non-current liabilities</b> |       | <b>(126,750,432)</b> | <b>(109,240,782)</b> |
| <b>Total liabilities</b>             |       | <b>(146,555,067)</b> | <b>(126,273,037)</b> |
| <b>Net assets</b>                    |       | <b>64,365,991</b>    | <b>62,116,443</b>    |
| <b>Equity</b>                        |       |                      |                      |
| Share capital                        | 30    | 44,832,436           | 44,832,436           |
| Retained earnings                    | 31    | 19,533,555           | 17,284,007           |
| <b>Total equity</b>                  |       | <b>64,365,991</b>    | <b>62,116,443</b>    |

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's profit and total comprehensive income for the year was AU\$177,250,053 (2021: loss and total comprehensive income for the year of AU\$139,956).

The financial statements were approved by the Board of Directors and authorised for issue on ..... and are signed on its behalf by:

H J Mendel  
Director  
.....  


**FITZROY QLD RESOURCES LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                                      | Notes | Share capital<br>AU\$ | Other<br>reserves<br>AU\$ | Retained<br>earnings<br>AU\$ | Total<br>controlling<br>interests<br>AU\$ | Non-<br>controlling<br>interests<br>AU\$ | Total equity<br>AU\$ |
|------------------------------------------------------|-------|-----------------------|---------------------------|------------------------------|-------------------------------------------|------------------------------------------|----------------------|
| Balance at 1 January 2021                            |       | 44,832,436            | 4,193,128                 | 196,886,228                  | 245,911,792                               | -                                        | 245,911,792          |
| Profit and total comprehensive income for the period |       | -                     | -                         | 117,152,660                  | 117,152,660                               | -                                        | 117,152,660          |
| <b>Balance at 31 December 2021</b>                   |       | <b>44,832,436</b>     | <b>4,193,128</b>          | <b>314,038,888</b>           | <b>363,064,452</b>                        | <b>-</b>                                 | <b>363,064,452</b>   |
| Profit and total comprehensive income for the year   |       | -                     | -                         | 174,935,574                  | 174,935,574                               | (19,089)                                 | 174,916,485          |
| Dividends                                            | 12    | -                     | -                         | (175,000,505)                | (175,000,505)                             | -                                        | (175,000,505)        |
| Issue of non-voting shares in subsidiary             | 18    | -                     | -                         | -                            | -                                         | 400,000                                  | 400,000              |
| Other movements                                      |       | -                     | 141,790                   | -                            | 141,790                                   | -                                        | 141,790              |
| <b>Balance at 31 December 2022</b>                   |       | <b>44,832,436</b>     | <b>4,334,918</b>          | <b>313,973,957</b>           | <b>363,141,311</b>                        | <b>380,911</b>                           | <b>363,522,222</b>   |

**FITZROY QLD RESOURCES LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                                    | Notes | Share capital<br>AU\$ | Retained<br>earnings<br>AU\$ | Total equity<br>AU\$ |
|----------------------------------------------------|-------|-----------------------|------------------------------|----------------------|
| <b>Balance at 1 January 2021</b>                   |       | 44,832,436            | 17,423,963                   | 62,256,399           |
| Loss and total comprehensive income for the year   |       | -                     | (139,956)                    | (139,956)            |
| <b>Balance at 31 December 2021</b>                 |       | <b>44,832,436</b>     | <b>17,284,007</b>            | <b>62,116,443</b>    |
| Profit and total comprehensive income for the year |       | -                     | 177,250,053                  | 177,250,053          |
| Dividends                                          | 12    | -                     | (175,000,505)                | (175,000,505)        |
| <b>Balance at 31 December 2022</b>                 |       | <b>44,832,436</b>     | <b>19,533,555</b>            | <b>64,365,991</b>    |

**FITZROY QLD RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                                               | 2022<br>AU\$         | 2021<br>AU\$         |
|---------------------------------------------------------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                   |                      |                      |
| Profit after tax                                              | 174,916,485          | 117,152,660          |
| <b>Adjustments for:</b>                                       |                      |                      |
| Tax on profit                                                 | 84,677,156           | 81,661,881           |
| Finance costs                                                 | 5,066,044            | 8,441,628            |
| Finance income                                                | (2,158,725)          | (76,184)             |
| Loss/(profit) on sale of assets                               | 831,754              | (3,454,589)          |
| Amortisation of intangible assets                             | 246,211              | 574,206              |
| Depreciation of owned property, plant and equipment           | 43,460,509           | 43,776,328           |
| Depreciation of right-of-use assets                           | 1,185,878            | 903,106              |
| <b>Movements in working capital:</b>                          |                      |                      |
| Increase in stocks                                            | (50,457,719)         | (286,071)            |
| Decrease/(increase) in debtors                                | 5,136,858            | (89,086,084)         |
| Increase in creditors                                         | 66,874,466           | 56,266,991           |
| Increase in provisions                                        | 43,273,308           | 80,248,782           |
| <b>Cash generated from operations</b>                         | <u>373,052,225</u>   | <u>296,122,654</u>   |
| Income tax paid                                               | (96,295,732)         | -                    |
| <b>Net cash generated from operations</b>                     | <u>276,756,493</u>   | <u>296,122,654</u>   |
| <b>Cash flows from investing activities</b>                   |                      |                      |
| Interest received                                             | 2,158,725            | 76,184               |
| Purchase of intangible assets                                 | -                    | (4,458,082)          |
| Purchase of property, plant and equipment                     | (169,790,397)        | (68,142,219)         |
| Proceeds from sale of property, plant and equipment           | 1,523,136            | 7,561,021            |
| Purchase of subsidiaries (net of cash acquired)               | (2,897,806)          | -                    |
| Shares issued to non-controlling interest                     | 400,000              | -                    |
| <b>Net cash used in investing activities</b>                  | <u>(168,606,342)</u> | <u>(64,963,096)</u>  |
| <b>Cash flows from financing activities</b>                   |                      |                      |
| Interest paid                                                 | (1,069,495)          | (8,441,628)          |
| Repayment of other loans                                      | (650,000)            | (103,429,587)        |
| Payment of lease liabilities                                  | (1,214,538)          | 318,941              |
| Dividends paid                                                | (175,000,505)        | -                    |
| <b>Net cash used in financing activities</b>                  | <u>(177,934,538)</u> | <u>(111,552,274)</u> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <u>(69,784,387)</u>  | <u>119,607,284</u>   |
| <b>Cash and cash equivalents at the beginning of the year</b> | <u>188,229,383</u>   | <u>68,622,099</u>    |
| <b>Cash and cash equivalents at the end of the year</b>       | <u>118,444,996</u>   | <u>188,229,383</u>   |

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company Information

Fitzroy QLD Resources Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1<sup>st</sup> Floor West Davidson House, Forbury Square, Reading, Berkshire, RG1 3EU.

The Group consists of Fitzroy QLD Resources Limited and all of its subsidiaries.

The Group's principal activity and nature of its operations are disclosed in the Strategic Report.

##### Accounting convention

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except for the remeasurement of certain financial instruments that are measured at fair value at the end of each reporting period.

The functional and the presentational currency of the Group and the Company is considered to be Australian Dollars (AU\$). Monetary amounts in these financial statements are rounded to the nearest AU\$1.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the parent, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Financial instrument disclosures, including
  - carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - income, expenses, gains and losses on financial instruments;
  - Information about financial instruments measured at fair value through profit or loss, including the impact of credit risk, and about compound financial instruments;
  - information about financial instruments that have been reclassified, derecognised, transferred or offset;
  - details of credit losses, collateral, loan defaults or breaches;
- Valuation technique(s) and assumptions used to measure recoverable amounts for impairment tests in respect of:
  - assets or CGUs for which impairment losses are recognised or reversed in the period where recoverable amount is based on fair value less costs of disposal;
  - A CGU or group of CGUs containing significant goodwill or intangible assets with indefinite useful lives;
- Disclosure of key management personnel compensation, and amounts incurred for the provision of key management personnel services by a separate management entity;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the objectives, policies and processes for managing capital;
- Comparative narrative information that continues to be relevant to the current period; and
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment intangible assets, investment property and biological assets;

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 31 December 2022.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes the total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

##### **Going concern**

The financial position of the Group is set out in the statements on pages 10 to 15. The Group's liquidity position defined as cash available at 31 December 2022 was strong at AUD\$118,444,996 (2021: AUD\$188,229,383) with minimal external debt except for bank guarantees.

To analyse the going concern basis of preparation, the Group prepares a detailed bottom up cash flow analysis to 30 September 2024, including downside scenarios based on significant reductions in prices and reverse stress testing. The forecasts include the construction of the Company's new Ironbark No. 1 which has been funded by equity from the owners and the commencement of longwall mining at Ironbark No. 1 in January 2024.

The Directors have reviewed these forecasts and believe that it is reasonable to continue to adopt the going concern basis in preparing the financial statements.

##### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill arises where the fair value of consideration given for a business exceeds the fair value of such assets, liabilities and contingent liabilities. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognised directly in the income statement. Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

##### **Investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The carrying values of fixed asset investments are reviewed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income. Changes to contingent consideration are recognised as either an increase or decrease to the original cost of investment in subsidiaries.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Foreign currency transactions and balances**

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the remeasurement of monetary items denominated in foreign currency at year end exchange rates are recognised in the statement of comprehensive income in the period in which they arise.

##### **Revenue**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when the performance obligation has been satisfied by transferring the promised good or service to the customer.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct, or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct, are combined with other promised goods or services in the contract, until a performance obligation is identified.

At contract inception, the transaction price is determined, being the amount that the Group expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand-alone selling prices. The Group uses the contractually stated price as the stand-alone selling price for each performance obligation.

##### **Sale of coal**

The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange for those goods or services. The performance obligation is satisfied at a point in time as the title, risks and rewards, and fulfilment of performance obligation generally occurs when the product is loaded onto the vessel for delivery to the customer. The Group sells its products on Free on Board terms where the Group has no responsibility for freight or insurance once control of the goods has passed at the loading port. Under these terms there is only one performance obligation, being the provision of goods at the point when control passes to the customer.

The Group's products are sold to customers under contract which vary in tenure and pricing mechanisms, primarily being monthly or quarterly indexes. Certain sales may be provisionally priced at the date revenue is recognised, however substantially all coal sales are reflected at final prices by the end of the reporting period. When provisional prices exist, the pricing period relates to a short period after shipment (no more than 14 days).

Contract payment terms are within 30 days.

AMCI Carbon GmbH (a member of the AMCI Group) acts as a selling agent for coal sales and receives a commission based on 2%, of the coal sales revenue.

##### **Revenue from mining equipment refurbishment**

JA Engineering Pty Ltd provides services to customers under contracts which provide for progressive payments as agreed milestones are achieved. Revenue is recognised proportionately as work is completed.

##### **Revenue from management and administration services**

Revenue from management and administration services is recognised as it accrues based on the stage of completion. Recharges of expenditure incurred on behalf of related parties are not recognised as revenue.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Goodwill and other intangible assets

###### **Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recorded. Goodwill is carried at cost less accumulated impairment losses. Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

###### **Exploration and evaluation assets**

Exploration and evaluation costs, including original costs of acquisition, are accumulated in respect of each separate area of interest. Exploration and evaluation costs are expensed as incurred until activities in respect of an area of interest reach a stage where such costs are expected to be recouped through sale or successful development and 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 to the income statement in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Exploration and evaluation costs have an indefinite life until the Directors determine if the area is commercial.

###### **Computer software**

Separately acquired software is recognised at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis to write down the cost less estimated residual value of assets. The following useful lives are applied:

|                   |                       |
|-------------------|-----------------------|
| Computer software | 3 years straight line |
|-------------------|-----------------------|

###### **Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of comprehensive income when the asset is derecognised.

###### **Property, plant, and equipment**

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses. The cost of properties under construction includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method over their expected useful lives, as follows:

|                                        |                           |
|----------------------------------------|---------------------------|
| Plant and equipment and infrastructure | 3-10 years straight line  |
| Mining properties                      | 4-10 years straight line  |
| Properties under construction          | 3-10 years straight line  |
| Rehabilitation asset                   | Over the life of the mine |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### 1 Accounting policies (continued)

###### ***Mine development costs***

Mine development costs related to an area of interest are capitalised from the date the Group approves an area of interest to proceed to the development stage whereby the project has passed technical feasibility and commercial viability. Mine development costs are included in property, plant and equipment and will be amortised using a units of production basis once production commences over the life of the economically recoverable reserves.

###### **Impairment of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units 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 (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

In assessing whether there's any indication that an asset may be impaired, the Group considers external and internal sources of information. External sources include any indications of the decline of the asset's value, any significant changes with an adverse effect on the Group during the year or in the near future, whether market interest rates or other market rates of return on investments have increased during the year, or if the carrying amount of the net assets of the Group is more than its market capitalisation. The Group also considers any evidence available of obsolescence or physical damage of an asset, significant changes with an adverse effect on the Group have taken place during the year, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite. Evidence available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Inventories**

The cost of coal inventories is determined using a weighted average basis. Cost includes direct material, mining, processing, labour, related transportation costs to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities. Inventory is held at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

##### **Financial Instruments**

##### **Financial assets**

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value and any transaction costs are recognised in the statement of comprehensive income.

##### **Loans and receivables**

Trade receivables are initially measured at their transaction price. Amounts due from related parties and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Trade receivables are reported net of any provisions for expected credit losses.

##### **Financial assets at fair value through profit or loss**

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

##### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Financial Instruments (continued)

###### *Trade receivables*

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in the statement of comprehensive income.

###### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

###### *Other financial liabilities*

###### *Trade and other payables*

Trade payables, amounts due to related parties and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

###### *Borrowings*

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits.

###### *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

No liability is recognised if an outflow of economic resource as a result of a present obligation is not probable or cannot be reliably estimated. Such situations are disclosed as contingent liabilities unless the outflow of resource is remote.

##### Taxation

The tax expense recognised in the statement of comprehensive income represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a taxation authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that there are offsetting deferred tax liabilities or to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that there are offsetting deferred tax liabilities or to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### ***Deferred tax (continued)***

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **Leases**

###### ***As a lessee***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16 Leases.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

###### **Right-of-use assets**

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain re-measurements of the lease liability.

###### **Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### **Lease liabilities (continued)**

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The variable lease payments that do not depend on an index or rate are expensed in the period in which they are incurred.

Termination penalties are included in the lease payments if the lease term has been adjusted because the Group reasonably expects to exercise an option to terminate the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

##### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets of less than AU\$1,000 and short-term leases of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### **Finance costs**

Finance costs including interest payable are expensed in the year in which they are incurred.

Borrowing costs are expensed as incurred and included in net financing costs unless they relate to a qualifying asset.

Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

##### **Employee benefits**

##### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies (continued)

##### Employee benefits (continued)

###### *Long-term employee benefits*

The net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to their present value. Contributions for mine site employees are made to an industry fund and expensed as incurred. Payments made to employees are recovered from the fund. The amount recoverable from the fund is recorded as an asset in receivables.

###### *Defined contribution plans*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense as incurred.

#### 2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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:

##### Critical accounting judgements

###### *Contingent consideration*

The Group pays contingent consideration originating from the acquisition of its Australian operations (Fitzroy (CQ) Pty Ltd and its subsidiaries) from Vale Australia Holdings Pty Ltd on 30 November 2016. The value of the contingent consideration is remeasured at each reporting date.

The key assumptions into the calculation are the sale price of coal, the forecast volume of coal produced and the weighted average cost of capital.

An increase or decrease of 10% to the coal price would result in the total contingent liability increasing by US\$nil or decreasing by US\$6.3m.

An increase or decrease of 10% to coal sales would result in the total contingent liability increasing by US\$5.4m or decreasing by US\$11.0m.

An increase or decrease of 1% to the Weighted Average Cost of Capital (WACC) would result in the total contingent liability decreasing by US\$3.6m or increasing by US\$3.8m.

The contingent consideration is included within provisions in the statement of financial position. The fair value movement impacting the statement of comprehensive income and the statement of financial position is disclosed in note 7.

###### *Net realisable value of inventories*

The net realisable value of mining and product inventories are assessed with reference to the estimated sales proceeds to be received at the time of the estimate less any remaining costs to market. Sales revenue is estimated based on the contractual terms of likely sales and the current market prices.

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## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

| <b>3 Revenue</b>                               |                      |                      |
|------------------------------------------------|----------------------|----------------------|
| <b>Revenue from contracts with customers</b>   | <b>2022<br/>AU\$</b> | <b>2021<br/>AU\$</b> |
| Metallurgical coal                             | 977,445,556          | 783,350,954          |
| Thermal coal                                   | 77,608,643           | -                    |
| Mining equipment refurbishment                 | 9,152,960            | -                    |
|                                                | <u>1,064,207,159</u> | <u>783,350,954</u>   |
| <b>Segmental analysis by geographical area</b> |                      |                      |
|                                                | <b>2022<br/>AU\$</b> | <b>2021<br/>AU\$</b> |
| Asia                                           | 918,064,322          | 644,219,898          |
| South America                                  | -                    | 63,694,890           |
| Oceania                                        | 109,927,458          | 75,436,166           |
| Europe                                         | 36,215,379           | -                    |
|                                                | <u>1,064,207,159</u> | <u>783,350,954</u>   |
| <b>Timing of revenue recognition</b>           |                      |                      |
|                                                | <b>2022<br/>AU\$</b> | <b>2021<br/>AU\$</b> |
| Revenue recognised at a point in time          | 1,064,207,159        | 783,350,954          |
|                                                | <u>1,064,207,159</u> | <u>783,350,954</u>   |
| <b>4 Other income</b>                          |                      |                      |
|                                                | <b>2022<br/>AU\$</b> | <b>2021<br/>AU\$</b> |
| Other income                                   | 4,169,892            | 12,057,855           |

For the year ended 31 December 2022, other income included tolling revenue earned from washing coal for a third party and the sale of the Company's Moorvale station.

For the year ended 31 December 2021, other income included proceeds on the sale of Highview property Broadlea, Arrow CAPEX revenue, equipment loss settlement and legal costs insurance reimbursement.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Employees

The average monthly number of persons employed by the Group during the year was:

| Group                              | 2022<br>Number     | 2021<br>Number    |
|------------------------------------|--------------------|-------------------|
| Operations                         | 666                | 607               |
| Administration                     | 109                | 88                |
| Total                              | <u>775</u>         | <u>695</u>        |
| <b>Group</b>                       | <b>2022</b>        | <b>2021</b>       |
|                                    | <b>AU\$</b>        | <b>AU\$</b>       |
| Wages and salaries                 | 107,416,288        | 69,482,931        |
| Social security costs              | 5,301,458          | 3,792,070         |
| Defined contribution pension costs | 9,808,796          | 6,542,733         |
|                                    | <u>122,526,542</u> | <u>79,817,734</u> |

#### 6 Directors' remuneration

Directors are remunerated through both AMCI Group, LLC and Riverstone Fitzroy LLC, the joint parent companies of the Group, and no remuneration relates to the running of Fitzroy QLD Resources Limited. There are no Directors' fees or remuneration attributable to acting as a Director paid by the Group or any other party. The Directors of the Group are not employees of the Group but are nominated by each of the two major shareholders and received no remuneration for services to the Group (2021: AU\$nil) and did not exercise share options (2021: nil). The time spent by the Directors on the Group has been deemed to be not material.

#### 7 Fair value movements in contingent consideration

|                                                 | 2022<br>AU\$      | 2021<br>AU\$      |
|-------------------------------------------------|-------------------|-------------------|
| Fair value movement in contingent consideration | <u>22,166,233</u> | <u>75,130,891</u> |

The contingent consideration originates from when the Group acquired its Australian operations (Fitzroy (CQ) Pty Ltd and its subsidiaries) from Vale Australia Holdings Pty Ltd on 30 November 2016. The contingent consideration is based on production volumes and has a variable component that reflects global market price for the primary product. See note 25 for further information.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Profit before taxation

Profit before income tax from continuing operations includes the following specific (income) and expenses

|                                     | 2022<br>AU\$                | 2021<br>AU\$                |
|-------------------------------------|-----------------------------|-----------------------------|
| Depreciation on owned assets        | 43,460,509                  | 43,776,328                  |
| Depreciation on right-of-use assets | 1,185,878                   | 889,479                     |
| Amortisation                        | 246,211                     | 574,206                     |
| Loss/(profit) on disposal of assets | 831,754                     | (3,454,589)                 |
| Foreign exchange gains              | (8,075,761)                 | (158,666)                   |
| Auditor's remuneration              | 438,000                     | 400,000                     |
|                                     | <u>                    </u> | <u>                    </u> |

#### 9 Finance income

|                           | 2022<br>AU\$                | 2021<br>AU\$                |
|---------------------------|-----------------------------|-----------------------------|
| Interest on cash balances | 2,158,725                   | 76,184                      |
|                           | <u>                    </u> | <u>                    </u> |

#### 10 Finance costs

|                               | 2022<br>AU\$                | 2021<br>AU\$                |
|-------------------------------|-----------------------------|-----------------------------|
| Interest on lease liabilities | 319,483                     | 291,121                     |
| Other borrowing costs         | 4,746,561                   | 8,150,507                   |
|                               | <u>                    </u> | <u>                    </u> |
|                               | <u>5,066,044</u>            | <u>8,441,628</u>            |

Other borrowing costs in the year ended 31 December 2021 included interest payable on an AU\$150m loan facility and deferred royalty payments that were both completed during the year ended 31 December 2021.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

| 11 Taxation                                      | 2022<br>AU\$      | 2021<br>AU\$      |
|--------------------------------------------------|-------------------|-------------------|
| <b>Current tax:</b>                              |                   |                   |
| UK corporation tax on profits for the year       | -                 | -                 |
| Foreign corporation tax                          | 82,495,697        | 62,226,088        |
| Foreign tax adjustments to prior periods         | -                 | (1,343,243)       |
| <b>Total current tax charge</b>                  | <b>82,495,697</b> | <b>60,882,845</b> |
| <b>Deferred tax:</b>                             |                   |                   |
| Origination and reversal of timing differences   | 6,090,678         | 20,779,036        |
| Adjustments for prior periods                    | (3,909,219)       | -                 |
| <b>Total deferred tax charge</b>                 | <b>2,181,459</b>  | <b>20,779,036</b> |
| <b>Taxation on profit on ordinary activities</b> | <b>84,677,156</b> | <b>81,661,881</b> |

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

|                                                                                                          | 2022<br>AU\$      | 2021<br>AU\$      |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Profit on ordinary activities before taxation                                                            | 259,593,641       | 198,814,541       |
| Profit on ordinary activities multiplied by average rate of corporation tax in the UK of 19% (2021: 19%) | 49,322,792        | 37,801,833        |
| <b>Effects of:</b>                                                                                       |                   |                   |
| Expenses not deductible in determining taxable profit                                                    | (75,697)          | 849,455           |
| Income not taxable in determining taxable profit                                                         | -                 | 199,324           |
| Effect of different tax rates of subsidiaries operating in other jurisdictions                           | 28,637,795        | 21,580,571        |
| Other permanent differences arising from non-deductible expenses                                         | 6,649,776         | 22,463,476        |
| Adjustments to tax charge in respect of previous periods                                                 | -                 | (1,343,243)       |
| Change in unrecognised deferred tax assets                                                               | 142,490           | 110,465           |
| <b>Tax charge for the year</b>                                                                           | <b>84,677,156</b> | <b>81,661,881</b> |

#### Factors that may affect future tax charges

In the budget on 3 March 2021, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2022 have been measured using these newly enacted rates.

Taxation in each region is calculated at the rates prevailing in the respective jurisdictions. Adjustments in respect of prior periods relate to the routine confirmation and agreement of the final tax position in local jurisdictions.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

| 12 Dividends          | 2022<br>AU\$       | 2021<br>AU\$ |
|-----------------------|--------------------|--------------|
| Interim dividend paid | 100,000,000        | -            |
| Final dividend paid   | 75,000,505         | -            |
|                       | <u>175,000,505</u> | <u>-</u>     |

During the year, an interim dividend was declared and paid on A1 Ordinary shares at AU\$1.14 per share, on A2 Ordinary shares at AU\$1.14 per share, on B Ordinary shares at AU\$8,671,256 per share and on C Ordinary shares at AU\$1,132,871 per share.

During the year, a final dividend was declared and paid on A1 Ordinary shares at AU\$0.86 per share, on A2 Ordinary shares at AU\$0.83 per share, on B Ordinary shares at AU\$6,547,969 per share and on C Ordinary shares at AU\$937,506 per share.

| 13 Goodwill and other Intangible assets      |                  |                                                    |                              |                   |
|----------------------------------------------|------------------|----------------------------------------------------|------------------------------|-------------------|
| Group                                        | Goodwill<br>AU\$ | Exploration<br>and<br>evaluation<br>assets<br>AU\$ | Computer<br>software<br>AU\$ | Total<br>AU\$     |
| <b>Cost</b>                                  |                  |                                                    |                              |                   |
| At 1 January 2021                            | -                | 29,789,494                                         | 2,562,344                    | 32,351,838        |
| Additions – separately acquired              | -                | 20,796                                             | -                            | 20,796            |
| Transfers from property, plant and equipment | -                | -                                                  | 383,715                      | 383,715           |
| <b>At 31 December 2021</b>                   | <u>-</u>         | <u>29,810,290</u>                                  | <u>2,946,059</u>             | <u>32,756,349</u> |
| Additions – separately acquired              | -                | -                                                  | -                            | -                 |
| Additions - business combinations            | 1,538,456        | -                                                  | 13,504                       | 1,551,960         |
| Transfers to property, plant and equipment   | -                | (25,345,292)                                       | -                            | (25,345,292)      |
| <b>At 31 December 2022</b>                   | <u>1,538,456</u> | <u>4,464,998</u>                                   | <u>2,959,563</u>             | <u>8,963,017</u>  |
| <b>Amortisation</b>                          |                  |                                                    |                              |                   |
| At 1 January 2021                            | -                | -                                                  | 2,096,638                    | 2,096,638         |
| Amortisation                                 | -                | -                                                  | 212,150                      | 212,150           |
| <b>At 31 December 2021</b>                   | <u>-</u>         | <u>-</u>                                           | <u>2,308,788</u>             | <u>2,308,788</u>  |
| Amortisation                                 | -                | -                                                  | 246,211                      | 246,211           |
| <b>At 31 December 2022</b>                   | <u>-</u>         | <u>-</u>                                           | <u>2,554,999</u>             | <u>2,554,999</u>  |
| <b>Carrying amount</b>                       |                  |                                                    |                              |                   |
| <b>At 31 December 2022</b>                   | <u>1,538,456</u> | <u>4,464,998</u>                                   | <u>404,564</u>               | <u>6,408,018</u>  |
| At 31 December 2021                          | -                | 29,810,290                                         | 637,271                      | 30,447,561        |

Goodwill has arisen from the excess of the cost of the Group's acquisitions over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. See note 18 for further details.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Transfers relate to capitalised exploration and development costs which are apportioned over property, plant and equipment when the initial exploration phase has ended and included in the cost base of the assets.

The Company had no intangible assets at 31 December 2021 and 31 December 2022.

Amortisation is included within administrative expenses in the statement of comprehensive income.

## FITZROY QLD RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

| 14 Property, plant and equipment      | Plant and equipment and infrastructure<br>AU\$ | Mining properties<br>AU\$ | Freehold land<br>AU\$ | Properties under construction<br>AU\$ | Rehabilitation asset<br>AU\$ | Total<br>AU\$      |
|---------------------------------------|------------------------------------------------|---------------------------|-----------------------|---------------------------------------|------------------------------|--------------------|
| <b>Cost</b>                           |                                                |                           |                       |                                       |                              |                    |
| At 1 January 2021                     | 151,949,243                                    | 86,621,113                | 6,400,000             | 58,896,696                            | 2,868,888                    | 306,735,940        |
| Additions                             | -                                              | -                         | -                     | 67,401,425                            | 4,053,540                    | 71,454,965         |
| Transfers                             | 44,093,770                                     | -                         | -                     | (44,093,770)                          | -                            | -                  |
| Transfers from/(to) intangible assets | (18,674,824)                                   | 18,674,824                | -                     | (383,715)                             | -                            | (383,715)          |
| Disposals                             | (46,504)                                       | -                         | (4,000,000)           | (59,928)                              | -                            | (4,108,432)        |
| <b>At 31 December 2021</b>            | <b>177,321,685</b>                             | <b>105,295,937</b>        | <b>2,400,000</b>      | <b>81,760,708</b>                     | <b>6,922,428</b>             | <b>373,700,758</b> |
| Additions                             | 343,985                                        | -                         | -                     | 159,567,150                           | 9,879,262                    | 169,790,397        |
| Additions - business combinations     | 336,345                                        | -                         | -                     | -                                     | -                            | 336,345            |
| Transfers                             | 119,718,265                                    | 36,660,104                | 18,521                | (156,396,890)                         | -                            | -                  |
| Transfers from intangible assets      | -                                              | 25,345,292                | -                     | -                                     | -                            | 25,345,292         |
| Disposals                             | -                                              | -                         | (480,784)             | (1,554,783)                           | (319,323)                    | (2,354,890)        |
| <b>At 31 December 2022</b>            | <b>297,720,280</b>                             | <b>167,301,333</b>        | <b>1,937,737</b>      | <b>83,376,185</b>                     | <b>16,482,367</b>            | <b>666,817,902</b> |
| <b>Depreciation</b>                   |                                                |                           |                       |                                       |                              |                    |
| At 1 January 2021                     | 70,164,730                                     | 14,288,535                | -                     | -                                     | 693,227                      | 85,146,492         |
| Depreciation                          | 29,196,438                                     | 14,579,890                | -                     | -                                     | 362,056                      | 44,138,384         |
| <b>At 31 December 2021</b>            | <b>99,361,168</b>                              | <b>28,868,425</b>         | <b>-</b>              | <b>-</b>                              | <b>1,055,283</b>             | <b>129,284,876</b> |
| Depreciation                          | 26,710,803                                     | 12,441,657                | -                     | -                                     | 4,308,049                    | 43,460,509         |
| <b>At 31 December 2022</b>            | <b>126,071,971</b>                             | <b>41,310,082</b>         | <b>-</b>              | <b>-</b>                              | <b>5,363,332</b>             | <b>172,745,385</b> |
| <b>Carrying amount</b>                |                                                |                           |                       |                                       |                              |                    |
| At 31 December 2022                   | 171,648,309                                    | 125,991,251               | 1,937,737             | 83,376,185                            | 11,119,035                   | 394,072,517        |
| At 31 December 2021                   | 77,960,517                                     | 76,427,512                | 2,400,000             | 81,760,708                            | 5,867,145                    | 244,415,882        |

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14 Property, plant and equipment (continued)

Transfers relate to capitalised exploration and development costs which are apportioned over property, plant and equipment when the initial exploration phase has ended and included in the cost base of the assets.

Properties under construction includes the costs of upgrading major pieces of equipment to meet code requirements, acquisition of new equipment to support capital requirements and capital items related to the construction of the Ironbark operation.

The Company had no property, plant and equipment at 31 December 2021 and 31 December 2022.

Depreciation is included within administrative expenses in the statement of comprehensive income.

#### 15 Right-of-use assets

| Group                             | Other<br>property,<br>plant and<br>equipment<br>AU\$ |
|-----------------------------------|------------------------------------------------------|
| <b>Cost</b>                       |                                                      |
| At 1 January 2021                 | 5,534,818                                            |
| Additions                         | 910,393                                              |
| <b>At 31 December 2021</b>        | <b>6,445,211</b>                                     |
| Additions                         | 5,830,171                                            |
| Additions - business combinations | 462,435                                              |
| Disposals                         | (1,079,306)                                          |
| <b>At 31 December 2022</b>        | <b>11,658,511</b>                                    |
| <b>Depreciation</b>               |                                                      |
| At 1 January 2021                 | 1,168,873                                            |
| Depreciation                      | 688,959                                              |
| <b>At 31 December 2021</b>        | <b>1,857,832</b>                                     |
| Depreciation                      | 1,185,878                                            |
| Disposals                         | (1,079,306)                                          |
| <b>At 31 December 2022</b>        | <b>1,964,404</b>                                     |
| <b>Carrying amount</b>            |                                                      |
| <b>At 31 December 2022</b>        | <b>9,694,107</b>                                     |
| At 31 December 2021               | 4,587,379                                            |

The Company had no right-of-use assets at 31 December 2021 or 31 December 2022.

Depreciation is included within administrative expenses in the statement of comprehensive income.

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|           |                                            |                    |                        |
|-----------|--------------------------------------------|--------------------|------------------------|
| <b>16</b> | <b>Investments</b>                         |                    |                        |
|           | <b>Company</b>                             |                    |                        |
|           |                                            | <b>2022</b>        | <b>2021</b>            |
|           |                                            | <b>AU\$</b>        | <b>AU\$</b>            |
|           | <b>Investments in subsidiaries</b>         | <u>165,719,016</u> | <u>143,552,783</u>     |
|           | <b>Movement in non-current investments</b> |                    |                        |
|           |                                            |                    | <b>Shares in group</b> |
|           |                                            |                    | <b>undertakings</b>    |
|           |                                            |                    | <b>AU\$</b>            |
|           | <b>Cost</b>                                |                    |                        |
|           | At 1 January 2022                          |                    | 143,552,783            |
|           | Additions                                  |                    | 22,166,233             |
|           | <b>At 31 December 2022</b>                 |                    | <u>165,719,016</u>     |
|           | <b>Carrying amount</b>                     |                    |                        |
|           | <b>At 31 December 2022</b>                 |                    | <u>165,719,016</u>     |
|           | <b>At 31 December 2021</b>                 |                    | <u>143,552,783</u>     |

Additions in the year relate to the increase in the contingent consideration provision. See note 25 for further details.

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**17 Subsidiaries**

Details of the Company's subsidiaries at 31 December 2022 are as follows. All subsidiaries have a reporting date at 31 December and have been consolidated.

| Name of subsidiary                            | Registered office address                       | Class of share capital | Proportion of ownership (%) |          |
|-----------------------------------------------|-------------------------------------------------|------------------------|-----------------------------|----------|
|                                               |                                                 |                        | Direct                      | Indirect |
| Fitzroy Australia Resources Pty Ltd           | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | 100                         | -        |
| Fitzroy Equipment Pty Ltd <sup>1</sup>        | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| J.A. Engineering Group Pty Ltd <sup>1</sup>   | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 75       |
| Fitzroy (CQ) Pty Ltd                          | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | 100                         | -        |
| Broadlea Coal Management Pty Ltd <sup>2</sup> | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| Fitzroy Coal Management Pty Ltd <sup>2</sup>  | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| Fitzroy Coal Sales Pty Ltd <sup>2</sup>       | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| Ironbark No.1 Pty Ltd <sup>2</sup>            | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| Nebo Central Coal Pty Ltd <sup>2</sup>        | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | -                           | 100      |
| Fitzroy Coal Exploration Pty Ltd              | Level 20, 324 Queen Street<br>Brisbane QLD 4000 | Ordinary               | 100                         | -        |

<sup>1</sup> Owned by Fitzroy Australia Resources Pty Ltd

<sup>2</sup> Owned by Fitzroy (CQ) Pty Ltd

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**18 Acquisitions**

On 1 July 2022, the Group acquired 75% of the voting shares of J.A. Engineering Group Pty Ltd, a company incorporated in Australia, to secure equipment overhaul services of key equipment, for cash consideration of AU\$2,900,000. J.A. Engineering Group Pty Ltd specialises in engineering and refurbishment of mining equipment and support thereof.

|                                         | <b>Fair value recognised on acquisition</b> |
|-----------------------------------------|---------------------------------------------|
|                                         | <b>AU\$</b>                                 |
| <b>Assets</b>                           |                                             |
| Property, plant and equipment           | 751,233                                     |
| Trade receivables                       | 1,441,911                                   |
| Inventories                             | 4,362,822                                   |
| Cash and cash equivalents               | 2,194                                       |
| Other assets                            | 139,189                                     |
|                                         | <u>6,697,349</u>                            |
| <b>Liabilities</b>                      |                                             |
| Trade payables                          | 2,523,370                                   |
| Lease liabilities                       | 462,435                                     |
| Loans                                   | 1,950,000                                   |
| Provisions                              | 400,000                                     |
|                                         | <u>5,335,805</u>                            |
| <b>Net identifiable assets acquired</b> | <u>1,361,544</u>                            |
| Goodwill                                | 1,538,456                                   |
| <b>Total consideration</b>              | <u><u>2,900,000</u></u>                     |

Consideration was satisfied by:

|                            | <b>AU\$</b>             |
|----------------------------|-------------------------|
| Cash                       | 2,900,000               |
| <b>Total consideration</b> | <u><u>2,900,000</u></u> |

The goodwill recognised in this acquisition was derived from expected synergies arising from the acquisition.

There was no non-controlling interest recognised at acquisition. Amounts relating to non-controlling interest are representative of the minority shareholders share of profit and total comprehensive income for the year ended 31 December 2022.

Also recognised in non-controlling interest is AU\$400,000 relating to the issue by J.A. Engineering Group Pty Ltd of non-voting shares to members of management of the business subsequent to acquisition.

Amounts recognised in statement of comprehensive income since the acquisition date relating to JA Engineering Group Pty Ltd were revenue of AU\$17,912,005 and loss for the year of AU\$76,355.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 19 Inventories

|                  | Group<br>2022<br>AU\$ | 2021<br>AU\$      | Company<br>2022<br>AU\$ | 2021<br>AU\$ |
|------------------|-----------------------|-------------------|-------------------------|--------------|
| Coal inventory   | 57,555,324            | 13,273,284        | -                       | -            |
| Stores inventory | 30,650,973            | 22,466,969        | -                       | -            |
| Work in progress | 2,354,497             | -                 | -                       | -            |
|                  | <u>90,560,794</u>     | <u>35,740,253</u> | <u>-</u>                | <u>-</u>     |

Inventories recognised as an expense during the year ended 31 December 2022 amounted to AU\$44,260,571 (2021: AU\$1,807,385). These were included in cost of sales. No impairment of inventories has been recognised (2021: AU\$nil).

#### 20 Trade and other receivables

|                                  | Group<br>2022<br>AU\$ | 2021<br>AU\$       | Company<br>2022<br>AU\$ | 2021<br>AU\$ |
|----------------------------------|-----------------------|--------------------|-------------------------|--------------|
| <b>Current:</b>                  |                       |                    |                         |              |
| Trade receivables                | 36,378,507            | 33,031,575         | -                       | -            |
| Amounts due from related parties | 92,685,754            | 67,123,841         | 44,832,125              | -            |
| Other receivables                | 24,046,025            | 17,079,076         | -                       | -            |
| Prepayments                      | 9,359,001             | 4,097,617          | -                       | -            |
|                                  | <u>162,469,287</u>    | <u>121,332,109</u> | <u>44,832,125</u>       | <u>-</u>     |

All above items are expected to be satisfied within the next 12 months and have been classified as current.

Other receivables primarily relates to long service leave receivable from the Australian Coal Board and GST tax receivable. See note 34 for amounts receivable from related parties.

|                                  | Group<br>2022<br>AU\$ | 2021<br>AU\$      | Company<br>2022<br>AU\$ | 2021<br>AU\$      |
|----------------------------------|-----------------------|-------------------|-------------------------|-------------------|
| <b>Non-current:</b>              |                       |                   |                         |                   |
| Amounts due from related parties | -                     | 44,832,125        | -                       | 44,832,125        |
|                                  | <u>-</u>              | <u>44,832,125</u> | <u>-</u>                | <u>44,832,125</u> |

Amounts due from related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts recognised in non-current receivables at 31 December 2021 were repaid as part of the equity restructure processed after the reporting date and as such was recognised as a current asset at 31 December 2022, see note 36 for further details.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables are grouped based on days overdue.

Standard credit terms are 30 days from the date the invoice was issued.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 20 Trade and other receivables (continued)

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on a combination of factors, including the Group's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of trade receivables. Trade receivables that management believe to be ultimately not collectible are written off upon such determination. The Group defines default of customer receivable balances as any amounts outside of the contractual repayment terms.

The Group has recognised a loss of AU\$nil (2021: AU\$nil) in the statement of comprehensive income in respect of expected credit losses.

##### Contract balances

|                                                           | Group        |            | Company |      |
|-----------------------------------------------------------|--------------|------------|---------|------|
|                                                           | 2022         | 2021       | 2022    | 2021 |
|                                                           | AU\$         | AU\$       | AU\$    | AU\$ |
| Receivables included within 'Trade and other receivables' | 36,378,508   | 33,031,575 | -       | -    |
| Contract assets                                           | -            | -          | -       | -    |
| Contract liabilities                                      | (52,181,742) | -          | -       | -    |

Contract assets predominantly relate to fulfilled obligations which are billed monthly in arrears. At the point where completed work is invoiced, the contract asset is derecognised, and a corresponding receivable recognised. Contract assets are shown within trade receivables on the statement of financial position.

Contract liabilities relate to consideration received from customers in advance of the performance obligation being satisfied. Contract liabilities are shown within trade and other payables on the statement of financial position.

The carrying value of trade and other receivables in the Group and Company is consistent with fair value in the current and prior year.

#### 21 Cash and cash equivalents

|                          | Group       |             | Company |       |
|--------------------------|-------------|-------------|---------|-------|
|                          | 2022        | 2021        | 2022    | 2021  |
|                          | AU\$        | AU\$        | AU\$    | AU\$  |
| Cash at bank and in hand | 118,444,996 | 188,229,383 | 369,917 | 4,572 |

#### 22 Borrowings

|             | Group     |      | Company |      |
|-------------|-----------|------|---------|------|
|             | 2022      | 2021 | 2022    | 2021 |
|             | AU\$      | AU\$ | AU\$    | AU\$ |
| Current:    |           |      |         |      |
| Other loans | 1,300,000 | -    | -       | -    |
|             | 1,300,000 | -    | -       | -    |

**FITZROY QLD RESOURCES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****22 Borrowings (continued)**

As part of the acquisition of JA Engineering Group Pty Ltd in the year ended 31 December 2022, a non-interest bearing loan of AU\$1,950,000 payable to an unrelated third party was acquired by the Group. AU\$650,000 was repaid during the year. The remaining amount of AU\$1,300,000 is repayable in two equal instalments of AU\$650,000 due on 30 June 2023 and 31 December 2023 respectively.

**23 Trade and other payables**

|                                | Group              |                    | Company        |                  |
|--------------------------------|--------------------|--------------------|----------------|------------------|
|                                | 2022               | 2021               | 2022           | 2021             |
| Current:                       | AU\$               | AU\$               | AU\$           | AU\$             |
| Trade payables                 | 17,180,163         | 12,754,204         | -              | 31,329           |
| Contract liabilities           | 52,181,742         | -                  | -              | -                |
| Amounts due to related parties | 2,134,967          | 4,800,959          | -              | 1,902,496        |
| Other payables                 | 6,521,137          | 30,646,390         | -              | -                |
| Accruals                       | 106,543,130        | 63,193,835         | 373,634        | 324,013          |
|                                | <u>184,561,139</u> | <u>111,395,388</u> | <u>373,634</u> | <u>2,257,838</u> |

Other payables relates primarily to unearned revenue and goods received but not invoiced.

Contract liabilities primarily relate to an US\$45m prepayment received for Coal sales which had not been fulfilled as at the reporting date. Prepayment fees are applicable at 6.25% per annum which are classified within finance costs.

Amounts due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Group has a Syndicated Debt Facility with ANZ Banking Group which comprises of:

- Facility B1 limit – Letters of Credit uncommitted from ANZ Banking Group totalling AU\$50m for performance guarantees; and
- Facility C limit – Letters of Credit uncommitted from ANZ Banking Group totalling AU\$45m.

The Group has drawn AU\$20.9m on Facility B1 and AU\$38.6m on Facility C.

The facility has a termination date of 28 June 2024 and is secured by a charge over all assets of the Group and a cross guarantee with related entities.

Terms and conditions of outstanding loans are as follows:

|                   | Currency | Nominal<br>Interest rate | Year of<br>maturity | 31 December 2022 |                    | 31 December 2021 |                    |
|-------------------|----------|--------------------------|---------------------|------------------|--------------------|------------------|--------------------|
|                   |          |                          |                     | Face value       | Carrying<br>amount | Face value       | Carrying<br>amount |
|                   |          |                          |                     | AU\$000          | AU\$000            | AU\$000          | AU\$000            |
| Lease liabilities | AU\$     | 5.0 - 6.0%               | Multiple            | <u>10,068</u>    | <u>10,068</u>      | <u>3,745</u>     | <u>3,745</u>       |

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**24 Lease liabilities**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

|                                                                                    | <b>Group</b>      |                  | <b>Company</b> |             |
|------------------------------------------------------------------------------------|-------------------|------------------|----------------|-------------|
|                                                                                    | <b>2022</b>       | <b>2021</b>      | <b>2022</b>    | <b>2021</b> |
|                                                                                    | <b>AU\$</b>       | <b>AU\$</b>      | <b>AU\$</b>    | <b>AU\$</b> |
| Current                                                                            | 2,315,516         | 1,046,364        | -              | -           |
| Non-current                                                                        | 7,752,772         | 3,809,465        | -              | -           |
|                                                                                    | <u>10,068,288</u> | <u>4,855,829</u> | <u>-</u>       | <u>-</u>    |
|                                                                                    | <b>Group</b>      |                  | <b>Company</b> |             |
|                                                                                    | <b>2022</b>       | <b>2021</b>      | <b>2022</b>    | <b>2021</b> |
|                                                                                    | <b>AU\$</b>       | <b>AU\$</b>      | <b>AU\$</b>    | <b>AU\$</b> |
| Amounts recognised in the statement of comprehensive income include the following: |                   |                  |                |             |
| Interest on lease liabilities                                                      | 319,483           | 291,121          | -              | -           |
| Expense relating to short-term leases and leases of low-value assets               | 15,889,965        | 4,441,660        | -              | -           |
|                                                                                    | <u>15,889,965</u> | <u>4,441,660</u> | <u>-</u>       | <u>-</u>    |

**Maturity analysis of lease liabilities**

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December and the contractual maturity date.

| <b>Group</b>                                  | <b>2022</b>       | <b>2021</b>      |
|-----------------------------------------------|-------------------|------------------|
|                                               | <b>AU\$</b>       | <b>AU\$</b>      |
| Within 1 year                                 | 2,433,116         | 1,289,904        |
| 1 to 5 years                                  | 5,656,561         | 1,944,909        |
| Over 5 years                                  | 3,046,154         | 3,056,846        |
|                                               | <u>11,135,831</u> | <u>6,291,659</u> |
| Total undiscounted liabilities                | 11,135,831        | 6,291,659        |
| Less: future finance charges                  | (1,067,543)       | (1,435,830)      |
|                                               | <u>10,068,288</u> | <u>4,855,829</u> |
| Lease liabilities in the financial statements | <u>10,068,288</u> | <u>4,855,829</u> |

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The Group leases motor vehicles under lease terms of 3 to 5 years with fixed monthly payments and certain items of equipment under hire purchase agreements spanning 5 years.

The Group also leases office premises under lease terms of 3 to 5 years with monthly rental payments that increase annually with CPI, and include an option to renew at the end of the lease term.

The Group holds a lease for electrical connections which is in place until 2033.

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**25 Provisions**

|                             | <b>Group</b>       |                      | <b>Company</b>        |                    |
|-----------------------------|--------------------|----------------------|-----------------------|--------------------|
|                             | <b>2022</b>        | <b>2021</b>          | <b>2022</b>           | <b>2021</b>        |
|                             | <b>AU\$</b>        | <b>AU\$</b>          | <b>AU\$</b>           | <b>AU\$</b>        |
| Current                     | 19,431,001         | 14,774,418           | 19,431,001            | 14,774,418         |
| Non-current                 | 201,953,877        | 162,937,152          | 126,750,432           | 109,240,782        |
|                             | <u>221,384,878</u> | <u>177,711,570</u>   | <u>146,181,433</u>    | <u>124,015,200</u> |
| Movement on provisions:     |                    |                      |                       |                    |
| <b>Group</b>                | <b>Employee</b>    | <b>Contingent</b>    | <b>Rehabilitation</b> | <b>Total</b>       |
|                             | <b>benefits</b>    | <b>consideration</b> | <b>liability</b>      |                    |
|                             | <b>AU\$</b>        | <b>AU\$</b>          | <b>AU\$</b>           | <b>AU\$</b>        |
| Balance at 1 January 2022   | 22,980,699         | 124,015,200          | 30,715,671            | 177,711,570        |
| Additional provisions       | 34,798,596         | 22,166,233           | 9,879,263             | 66,844,092         |
| Utilisation of provision    | (22,980,699)       | -                    | (319,323)             | (23,300,022)       |
| Unwinding of discount       | -                  | -                    | 129,238               | 129,238            |
| Balance at 31 December 2022 | <u>34,798,596</u>  | <u>146,181,433</u>   | <u>40,404,849</u>     | <u>221,384,878</u> |
|                             |                    |                      | <b>Contingent</b>     | <b>Total</b>       |
|                             |                    |                      | <b>consideration</b>  | <b>AU\$</b>        |
|                             |                    |                      | <b>AU\$</b>           | <b>AU\$</b>        |
| <b>Company</b>              |                    |                      |                       |                    |
| Balance at 1 January 2022   |                    |                      | 124,015,200           | 124,015,200        |
| Additional provisions       |                    |                      | 22,166,233            | 22,166,233         |
| Balance at 31 December 2022 |                    |                      | <u>146,181,433</u>    | <u>146,181,433</u> |

**FITZROY QLD RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**25 Provisions (continued)**

**Employee benefits**

Employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid for annual leave accruals if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

Annual leave for employee services are recognised as a current liability and are expected to be utilised in 2023.

Long service leave is recognised as a non-current liability as it is awarded to employees after completing eight years of qualifying service.

**Contingent consideration**

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment through the statement of comprehensive income.

The values for the calculation of contingent consideration are based on the mining schedule and production volumes that are generated from specialist technical software and the geological data base. Cost assumptions are built up from first principles and checked against historical performance. Price assumptions are provided by independent market forecasters. Royalty rates for amounts owing are based on the contractual obligations.

Contingent consideration was part of the transaction consideration on 30 November 2016 when the Group acquired its Australian operations (Fitzroy (CQ) Pty Ltd and its subsidiaries).

Contingent consideration is recognised over the remaining life of the mine, with the current expectation that the mine has a useful economic life until 2034. A discount rate of 11.5% is applied.

**Rehabilitation liability**

The rehabilitation provision provides for dismantling and removing all site infrastructure and the cost of restoring the site. A discount rate of 3.57% (2021: 1.81%) and inflation rate of 3.5% - 5.5% (2021: 2.0%) have been used to calculate the net present value of the rehabilitation cost.

Rehabilitation is a progressive activity but the major expenditure will not occur until the operations are closed. There is not currently an expected closure date as there are significant resources that will continue to extend the life of the operations.

The rehabilitation provision will fall due at the end of the life of the mine, which is currently estimated to be in 2034.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 26 Capital commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform exploration work to meet the minimum expenditure requirements specified. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial statements and are payable as follows:

| Group                   | Within<br>1 year | 1 to 5 years     | Over<br>5 years  | At<br>31 December<br>2022 |
|-------------------------|------------------|------------------|------------------|---------------------------|
|                         | AU\$             | AU\$             | AU\$             | AU\$                      |
| Exploration expenditure | 2,448,000        | 4,250,000        | 9,226,000        | 15,924,000                |
|                         | <u>2,448,000</u> | <u>4,250,000</u> | <u>9,226,000</u> | <u>15,924,000</u>         |
|                         | Within<br>1 year | 1 to 5 years     | Over<br>5 years  | At<br>31 December<br>2021 |
|                         | AU\$             | AU\$             | AU\$             | AU\$                      |
| Exploration expenditure | 890,794          | 2,697,078        | 5,162,106        | 8,749,978                 |
|                         | <u>890,794</u>   | <u>2,697,078</u> | <u>5,162,106</u> | <u>8,749,978</u>          |

#### 27 Contingent liabilities

##### Group

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The Directors are not aware of any circumstance or information that would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

##### Guarantees

In 2019 the Group, or related entities of the Group, provided indemnity guarantees in relation to the Group's mining operations. These guarantees are in relation to the operations of the Carborough Downs and Broadlea coal mines.

|                      | 2022<br>AU\$      | 2021<br>AU\$      |
|----------------------|-------------------|-------------------|
| Indemnity guarantees | <u>51,919,000</u> | <u>61,424,467</u> |

The Company had no guarantees at 31 December 2021 and 31 December 2022.

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 28 Deferred taxation

Movements in deferred taxation:

| Group                                           | 2022<br>AU\$      | 2021<br>AU\$      |
|-------------------------------------------------|-------------------|-------------------|
| At 1 January                                    | 49,665,007        | 70,444,044        |
| Charge to the statement of comprehensive income | (2,181,459)       | (20,779,037)      |
| Adjustment to prior year                        | (3,909,219)       | -                 |
| Recognised on acquisition                       | 125,685           | -                 |
| <b>At 31 December</b>                           | <b>43,700,014</b> | <b>49,665,007</b> |

| Group                        | Liabilities  |              | Assets            |                   |
|------------------------------|--------------|--------------|-------------------|-------------------|
|                              | 2022<br>AU\$ | 2021<br>AU\$ | 2022<br>AU\$      | 2021<br>AU\$      |
| Accelerated tax depreciation | -            | -            | 30,788,236        | 36,372,550        |
| General provisions           | -            | -            | 17,780,656        | 12,868,175        |
| Other timing differences     | -            | -            | 386,602           | 424,282           |
| <b>At 31 December</b>        | <b>-</b>     | <b>-</b>     | <b>43,700,014</b> | <b>49,665,007</b> |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

No deferred tax liability is recognised on temporary differences of AU\$611,331,247 (2021: AU\$607,563,767) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

At the reporting date, the Group has unused tax losses of AU\$3.2 million (2021: AU\$2 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses (AU\$3.2 million) arising in FQRL, the UK entity, as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of AU\$3.2 million that may be carried forward indefinitely.

#### 29 Retirement benefit schemes

##### Defined contribution schemes

The Group contributes to defined contribution pension schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group.

The Group had AU\$nil (2021: AU\$nil) outstanding contributions at the year end.

The charge to the statement of comprehensive income in respect of defined contribution schemes was AU\$9,808,796 (2021: AU\$6,542,733).

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**30 Share capital**

|                                           | 2022<br>No.       | 2022<br>AU\$      | 2021<br>No.       | 2021<br>AU\$      |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Ordinary share capital</b>             |                   |                   |                   |                   |
| <i>Allotted, called up and fully paid</i> |                   |                   |                   |                   |
| A1 Ordinary shares of AU\$0.64 each       | 35,000,000        | 22,416,211        | 35,000,000        | 22,416,211        |
| A2 Ordinary shares of AU\$0.64 each       | 35,000,000        | 22,416,211        | 35,000,000        | 22,416,211        |
| B Ordinary shares of AU\$1.28 each        | 1                 | 1                 | 1                 | 1                 |
| C Ordinary shares of AU\$1.28 each        | 10                | 13                | 10                | 13                |
|                                           | <u>70,000,011</u> | <u>44,832,436</u> | <u>70,000,011</u> | <u>44,832,436</u> |

The Company has four classes of ordinary shares which carry no rights in fixed income.

Each A1 Ordinary and A2 Ordinary share carries the right to one vote on a poll. The right to vote is determined by reference to the register of members. All dividends shall be declared and paid according to the amounts paid up on the shares. The shares do not carry any rights with respect to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law and as set out in the articles. The shares are not redeemable.

The B Ordinary shares have no voting rights but have the right to receive notice of and attend any general meeting.

The C Ordinary shares are subject to some provisions and the vested percentage will differ depending on certain provisions.

**31 Reserves**

**Other reserves**

Forgiven amounts loaned to the Group from related parties outside of the Group. These transactions are recognised directly in equity as a contribution by or distribution to owners.

**Retained earnings**

Cumulative profit and loss net of distributions to owners.

**FITZROY QLD RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**32 Financial Instruments****Financial assets and liabilities**

The IFRS 9 categories of financial assets and liabilities included in the Group statement of financial position are as follows:

|                                  | Amortised cost |             |
|----------------------------------|----------------|-------------|
|                                  | 2022           | 2021        |
|                                  | AU\$           | AU\$        |
| <b>Non-current assets</b>        |                |             |
| Amounts due from related parties | -              | 44,832,125  |
| <b>Current assets</b>            |                |             |
| Cash and cash equivalents        | 118,444,996    | 188,229,383 |
| Trade receivables                | 36,378,507     | 33,031,575  |
| Amounts due from related parties | 92,685,754     | 67,123,841  |
| Other receivables                | 24,046,025     | 17,079,076  |
| <b>Current liabilities</b>       |                |             |
| Borrowings                       | 1,300,000      | -           |
| Trade payables                   | 17,180,163     | 12,754,204  |
| Amounts due to related parties   | 2,134,967      | 4,800,959   |
| Other payables                   | 165,246,009    | 93,840,225  |

**33 Changes in liabilities arising from financing activities**

|                                              | Other loans   | Lease liabilities | Total         |
|----------------------------------------------|---------------|-------------------|---------------|
|                                              | AU\$          | AU\$              | AU\$          |
| At 1 January 2021                            | 103,429,587   | 4,526,888         | 107,956,475   |
| Net cash from financing activities           | (103,429,587) | 318,941           | (103,110,646) |
| Balance at 31 December 2021                  | -             | 4,855,829         | 4,855,829     |
| Acquisition of other loans                   | 1,950,000     | -                 | 1,950,000     |
| Acquisition of leases                        | -             | 414,888           | 414,888       |
| Right-of-use asset additions                 | -             | 5,877,718         | 5,877,718     |
| Net cash (used in)/from financing activities | (650,000)     | (1,214,538)       | (1,864,538)   |
| Other movements                              | -             | 134,391           | 134,391       |
| At 31 December 2022                          | 1,300,000     | 10,068,288        | 11,368,288    |

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 34 Related party transactions

##### Group

##### Key management personnel

No amounts were paid directly by the Group as remuneration to key management personnel (2021: AU\$nil).

Several members of the Group's key management personnel are provided under a management agreement with Macrossan Resources Pty Ltd. Compensation for the key management personnel services provided under this arrangement is included in the management fees paid to Macrossan Resources Pty Ltd of AU\$3,505,000 (2021: AU\$3,039,713).

##### Related party transactions

AMCI Carbon GmbH, a member of the group of AMCI Group, LLC, Series 23, one of the Group's joint parent entities, acts as a selling agent for coal sales and receives a commission based on 2% of the coal sales revenue. The total commission paid to AMCI Carbon GmbH for the year ended 31 December 2022 totalled AU\$21,099,000 (2021: AU\$16,172,707).

J.A. Engineering Group Pty Ltd, a 75% subsidiary of the Group, was paid AU\$8,759,000 (2021: AU\$nil) for equipment overhaul services.

The following amounts were outstanding at the reporting end date:

|                                                       | 2022<br>AU\$                | 2021<br>AU\$                |
|-------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Amounts due from related parties – non-current</b> |                             |                             |
| AMCI Group, LLC, Series 23                            | -                           | 44,832,125                  |
|                                                       | <u>                    </u> | <u>                    </u> |
| <b>Amounts due from related parties – current</b>     |                             |                             |
| AMCI Carbon GmbH                                      | 47,853,629                  | 67,123,841                  |
| AMCI Group, LLC, Series 23                            | 44,832,125                  | -                           |
|                                                       | <u>92,685,754</u>           | <u>67,123,841</u>           |
| <b>Amounts due to related parties – current</b>       |                             |                             |
| AMCI Carbon GmbH                                      | 2,137,967                   | 2,898,463                   |
| AMCI Group, LLC, Series 23                            | -                           | 1,412,713                   |
| Riverstone Fitzroy LLC                                | -                           | 489,783                     |
|                                                       | <u>2,134,967</u>            | <u>4,800,959</u>            |

## FITZROY QLD RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 34 Related party transactions (continued)

##### Company

##### Related party transactions

The following amounts were outstanding at the reporting end date:

|                                                       | 2022                        | 2021                        |
|-------------------------------------------------------|-----------------------------|-----------------------------|
|                                                       | AU\$                        | AU\$                        |
| <b>Amounts due from related parties – non-current</b> |                             |                             |
| AMCI Group, LLC, Series 23                            | -                           | 44,832,125                  |
|                                                       | <u>                    </u> | <u>                    </u> |
| <b>Amounts due to related parties – current</b>       |                             |                             |
| AMCI Group, LLC, Series 23                            | 44,832,125                  | 1,412,713                   |
| Riverstone Fitzroy LLC                                | -                           | 489,783                     |
|                                                       | <u>44,832,125</u>           | <u>1,902,496</u>            |

#### 35 Controlling party

The parent companies which own a joint 50% shareholding in Fitzroy QLD Resources Limited are AMCI Group, LLC, Series 23, a company registered under the State of Delaware and having its registered office in the State of Delaware at c/o the Corporation Service Company, 251 Little Falls Drive, Wilmington, Country of New Castle, Delaware 19808, USA and Riverstone Fitzroy LLC, which is constituted as a corporation in 190 Elgin Avenue, George Town, Grand Cayman, KYI-9005, Cayman Islands.

As a result of the share transactions after the reporting date, for further details see note 36, AMCI Group LLC, Series 23, has become the immediate parent company by virtue of its majority shareholding.

#### 36 Events after the reporting date

On 20 April 2023, AMCI Group LLC, Series 23 ("AMCI"), the joint parent company, purchased the entire share capital that Riverstone Fitzroy LLC ("Riverstone") owned in the company. As part of the purchase, AMCI paid the company US\$35m (AU\$52m) to settle the AU\$44.8m outstanding between the company and AMCI. This amount was recognised in amounts due from related parties at 31 December 2022.

On 26 April 2023, the share capital held by AMCI was redesignated into 83,750 Ordinary shares of US\$1 (AU\$1.49) each. On the same day, 16,250 Ordinary shares of US\$1 (AU\$1.49) were issued to AMCI via a bonus issue.

On 27 April 2023, AMCI sold 30,000 Ordinary shares of US\$1 (AU\$1.49) each to IME Fitzroy Pty Ltd for consideration of US\$141m (AU\$213m).

On 20 July 2023, AMCI provided a loan of US\$35m to the Fitzroy Group. The loan is due for repayment in June 2025 and carries a 15% interest rate.

On 28 July 2023, ITOCHU provided a loan of \$15m in the form of a prepayment for the purchase of coal. The loan carries an 8.3% interest rate and repayment is due at the end of the sales contract in March 2024.