



SAKARI RESOURCES LIMITED

# ANNUAL REPORT 2023

# CORPORATE DIRECTORY

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**Directors**

Mr Henry Yusuf  
Mr Andreas Kastono Ahadi  
Mr Ferdy Yustianto Husada  
Mr Michael Wong  
Mr Raymond Anthony Gerungan

**Company Secretaries**

Seow Han Chiang Winston  
Leong Chuo Ming

**Registered & Head Office**

101 Thomson Road  
#10-05 United Square  
Singapore 307591

**Website**

[www.sakariresources.com](http://www.sakariresources.com)

**Share Registrar**

Boardroom Corporate & Advisory Services Pte Ltd  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632

**Independent Auditors**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower Level 12  
Singapore 018936

Audit Partner: Debra Ann Ker

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# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

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The directors present their statement to the members together with the audited financial statements of Sakari Resources Limited and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 and the balance sheet of Sakari Resources Limited (“the Company”) as at 31 December 2023.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 10 to 105 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Andreas Kastono	(Appointed on 7 March 2023)
Ferdy Yustianto Husada	(Appointed on 7 March 2023)
Henry Yusuf	(Appointed on 7 March 2023)
Michael Wong	(Appointed on 7 March 2023)
Raymond Anthony Gerungan	(Appointed on 7 March 2023)

## Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

## Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023 or date of appointment, if later	At 31.12.2023	At 1.1.2023 or date of appointment, if later
<b>PT Astrindo Nusantara Infrastruktur Tbk Ultimate holding corporation</b> (No. of ordinary shares)				
Mr Henry Yusuf	<b>30,000,000</b>	30,000,000	<b>63,000</b>	63,000
Mr Michael Wong	<b>34,039,700</b>	34,039,700	-	-

- (b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year hold any interests in options to subscribe for ordinary shares of the Company.

## Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

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## Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

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**Henry Yusuf**  
*Director*

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**Michael Wong**  
*Director*

30 October 2024

# INDEPENDENT AUDITOR'S REPORT

To The Members of Sakari Resources Limited

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## Report on the Audit of the Financial Statements

### Our opinion

In our opinion, the accompanying consolidated financial statements of Sakari Resources Limited (“the Company”) and its subsidiaries (“the Group”) and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (“the Act”) and Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2023;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2023;
- balance sheets of the Group and the Company as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Sakari Resources Limited

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## Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



# INDEPENDENT AUDITOR'S REPORT

To The Members of Sakari Resources Limited

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## 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 SSAs 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.

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

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

# INDEPENDENT AUDITOR'S REPORT

To The Members of Sakari Resources Limited

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

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 30 October 2024

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2023

		Group	
	Note	2023 US\$'000	2022 US\$'000
Revenue	4	<b>672,781</b>	959,484
Cost of sales	7	<b>(544,281)</b>	(490,948)
Gross profit		<b>128,500</b>	468,536
Other income	5	<b>16,875</b>	2,125
Other gain/(losses) - net			
- Fair value gain/(losses) on derivative financial instruments	6	<b>333</b>	(114,452)
- Others	6	<b>(35,229)</b>	6,435
Expenses			
- Finance	9	<b>(451)</b>	(292)
- General and administrative	7	<b>(6,278)</b>	(8,375)
Profit before income tax		<b>103,750</b>	353,977
Income tax expense	10	<b>(31,059)</b>	(99,854)
<b>Profit for the year</b>		<b>72,691</b>	254,123

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

		Group	
	Note	2023 US\$'000	2022 US\$'000
<b>Profit for the year</b>		<b>72,691</b>	254,123
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value gains		-	(88,765)
- Reclassifications		-	87,185
		-	(1,580)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans		(725)	806
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(725)</b>	(774)
<b>Total comprehensive income</b>		<b>71,966</b>	253,349

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

As At 31 December 2023

		Group		Company	
	Note	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	96,551	251,488	1,615	43,144
Derivative financial instruments	22	-	327	-	-
Inventories	13	14,845	16,182	-	-
Trade and other receivables	12	91,097	119,971	169,401	68,894
Tax receivables	14	997	228	-	132
		203,490	388,196	171,016	112,170
<b>Non-current assets</b>					
Other receivables	15	378,490	27,839	-	-
Tax receivables	14	18,057	8,755	-	-
Investments in subsidiaries		-	-	55,630	55,630
Property, plant and equipment	16	216,607	257,441	402	221
Goodwill	19	174	174	-	-
Deferred income tax assets	20	337	295	-	-
		613,665	294,504	56,032	55,851
<b>Total assets</b>		817,155	682,700	227,048	168,021
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	21	130,272	87,861	503	348
Borrowings	23	44,533	-	-	-
Current income tax liabilities		21,596	45,061	2,246	-
Lease liabilities	24	587	289	163	219
Provisions	25	9,847	9,988	321	881
		206,835	143,199	3,233	1,448

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

As At 31 December 2023

		Group		Company	
	Note	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<b>Non-current liabilities</b>					
Deferred income tax liabilities	26	11,103	12,501	676	637
Lease liabilities	24	960	135	245	-
Provisions	25	12,733	13,307	-	-
		24,796	25,943	921	637
<b>Total liabilities</b>		231,631	169,142	4,154	2,085
<b>NET ASSETS</b>		585,524	513,558	222,894	165,936
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	27	328,767	328,767	328,767	328,767
Treasury shares	27	(286)	(286)	(286)	(286)
Other reserves	28	(11,836)	(11,111)	8,403	8,403
Retained profits/(Accumulated losses)	29	268,879	196,188	(113,990)	(170,948)
<b>Total equity</b>		585,524	513,558	222,894	165,936

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	← Attributable to equity holders of the Company →				
	Share capital	Treasury shares	Other reserves	Retained profits	Total
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2023</b>					
<b>Balance at 1 January 2023</b>	<b>328,767</b>	<b>(286)</b>	<b>(11,111)</b>	<b>196,188</b>	<b>513,558</b>
Profit for the year	-	-	-	72,691	72,691
Other comprehensive loss for the year	-	-	(725)	-	(725)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(725)</b>	<b>72,691</b>	<b>71,966</b>
<b>Balance at 31 December 2023</b>	<b>328,767</b>	<b>(286)</b>	<b>(11,836)</b>	<b>268,879</b>	<b>585,524</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

← Attributable to equity holders of the Company →					
	Share capital	Treasury shares	Other reserves	Retained profits	Total
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2022</b>					
<b>Balance at 1 January 2022</b>	<b>328,767</b>	<b>(286)</b>	<b>(10,337)</b>	<b>166,652</b>	<b>484,796</b>
Profit for the year	-	-	-	254,123	254,123
Other comprehensive loss for the year	-	-	(774)	-	(774)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(774)</b>	<b>254,123</b>	<b>253,349</b>
Dividend paid	30	-	-	(224,587)	(224,587)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(224,587)</b>	<b>(224,587)</b>
<b>Balance at 31 December 2022</b>	<b>328,767</b>	<b>(286)</b>	<b>(11,111)</b>	<b>196,188</b>	<b>513,558</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

		Group	
	Note	2023 US\$'000	2022 US\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		720,020	950,532
Payments to suppliers and employees		(460,819)	(482,933)
Performance and bid bonds placed with a bank		(5,474)	(3,873)
Payments for derivative financial instruments - net		661	(114,701)
Cash generated from operations		254,388	349,025
Interest received		2,105	2,088
Income taxes paid		(68,049)	(73,834)
Income taxes refunded		98	761
<b>Net cash provided by operating activities</b>	35	<b>188,542</b>	278,040
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(12,589)	(1,403)
Disposal of property, plant and equipment		1,200	1,814
Loans to intermediate holding corporation		(220,569)	-
Loans to ultimate holding corporation		(154,361)	-
Repayment of loan to related party		-	117
<b>Net cash provided by investing activities</b>		<b>(386,319)</b>	528
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		44,533	-
Principal payment of lease liabilities		(597)	(506)
Interest paid on lease liabilities		(96)	(11)
Dividends paid to equity holders of the Company	30	-	(224,587)
<b>Net cash provided by/(used in) financing activities</b>		<b>43,840</b>	(225,104)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	Group	
		2023 US\$'000	2022 US\$'000
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(153,937)</b>	53,464
Cash and cash equivalents at beginning of the financial year		<b>251,488</b>	200,537
Effect of exchange rate movements on cash and cash equivalents		<b>(1,000)</b>	(2,513)
<b>Cash and cash equivalents at end of the financial year</b>	10	<b>96,551</b>	251,488

## Reconciliation of liabilities arising from financing activities

	1 January 2023 US\$'000	Proceeds from borrowings US\$'000	Principal and interest payments US\$'000	Non-cash changes			31 December 2023 US\$'000
				Addition during the year US\$'000	Interest expense US\$'000	Foreign exchange movement US\$'000	
Lease liabilities	424	-	(693)	1,739	96	(19)	1,547
Bank borrowings	-	44,533	-	-	-	-	44,533
Accrued expenses	-	-	-	-	76	-	76

	1 January 2022 US\$'000	Proceeds from borrowings US\$'000	Principal and interest payments US\$'000	Non-cash changes			31 December 2022 US\$'000
				Addition during the year US\$'000	Interest expense US\$'000	Foreign exchange movement US\$'000	
Lease liabilities	746	-	(517)	215	11	(31)	424
Bank borrowings	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 101 Thomson Road, #10-05, United Square, Singapore 307591. Sakari Resources Limited and its subsidiaries together are referred to in these financial statements as the Group.

The principal activity of the Company is that of investment holding. The Group is principally engaged in the exploration for and mining and marketing of coal.

The Company's immediate parent company is Nusantara Mining Limited (formerly known as PTT Mining Limited), a company incorporated in Hong Kong.

The Company's intermediate parent company is PT Sintesa Bara Gemilang, a company incorporated in Indonesia.

On 15 February 2023, PTT Public Company Limited completed the sale of PTT Mining Limited and its subsidiaries. Arising from the transaction, the Company's ultimate parent company is PT Astrindo Nusantara Infrastruktur Tbk, a company incorporated in Indonesia. The address of PT Astrindo Nusantara Infrastruktur Tbk is Sopo Del Office Tower B, 21<sup>st</sup> Floor, Jl. Mega Kuningan Barat III Lot. 10.1-6, Jakarta Selatan 12950, Indonesia.

## 2. Material accounting policy information

### (a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

As at 31 December 2023, the Group is in a net current liability position of US\$3,345,000. These financial statements are prepared on a going concern basis because the Group is able to generate sufficient operating cash flows to enable the Group to pay its debts as and when they fall due within the next twelve months from balance sheet date based on the following assumptions:

- the Group intends to and has the ability to mine its existing measured coal reserves according to the latest mine plan approved by the Board of Directors; and
- the Group will incur the additional capital expenditures to mine these coal reserves.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (a) Basis of preparation (continued)

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRSS and INT FRSS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

### (b) Group accounting

#### (i) *Subsidiaries*

##### Consolidation

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (b) Group accounting (continued)

#### (i) Subsidiaries (continued)

##### Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### Acquisitions

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

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (b) Group accounting (continued)

#### (i) *Subsidiaries (continued)*

##### Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (ii) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

### (c) Currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (c) Currency translation (continued)

#### (ii) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other losses – net”.

Non-monetary items are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (iii) *Translation of Group entities’ financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (c) Currency translation (continued)

#### *(iii) Translation of Group entities' financial statements (continued)*

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### (d) Revenue

#### *(i) Sale of goods – Coal*

The Group recognises revenue from the sales of coal when control of the products has transferred to its customers, being when the products are delivered to the locations specified by its customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risk of loss has been transferred to the customer, and either the customer has accepted the products in accordance with the sales contracts or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of value added tax, rebates, discounts and after eliminating sales within the Group. No element of financing is deemed present as the sales are made either with letter of credit or credit terms up to 30 days.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The Group's coal sales may be subject to adjustment based on the inspection of shipments by the customer. In these cases, sales are recognised based on the Group's best estimate of the grade and/or quantity at the time of shipment and any subsequent adjustments are recorded against sales. Historically, the difference between estimated and actual grade and/or quantity are not significant.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (d) Revenue (continued)

#### (ii) *Rendering of services*

Revenue from logistics services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

The customers are invoiced monthly. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

#### (iii) *Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method.

#### (iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

### (e) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (e) Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (f) Leases

*When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are presented within “Property, plant and equipment”.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (f) Leases (continued)

*When the Group is the lessee (continued):*

- Lease liabilities (continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (f) Leases (continued)

*When the Group is the lessee (continued):*

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

### (g) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### (h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### (i) Inventories

Run of mine coal and finished product coal are valued at the lower of cost and net realisable value. The cost of coal inventories is determined using the weighted average cost method. Costs includes direct material, overburden removal, mining, processing, labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (i) Inventories (continued)

Inventories are classified as follows:

- (i) Run of mine: This is material extracted through the mining process.
- (ii) Finished product coal: These are products that have passed through all stages of the production process.
- (iii) Consumables: These are goods or supplies to be either directly or indirectly consumed in the production process.

### (j) Financial assets

#### *Classification and measurement*

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

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

#### *At initial recognition*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (j) Financial assets (continued)

#### *At subsequent measurement*

##### *(i) Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.

##### *(ii) Equity investments*

The Group subsequently measures all its equity investments at their fair values. The Group has elected to classify equity investments as FVOCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised as “fair value gains and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

#### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (j) Financial assets (continued)

#### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### (k) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (I) Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under FRS 109.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 22. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The following hedge in place qualified as a cash flow hedge under FRS 109:

#### *Cash flow hedge – Newcastle Coal (NEWC) swaps*

The Group has entered into NEWC swaps that qualify as cash flow hedges against highly probable forecasted NEWC index-linked sales transactions with third party customers. The fair value changes on the effective portion of the NEWC swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged highly probable forecasted NEWC index-linked sales transactions is recognised in profit or loss and presented separately in “other gains/losses - net”. The fair value changes on the ineffective portion of NEWC swaps are recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (m) Property, plant and equipment

#### (i) *Measurement*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

#### (ii) *Components of cost*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the estimated future costs of dismantling and removing the asset. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

#### (iii) *Mining properties*

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and exclude physical assets, which are recorded in property, plant and equipment.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is transferred to “mines under development” within mining properties and aggregated with the subsequent development expenditure.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

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

#### (iii) *Mining properties (continued)*

A “mine under development” is reclassified to “mines in production” within mining properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Mining properties comprise:

- Capitalised exploration and evaluation assets for properties now in production
- Development expenditure (including pre-production stripping)
- Acquisition costs and mineral rights acquired
- Production stripping (as described below in “deferred stripping costs”)

No amortisation is recognised in respect of development properties until they are reclassified as “mines in production”.

When further development expenditure is incurred in respect of a mining property after the commencement of production, such expenditure is carried forward as part of the “mines in production” asset when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as a cost of production.

“Mines in production” are amortised using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves.

Identifiable mining properties acquired in a business combination are recognised as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

These assets are tested for impairment in accordance with the policy in Note 2(p).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

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

#### (iii) Mining properties (continued)

##### *Deferred stripping costs*

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalised under mining properties. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine and these costs are depreciated over the life of the mine based on the 'waste to coal' ratio.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realised in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognised as part of mine properties when the following criteria are met:

- (a) it is probable that the future economic benefit (improved access to the ore body associated with the stripping activity will flow to the entity;
- (b) the Group can identify the component of the coal seam for which access has been improved; and
- (c) the costs relating to the stripping activity associated with that component can be measured reliably.

In identifying the components of the coal seam, mining operations personnel will analyse the Group's mine plans. Generally a component will be subset of the total coal body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

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

#### (iii) *Mining properties (continued)*

##### *Deferred stripping costs (continued)*

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal, plus an allocation of directly attributable overhead costs. This is accounted for as an addition to an existing asset, which the Group has determined to be “Mining properties”.

When the costs of stripping to improve access to a coal seam are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the coal body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The stripping activity asset is subsequently amortised using the units of production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal seam. The stripping activity asset is then carried at cost less depreciation and impairment losses, if any.

#### (iv) *Depreciation of plant, property and equipment*

The depreciable amount of items of property, plant and equipment are depreciated over their useful lives, or over the remaining life of the mine if shorter. Depreciation commences when an asset is available for use. The major categories of property, plant and equipment are depreciated either on a units-of-production and/or straight-line basis as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. Material accounting policy information (continued)

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

#### (iv) Depreciation of plant, property and equipment (continued)

##### *Units-of-production basis*

For mining properties, land rights and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Except as noted below, such assets are depreciated on a units-of-production basis.

##### *Straight line basis*

Assets which have a physical life shorter than the related mine or whose usage is not directly related to production levels, are depreciated on a straight line basis as follows:

- |                            |                 |
|----------------------------|-----------------|
| • Buildings                | 20 years        |
| • Plant and equipment      | 3 – 15 years    |
| • Capital work in progress | Not depreciated |

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. In applying the units-of- production method, depreciation/amortisation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves. Non-reserve material may be included in depreciation/amortisation calculations where there is a high degree of confidence in its economic extraction. Reserves/resources and life of mine estimates are reviewed on an annual basis and depreciation calculations are adjusted accordingly where necessary.

#### (v) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

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

#### (vi) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/losses – net”.

### (n) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement. Exploration and evaluation expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- (i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or
- (ii) Exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence (or otherwise) of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation expenditure comprises costs that are directly attributable to: acquisition of rights to explore, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

General and administration costs are allocated to, and included in, the cost of an exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (n) Exploration and evaluation assets (continued)

Exploration and evaluation assets are transferred to mining properties, a component of property, plant and equipment, when the technical feasibility and commercial viability of extracting the mineral resource are demonstrable and sanctioned by the Board.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. To the extent that capitalised exploration and evaluation expenditure is not expected to be recovered, it is charged to the income statement.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

### (o) Intangible assets

#### *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (p) Impairment of non-financial assets

#### (a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

#### (b) *Property, plant and equipment*

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

##### *Investments in subsidiaries*

Property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (p) Impairment of non-financial assets (continued)

#### (b) *Property, plant and equipment*

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

##### *Investments in subsidiaries (continued)*

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit and loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### (r) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### (s) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of property, plant and equipment. This includes those costs on borrowings acquired specifically for the construction or development of property, plant and equipment, as well as those in relation to general borrowings used to finance the construction or development of property, plant and equipment.

### (t) Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (t) Provisions (continued)

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

#### *Provision for rehabilitation and dismantling*

The Group has present obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and mining pits. The Group recognises the estimated costs of dismantlement, removal or restoration or rehabilitation of items of property, plant and equipment arising from the acquisition or use of assets. The provisions are estimated based on the best estimate of the expenditure required to settle or transfer the obligation, taking into consideration the time value of money.

The estimated costs are measured at the present value of the expenditure expected to be required to settle the obligation using the discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement under finance expenses. Changes in the estimated timing or amount of the expenditure or discount rate are accounted for as a change in the corresponding capitalised cost of the related assets, unless the decrease in the liability exceeds the carrying amount of the asset has reached the end of its useful life. In such cases, the excess or the decrease over the carrying amount of the assets or the changes in the liability is recognised in profit or loss immediately.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (u) Employee compensation

#### (i) *Wages and salaries*

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised under Trade and other payables 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.

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

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### (iii) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 2. Material accounting policy information (continued)

### (u) Employee compensation (continued)

#### (iv) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

The Group's contributions are recognised as employee compensation expense when they are due.

#### (v) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans, which the Group pays to an employee on termination of employment, whether the termination is voluntary or not. These benefits are mandatory under certain jurisdictions the Group operates within.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## **2. Material accounting policy information (continued)**

### **(u) Employee compensation (continued)**

#### *(vi) Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### **(v) Share capital and treasury shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

### **(w) Dividends to the Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### (i) *Estimation for the provision for rehabilitation and dismantling*

Provisions for rehabilitation and dismantling of property, plant and equipment and mining pits are estimated taking into consideration facts and circumstances of the Group's mining properties available at the balance sheet date. These estimates are based on the expenditure required to transfer or settle the obligation for rehabilitation and dismantling, taking into consideration the time value of money. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration. Cost estimates are updated throughout the life of the operation.

The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating license or economic conditions. Cash flows are discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk-free discount rate used for this purpose also requires judgement.

Changes in these estimates and assumptions may impact the carrying value of the provision for rehabilitation and dismantling of property, plant and equipment and mining pits. The provision recognised is reviewed at each reporting date and updated based on the facts and circumstances available at that time.

### (ii) *Impairment of property, plant and equipment*

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amounts of the assets are determined based on value-in-use calculations which require the use of estimates.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

### (ii) *Impairment of property, plant and equipment (continued)*

The determination of value-in-use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs, future capital expenditure and discount rate. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

Management determined that there is no indication of impairment for the property, plant and equipment as at 31 December 2023 and 31 December 2022.

### (iii) *Uncertain tax positions*

The Group is subject to income taxes in Singapore and Indonesia. The Group operates in these jurisdictions where legislative applications can give rise to uncertain tax positions. Management believe that the current tax positions taken by the Group are appropriate and supportable by expert advice where relevant. In determining the income tax liabilities, management is required to estimate the taxable income and the deductibility of certain expenses (“uncertain tax positions”) at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Details of the uncertain tax positions are disclosed in Note 10.

Deferred tax assets, including those arising from unutilised tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. These depend on estimates of future production, sales volumes or sales of service, commodity prices, reserves, operating costs, restoration and reclamation costs, capital expenditure, dividends and other capital management transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

### (iv) *Determination of coal reserves*

Judgement is required in determining the Group's coal reserves taking into account various assumptions regarding mining costs and the sale price of the particular resource concerned. The Group's economically recoverable coal reserves are sensitive to the cost and revenue assumptions used due to the geological structure of the deposits, which means that, all other factors remaining the same, higher cost assumptions or lower price assumptions will result in lower estimated reserves, and lower cost assumptions or higher price assumptions will result in higher estimated reserves. The Group bases all assumptions on geological reports and uses only measured reserves.

Additional geological data is gathered during the course of mining operations and this, in conjunction with the various assumptions used, could result in a change in estimated coal reserves from period to period. Changes in estimated coal reserves could affect the Group's financial results in a number of ways, including the value of mining properties from business acquisition, the depreciation and amortisation charged to profit or loss where such charges are determined by the unit-of-production basis as well as the carrying value of certain mine assets due to change in estimates of mine life and future discounted cash flows.

Management expects that any reasonable change in the key assumptions would not cause a significant change to the estimated coal reserves.

### (v) *Deferred stripping costs*

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are capitalised and included in mining properties, which is classified in the balance sheet under property, plant and equipment. These costs are deferred and subsequently taken to the cost of production through the amortisation of mining properties. The waste to ore ratio and the remaining life of the mine are regularly assessed by the Board and senior management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

### (v) *Deferred stripping costs (continued)*

Significant judgement is required to distinguish between stripping costs related to the extraction of inventory and that which relates to the creation of a stripping activity asset.

The carrying value of the deferred stripping cost which is included within mining properties is US\$39 million (2022: US\$77 million) as at 31 December 2023.

### (vi) *Capitalisation and impairment of exploration and evaluation assets*

Exploration and evaluation expenditures are capitalised on the balance sheet, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped or exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. The carrying value of assets within each area of interest are reviewed regularly taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value, the excess is provided for or written off in the year in which this is determined.

Management suspended the development and exploration of the areas of interest in previous financial years and accordingly, the exploration and evaluation assets of US\$12,463,000 in respect of these areas of interest were fully impaired (Note 18).

### (vii) *Expected credit loss allowance ("ECL") on loans to ultimate holding corporation and intermediate holding corporation*

As at 31 December 2023, the Group has provided loans to ultimate holding corporation and intermediate holding corporation with carrying amounts of US\$127,055,000 and US\$220,569,000 respectively (Note 15).

In determining the ECL on the loans to ultimate holding corporation and intermediate holding corporation, the Group considers the financial position of the holding corporations, past experience, expected sources of cash that will be received by the holding corporations in order to repay these loans to the Group, and forecasted cash flow projections. The forecasted cash flow projections include key assumptions about the coal prices, reserves, operating costs, closure and rehabilitation costs, future capital expenditure.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

### (vii) *Expected credit loss allowance (“ECL”) on loans to ultimate holding corporation and intermediate holding corporation (continued)*

Management has determined that the ability of the holding corporations to repay these loans are dependent on the following:

- the Group intends to and has the ability to mine all of its existing measured coal reserves before the expiration of its approved mining permit licenses;
- the Group agrees to extend the non-current loans to ultimate holding corporation and intermediate holding corporation beyond their respective maturity dates until at least 2032 (Note 15); and
- the Company and Group declares dividends to its shareholders, and the ultimate holding corporation and intermediate holding corporation uses the dividends received to repay these loans.

As at 31 December 2023, no loss allowance has been recognised on the loans to ultimate holding corporation and intermediate holding corporation.

If the existing measured coal reserves used in the forecasted cash flow projections were 10% lower than management’s estimates, the Company would have not recognise an impairment loss on the loans to ultimate holding corporation and intermediate holding corporation.

If the estimated coal price used in the forecasted cash flow projections were 5% lower than management’s estimates, the Company would have recognised an impairment loss on the loans to ultimate holding corporation and intermediate holding corporation of US\$66,900,000.

In the above assumptions, the Group agrees to extend the non-current loans to ultimate holding corporation and intermediate holding corporation beyond their respective maturity dates to 2032.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4. Revenue

### (a) Disaggregation of revenue from contracts with customers

	Group		
	At a point in time	Over time	Total
	US\$'000	US\$'000	US\$'000
<b>2023</b>			
Coal sales	670,601	-	670,601
Logistics service revenue	-	2,180	2,180
	<b>670,601</b>	<b>2,180</b>	<b>672,781</b>
<b>2022</b>			
Coal sales	958,160	-	958,160
Logistics service revenue	-	1,324	1,324
	<b>958,160</b>	<b>1,324</b>	<b>959,484</b>

### (b) Contract assets and liabilities

	Note	31 December	1 January
		2023	2022
		\$'000	\$'000
Accrued income	12	<b>1,297</b>	363

### *Unsatisfied performance obligations*

There are no unsatisfied performance obligations as at 31 December 2023 and 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4. Revenue (continued)

(c) Trade receivables from contracts with customers

		<b>Group</b>	
		31 December	1 January
		<b>2023</b>	2022
		<b>\$'000</b>	\$'000
	Note		
Current assets			
Trade receivables from contracts with customers	12	<b>29,733</b>	55,847
Loss allowance	12	<b>(1,033)</b>	(1,045)
		<b>28,700</b>	54,802

## 5. Other income

		<b>Group</b>	
		<b>2023</b>	2022
		<b>US\$'000</b>	US\$'000
Interest income – Financial assets measured at amortised cost			
- Loan to ultimate holding corporation		<b>5,702</b>	-
- Loan to intermediate holding corporation		<b>9,064</b>	-
- Bank deposits		<b>2,109</b>	2,125
		<b>16,875</b>	2,125

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6. Other (losses)/gains – net

	Group	
	2023	2022
	US\$'000	US\$'000
Fair value gains/(losses) on derivative financial instruments	333	(114,452)
Foreign exchange losses – net	(497)	(3,030)
Fair value loss on initial recognition of loans to ultimate holding corporation (Note 15)	(33,008)	-
Gain on sale of property, plant and equipment	-	14
Corporate share restructuring costs	-	(996)
Compensation received from a customer	-	9,706
Others	(1,724)	741
	<b>(34,896)</b>	<b>(108,017)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 7. Expenses by nature

	Group	
	2023	2022
	US\$'000	US\$'000
Depreciation and amortisation (Note 16)	16,835	24,004
Deferred stripping amortisation (Note 16)	62,981	34,656
Mining	294,909	267,706
Processing	5,981	7,438
Movement in inventories	1,310	(3,627)
Barging and shipping	36,878	40,777
Government royalties	79,521	82,399
Agency fees and commission	16,409	15,890
Direct site support	16,145	6,083
Employee compensation (Note 8)	8,147	10,539
Corporate, consulting and technical services fees	1,700	2,639
Rental expense	626	819
Rates and taxes	4,893	7,027
Other expenses	4,224	2,973
Total cost of sales and general and administrative expenses	550,559	499,323

## 8. Employee compensation

	Group	
	2023	2022
	US\$'000	US\$'000
Wages and salaries	7,237	8,759
Employer's contributions to defined contribution plans	391	387
Other staff benefits	519	1,393
	8,147	10,539



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9. Finance expenses

	Group	
	2023	2022
	US\$'000	US\$'000
Interest expense - Lease liabilities		
- Bank borrowings	76	-
- Lease liabilities	96	11
Bank charges	279	281
	<b>451</b>	<b>292</b>

## 10. Income taxes

### (a) Income tax expense

	Group	
	2023	2022
	US\$'000	US\$'000
Tax expense attributable to profit is made up of:		
Current income tax	26,946	75,457
Withholding tax	-	25,471
Deferred income tax	(1,440)	(1,414)
	<b>25,506</b>	<b>99,514</b>
Under provision in prior financial years:		
Current income tax	5,553	325
Deferred income tax	-	15
	<b>5,553</b>	<b>340</b>
Total income tax expense	<b>31,059</b>	<b>99,854</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. Income taxes (continued)

### (a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Profit before income tax	<b>103,750</b>	353,977
Tax calculated at tax rate of 17%	<b>17,638</b>	60,176
Effects of:		
- expenses not deductible for tax purposes	<b>8,614</b>	1,563
- lower tax rate under incentive scheme	<b>(4,176)</b>	(3,026)
- different tax rates in other countries	<b>3,455</b>	15,469
- utilisation of previously unrecognised tax loss	<b>(25)</b>	(139)
- withholding tax on dividends received	-	25,471
- under provision in prior years	<b>5,553</b>	340
Income tax expense	<b>31,059</b>	99,854

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US\$49,710,000 (2022: US\$40,165,000) at the balance sheet date which can be carried forward and used to offset against future taxable income for up to five years subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their country of incorporation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. Income taxes (continued)

### (a) Income tax expense (continued)

#### Tax audits of subsidiaries

The Group's Indonesia subsidiaries may be audited by the Tax Authorities when there are tax receivables and for compliance purposes. The audits cover Corporate Income Tax ("CIT"), Value Added Taxes ("VAT"), Withholding Taxes ("WHT"), and Land and Building Tax ("LBT"). The tax assessments are given upon completion of these audits and these subsidiaries may disagree with any tax assessments and may submit objections to the Director General of Tax ("DGT"), Indonesia, failing which the subsidiaries may proceed to appeal to the Indonesian Tax Court, and thereafter the Indonesian Supreme Court.

Management is currently disputing certain tax assessments arising from the tax audits for the following fiscal years and has either submitted objections to the DGT or proceeded to the Indonesian Tax Court for appeal.

Indonesia subsidiaries	Fiscal year	Status	Nature of tax dispute	Dispute amount US\$'000
PT Arzara Baraindo Energitama	2020	Tax Court Appeal	CIT, WHT, VAT	2,001*
PT Kemilau Rindang Abadi	2020	Tax Court Appeal	CIT, VAT	2,126*
				<u>4,127</u>

\* Recognised under Tax receivables and Other receivables

Management believes that the above tax positions taken by the Group are appropriate and supportable by expert advice where relevant. Any changes will impact on profit or loss in the year where the final tax outcome of these matters is determined.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. Income taxes (continued)

### (a) Income tax expense (continued)

#### Tax audits of subsidiaries (continued)

The DGT has submitted their appeals to the Indonesian Supreme Court after the Indonesian Tax Court had ruled in favour of the Group.

Indonesia subsidiaries	Fiscal year	Status	Nature of tax appeal	Amount US\$'000
PT Arzara Baraindo Energitama	2017	Supreme Court Judicial Review	WHT	1,723
				<hr/> 1,723 <hr/>

Management has engaged tax consultants and where necessary, legal advisors to evaluate each case prior to submission for Tax Court appeal and Supreme Court Judicial Review. Management, in consultation with tax consultants and legal advisors, believes that the Group has good technical grounds to defend the challenges from the Tax Authorities.

The above disclosures relate only to those fiscal years which have been subject to tax audit and for which additional assessments were made and the subsidiaries do not agree and applied the objection. Additional assessments may arise for other fiscal years in subsequent financial years when the respective fiscal years become subject to audit.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. Income taxes (continued)

(b) The tax credit relating to each component of other comprehensive income is as follows:

Group	2023			2022		
	Before tax	Tax charge	After tax	Before tax	Tax credit	After tax
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fair value losses and reclassification adjustments on cash flow hedges	-	-	-	(2,026)	446	(1,580)

## 11. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	96,551	251,488	1,615	43,144

## 12. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Trade receivables</b>				
-Non-related parties	29,733	79,760	-	-
Less: Loss allowance	(1,033)	(1,033)	-	-
Trade receivables - net	28,700	78,727	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 12. Trade and other receivables (continued)

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Other receivables</b>				
- Immediate holding corporation	1	-	1	-
- Intermediate holding corporation	9,266	-	202	-
- Subsidiaries	-	-	307,075	251,975
- Fellow subsidiaries	1	-	1	-
- Non-related parties	50,968	40,120	62	237
	<b>60,236</b>	40,120	<b>307,341</b>	252,212
Less: Loss allowance	-	-	(137,970)	(183,424)
Other receivables - net	<b>60,236</b>	40,120	<b>169,371</b>	68,788
Accrued income	1,297	-	-	-
Prepayments	864	1,124	30	106
	<b>2,161</b>	1,124	<b>30</b>	106
	<b>91,097</b>	119,971	<b>169,401</b>	68,894

Other receivables due from subsidiaries were unsecured, interest-bearing at the London Interbank Offered Rate ("LIBOR") plus 1.1% per annum and was repayable on demand. On 1 July 2023, the Company and its subsidiaries entered into an agreement to change the interest rate benchmark on the other receivables due from subsidiaries. The other receivables due from subsidiaries bear interest at the 180 days Secured Overnight Financing Rate ("SOFR") plus 1.8% per annum, which is determined to be economically equivalent to the previous interest rate.

Other receivables due from intermediate holding corporation and immediate holding corporation are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 13. Inventories

	Group	
	2023	2022
	US\$'000	US\$'000
Run of mine stockpiles	2,714	4,941
Finished product coal	10,744	9,828
Consumables	1,387	1,413
	<b>14,845</b>	<b>16,182</b>

## 14. Tax receivables

Tax receivables represent advance tax payments made by the Group for certain fiscal years. Tax receivables are presented as current assets if they are expected to be realised within 12 months after balance sheet date.

## 15. Other receivables

	Group	
	2023	2022
	US\$'000	US\$'000
Security deposits	29,666	27,839
Loans to:		
- ultimate holding corporation	127,055	-
- intermediate holding corporation	220,569	-
Others	1,200	-
	<b>378,490</b>	<b>27,839</b>

Long term security bonds and deposits are placed with various agencies, which will be settled on completion of certain governmental or legal requirements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 15. Other receivables (continued)

On 20 February 2023, the Group entered into a US\$200,000,000 loan facility agreement with the ultimate holding corporation. The non-current loans to ultimate holding corporation are unsecured, bears interest at fixed rates of 4.0% per annum for United States dollar (“USD”) denominated loans and 6.5% per annum for Indonesia rupiah (“IDR”) denominated loans, and are repayable in February 2028. The loans may be extended at the option of the Group and the Group expects that the loans will be extended until at least 2032.

During the financial year ended 31 December 2023, loans totalling US\$154,361,000 were provided to the ultimate holding corporation under this facility agreement. The difference between the carrying amount of the loans and the fair value on initial recognition of US\$121,353,000, of US\$33,008,000 was recognised in “Other losses – net” (Note 6).

The fair value of the non-current loans to ultimate holding corporation are computed based on cash flows discounted at the market borrowing rates of 7.6% to 12.1%. and are within Level 2 of the fair value hierarchy. The fair value of the non-current loans to ultimate holding corporation as at 31 December 2023 is US\$125,940,000.

On 7 March 2023, the Group entered into loan facility agreements totalling US\$700,000,000 with the intermediate holding corporation. The non-current loans to intermediate holding corporation are unsecured, bears interest at the 180 days Secured Overnight Financing Rate (“SOFR”) plus 1.8% per annum, and are repayable in March 2026. The loans may be extended at the option of the Group and the Group expects that the loans will be extended until at least 2032.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16. Property, plant and equipment

Group	Capital work in progress US\$'000	Mining properties US\$'000	Buildings US\$'000	Plant and equipment US\$'000	Land rights US\$'000	Right-of- use assets US\$'000	Total US\$'000
<b>2023</b>							
Beginning of financial year	858	169,211	120	16,586	70,244	422	257,441
Additions	10,009	25,157	-	163	2,372	1,739	39,440
Transfers (to)/from other classes	(773)	-	-	4	769	-	-
Depreciation/ amortisation charge (Note 7)	-	(8,726)	(18)	(2,175)	(5,336)	(580)	(16,835)
Deferred stripping amortisation (Note 7)	-	(62,981)	-	-	-	-	(62,981)
Disposal/write-off	(49)	(185)	(10)	(214)	-	-	(458)
End of financial year	10,045	122,476	92	14,364	68,049	1,581	216,607
<b>At 31 December 2023</b>							
Cost	10,045	1,166,301	4,302	119,595	152,280	2,956	1,455,479
Accumulated depreciation/ amortisation	-	(829,945)	(3,661)	(90,056)	(81,947)	(1,375)	(1,006,984)
Accumulated impairment	-	(213,880)	(549)	(15,175)	(2,284)	-	(231,888)
<b>Net book amount</b>	10,045	122,476	92	14,364	68,049	1,581	216,607

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16. Property, plant and equipment (continued)

Group	Capital work in progress US\$'000	Mining properties US\$'000	Buildings US\$'000	Plant and equipment US\$'000	Land rights US\$'000	Right-of- use assets US\$'000	Total US\$'000
<b>2022</b>							
Beginning of financial year	784	175,051	139	18,949	78,128	731	273,782
Additions	774	41,071	-	181	448	215	42,689
Transfers (to)/from other classes	(422)	168	-	44	210	-	-
Depreciation/ amortisation charge (Note 7)	-	(12,331)	(19)	(2,588)	(8,542)	(524)	(24,004)
Deferred stripping amortisation (Note 7)	-	(34,656)	-	-	-	-	(34,656)
Disposal/write-off	(278)	(92)	-	-	-	-	(370)
End of financial year	858	169,211	120	16,586	70,244	422	257,441
<b>At 31 December 2022</b>							
Cost	858	1,141,329	4,323	122,386	149,139	3,174	1,421,209
Accumulated depreciation/ amortisation	-	(758,238)	(3,634)	(90,625)	(76,611)	(2,752)	(931,880)
Accumulated impairment	-	(213,880)	(549)	(15,175)	(2,284)	-	(231,888)
<b>Net book amount</b>	858	169,211	120	16,586	70,244	422	257,441

Included within additions for mining properties in the consolidated financial statements are deferred stripping costs amounting to US\$25 million (2022: US\$41 million).

Mining properties and land rights are amortised using the units-of-production method based on estimated coal reserves.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16. Property, plant and equipment (continued)

	Plant and equipment US\$'000	Right-of-use assets US\$'000	Total US\$'000
<b>Company</b>			
<b>2023</b>			
Beginning of financial year	2	219	221
Additions	-	470	470
Depreciation charge	(2)	(287)	(289)
End of financial year	-	402	402
<b>At 31 December 2023</b>			
Cost	2,412	470	2,882
Accumulated depreciation	(2,412)	(68)	(2,480)
<b>Net book amount</b>	-	402	402
<b>2022</b>			
Beginning of financial year	24	660	684
Depreciation charge	(22)	(441)	(463)
End of financial year	2	219	221
<b>At 31 December 2022</b>			
Cost	3,337	1,957	5,294
Accumulated depreciation	(3,335)	(1,738)	(5,073)
<b>Net book amount</b>	2	219	221

Details of right-of-use assets are disclosed in Note 17.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 17. Leases – The Group as a lessee

### Nature of the Group's leasing activities

#### **Plant and equipment**

The Group leases mining equipment and motor vehicles for its mining activities and leases office space and office equipment for back office operations. The company leases an office space for back office operations.

#### *(a) Carrying amounts*

##### Right-of-use assets classified within Property, plant and equipment

	2023 US\$'000	2022 US\$'000
<b>Group</b>		
Plant and equipment	<u>1,581</u>	<u>422</u>
<b>Company</b>		
Plant and equipment	<u>402</u>	<u>219</u>

#### *(b) Depreciation charge during the year*

	2023 US\$'000	2022 US\$'000
<b>Group</b>		
Plant and equipment	<u>580</u>	<u>524</u>

#### *(c) Interest expense*

Interest expense on lease liabilities	<u>96</u>	<u>11</u>
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#### *(d) Lease expense not capitalised in lease liabilities*

Short-term and low value leases (Note 7)	<u>626</u>	<u>819</u>
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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 17. Leases – The Group as a lessee (continued)

- (e) Total cash outflow for all the leases during the year was US\$1,319,000 (2022: US\$1,336,000).
- (f) Addition of right-of-use assets of the Group during the year was US\$1,739,000 (2022: US\$215,000).

## 18. Exploration and evaluation

	Group	
	2023 US\$'000	2022 US\$'000
Beginning of financial year	-	-
Cost	12,463	12,463
Accumulated impairment	(12,463)	(12,463)
<b>Net book amount</b>	<b>-</b>	<b>-</b>

Management suspended the development and exploration of the areas of interest. Accordingly, the exploration and evaluation assets of US\$12,463,000 in respect of these areas of interest were fully impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 19. Goodwill

	Group	
	2023	2022
	US\$'000	US\$'000
Cost		
Beginning of financial year	174	174

Goodwill is allocated to the Group's Penajam mine cash-generating-unit ("CGU").

The recoverable amount of the CGU was determined based on value-in-use assessment, using discounted cash flows over the period of Life of Mine ("LOM") of the mining operation. The value-in-use computation was determined by estimating cash flows until the end of the life of the mine operation based on long-term production plans, including closure restoration and environmental clean-up costs. The key assumptions used in the value-in-use calculations are the thermal coal price, operating costs, and a discount rate of 12% (2022: 12%). Thermal coal prices are based on the Newcastle forward price curve obtained from market observable prices. Strip ratios and production profiles of the mining operation is derived from developed LOM plans. Operating costs are based on developed LOM plans and follow current contractual terms and pricing with an inflationary element included thereafter over the remaining LOM.

The change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 20. Deferred income tax assets

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
To be recovered after one year	1,103	1,026	366	401
Set-off against deferred tax liabilities (Note 26)	(766)	(731)	(366)	(401)
Net deferred income tax assets	337	295	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has concluded that the deferred tax assets will be recoverable based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income in future years. The tax losses will expire between 2023 to 2028.

Movement in deferred income tax assets is as follows:

Group	Tax losses US\$'000	Interest payable US\$'000	Provisions US\$'000	Total US\$'000
<b>2023</b>				
Beginning of financial year	22	386	618	1,026
Tax credited/(charged) to the income statement	122	(24)	(21)	77
End of financial year	144	362	597	1,103
<b>2022</b>				
Beginning of financial year	30	385	785	1,200
Tax credited/(charged) to the income statement	7	1	(167)	(159)
Under provision in respect of prior year	(15)	-	-	(15)
End of financial year	22	386	618	1,026

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 20. Deferred income tax assets (continued)

Movement in deferred income tax assets is as follows: (continued)

Company	Interest payable US\$'000	Provisions US\$'000	Total US\$'000
<b>2023</b>			
Beginning of financial year	386	15	401
Tax credited to the income statement	(25)	(10)	(35)
End of financial year	361	5	366
<b>2022</b>			
Beginning of financial year	385	15	400
Tax credited to the income statement	1	-	1
End of financial year	386	15	401

## 21. Trade and other payables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade payables	79,286	30,515	-	-
Other payables				
- Ultimate holding corporation	-	7	-	3
- Subsidiary	-	2,569	1	-
- Non-related parties	3,159	8,688	240	136
Accrued expenses	47,584	45,996	19	123
Dividend payable	243	86	243	86
	130,272	87,861	503	348

Other payables to the ultimate holding corporation and a subsidiary are unsecured, non-interest bearing and repayable on demand.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22. Derivative financial instruments

	<b>Group</b>	
	<u>Fair value</u>	
	<u>Asset</u>	<u>Liability</u>
	US\$'000	US\$'000
<b>2023</b>		
Derivatives not held for hedging:		
Currency forwards		
- Non-related parties	-	-
<b>Total - Current</b>	-	-
<b>2022</b>		
Derivatives not held for hedging:		
Currency forwards		
- Non-related parties	327	-
<b>Total - Current</b>	327	-

The derivatives used by the Group are over-the-counter commodity derivatives which are measured at fair value and will settle within 1 to 2 years from the balance sheet date.

## 23. Borrowings

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Bank borrowings	<b>44,533</b>	-	-	-

The bank borrowings bear interest at a weighted average fixed rate of 1.18% per annum and are repayable in October 2024. The bank borrowings are secured against cash held in Devisa Hasil Ekspor ("DHE") bank accounts of the Group.

At the balance sheet date, the fair value of the bank loan approximates its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 24. Lease liabilities

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Current</i>				
Lease liabilities	587	289	163	219
<i>Non-current</i>				
Lease liabilities	960	135	245	-
	<b>1,547</b>	424	<b>408</b>	219

## 25. Provisions

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Current</i>				
Employee benefits (a)	1,853	3,400	321	881
Rehabilitation and dismantling (b)	7,994	6,588	-	-
	<b>9,847</b>	9,988	<b>321</b>	881
<i>Non-current</i>				
Employee benefits (a)	1,771	1,162	-	-
Rehabilitation and dismantling (b)	10,962	12,145	-	-
	<b>12,733</b>	13,307	<b>-</b>	-
Total	<b>22,580</b>	23,295	<b>321</b>	881

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 25. Provisions (continued)

### (a) *Employee benefits*

Provision for employee benefits represents the amounts provided for in respect of defined benefit plans required by certain jurisdictions the Group operates in. The Group is required to pay these benefits on termination of employment, whether the termination was voluntary or not. These amounts are disclosed as non-current as they are not expected to be paid within 12 months from the balance sheet date.

### (b) *Rehabilitation and dismantling*

Provision for rehabilitation and dismantling represents the expected cost to dismantle and remove or restore and rehabilitate properties and mining pits which the Group utilises. This provision represents the best estimate of the present value of the expenditure required to settle the obligation at the balance sheet date. This amount represents provisions that are expected to be settled more than 12 months from the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 25. Provisions (continued)

### (c) Movements in provisions

Movements in each class of provision are as follows:

Group	Employee benefits US\$'000	Rehabilitation and dismantling US\$'000	Total US\$'000
<b>2023</b>			
Beginning of financial year	4,562	18,733	23,295
Provision made	2,540	420	2,960
Provision utilised	(3,478)	(197)	(3,675)
End of financial year	3,624	18,956	22,580

<b>2022</b>			
Beginning of financial year	5,133	20,279	25,412
Provision made/(written back)	2,181	(950)	1,231
Provision utilised	(2,752)	(596)	(3,348)
End of financial year	4,562	18,733	23,295

Company	Employee benefits US\$'000	Total US\$'000
<b>2023</b>		
Beginning of financial year	881	881
Provision made	279	279
Provision utilised	(839)	(839)
End of financial year	321	321

<b>2022</b>		
Beginning of financial year	696	696
Provision made	607	607
Provision utilised	(422)	(422)
End of financial year	881	881

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 26. Deferred income tax liabilities

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
To be settled after one year	11,869	13,232	1,042	1,038
Set-off against deferred tax assets (Note 20)	(766)	(731)	(366)	(401)
Net deferred income tax liabilities	11,103	12,501	676	637

Movement in deferred income tax liabilities is as follows:

Group	Mining properties US\$'000	Depreciation and amortisation US\$'000	Interest receivables US\$'000	Derivative financial instrument US\$'000	Total US\$'000
<b>2023</b>					
Beginning of financial year	10,428	1,766	1,038	-	13,232
Tax (credited)/charged to the income statement	(745)	(622)	4	-	(1,363)
End of financial year	9,683	1,144	1,042	-	11,869
<b>2022</b>					
Beginning of financial year	11,196	2,573	1,036	446	15,251
Tax (credited)/charged to the income statement	(768)	(807)	2	-	(1,573)
Tax charged to other comprehensive income [Note 10 (b)]	-	-	-	(446)	(446)
End of financial year	10,428	1,766	1,038	-	13,232

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 26. Deferred income tax liabilities (continued)

Company	Depreciation and amortisation US\$'000	Interest receivables US\$'000	Total US\$'000
<b>2023</b>			
Beginning of financial year	1	1,037	1,038
Tax (credited)/charged to the income statement	(1)	5	4
End of financial year	-	1,042	1,042
<b>2022</b>			
Beginning of financial year	6	1,035	1,041
Tax (credited)/charged to the income statement	(5)	2	(3)
End of financial year	1	1,037	1,038

## 27. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital US\$'000	Treasury shares US\$'000
<u>Group and Company</u>				
<b>2023</b>				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)
<b>2022</b>				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 27. Share capital and treasury shares (continued)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 28. Other reserves

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Share-based compensation reserve (a)	8,403	8,403	8,403	8,403
Capital reserve (b)	(13,526)	(13,526)	-	-
General reserve (c)	329	329	-	-
Merger reserve (d)	(7,752)	(7,752)	-	-
Hedging reserve (e)	-	-	-	-
Remeasurement of defined benefit plans	710	1,435	-	-
	<b>(11,836)</b>	<b>(11,111)</b>	<b>8,403</b>	<b>8,403</b>

Other reserves are non-distributable.

### (a) Share-based compensation reserve

	Group and Company	
	2023 US\$'000	2022 US\$'000
Beginning and end of financial year	<b>8,403</b>	<b>8,403</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28. Other reserves (continued)

### (a) Share-based compensation reserve (continued)

Share-based compensation reserve relates to share-based payment benefits that were provided to employees via the Executive Share Acquisition Plan and Employee Share Option Plan. Both plans were terminated in 2014.

### (b) Capital reserve

In January 2005, the Group acquired the remaining 20% equity interest of PT Bahari Cakrawala Sebuk (‘‘PT BCS’’) for a consideration of US\$15,821,000. The acquisition consideration was satisfied by the allotment and issuance of 6,145,537 shares of S\$1 each at a premium of S\$3.18 per share. This reserve of US\$13,526,000 represents the difference between the value of the consideration paid for the acquisition of the 20% non-controlling interest in PT BCS prior to 2006 and the amount that these non-controlling interests were recognised in the financial statements.

### (c) General reserve

	Group	
	2023	2022
	US\$'000	US\$'000
Beginning and end of financial year	329	329

The revised Indonesian Limited Company Law No. 40/2007 dated 16 August 2007 requires Indonesian companies to set up a general reserve amounting to 20% of the company’s issued and paid up share capital. This reserve has been created in respect of the Group’s Indonesian subsidiaries.

### (d) Merger reserve

Merger reserve arising from a restructuring exercise in prior years representing the excess of cash consideration paid over the subsidiaries capital acquired and accounted for using the pooling of interest method.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28. Other reserves (continued)

### (e) Hedging reserve

	Group	
	2023	2022
	US\$'000	US\$'000
Beginning of financial year	-	1,580
- Fair value (losses)/gains	-	(113,801)
- Tax on fair value (losses)/gains	-	25,036
	-	(88,765)
Reclassification to profit or loss, as hedged item has affected profit or loss		
- Other losses – net	-	111,775
- Tax on reclassification adjustments	-	(24,590)
	-	87,185
End of financial year	-	-

## 29. Retained profits/(Accumulated losses)

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of financial year	<b>196,188</b>	166,652	<b>(170,948)</b>	(177,453)
Net profit after tax	<b>72,691</b>	254,123	<b>56,958</b>	231,092
Dividends paid (Note 30)	-	(224,587)	-	(224,587)
End of financial year	<b>268,879</b>	196,188	<b>(113,990)</b>	(170,948)

Retained profits of the Group are distributable.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30. Dividends

	Company	
	2023	2022
	US\$'000	US\$'000
<i>Ordinary dividends</i>		
Interim dividends paid in respect of the current financial year of US Nil cents (2022: US19.89 cents) per share	-	224,587

## 31. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2023	2022
	US\$'000	US\$'000
Property, plant and equipment	207	135

## 32. Financial risk management

### *Financial risk factors*

The Group's activities are exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial and commodity markets on the Group's financial performance. The Group uses financial instruments such as over-the-counter commodity swaps to hedge certain market risk exposures.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### *Financial risk factors (continued)*

Management establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies and presents these policies to the Board of Directors for approval.

Financial risk management is carried out by treasury to evaluate and hedge financial risks in co-operation with the Group's operating units. Regular reports are also submitted to management and the Board of the Directors.

#### *(a) Market risk*

##### *(i) Currency Risk*

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in their respective functional currency, which is the United States dollar ("USD"). Currency risk arises when transactions are denominated in foreign currencies such as the Singapore dollar ("SGD") and Indonesia rupiah ("IDR").

The Group uses financial instruments such as forward exchange contracts to mitigate the currency risk.

The Group's foreign currency exposure based on the information provided to key management is as follows:

	SGD US\$'000	IDR US\$'000
<b>At 31 December 2023</b>		
<b>Financial assets</b>		
Cash and cash equivalents	1,471	5,407
Trade and other receivables	297	32,829
	<b>1,768</b>	<b>38,236</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency Risk (continued)

	SGD US\$'000	IDR US\$'000
<b>At 31 December 2023</b>		
<b>Financial liabilities</b>		
Trade and other payables	481	124,172
Lease liabilities	408	1,139
	<b>889</b>	<b>125,311</b>
<b>Net financial assets/(liabilities) and currency exposure</b>	<b>879</b>	<b>(87,075)</b>
<b>At 31 December 2022</b>		
<b>Financial assets</b>		
Cash and cash equivalents	454	32,890
Trade and other receivables	239	14,575
	<b>693</b>	<b>47,465</b>
<b>Financial liabilities</b>		
Trade and other payables	433	73,821
Lease liabilities	219	205
	<b>652</b>	<b>74,026</b>
<b>Net financial assets/(liabilities) and currency exposure</b>	<b>41</b>	<b>(26,561)</b>
Add: Currency forwards	-	33,026
<b>Currency exposure</b>	<b>41</b>	<b>6,465</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency Risk (continued)

If the IDR change against the USD by 2% (2022: 3%) respectively with all other variables including tax rate being held constant, the Group's profit after tax for the financial year would be US\$1,445,000 lower/higher (2022: US\$686,000 higher/lower) as a result of currency translation gains/losses on the IDR-denominated financial instruments.

The net impact of the currency risk from SGD-denominated financial instruments is considered insignificant.

The Company's foreign currency exposure based on the information provided to key management is as follows:

	2023 SGD US\$'000	2022 IDR US\$'000
<b>Financial assets</b>		
Cash and cash equivalents	1,190	319
Trade and other receivables	265	227
	<b>1,455</b>	<b>546</b>
<b>Financial liabilities</b>		
Trade and other payables	404	322
Lease liabilities	408	219
	<b>812</b>	<b>541</b>
<b>Net financial assets</b>	<b>643</b>	<b>5</b>

The net impact of the currency risk to the Company is considered insignificant. Consequently, no sensitivity analysis is prepared by management.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 32. Financial risk management (continued)

### (a) Market risk

#### (ii) Price risk

The Group and Company has insignificant exposures to price equity price risk.

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has insignificant interest-bearing assets and liabilities which are subject to changes in market interest rates.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining letter of credit where appropriate to mitigate credit risk. The Group only deals with banks and financial institutions of good reputation and standing.

The Group's Credit Committee regularly evaluates and monitors all its trade customers based on a framework approved by the Board of Directors. The evaluation is based on the credit quality of each trade customer, taking into account their financial position, past experience and other relevant factors. Credit exposure to an individual customer is managed based on the credit evaluation. Customer payment profiles are monitored and reported regularly.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 32. Financial risk management (continued)

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

The Company's trade receivables include 1 debtor that represented 68% of trade receivables. For the previous financial year, there were no significant concentrations of credit risk through exposure to individual customers.

As the Group and Company do not hold collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial assets presented on the balance sheet.

#### *Trade receivables*

The Group has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (b) Credit risk (continued)

#### Trade receivables (continued)

The Group's credit risk exposure in relation to trade receivables under FRS 109 as at 31 December 2023 and 2022 are set out as follows:

	← Past due →				
	Current	< 3 months	3 to 6 months	> 6 months	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>31 December 2023</b>					
<b>Group</b>					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	28,219	439	42	1,033	29,733
Loss allowance	-	-	-	(1,033)	(1,033)
<b>31 December 2022</b>					
<b>Group</b>					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	68,710	311	9,706	1,033	79,760
Loss allowance	-	-	-	(1,033)	(1,033)

Cash and cash equivalents of the Group and Company are subject to immaterial credit loss. Other receivables of the Group are measured on 12-months expected credit losses and subject to immaterial credit loss.

The Company monitors the credit risk of the related corporations and subsidiaries based on past due information to assess if there is any significant increase in credit risk. The other receivables due from the related corporations and subsidiaries of the Company are measured on 12-months expected credit losses.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (b) Credit risk (continued)

The movement in credit loss allowance for the following financial assets are set out as follows:

	Trade receivables <sup>(a)</sup> US\$'000
<b>Group</b>	
<b>2023</b>	
<b>Balance at 1 January 2023 and at 31 December 2023</b>	<b>1,033</b>
<b>2022</b>	
<b>Balance at 1 January 2022</b>	1,045
Foreign exchange differences	(12)
<b>Balance at 31 December 2022</b>	<b>1,033</b>

<sup>(a)</sup> Loss allowance measured at lifetime ECL

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (b) Credit risk (continued)

Cash and cash equivalents of the Group and Company are subject to immaterial credit loss. Other receivables of the Group are subject to immaterial credit loss.

The Company monitors the credit risk of the related corporations and subsidiaries based on past due information to assess if there is any significant increase in credit risk. The other receivables due from related corporations and subsidiaries of the Company are measured on 12-months expected credit losses.

	Other receivables US\$'000
<b><u>Company</u></b>	
<b>2023</b>	
<b>Balance at 1 January 2023</b>	<b>183,424</b>
Reversal of unutilised amount	<b>(45,454)</b>
<b>Balance at 31 December 2023</b>	<b>137,970</b>
<b>2022</b>	
<b>Balance at 1 January 2022 and 31 December 2022</b>	<b>183,424</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities so as to enable the Group to meet its obligations as and when they fall due. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

Liquidity risk management covers daily, short term, and long term needs. The appropriate levels of liquidity are determined by both the nature of the Group's business and its risk profile. The Group monitors its liquidity position on a daily basis and prepares short term weekly cash flows of up to thirty weeks, on a monthly basis. In addition to this, the Group looks at cash flows on a medium term (< 12 months) and long term (> 12 months) basis through regular forecasts, annual budgets and long term business plans.

The table below analyses the maturity profile of the Group's and Company's financial liabilities, including derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000
<b>2023</b>			
<b>Group</b>			
Trade and other payables	(130,264)	-	-
Borrowings	(44,533)	-	-
Lease liabilities	(587)	(662)	(298)
	<b>(175,646)</b>	<b>(662)</b>	<b>(298)</b>
<b>Company</b>			
Trade and other payables	(503)	-	-
Lease liabilities	(163)	(158)	(87)
	<b>(666)</b>	<b>(158)</b>	<b>(87)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (c) Liquidity risk (continued)

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000
<b>2022</b>			
<b>Group</b>			
Trade and other payables	(87,817)	-	-
Borrowings	-	-	-
Lease liabilities	(289)	(73)	(62)
	<u>(88,106)</u>	<u>(73)</u>	<u>(62)</u>
<b>Company</b>			
Trade and other payables	(348)	-	-
Lease liabilities	(219)	-	-
	<u>(567)</u>	<u>-</u>	<u>-</u>

### (d) Capital risk

The Group's objectives when managing capital are to maintain an optimal capital structure so as to maximise shareholder value and to safeguard the Group's ability to continue as a going concern. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (d) Capital risk (continued)

The gearing ratio is calculated as net debt divided by the total book value of capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group and the Company is not exposed to any externally imposed capital requirements.

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net debt	-	-	-	-
Total equity	<b>585,524</b>	513,558	<b>222,894</b>	165,936
Total capital	<b>585,524</b>	513,558	<b>222,894</b>	165,936
Gearing ratio	<b>n.m</b>	n.m.	<b>n.m</b>	n.m

n.m. – not meaningful

### (e) Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (e) Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>				
<b>2023</b>				
<b>Assets</b>				
Derivative financial instruments	-	-	-	-
<b>2022</b>				
<b>Assets</b>				
Derivative financial instruments	-	327	-	327

There were no transfers between Level 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as trading securities) is based on the quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Quoted market prices and index-linked prices for similar instruments are used to estimate fair value. The fair value of currency forward contracts is determined using quoted forward currency rates at the balance sheet date. The fair value of coal swaps is determined using quoted Newcastle forward price curves at the balance sheet date. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. Financial risk management (continued)

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 22 to the financial statements, except for the following:

	Group US\$'000	Company US\$'000
<b>31 December 2023</b>		
Financial assets, at amortised cost	525,067	170,986
Financial liabilities, at amortised cost	174,797	500
<b>31 December 2022</b>		
Financial assets, at amortised cost	368,716	111,922
Financial liabilities, at amortised cost	87,817	348

## 33. Related party transactions

### (a) Key management personnel compensation

	Group	
	2023 US\$'000	2022 US\$'000
Salaries and other employee benefits	1,619	1,108
Directors' fees	62	96
	1,681	1,204

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 33. Related party transactions (continued)

### (b) Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>US\$'000</b>	US\$'000
Professional fee paid on behalf of intermediate holding company	<b>206</b>	-
Sales of coal to a related corporation	-	64,686
Loss on derivative contracts entered with a related corporation	-	8,772
Consultancy fees paid to a related corporation	-	975
Despatch received from a related corporation	-	436
Employee compensation paid to a related corporation	-	47
Employee compensation paid to ultimate holding corporation	<b>40</b>	143



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in Note 2(b):

Name of entity	Country of incorporation	Principal activity	Equity holding	
			2023 %	2022 %
Tiger Energy Trading Pte Ltd (a)	Singapore	Trading	<b>100</b>	100
PT Bahari Cakrawala Sebuk (b)	Indonesia	Coal mining	<b>100</b>	100
PT Sinergy Consultancy Services (b)	Indonesia	Management services	<b>100</b>	100
PT Bumiborneo Pertiwi Nusantara (b)	Indonesia	Investment holding	<b>100</b>	100
PT Borneo Citrapertiwi Nusantara (b)	Indonesia	Investment holding	<b>100</b>	100
PT Separi Energy (b)	Indonesia	Investment holding	<b>100</b>	100
PT Jembayan Muarabara (b)	Indonesia	Coal mining	<b>100</b>	100
PT Kemilau Rindang Abadi (b)	Indonesia	Coal mining	<b>100</b>	100
PT Arzara Baraindo Energitama (b)	Indonesia	Coal mining	<b>100</b>	100
PT Karbon Mahakam (b)	Indonesia	Coal mining	<b>100</b>	100
PT Metalindo Bumi Raya (b)	Indonesia	Coal mining	<b>100</b>	100
PT Citra Pertiwi Nusantara (b)	Indonesia	Asset holding	<b>100</b>	100
PT Mutiara Kapuas (b)	Indonesia	Coal mining	<b>100</b>	100
PT Sentika Mitra Persada (b)	Indonesia	Coal mining	<b>100</b>	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan - a member firm of the PricewaterhouseCoopers global network.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 35. Reconciliation of profit after income tax to net cash provided by operating activities

	Group	
	2023	2022
	US\$'000	US\$'000
Net profit after tax	<b>72,691</b>	254,123
Adjustments for:		
Income tax expense	<b>31,059</b>	99,854
Depreciation and amortisation	<b>79,816</b>	58,660
Foreign exchange (gain)/loss- net	<b>(2,600)</b>	3,001
Gain on sale of property, plant and equipment	-	(14)
Fair value (gains)/losses on derivative financial instruments – net	<b>(333)</b>	114,452
Fair value loss on initial recognition of loans to ultimate holding corporation	<b>33,008</b>	-
Interest income	<b>(16,875)</b>	(2,125)
Finance expense	<b>172</b>	11
	<b>196,938</b>	527,962
<i>Changes in working capital</i>		
Decrease/(Increase) in trade and other receivables	<b>13,652</b>	(72,249)
Decrease/(Increase) in inventories	<b>1,337</b>	(3,765)
Increase/(Decrease) in trade and other payables and provisions	<b>42,461</b>	(102,923)
Cash generated from operations	<b>254,388</b>	349,025
Interest received	<b>2,105</b>	2,088
Income tax paid	<b>(68,049)</b>	(73,834)
Income tax refunded	<b>98</b>	761
Net cash provided by operating activities	<b>188,542</b>	278,040

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 36. Significant laws and regulations that may have an impact on the Group

### (a) *Government Regulation No.78/2010*

On 20 December 2010, the Government of Indonesia released Government Regulation No. 78/2010 (“GR No. 78/2010”) that deals with reclamation and post-mining activities for both IUP-Exploration and IUP-Production Operation holders.

IUP-Production Operation holders, among other requirements, must prepare (1) a five-year reclamation plan; (2) a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting provision (if eligible); and (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mining activities.

The MEMR issued Ministerial Regulation No. 26/2018 regarding proper mining principles and supervision in mineral and coal mining activities and issued Ministerial Decree No. 1827 K/30/MEM/2018 (“Kepmen ESDM”) regarding guidelines for proper mining techniques and principles.

As at 31 December 2023, the Group has deposited US\$29,163,000 (2022: US\$27,646,000) to the Kutai Kartanegara regency for reclamation and mine closure bond.

### (b) *Ministerial Regulation of Environment and Forestry P.59/MENLHK/SETJEN/KUM.1/10/2019*

In October 2019, the Ministry of Environment and Forestry (“MoE&F”) issued Ministerial Regulation No. P.59/MENLHK/SETJEN/KUM.1/10/2019 on Guidelines for Planting of Borrow to Use Licence (“Izin Pinjam Pakai Kawasan Hutan/IPPKH”) Holders for the Rehabilitation of Watershed Areas.

This regulation is a guideline for IPPKH holders which are obligated to perform rehabilitation of watershed at a location stipulated in accordance with the provisions set forth in this regulation, and with a rehabilitation planting period set before the end of the IPPKH period with the procedure of rehabilitation according to the provisions set forth in this rule.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. Significant laws and regulations that may have an impact on the Group (continued)

- (b) *Ministerial Regulation of Environment and Forestry P.59/MENLHK/SETJEN/KUM.1/10/2019 (continued)*

The Group, as a holder of IPPKH, has started to fulfil the obligation by planting the rehabilitation of the watershed and has made provisions as at 31 December 2023 and 31 December 2022.

- (c) *Ministerial Decision Letter No. 267.K/MB.01/MEM.B/2022*

On 21 November 2022, the MEMR issued Ministerial Decision Letter No. 267.K/MB.01/MEM.B/2022 to replace Ministerial Decree No. 139.K/HK.02/MEM.B/2021 and Ministerial Decree No. 13.K/HK.021/MEM.B/2022. The Ministerial Decision Letter sets the DMO quota at 25% of the annual production plan and stipulates the guidelines for imposing administrative sanctions, coal export ban imposing fines and an updated penalty formula to calculate the payment of compensation funds in lieu of fulfilling DMO.

On 23 March 2022, the MEMR issued Ministerial Decree No. 58.K/HK.02/MEM.B/2022 which stipulates coal sales price for domestic industrial needs for raw material/fuel. In this decree, the coal sales price is capped at USD90/MT (6,322 GAR). This minister decree does not limit the industry definition but it excluded the metal mineral processing and refining industry.

On 17 November 2023, MoEMR issued Ministerial Decree No.399.K/MB.01/MEM.B/2023 regarding Amendments to Kepmen 267/2022 concerning Domestic Market Obligations (“Kepmen 399/2023”), which among others stipulates: (i) percentage of coal sales for domestic market obligations (DMO) at 25% of actual production in the current year, (ii) eliminating the obligation to pay fines and only subject to the obligation to pay compensation funds for non-fulfilment of obligations to meet domestic market obligations (DMO), (iii) changes to the calculation formula of compensation funds and (iv) imposition of compensation fund obligations to meet domestic coal needs in 2022 are implemented in accordance with the provisions of this Ministerial Decree.

Provisions for DMO of US\$25,800 (2022: US\$Nil) was made by the Group as at 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## **36. Significant laws and regulations that may have an impact on the Group (continued)**

### *(d) MEMR Regulation No. 7/2017*

On 11 January 2017, the MEMR issued Ministerial Regulation No. 7/2017, which was subsequently amended by MEMR Regulation No. 44/2017 on 17 July 2017, regarding the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, which replaced Ministerial Regulation No. 17/2010.

On 27 February 2023, the MoEMR issued Ministerial Decree No. 41.K/MB.01/MEM.B/2023 regarding the Guidelines for the Determination of Benchmark Prices for the Sale of Coal Commodity. This Ministerial Decree stipulates new formulas for the calculation of the Coal Reference Price and the Coal Benchmark Price which are effective from 27 February 2023.

On 11 August 2023, the MoEMR issued Ministerial Decree No.227.K/MB.01/MEM.B/2023 regarding the Guidelines for the Determination of Benchmark Prices for the Sale of Coal Commodity, which revoked Ministerial Decree No. 41.K/MB.01/MEM.B/2023 from that date. Ministerial Decree No.227.K/MB.01/MEM.B/2023 stipulates: (i) new formulas for the calculation of the Coal Reference Price and the Coal Benchmark Price, and (ii) the determination of the reference specification and calculation of the Selling Price of Coal for the Supply of Electricity for the public interest and to Fulfilment of the Raw Materials/ Fuels Needs for Domestic Industry other than the Metal Mineral Processing and/or Refining Industry, which are effective from 11 August 2023.

The Group is required to comply with the benchmark price for the purposes of calculating monthly royalty payment. Management believes that the Group's current practice has complied with the regulation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. Significant laws and regulations that may have an impact on the Group (continued)

### (e) *Government Regulation No.15/2022*

On 11 April 2022, the Government issued Government Regulation No. 15/2022, regarding the treatment of tax and non-tax state revenue for coal mining companies. The income tax treatment will be applicable for the next fiscal year and the non-state revenue will be applicable 7 days after the issuance of the regulation.

Several changes in the provisions for calculating corporate income tax for coal mining companies mainly consists of the following:

1. The mining company's taxable income is calculated based on the gross revenue, deducted for several expenses to obtain, collect and maintain the revenue;
2. The coal price used to calculate the gross revenue is determined to be the higher between the actual coal selling price versus whichever is lower between the Indonesian coal benchmark price ("HBA") and coal price index at the transaction date; and
3. The amortisation expenses for the coal mining companies assets should be calculated based on the specific rules in this regulation.

For non-tax state revenue, the main changes relate to the new royalty tariff rates for mining companies which hold special mining permit licenses ("IUPK"). The Group has calculated its corporate income tax based on the above regulation and has applied the applicable royalty tariff rates.

### (f) *Government Regulation No. 26/2022*

On 15 August 2022, the Government issued Government Regulation No. 26/2022, which revised the royalty rates for mining companies under the IUP framework. The rates are increased from the previous rates ranging from 2% - 7%, depending on the calorific value of the coal, to 4% - 13.5% depending on coal origin, calorific value, and Indonesia Coal Price Index. The regulation was effective from September 2022.

The Group has calculated the royalties based on the above regulation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## **36. Significant laws and regulations that may have an impact on the Group (continued)**

### *(g) Law No.7/2021*

On 29 October 2021, the Government enacted Law No. 7 of 2021 concerning Harmonisation of Tax Regulations (HPP).

The HPP Law regulates strategic policies including changes to the Law on General Provisions and Tax Procedures, The Income Tax Law, The Law on Value Added Taxes on Goods and Services and Sales Tax on Luxury Goods, and the regulations on Carbon Tax.

The law regulates changes in the 22% corporate income tax rate which will take effect from the 2022 fiscal year and will increase the VAT Rate to 11% (which took effect on 1 April 2022).

The Group has applied the applicable tax rates.

### *(h) Mining Law No. 3/2020*

On 10 June 2020, Government of Indonesia stipulated Mining Law No. 3/2020 which amends Law No. 4/2009 regarding Mineral and Coal Mining. The purpose of the amendment in the law is to be the legal basis for a more effective, efficient and comprehensive mineral and coal mining in response to the business development, issues and mineral and coal mining needs, especially constrained by authority of the Central Government and Regional Government.

One of the amendments is related to the conversion of CoWs/CCoWs to the IUPKs for soon to expire CoWs and CCoWs. The Amended Mining Law now confirms that extensions will be granted, which can be seen as demonstrating the Government's commitment to stabilising production and generating a commensurate return on their investment. To obtain extensions, the holder must apply to the MEMR between five years and one year before CoW/CCoW expires.

The Group is continuously monitoring the implication of the above regulations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## **36. Significant laws and regulations that may have an impact on the Group (continued)**

### *(i) Job Creation Law*

On 5 October 2020, Indonesian Parliament passed the Job Creation Law, commonly referred to as the “Omnibus Law”, which was signed by the President of Indonesia on 2 November 2020. The Omnibus Law amended more than 75 current laws and will require the central government to issue more than 30 government regulations and other implementing regulations which must be issued within three months of its enactment.

The Omnibus Law focuses on increasing the ease of doing business in Indonesia (e.g., simplifying licensing processes, simplifying land acquisition processes, formalising economic zones, providing more incentives for free trade zones and amending the labour law). One of the main points of the law related to the Group is that the supply of coal becomes subject to VAT. As a result, VAT applies to the Group’s coal sales, and the Group is entitled to an input credit for VAT incurred on relevant costs at the prevailing VAT rate.

The Group has applied 11% VAT to their domestic coal sales, as well as credited the VAT inputs from their mining contractor costs and other VATable expenses.

### *(j) Government Regulation No. 36/2023*

On 12 July 2023, the Government issued GR No. 36/2023 concerning Foreign Exchange Export Proceeds (“DHE”) from Natural Resources (“SDA”) Business Management and/or Processing Activities, which regulates the obligation to place foreign exchange in the form of DHE SDA into the financial system in Indonesia through placement into a DHE SDA Special Account at Indonesian Export Financing Institutions and/or Banks Conducting Business Activities in Foreign Currency. DHE SDA that has been placed into a DHE SDA Special Account must remain placed at least 30% for a minimum of 3 months after placement in the DHE SDA Special Account.

The Group have carried out its obligations to place DHE SDA into the DHE SDA Special Account as required by this regulation, which is presented as part of “Cash and cash equivalents” in the balance sheet.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## 37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

### **Amendments to FRS 1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to FRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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## **37. New or revised accounting standards and interpretations (continued)**

The amendments also clarify what FRS 1 means when it refers to the ‘settlement’ of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

## **38. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sakari Resources Limited on 30 October 2024.

# NOTICE OF ANNUAL GENERAL MEETING

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## SAKARI RESOURCES LIMITED

(Company Registration Number: 199504024R)  
(Incorporated in the Republic of Singapore)

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **SAKARI RESOURCES LIMITED** (“**the Company**”) will be held at Maharajah Suite, Level B1, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Thursday, 19 June 2025 at 2:30 p.m. for the following purposes:

#### AS ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors’ Report thereon.  
**(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to Article 94 of the Company’s Constitution:  

(i) Mr Henry Yusuf  
(ii) Mr Andreas Kastono

**(Resolution 2)**  
**(Resolution 3)**
3. To approve the payment of directors’ fees of up to S\$200,000.00 payable by the Company for the financial year ended 31 December 2024 (2023: S\$200,000.00).  
**(Resolution 4)**
4. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

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## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

5. To appoint Messrs RSM SG Assurance LLP as the Auditors of the Company to hold office until the conclusion of the next AGM in place of Messrs PriceWaterhouseCoopers LLP and to authorise the Directors of the Company to fix their remuneration.

**(Resolution 5)**

By Order of the Board

Seow Han Chiang Winston  
Company Secretary  
Singapore  
28 May 2025

## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 101 Thomson Road, #10-05, United Square, Singapore 307591 not less than 48 hours before the time appointed for holding the Meeting.

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