COAL ENERGY S.A.

Unaudited interim consolidated report for the six months FY2025 ended 31st December 2024

Dear Ladies and Gentlemen,

We are pleased to present our interim consolidated financial report for the first six months of FY2025 (1H FY2025) and 2Q FY2025, ended 31st December 2024.

For this period the Company's operating and financial results were primarily driven by the newly established business segment – providing mining services to coal mining companies in Poland.

Summarized highlights of the 2Q FY2025 are presented below:

- **Revenue from service activities** amounted to US$ 1,037 thousand in the 2Q FY2025 as compared to US$ 1,129 thousand in the 1Q FY2025 representing a decline by 8.1% q-o-q. For the 1H FY2025 revenues amounted to US$ 2,166 thousand versus US$82 thousand for the 1H FY2024 demonstrating positive dynamics of launching new segment of our business.

- **EBITDA.** For the 2Q FY2025 the Company recorded negative EBITDA of US$186 thousand as compared to negative EBITDA of US$37 thousand in the 1Q FY2025. For the 1H FY2025 negative EBITDA amounted to US$223 thousand as opposed to positive EBITDA of US$70 thousand for the 1H FY2024 under influence of combination of factors: impairment of receivables, operational foreign exchange losses, audit related expenses.

Despite a slight decline in the results for the 2Q FY2025, management remains optimistic about the development of the new business segment and is focused on executing plans to expand and pursue new growth initiatives.

Viktor Vyshnevetskyy
Chairman of the Board of Directors and Chief Executive Officer

General market and economic overview (on available statistical information)

In the fourth quarter of 2024, Poland's coal mining sector remained a critical component of the national energy and industrial landscape, despite ongoing structural and regulatory pressures. While the long-term trajectory points toward diversification and decarbonization, coal—particularly hard coal—continues to play a stabilizing role in Poland's energy security and economic resilience.

The sector continues to face rising operational costs, aging infrastructure, and environmental compliance demands. However, these pressures are also creating opportunities for service providers offering modernization and efficiency solutions.

While Poland remains committed to phasing out coal by 2049 under EU climate directives, the near- to mid-term outlook for coal mining services remains stable and opportunity-rich. Companies that position themselves as partners in operational resilience, safety, and modernization are well-placed to support the sector's evolution.

Outlook for 2025 assumes Poland's coal industry continues to operate in a dual reality: while thermal coal faces long-term decline under EU decarbonization goals, coking coal remains a strategic industrial asset, both domestically and across Europe. As the only EU country with significant coking coal production, Poland plays a central role in securing supply for the steel and heavy manufacturing sectors.

Poland is expected to produce approximately 11 million tonnes of coking coal in 2025, up from 9.9 million tonnes in 2024. Coking coal is classified as a Critical Raw Material under the EU's 2024 Critical Raw Materials Act due to its essential role in steelmaking and high supply risk. Demand is projected to remain stable at 12.5–13 million tonnes per year through 2040, aligning with current production levels.

Review of the financial and operational results of Coal Energy S.A. including parent company and its subsidiaries (hereinafter "Company") for the six months (1H) FY2025 and 2Q FY2025.

The following table summarizes the Company's key indicators for the 2Q FY2025, the 1Q FY2025, 1H FY2025 and 1H FY2024 (numbers are rounded):

in thousands of US$	2Q FY2025	1Q FY2025	Relative change q-o-q	1H FY2025	1H FY2024	Relative change y-o-y
Revenue	1,037	1,129	*(8.1%)*	2,166	82	*2541.5%*
Gross profit/(loss)	192	264	*(27.3%)*	456	29	*1472.4%*
EBITDA	(186)	(37)	*n/a*	(223)	70	*n/a*
Net profit	(273)	(96)	*na*	(369)	111	*n/a*

Revenue

During the reporting period of six months total revenue comprised US$2,166 thousand increasing substantially from US$82 thousand in the 1H FY2024 y-o-y driven by the development of new segment (providing mining services to Polish companies) of our business. On a quarterly basis total revenue slightly decreased by 8.1%.

Gross profit

The Company recorded gross profit of US$456 thousand for the reporting six months of FY2025 as opposed to gross profit of US$29 thousand for the 1H FY2024. This improvement is under influence of key factors: shift in business strategy, optimization in operational efficiencies. On a quarterly basis gross profit declined by 27.3% q-o-q

Operating profit

For the 1H FY2024 the Company recorded US$223 thousand of operating loss as opposed to US$70 thousand of operating profit for the 1H FY2024 mainly under the factors of foreign exchange losses, increased administrative expenses, impairment of receivables.
For the 2Q FY2025 operating loss amounted to US$186 thousand as compared to operating loss of US$37 thousand for the 1Q FY2025.

Financial costs

For the reporting six months financial costs increased substantially and amounted to US$29 thousand as compared to US$2 thousand for the 1H FY2024 representing loss from non-operational exchange differences. On the quarterly basis financial costs in the 2Q FY2025 amounted to US$16 thousand as opposed to US$13 thousand in the 1Q FY2025.

Net profit/ loss

The Company recorded net loss for the 1H FY2025 amounting to US$369 thousand as compared to US$111 thousand of net profit for the 1H FY2024. The Company's net loss for the 2Q FY2025 comprised US$273 thousand as compared to US$96 thousand of loss for the 1Q FY2025.

Operational results

The Company's main operating production asset in the 1H FY2025 was the Polish company AIT. The company provides mining services to the mines of the Polish state-owned company JSW S.A., which produces coking coal. This mainly includes mine workings repair and installation work.

Risks and uncertainties

The Company's financial performance is dependent on the global price of and demand for coal
The Company's business is dependent on the global market price of coal. Sale prices and volumes in the worldwide coal market depend predominantly on the prevailing and expected levels of demand for and supply of coal, mainly from energy and steel manufacturers. But the company's financial results will increasingly depend on the situation on the coal market in the countries where the company will operate. In general, European countries are taking steps to slowly move away from coal mining, but at the same time, more and more attention is being paid to the extraction of other minerals that may also be of interest to the Company.

The Company's costs and technologies applied by the Company may increase

The Company’s main expenses are salaries and consumables. Due to the company's new strategy, which provides for the transfer of operations abroad, it is expected that there will be additional costs related to starting operations in new markets, acquiring new entities and acquiring customers.

The Company’s activity may be impacted by limited banking financing of its project

The Company’s operations and growth initiatives could be significantly impacted by constrained access to banking financing for its projects. Such limitations in financing could restrict the Company’s ability to fully implement its planned investment program, which is critical for achieving the strategic targets and ensuring the long-term sustainability of its business activities.
To continue funding its development plans at the levels required, the Company will need to seek alternative sources of external finance. These may include a broader range of financial instruments and capital-raising opportunities available to publicly listed companies, such as issuing bonds, equity or debt offerings in the capital markets, private placements, or seeking financing through international financial institutions and development agencies.
The Company can mitigate this risk by exploring alternative external financing options and utilizing other financial instruments available to publicly listed companies, such as equity or debt offerings, bond issuance, or government grants, to secure the necessary capital.

COAL ENERGY S.A.

1HY2025FY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2024

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STATEMENT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES

To the best of our knowledge, the interim condensed consolidated financial statements as of 31 December 2024 of Coal Energy S.A.(the "Group") which have been prepared in accordance with the International financial reporting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the both Coal Energy S.A. and its subsidiaries included into the Group, and the interim management report includes a fair review of the development and performance of the business and the position of the both Coal Energy S.A. and its subsidiaries included into the Group together with a description of the principal risks and uncertainties that they face for the six months ended 31 December 2024 as required under article 4(2)c) of the Transparency Law.

While preparing the interim condensed consolidated financial statements, the Board of Directors bears responsibility for the following issues:

- selection of the appropriate accounting policies and their consistent application;
- making judgments and estimates that are reasonable and prudent;
- adherence to IFRS concepts or disclosure of all material departures from IFRS in the consolidated financial statements;
- preparation of the consolidated financial statements on the going concern basis.

The Board of Directors confirms that it has complied with the above mentioned principles in preparing the interim condensed consolidated financial statements of the Group.

The Board of Directors is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group;
- taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- establishing for such internal controls is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

On behalf of the Board of Directors:

Directors A:

__________signed_____________
Chairman of the Board of Directors
Viktor Vyshnevetskyy

__________signed_____________
Business Development Director
Oleksandr Reznyk

__________signed_____________
Independent Non-executive Director
Arthur David Johnson

Directors B:

__________signed_____________
Independent Non-executive Director
Diyor Yakubov

Luxembourg, 11 July 2025

INTERIM MANAGEMENT REPORT

Management of the Company hereby presents its interim condensed consolidated financial statements for the six months on 31 December 2024.

1. Results and developments during the six months ended on 31 December 2024.
For the six months ended 31 December 2024, the Group recorded an EBITDA loss amounted USD 223 thousand (EBITDA for the six months ended 31 December 2023 – USD 70 thousand). After depreciation, amortization, finance costs and finance income, the net loss after taxation for the six months ended 31 December 2024 amounted USD 369 thousand (net profit for the six months ended 31 December 2023 – USD 111 thousand).

2. Future developments of the Group.
The Group is optimizing internal reserves and is considering remaining options for funding its operations to cover liquidity needs in the environment of continuing military conflict in the Eastern Ukraine.

3. Activity in the field of research and development.
The Group is not involved in any activity in the field of research and development.

4. Own shares.
During the six months ended 31 December 2024, the Company and its affiliates have not repurchased shares of Coal Energy S.A.

5. Group's internal control.
Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of the Group are made in accordance with authorizations of Group's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Risk Management.
The Group has implemented policies and procedures to manage and monitor financial market risks. Financial market activities are overseen by the CFO and the Group Management Board.

The Group does not use hedging derivatives.

On behalf of management

Directors A:

__________signed_____________
Chairman of the Board of Directors
Viktor Vyshnevetskyy

__________signed_____________
Business Development Director
Oleksandr Reznyk

__________signed_____________
Independent Non-executive Director
Arthur David Johnson

Directors B:

__________signed_____________
Independent Non-executive Director
Diyor Yakubov

Luxembourg, 11 July 2025

(all amounts in USD thousand, unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months ended 31 December 2024 (unaudited)	3 months ended 31 December 2024 (unaudited)	12 months ended 30 June 2024	6 months ended 31 December 2023 (unaudited)	3 months ended 31 December 2023 (unaudited)
CONTINUING OPERATIONS						
Revenue	6	2,166	1,037	2,466	82	82
Cost of sales	7	(1,710)	(845)	(1,678)	(53)	(53)
GROSS PROFIT/(LOSS)		**456**	**192**	**788**	**29**	**29**
General and administrative expenses	8	(633)	(327)	(520)	(55)	(42)
Other operating income/(expenses), net		47	42	(562)	98	88
Recovery/(impairment) of financial assets		(93)	(93)	(265)	(2)	(1)
OPERATING PROFIT/(LOSS)		**(223)**	**(186)**	**(559)**	**70**	**74**
Other non-operating income/(expenses), net		(9)	(2)	(1)	3	-
Finance income		11	9	173	-	-
Finance expenses		(29)	(16)	(665)	(2)	-
Disposal of subsidiaries		-	-	53	-	-
Acquisition of subsidiaries		-	-	-	53	53
PROFIT/(LOSS) BEFORE TAX		**(250)**	**(195)**	**(999)**	**124**	**127**
Income tax benefit/(expenses), net		10	32	(988)	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(240)**	**(163)**	**(1,987)**	**124**	**127**
DISCONTINUED OPERATIONS						
Profit/(loss) from discontinued operation, net of tax		(129)	(110)	(143)	(13)	(31)
NET PROFIT/(LOSS)		**(369)**	**(273)**	**(2,130)**	**111**	**96**
NET PROFIT/(LOSS) ATTRIBUTABLE TO:						
Equity holders of the parent		(365)	(271)	(2,136)	111	96
Non-controlling interests		(4)	(2)	6	-	-
OTHER COMPREHENSIVE INCOME/(LOSS)						
Reclassification of currency translation reserve		-	-	-	-	-
Effect of foreign currency translation		(137)	(109)	236	(230)	(230)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FROM CONTINUING OPERATIONS		**(137)**	**(109)**	**236**	**(230)**	**(230)**
DISCONTINUED OPERATIONS						
Effect of currency translation from discontinued operation		342	197	1,240	500	500
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**205**	**88**	**1,476**	**270**	**270**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(164)**	**(185)**	**(654)**	**381**	**366**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:						
Equity holders of the parent		(163)	(185)	(682)	376	361
Non-controlling interests		(1)	-	28	5	5
EARNINGS PER SHARE						
Weighted average number of ordinary shares		45,011,120	45,011,120	45,011,120	45,011,120	45,011,120
BASIC PROFIT/(LOSS) PER ORDINARY SHARE (USD cents)*		**(0.82)**	**(0.61)**	**(4.73)**	**0.25**	**0.21**
BASIC PROFIT/(LOSS) PER ORDINARY SHARE FROM CONTINUING OPERATIONS (USD cents)		**(0.53)**	**(0.36)**	**(4.41)**	**0.28**	**0.28**

Basic earnings per ordinary share are equal to diluted earnings per ordinary share.

Notes on pages 9 to 21 are an integral part of these interim condensed consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024 (unaudited)	30 June 2024	31 December 2023 (unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment		17	18	-
Financial assets		17	13	-
		34	**31**	**-**
Current assets				
Inventories		-	2	2
Trade and other receivables		893	562	1,691
Prepayments and prepaid expenses		-	32	-
Other taxes receivables		34	10	8
Cash and cash equivalents		2	525	500
		929	**1,131**	**2,201**
TOTAL ASSETS		**963**	**1,162**	**2,201**
EQUITY				
Share capital		450	450	450
Share premium		77,578	77,578	77,578
Retained earnings		(85,151)	(84,786)	(82,539)
Currency translation reserve		(800)	(663)	(1,129)
Currency translation reserve related to operations held for sale		(5,265)	(5,604)	(6,327)
Equity attributable to equity holders of the parent		**(13,188)**	**(13,025)**	**(11,967)**
Non-controlling interest		(202)	(201)	(224)
TOTAL EQUITY		**(13,390)**	**(13,226)**	**(12,191)**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		-	-	-
		-	**-**	**-**
Current liabilities				
Loans and borrowings		504	529	900
Trade and other payables		635	640	768
Income tax payables		5,172	5,178	4,299
Other tax payables		366	341	392
Liabilities directly associated with the assets held for sale		7,676	7,700	8,033
		14,353	**14,388**	**14,392**
TOTAL LIABILITIES		**14,353**	**14,388**	**14,392**
TOTAL EQUITY AND LIABILITIES		**963**	**1,162**	**2,201**

Notes on pages 9 to 21 are an integral part of these interim condensed consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent							
	Share capital	**Share premium**	**Retained earnings**	**Currency translation reserve**	**Currency translation reserve related to operations held for sale**	**Total**	**Non-controlling interest**	**Total equity**
Position at 30 June 2023	**450**	**77,578**	**(82,650)**	**(899)**	**(6,822)**	**(12,343)**	**(229)**	**(12,572)**
Profit/(loss) for the year	**-**	**-**	(2,136)	-	-	**(2,136)**	6	**(2,130)**
Other comprehensive income/(loss)	**-**	**-**	-	236	-	**236**	-	**236**
Effect of currency translation from discontinued operation	**-**	**-**	-	-	1,218	**1,218**	22	**1,240**
Position at 30 June 2024	**450**	**77,578**	**(84,786)**	**(663)**	**(5,604)**	**(13,025)**	**(201)**	**(13,226)**
Profit/(loss) for the year	**-**	**-**	(365)	-	-	**(365)**	(4)	**(369)**
Other comprehensive income/(loss)	**-**	**-**	-	(137)	-	**(137)**	-	**(137)**
Effect of currency translation from discontinued operation	**-**	**-**	-	-	339	**339**	3	**342**
Position at 31 December 2024	**450**	**77,578**	**(85,151)**	**(800)**	**(5,265)**	**(13,188)**	**(202)**	**(13,390)**

Notes on pages 9 to 21 are an integral part of these interim condensed consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 31 December 2024 (unaudited)	12 months ended 30 June 2024	6 months ended 31 December 2023 (unaudited)
OPERATING ACTIVITIES				
Profit/(loss) before tax from continuing operations		(250)	(999)	124
Profit/(loss) before tax from discontinued operations		(129)	(143)	(13)
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortization expenses		-	-	-
Finance income		(11)	(173)	-
Finance costs		29	665	2
Disposal of subsidiaries		-	-	-
Acquisition of subsidiaries		-	(53)	(53)
Impairment/(recovery) of financial assets		93	265	2
Impairment loss recognised on the remeasurement to fair value less costs to sell		201	98	-
Loss/(gain) from operational exchange differences		(47)	562	(98)
		(114)	**222**	**36**
Working capital adjustments:				
Change in trade and other receivables		(331)	231	(46)
Change in prepayments made and prepaid expenses		32	(44)	-
Change in inventories		2	-	(2)
Change in trade and other payables		(81)	(189)	13
Change in tax balances		1	(49)	-
		(491)	**171**	**1**
Income tax paid		(28)	(99)	-
Net cash flow from operating activity		**(519)**	**72**	**1**
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		-	(18)	-
Issuing of loans		(4)	(13)	-
Net cash acquired with subsidiaries		-	494	494
Net cash flow from investing activity		**(4)**	**463**	**494**
FINANCING ACTIVITIES				
Repayment of loans and borrowings		-	-	-
Net cash flow from financial activity		**-**	**-**	**-**
NET CASH FLOWS		**(523)**	**535**	**495**
Cash and cash equivalents at the beginning of the period		**525**	**5**	**5**
Foreign exchange differences on cash		-	(6)	-
Effect of currency translation		-	(9)	-
Cash and cash equivalents at the end of the period		**2**	**525**	**500**

Notes on pages 9 to 21 are an integral part of these interim condensed consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

1.1. Information about the Group

For the purposes of theses consolidated financial statements, Coal Energy S.A. ("Parent company") and its subsidiaries have been presented as the Group as follows:

Parent company and its subsidiaries	Country of incorporation	Group shareholding, % as at	
		31 December 2024	31 December 2023
Coal Energy S.A.	Luxembourg	Parent company	Parent company
Nertera Investments Limited	Cyprus	100,00	100,00
CwAL LE "Mine St.Matrona"	Ukraine	99,00	99,00
Perspective resources LLC	Ukraine	100,00	100,00
Ukrmineral Trading LLC *	Ukraine	100,00	100,00
Advanced Industrial Technologies LLC **	Poland	100,00	100,00
Greentech Solutions Sp. z o.o. ***	Poland	50.00	-

The parent company, Coal Energy S.A., was incorporated in Luxembourg as a joint stock company on 17 June 2010 and is listed on the Warsaw Stock Exchange. The registered office is located at 33 rue du Puits Romain, L-8070 Bertrange, Luxembourg and the Company number with the Registre de Commerce is B 154144. The principal activities of the Group are coal mining, coal beneficiation, waste dumps processing, and sales of marketable coal. The major production facilities are located in the Donetsk region of Ukraine.

* As of 15 December 2023, the Group has acquired a new subsidiary – Ukrmineral Trading LLC with the main purpose of obtaining licenses for the mining of mineral resources in Ukraine.

** As of 21 December 2023, the Group has acquired a new subsidiary – Advanced Industrial Technologies Sp. z.o.o. with the main purpose of providing underground mining services to coal mines in Poland.

*** As of 25 January 2024, the Group jointly has incorporated a new entity – Greentech Solutions Sp. z.o.o, with the main purpose of reclamation and processing of industrial rock dumps and mine waste dumps, as well as the reclamation of lands disturbed by man-made activities. The Company did not start any activities at the date of these financial statements.

As of 11 March 2024, the Group renamed CwAL LE "Mine St.Matrona Moskovskaya" as CwAL LE "Mine St.Matrona".

1.2. Operating environment

The Group's operations are located in both Ukraine and Poland.

As of 24 February 2022, the Russian Federation launched a large-scale military invasion of Ukraine. Russian missiles began to hit locations across Ukraine. Russian ground forces entered the country. Ongoing military actions caused significant destruction of infrastructure, migration of the population and disruption of economic activity in Ukraine.

During the six months ended 31 December 2024, Ukrainian hryvnia officially devalued by 2% against USD. The National Bank of Ukraine increased key policy rate from 13% up to 13.5% and continued cancelling some of previously issued currency and monetary restrictions due to moderate stabilization of foreign exchange market and inflation rates.

The Polish economy has weathered global and regional external shocks thanks to a well-diversified economic structure, integration into regional value chains, a commitment to macroeconomic stability, a sound financial sector, and domestic labor markets that have supported significant wage growth and private consumption, feeding into long-term poverty reduction and median income growth. The crises have weakened the fiscal stance, and the energy crisis resulting from the invasion of Ukraine has led to a sharp increase in inflation which reduced the purchase power of households and has started to weigh down on growth.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

The preparation of the consolidated financial statements in accordance with International Financial Accounting Standards (IFRS) as adopted by European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying of the Group`s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements are presented in thousands of USD, unless otherwise stated.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

2 BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Going concern

These consolidated financial statements are prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

During the six months ended 31 December 2024, the Group recorded USD 240 thousand of net loss from continuing operations (during the six months ended 31 December 2023, the Group recorded a net profit of USD 124 thousand).

The Group suspended the operational activities of CwAL LE "Mine St.Matrona" since the full-scale war actions in Ukraine. At the date of publication of these consolidated financial statements, Ukrainian activities are under direct war actions in Donetsk region. Military actions are now occurring near by CwAL LE "Mine St.Matrona" mine, and the Group lost access to all related physical assets and facilities, documents and other information located at the site. Consequently, the Group has no current information on the status of events and conditions there.

CwAL LE "Mine St.Matrona has significant debt amounting to USD 7,676 thousand and classified as held for sales as of 31 December 2024.

Nertera Investments Limited has a potential risk of tax liability that has been estimated and recorded as of 30 June 2024.

Despite this fact, the Group achieved sufficient financial performance on its Polish subsidiary, which will become the main source of the Group's further income and cash flows.

2.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the parent company has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities, contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income. Costs incurred in connection with the purchase of subsidiaries are recognized as expenses.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Subsequent to the loss of control of a subsidiary the value of the remaining shares are revalued at fair value that influences the amount of income/loss from the disposal.

Before 30 June 2010, the Parent company did not have direct or indirect ownership interest in consolidated entities included in the consolidated financial statements. The pooling of interest method was applied for business combinations under common control for the earlier periods.

Financial statements of Parent company and its Subsidiaries, which are used while preparing the consolidated financial statements, should be prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. The result of disposals of a non-controlling interests being the difference between any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net asset is reflected in the statements of changes in equity. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

Non-controlling interests are derecognized when a subsidiary is sold or liquidated and profit or loss on derecognition is recorded in the consolidated statements of changes in equity.

2.5 Changes in accounting policy and disclosures

The Group's accounting policy is consistent with those applied in the prior reporting year. Some new standards and interpretations have become mandatory for adoption in the reporting period beginning on or after 1 January 2023. Applying of these standards and interpretations had not material impact on the financial statements:

IFRS 17 "Insurance Contracts";
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 – "Disclosure of Accounting Policies";
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – "Definition of Accounting Estimates";
Amendments to IAS 12 "Income Taxes" - "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction";
Amendments to IAS 12 "Income Taxes" - "Temporary Relief from Deferred Tax Accounting Following OECD Pillar Two Global Tax Reform".

2 BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Group has not applied the following standards and interpretations, and amendments to them that have been issued but are not yet effective:

Amendments to IAS 1 "Presentation of Financial Statements" - "Classification of Liabilities as Current or Non-Current";
Amendments to IAS 1 "Presentation of Financial Statements" - "Non-Current Liabilities with Covenants";
Amendments to IFRS 16 "Leases" - "Lease Liability in a Sale and Leaseback Transactions";
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - "Disclosure of Supplier Finance Arrangements";
Amendments to IAS 21 "Effect of Changes in Exchange Rates" - "Lack of Exchangeability";
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contributions of Assets between an Investor and its Associate or Joint Venture".

The Group anticipates that the adoption of these standards and amendments in future periods will have no material impact on its financial statements. The Group currently does not plan early application of the above standards and interpretations.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Currency translation

(a) Functional and presentation currency

All items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The national currency of Ukraine, Ukrainian Hryvnia ("UAH") is the functional currency for the Group's entities that operate in Ukraine. For the entities that operate in Cyprus and Luxembourg the functional currency is US dollar ("USD") and for the entities that operate in Poland the functional currency is Polish zloty (PLN). These consolidated financial statements are presented in thousands of US dollars, unless otherwise stated. Management selected USD as a presentation currency to satisfy expectations and needs of the Group's owners, as well as it is the common currency used for the valuation of the same businesses in Ukraine at both previous and current conditions.

(b) Foreign currency transactions

UAH to USD exchange rates used in the preparation of these consolidated financial statements were as follows:

Date/period	UAH/USD
As of:	
- 31 December 2024	42.0390
- 30 June 2024	40.5374
- 31 December 2023	37.9824
Average for the:	
- three months ended 31 December 2024	41.4493
- three months ended 30 September 2024	41.1412
- three months ended 31 December 2023	36.5942
- three months ended 30 September 2023	36.5686

PLN to USD exchange rates used in the preparation of these consolidated financial statements were as follows:

Date/period	PLN/USD
As of:	
- 31 December 2024	4.1012
- 30 June 2024	4.0320
- 31 December 2023	3.9350
Average for the:	
- three months ended 31 December 2024	4.0349
- three months ended 30 September 2024	3.9010
- three months ended 31 December 2023	3.9214

(c) Translation into presentation currency

- all assets and liabilities, both monetary and non-monetary, are converted at closing exchange rates at the dates of each statement of financial position presented;
- income and expense items are converted at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used;
- all equity items are converted at the historical exchange rates;
- all resulting exchange differences are recognized as a separate component in other comprehensive income;
- in the consolidated statements of cash flows, cash balances at the beginning and end of each period presented are converted at exchange rates at the respective dates. All cash flows are converted at the average exchange rates for the periods presented. Resulting exchange differences are presented as the effect of conversion to the presentation currency.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from rendering services is recognized based on the stage of work completion under each contract. When financial results can be measured reliably, revenue is recognized only to the extent of the amount of incurred charges, that can be recovered.

3.3 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income tax is recognized as an expense or income in profit and loss in the consolidated statements of comprehensive income, except when it relates to items recognized directly in other comprehensive income, or where they arise from the initial accounting for a business combination.

(a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to estimate the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Major renewals and improvements are capitalized, and the assets replaced are retired. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the item 'Other non-operating income (expenses)' in the statement of comprehensive income.

Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Underground mining	15 - 50 years
Buildings and constructions	5 - 50 years
Machinery, equipment and vehicles	2 - 30 years
Other	2 - 25 years

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Mine development costs are capitalized and classified as capital construction-in-progress. Mine development costs are transferred to mining assets when a new mine reaches commercial production quantities. Capital construction-in-progress comprises costs directly related to construction of buildings, infrastructure, machinery and equipment. Cost also includes finance charges capitalized during the construction period where such costs are financed by borrowings. Depreciation of these assets commences when the assets are put into operation.

3.5 Lease

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:
– Leases of low-value assets;
– Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate at commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
– Amounts expected to be payable under any residual value guarantee;
– The exercise price of any purchase option granted in favor of the Group if it is reasonable certain to assess that option;
– Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

– Lease payments made at or before commencement of the lease;
– Initial direct costs incurred;
– The amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be make over the revised term, which are discounted at the same discount rate that applied at lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment on specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Research costs are recognized as an expense as incurred. Costs incurred on development (relating to the design, construction and testing of new or improved devices, products, processes or systems) are recognized as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of adequate resources to complete the development, and the ability to measure reliably the expenditure during the development. Other development expenditures are recognized as an expense as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is charged on a straight-line basis over the following economic useful lives of these assets:

Licenses, special permissions and patent rights	5 - 20 years
Other intangible assets	5 - 10 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.8 Impairment of non-current assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the consolidated statements of comprehensive income.

3.9 Financial assets

Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Purchases or sales of financial assets that require delivery within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:
(a) Financial assets at fair value through profit or loss. This category includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.
(b) Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other receivables. Loans are financial assets arising as a result of provision of funds to borrowers.
(c) Held-to-maturity investments. Investments with fixed or determinable payments and fixed maturity that management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the reporting date, which are classified as current assets.
(d) Available-for-sale financial assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale financial assets are accounted at fair value through equity.

Subsequent to initial recognition, all financial assets at fair value through profit or loss and all available-for-sale instruments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Receivables are accounted for net realizable value, less the allowance for doubtful debts. The amount of allowance for doubtful debts is accounted for by using the method of total amount of doubtful debts.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors-are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables and loans issued where the carrying amount is reduced using an allowance for impairment. When a trade receivables or other loans issued is considered uncollectible, it is written off against the allowance. Based on the facts confirming that receivables or loans issued, previously recognized as doubtful, at the reporting date are not doubtful, the amount of previously charged reserve is reflected in income of the reporting period. Except for available-for-sale assets, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss reverses directly through profit and loss account. The reversal shall not result in a carrying amount of financial assets that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

When a decline in fair value of an available-for-sale investment has been recognized directly in other comprehensive income and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in other comprehensive income is removed from other comprehensive income and recognized in profit or loss in the consolidated statements of comprehensive income even though the investment has not been derecognized. Impairment losses previously recognized through profit or loss in the consolidated statements of comprehensive income are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

Derecognition of financial assets

The Group derecognizes financial assets when:
- the assets are redeemed or the rights to cash flows from the assets have otherwise expired;
- or the Group has transferred substantially all the risks and rewards of ownership of the assets;
- or the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.10 Financial liabilities

Initial recognition and measurement

The Group classifies its contractual obligations as financial liabilities at fair value through profit or loss, loans and borrowings. The Group classifies its financial liabilities at initial recognition. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:
(a) Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at initial recognition as liabilities at fair value through profit or loss;
(b) Loans and borrowings. Loans and borrowings are financial liabilities that have been granted to the Group. Loans and borrowings are classified as current liabilities except when the Group has unconditional right to delay settlement of the obligation for at least for 12 months.

Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized through profit or loss.

3.11 Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventory is assigned by using the FIFO cost formula.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods includes costs of raw materials, direct labor and other direct production costs and related production overheads (based on normal operating capacity).

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined and makes an allowance for such inventories. If such situation occurred, the sum reducing the cost of inventories should be reflected in statements of comprehensive income. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

At the date of financial statements preparation, the Group estimates the balances of finished products to determine whether there is any evidence of impairment. The amount of impairment is measured based on the analysis of prices in the market of such inventories, existed at the reporting date and issued in official sources.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.12 Value added tax

Value added tax (VAT) output equals the total amount of VAT collected within a reporting period and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received. Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid to tax authorities, is included into accounts receivable and payable, reflected in consolidated statements of financial position.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of six months or less.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.14 Share capital

Ordinary shares are classified as equity. Nominal value of share capital of Parent company is specified in Note 18.

3.15 Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

3.16 Defined benefits plan obligations

The Group contributes to the Ukrainian state pension scheme, social insurance and employment funds in respect of its employees. The Group's pension scheme contributions are expensed as incurred. The contributions are included in expenses for wages and salaries. Companies comprising the Group provide additional post-employment benefits to those employees who are engaged in the industry with particularly detrimental and oppressive conditions of work. Under the Ukrainian legislation employees engaged in hazardous industry may retire earlier than usual terms stipulated by Employee Retirement Income Security Law. The Group reimburses to the State Pension Fund all pension payments to be paid to the employees until usual statutory date of retirement. In addition, according to the legislation, the Group makes payments related to providing the employees with domestic fuel (coal). The Group recognizes the liabilities in amount of this payment.

The liability recognized in the statement of financial position in respect of post-employment benefits is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognized in the other comprehensive income statement in the period in which they occur.

3.17 Provisions

Provisions are recognized when the Group has legal or constructive obligations as the result of past event for which it is probable that an outflow of economic benefits can be required to settle the obligations, and the amount of the obligations can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Use of discounting results in recognition of financial expenses and increase in provision.

Management created provision for the payment of potential tax liabilities related to settlement of financial assets and liabilities. Though if the controlling authorities classify such transactions as a subject of taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment.

3.18 Environmental obligations

Environmental obligations include decommissioning and land restoration costs. The Group evaluates the provisions associated with ecological problems separately on every occasion taking into account the requirements of the relevant legislative acts.

Future decommissioning costs, discounted to net present value, are capitalized and the corresponding decommissioning obligations are raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the comprehensive income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

Provision for land restoration, representing the cost of restoring land damage after the commencement of commercial production, is estimated at the net present value of the expenditures expected to settle the obligation. Changes in provision and the unwinding of discount on land restoration are recognized in the consolidated statement of comprehensive income. Ongoing rehabilitation costs are expensed when incurred.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Remaining useful life of property, plant and equipment

Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and estimated period when these assets bring economic benefit to the Group.

Impairment of non-current assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs of sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the growth rate used for extrapolation purposes (coal price, sales volume) and to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefits plan obligations

For the purpose of estimation of defined benefit obligation, the projected unit credit method was used, which includes the determination of the discount rate, future salary increases, mortality rates and future pension increase rate. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high-quality government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates.

Environmental obligations

The Group's mining and processing activities are susceptible to various changes in environmental laws and regulations. The Group estimates environmental obligations based on management's understanding of the current legal requirements, terms of the license agreements and internally generated estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing of and the level of future taxable profits together with future tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position and results of operations may be negatively affected.

Expected credit losses measurement

Measurement of expected credit losses (ECL) is a significant estimate that involves determination methodology, models and data inputs. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is tightly connected with the development of significant judgments and estimates relating to the consequences of such future events.

(all amounts in USD thousand, unless otherwise stated)

5 INFORMATION ON OPERATIONAL SEGMENTS

The group defines the following business segments that include goods and services distinguished by the level of risk and terms of income:
- mineral resource and processing industry — includes income from the sale of its own coal products and income from coal beneficiation;
- service activities - includes income from services rendered for coal mines;
- other activities - includes income from the rendering of other works and services.

Management controls the results of operating segments separately for the purpose of decision-making about the allocation of resources and performance measurement. The results of segments are estimated based on profit/(loss) before tax.

Information about the segments of business for the six months ended 31 December 2024:

	Mineral resource and processing industry (Ukraine)	Service activity (Poland)	Other activity	Total
Revenue				
Sales to external customers	-	2,166	-	**2,166**
Profit/(loss) before tax of the segment	**-**	**(2)**	**(248)**	**(250)**
Operational assets	**-**	**955**	**8**	**963**
Operational liabilities	**7,676**	**596**	**6,081**	**14,353**

Information about the segments of business for the three months ended 31 December 2024:

	Mineral resource and processing industry (Ukraine)	Service activity (Poland)	Other activity	Total
Revenue				
Sales to external customers	-	1,037	-	**1,037**
Profit/(loss) before tax of the segment	**-**	**(52)**	**(143)**	**(195)**
Operational assets	**-**	**955**	**8**	**963**
Operational liabilities	**7,676**	**596**	**6,081**	**14,353**

Information about the segments of business for the six months ended 31 December 2023:

	Mineral resource and processing industry (Ukraine)	Service activity (Poland)	Other activity	Total
Revenue				
Sales to external customers	-	82	-	**82**
Profit/(loss) before tax of the segment	**-**	**69**	**55**	**124**
Operational assets	**-**	**944**	**1,257**	**2,201**
Operational liabilities	**8,033**	**556**	**5,803**	**14,392**

Information about the segments of business for the three months ended 31 December 2023:

	Mineral resource and processing industry (Ukraine)	Service activity (Poland)	Other activity	Total
Revenue				
Sales to external customers	-	82	-	**82**
Profit/(loss) before tax of the segment	**-**	**69**	**58**	**127**
Operational assets	**-**	**944**	**1,257**	**2,201**
Operational liabilities	**8,033**	**556**	**5,803**	**14,392**

The Group does not incur depreciation and amortization expenses or defined benefit plan obligations expenses. The Group does not have assets and liabilities that are not included in the above-mentioned business segments. The Group does not engage in any inter-segment operations.

(all amounts in USD thousand, unless otherwise stated)

6 REVENUE FROM SALES

	6 months ended 31 December 2024	3 months ended 31 December 2024	6 months ended 31 December 2023	3 months ended 31 December 2023
Revenue from service activity	2,166	1,037	82	82
	2,166	**1,037**	**82**	**82**

Services rendered are represented by mining works related to the reconstruction of existing third-party coal mines, installation of appropriate repair kits, works on strengthening of inclined planes, excavation of new lines and other mining works related to maintenance of coal mines.

Revenue is recognized when the Company satisfies a performance obligation under the contracts with customers. In accordance with the signed contracts, the Company performs mining works over the time and agrees on the performed results with the customers mostly on a monthly basis in terms of the general scope of works agreed. The standard payment term of the signed contracts with customers is 30 days from the date of the issuing of the invoice.

During the reviewed periods sales were performed on the territory of Poland exclusively.

The following table provides information about balances resulting from contracts with customers:

	31 December 2024	30 June 2024	31 December 2023
Trade receivables, gross	834	536	395
Allowance for trade receivables	-	-	-

7 COST OF SALES

	6 months ended 31 December 2024	3 months ended 31 December 2024	6 months ended 31 December 2023	3 months ended 31 December 2023
Raw materials	(25)	(14)	-	-
Wages and salaries of operating personnel	(1,440)	(700)	(52)	(52)
Depreciation and amortization expenses	-	-	-	-
Subcontractors services	(221)	(119)	-	-
Other expenses	(24)	(12)	(1)	(1)
	(1,710)	**(845)**	**(53)**	**(53)**

8 GENERAL AND ADMINISTRATIVE EXPENSES

	6 months ended 31 December 2024	3 months ended 31 December 2024	6 months ended 31 December 2023	3 months ended 31 December 2023
Subcontractors services	(242)	(135)	(52)	(40)
Wages and salaries of administrative personnel	(326)	(168)	-	-
Taxes	(9)	13	-	-
Other expenses	(56)	(37)	(3)	(2)
	(633)	**(327)**	**(55)**	**(42)**

9 OTHER OPERATING INCOME/(EXPENSES), NET

	6 months ended 31 December 2024	3 months ended 31 December 2024	6 months ended 31 December 2023	3 months ended 31 December 2023
Gain/(loss) from operational exchange differences	47	42	98	88
	47	**42**	**98**	**88**

10 INCOME TAX EXPENSES

	6 months ended 31 December 2024	3 months ended 31 December 2024	6 months ended 31 December 2023	3 months ended 31 December 2023
Current income tax	10	32	-	-
Deferred tax	-	-	-	-
Income tax expenses	**10**	**32**	**-**	**-**
At the beginning of the period	**5,178**	**5,172**	**4,294**	**4,299**
Current income tax charge	22	-	-	-
Repayment	(28)	-	-	-
Effect of translation to presentation currency	-	-	5	-
At the end of the period	**5,172**	**5,172**	**4,299**	**4,299**

The following corporate income taxes rates are applied to the Group's subsidiaries in respective jurisdictions: Ukraine – 18%, Poland – 19%, Cyprus – 12.5%, Luxembourg – is not a subject of income tax applied due to significant accumulated losses and is a subject of net wealth tax only.

(all amounts in USD thousand, unless otherwise stated)

11 TRADE AND OTHER RECEIVABLES

	31 December 2024	30 June 2024	31 December 2023
Trade receivables	834	536	395
Allowance for trade receivables	-	-	(7)
Other receivables	60	26	1,303
Allowance for other receivables	(1)	-	-
	893	**562**	**1,691**

12 CASH AND CASH EQUIVALENTS

	31 December 2024	30 June 2024	31 December 2023
Cash in bank	2	455	500
Cash in hand	-	41	-
Other cash	-	29	-
	2	**525**	**500**

13 SHARE CAPITAL

	31 December 2024		30 June 2024		31 December 2023	
	%	Amount	%	Amount	%	Amount
Lycaste Holding Limited*	60.15	271	60.15	271	60.15	271
Management of subsidiaries	14.85	67	14.85	67	14.85	67
Free float	25.00	112	25.00	112	25.00	112
	100.00	**450**	**100.00**	**450**	**100.00**	**450**

Shares owned by the Lycaste Holding Limited and management of subsidiaries are not listed. During the six months ended 31 December 2024 and 31 December 2023, the number of shares has remained unchanged.

14 LOANS AND BORROWINGS

	31 December 2024	30 June 2024	31 December 2023
Current borrowings	504	529	900
	504	**529**	**900**

As of 31 December 2024 and 31 December 2023, current borrowings consist of interest-free loans from «Financial Company Altares Finance» LLC, repayable on demand. These borrowings originated from the restructuring of a previously received loan from EBRD, which was restructured during the year ended 30 June 2021, transferring the claim rights for the residual debt to «Financial Company Altares Finance» LLC.

15 TRADE AND OTHER PAYABLES

	31 December 2024	30 June 2024	31 December 2023
Trade payables	290	154	63
Payables for wages and salaries	136	148	95
Other payables	209	338	610
Advances received	-	-	-
	635	**640**	**768**

16 TAXES PAYABLE

	31 December 2024	30 June 2024	31 December 2023
Payable for wages and salaries related taxes	55	62	219
VAT payable	301	275	80
Payables for other taxes	10	4	93
	366	**341**	**392**

17 TRANSACTIONS WITH RELATED PARTIES

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:
- Entities - related parties under common control with the Companies of the Group;
- Entities - related parties, which have joint key management personnel with the Companies of the Group.

Ultimate controlling party is Mr. Vyshnevetskyy V.

There were no transactions with related parties in reporting periods. Details of balances between entities - related parties under common control with the Companies of the Group are disclosed below:

	31 December 2024	30 June 2024	31 December 2023
Loans issued	17	13	-
Other payables	82	225	330
Trade payables	203	104	3

(all amounts in USD thousand, unless otherwise stated)

18 CONTINGENT ASSETS AND LIABILITIES

As of the date of presentation of the financial statements, the Group is not involved in any legal processes that can have material impact on its financial position.

19 ACQUISITIONS OF SUBSIDIARIES

As of 15 December 2023, the Group has acquired a new subsidiary – Ukrmineral Trading LLC with the main purpose of obtaining licenses for the mining of mineral resources in Ukraine.

As of 21 December 2023, the Group has acquired a new subsidiary – Advanced Industrial Technologies Sp. z.o.o. with the main purpose of providing underground mining services to coal mines in Poland.

Details of the above-mentioned acquisitions are presented as follows.

	Ukrmineral Trading LLC	Advanced Industrial Technologies LLC	Total
Inventories	-	2	**2**
Trade and other receivables	-	358	**358**
Other tax receivables	-	8	**8**
Cash and cash equivalents	1	494	**495**
Loans and borrowings	-	(37)	**(37)**
Trade and other payables	-	(64)	**(64)**
Other tax payables	-	(389)	**(389)**
Net assets at the date of acquisition	**1**	**372**	**373**
Effective ownership ratio, %	100.00	100.00	**100.00**
Non-controlling interests	-	-	**-**
Fair value of consideration	1	319	**(320)**
Profit/(loss) from acquisition	**-**	**53**	**53**
Cash paid as consideration	(1)	-	**(1)**
Total cash flow from acquisition	**-**	**494**	**494**

20 DISPOSAL OF SUBSIDIARIES

As of 4 July 2023, Coal Energy Trading Limited has been dissolved. Net assets and results from disposals are presented as follows:

	Coal Energy Trading Limited	Total
Non-current financial assets	7,959	7,959
Trade and other receivables	6,179	6,179
Net assets at the date of disposal	**14,138**	**14,138**
Effective ownership ratio, %	100%	100%
Non-controlling interests	-	-
Payables to disposed subsidiaries	(14,138)	(14,138)
Fair value of consideration received	-	-
Reclassification of currency translation reserve of disposed subsidiaries	-	-
Profit/(loss) from disposal	**-**	**-**

21 SUBSEQUENT EVENTS

As of 13 January 2025, the Company signed a facility agreement for obtaining EUR 300 thousand of borrowing from non-related party. As of 21 February 2025, the amount of borrowing has been increased up to EUR 500 thousand.

On 18 March 2025, the Group disposed of its entire interest in Ukrmineral Trading LLC (100%) and CwAL LE "Mine St. Matrona" (99%) for a total consideration of USD 1 thousand. As part of the transaction, the acquirer assumed all liabilities associated with these two entities. Detailed description of the following disposal will be presented in the appropriate financial statements.

On 9 June 2025, the Group disposed of its entire interest in Nertera Investments Limited (100%) and Perspective resources (100%) for a total consideration of USD 100. As part of the transaction, the acquirer assumed all liabilities associated with these two entities. Detailed description of the following disposal will be presented in the appropriate financial statements.

According to the management's opinion, there have been no events after the closing date, except for those disclosed above and known to ~~the~~ management that would substantially influence the financial standing of the Group.