

NOTICE OF 2017



ANNUAL GENERAL MEETING

Notice is given that the 2017 Annual General Meeting (AGM) of Yancoal Australia Ltd (Company) will be held at 10.30 am (AEST) on Friday, 26 May 2017 at Herbert Smith Freehills, Level 35, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000, Australia. Registration will commence at 10.00 am (AEST).

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BUSINESS

Item 1: Financial Statements and Reports

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and the Auditor for the financial year ended 31 December 2016.

Item 2: Re-election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions (each as a separate resolution):

Item 2(a):

That Xiyong Li, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(b):

That Baocai Zhang, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(c):

That Boyun Xu, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(d):

That Huaqiao Zhang, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Information about the above candidates appears in the Explanatory Notes.

Item 3: Remuneration Report

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

That the Remuneration Report for the year ended 31 December 2016 and as set out in the 2016 Annual Report on pages 56 to 68 (inclusive) be adopted.

Note: In accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors of the Company.

Voting exclusion statement in respect of Item 3:

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Key Management Personnel (KMP) named in the Remuneration Report for 2016 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties,

unless the vote is cast as proxy:

- for a person entitled to vote on Item 3 in accordance with the direction on the proxy form specifying how the proxy is to vote; or
- by the Chairman of the AGM for a person entitled to vote on Item 3 pursuant to an express authorisation in the proxy form to vote as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of the KMP).

'Closely related party' is defined in the *Corporations Act 2001* (Cth) (**Corporations Act**) and includes a spouse, dependent and certain other close family members, of the KMP, as well as any companies controlled by the KMP.

By order of the Board

Baocai Zhang
Co-Vice Chairman

INFORMATION FOR SECURITYHOLDERS

ELIGIBILITY TO VOTE

For the purposes of determining entitlement to vote at the AGM, the Company's shareholders will be taken to be those persons who are the registered holders of the Company's shares as at 7:00pm (AEST) on Wednesday 24 May 2017. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the AGM.

In this Notice, references to security holders or shareholders are references to holders of ordinary shares in the Company.

VOTING

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A shareholder that is an individual may attend and vote in person at the AGM. Please arrive 20 minutes prior to the start of the AGM to facilitate the registration process. Otherwise, a shareholder may appoint a proxy to attend and vote on their behalf, as outlined below.

A shareholder or proxy that is a body corporate may appoint an individual to act as its representative to vote at the AGM in accordance with section 250D of the Corporations Act. The appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission to the AGM. A form of the certificate may be obtained from www.computershare.com.

PROXIES AND ATTORNEYS

1. If you are entitled to vote but do not wish to attend the AGM, you may appoint a proxy to attend and vote on your behalf. A body corporate that is a shareholder may also appoint a proxy to attend and vote on its behalf. A proxy need not be a shareholder.
2. If you are entitled to cast two or more votes, you are entitled to appoint up to two proxies to attend the AGM and vote on your behalf and you may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not so specify, each proxy may exercise half the votes. Fractions of votes will be disregarded.
3. Where a shareholder appoints 2 proxies or 2 attorneys, neither proxy or attorney is entitled to vote on a show of hands, and on a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.
4. To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by **no later than 10:30am (AEST) on Wednesday, 24 May 2017**. Any proxy form received after that time will not be valid for the AGM.
5. The proxy form accompanying this Notice of Meeting can be used to appoint a proxy.
6. Proxy forms (and any power of attorney or certified copy of that power under which they are signed) may be lodged with Computershare:

(a) by mail, to:
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Victoria 3001

(b) in person, at:
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street, Sydney NSW 2000

- (c) by facsimile:
1800 783 447 (within Australia)
+ 61 3 9473 2555 (outside Australia)
- (d) online via www.investorvote.com.au
You will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically by a person appointed by a shareholder under a Power of Attorney or similar authority. Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com.

Alternatively, proxy forms may be lodged with the Company:

(a) by mail, to the attention of the Company Secretary, at:
Yancoal Australia Ltd
Level 26, 363 George Street
Sydney NSW 2000
Australia

(b) by facsimile, to the attention of the Company Secretary, on:
+ 61 2 8583 5399

7. Proxies given by corporate holders of ordinary shares must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.
8. A proxy may decide whether to vote on any motion, except where the proxy is required by law to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction.
9. If your appointed proxy does not attend the AGM or does not vote on a poll in accordance with your directions, the Chairman of the AGM will become your proxy and will vote in accordance with any directions. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to any applicable voting exclusions).
10. The appointment of a proxy or attorney is not revoked by the appointer attending and taking part at the AGM, but if the appointer votes on a resolution, the proxy or attorney is not entitled to vote, and must not vote, as the appointer's proxy or attorney on the resolution.
11. If the Chairman of the AGM is or becomes your proxy and you do not specify how your proxy is to vote on an item of business, then by completing and submitting a proxy form you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to the adoption of the Remuneration Report (Item 3), even though Item 3 is connected directly or indirectly with the remuneration of the key management personnel of the Company. If you wish to appoint the Chairman as proxy with a direction how to vote on an item of business, including Item 3, you should specify this by completing the "For", "Against" or "Abstain" boxes on the proxy form.
12. The Chairman of the AGM intends to vote all undirected proxies in favour of each item of business.

EXPLANATORY NOTES

QUESTIONS AND COMMENTS BY SECURITYHOLDERS

The Chairman of the AGM will allow a reasonable opportunity for securityholders to ask questions about or make comments on the management of the Company at the AGM. Securityholders may also submit a written question to the Board. Your questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and Explanatory Notes.

Similarly, a reasonable opportunity will be given to shareholders to ask the Company's external auditor, ShineWing Australia, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Securityholders may also submit a written question to ShineWing Australia (via the Company) if the question is relevant to:

- the content of ShineWing Australia's audit report; or
- the conduct of its audit of the Company's annual financial reports for the year ended 31 December 2016.

ShineWing Australia will either answer the relevant questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to securityholders as soon as practicable after the AGM, on the Company's website, www.yancoal.com.au. A list of those relevant written questions will be made available to securityholders attending the AGM.

Please send any relevant questions for the Board or ShineWing Australia by **5.00pm (AEST) on Friday, 19 May 2017** to:

- Computershare (Computershare's contact details are set out on page 2 of this Notice); or
- Yancoal Australia Ltd at our registered office, Level 26, 363 George St, Sydney NSW 2000, Australia, marked for the attention of the Company Secretary.

During the course of the AGM, the Chairman will endeavour to address as many of the more frequently raised shareholder questions as reasonably practicable and, where appropriate, will give a representative of ShineWing Australia the opportunity to answer relevant written questions submitted to the Auditor. However, there may not be sufficient time available at the AGM to address all questions. Please note that individual responses may not be sent to shareholders.

REQUIRED MAJORITY

The resolutions described in Items 2 and 3 of the Business section of this Notice are ordinary resolutions. Each will be passed if at least 50% of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

The Explanatory Notes form part of the Notice of Meeting and have been prepared to assist securityholders to understand the business to be put to the securityholders of the AGM.

Item 1: Financial Statements and Reports

The financial statements and reports relate to the period from 1 January 2016 to 31 December 2016.

The Corporations Act requires the Financial Report (which includes the financial statements and notes, and the Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the AGM.

There is no requirement in the Corporations Act for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Pursuant to Rule 7.10 of the Company's Constitution, the Company's majority shareholder, Yanzhou Coal Mining Company Limited, has approved the financial statements of the Company in writing.

Securityholders will, however, be given a reasonable opportunity at the AGM to ask questions and make comments on these reports and on the business and operations of the Company. Securityholders will also be able to ask questions of the Auditor, ShineWing Australia.

The documents are available on the Company's website at www.yancoal.com.au

Item 2: Re-election of Directors

The Company must hold an election of directors each year in accordance with ASX Listing Rule 14.5. Further, in accordance with ASX Listing Rule 14.4 and Rule 8.1(d) of the Company's Constitution, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Additionally, the Board has a practice that approximately one third of the Board will retire and seek re-election, so as to prevent a disproportionate number of Directors standing for re-election at future annual general meetings.

As each of Xiyong Li, Baocai Zhang, Boyun Xu, and Huaqiao Zhang were re-elected on 30 May 2014 and have not been subsequently re-elected, they are required to seek re-election in accordance with ASX Listing Rule 14.4 and Rule 8.1(d) of the Company's Constitution.

Below are biographical details for those Directors who are seeking election and re-election as Directors of the Company at the AGM.

Item 2(a) – Re-election of Xiyong Li as a Director

Xiyong Li, EMBA

Chairman and Non-Executive Director (12 September 2013 – Current) and Chairman of the Nomination and Remuneration Committee.

Experience and expertise

Mr Li has considerable experience in business management and operations in the coal industry. Mr Li commenced his career in 1981 and was appointed as the head of Huafeng Coal Mine of Xinwen Mining Group Co., Ltd. (**Xinwen Group**) in May 2001. In June 2006, he was appointed as the Deputy General Manager of Xinwen Group. In June 2010, he was appointed as the Chairman and Secretary of the Party Committee of Xinwen Group. In March 2011, he was appointed as the Vice Chairman of Shandong Energy Group Co., Ltd. and the Chairman and the Secretary of the Party Committee of Xinwen Group. In July 2013, Mr Li joined the Yankuang Group Company Limited (**Yankuang Group**) and was appointed the General Manager and deputy secretary of the Party Committee. In September 2013, he was appointed the Chairman of Yanzhou Coal Mining Company Limited (**Yanzhou**). He was also appointed the Chairman of Yancoal Australia Ltd (**Yancoal**) in September 2013. In February 2015, he was appointed as the Chairman and Secretary of the Party Committee of Yankuang Group.

Mr Li graduated from Shandong University of Science and Technology and Nankai University, and is a researcher in engineering technique application with an Executive Masters of Business Administration (**EMBA**) degree.

Other current key directorships

Chairman of Yanzhou Coal Mining Company Limited
Chairman and the Secretary of the Party Committee of Yankuang Group

Chairman of Yancoal International (Holding) Co., Ltd
Director of Yancoal International (Sydney) Pty Ltd

Former directorships in last three years

None

Recommendation

The Board (with Xiyong Li abstaining) unanimously recommends that shareholders vote in favour of the re-election of Xiyong Li.

Item 2(b) – Re-election of Baocai Zhang as a Director

Baocai Zhang, EMBA

Non-Executive Director (26 June 2012 – 19 January 2014), Co-Vice Chairman (20 December 2013 – Current), Executive Director (20 January 2014 – Current), Chairman of the Executive Committee and Chairman of the Strategy and Development Committee.

Experience and expertise

Mr Zhang joined Yanzhou's predecessor in 1989 and was appointed as the Head of the Planning and Finance department of Yanzhou in 2002. He was appointed as a Director and Company Secretary of Yanzhou in 2006 and Deputy General Manager in 2011. Mr Zhang was appointed as Non-Executive Director of Yancoal on 26 June 2012, and subsequently appointed a Co-Vice Chairman of Yancoal on 20 December 2013. He became the Chair of the Executive Committee of Yancoal on 20 January 2014. In October 2015, he became a director and a standing member of the Party Committee of Yankuang Group Company Limited. Mr Zhang planned and played a key role in the acquisition of Felix Resources Limited and the merger with Gloucester Coal Ltd in Australia. He also led Yanzhou's acquisition of potash exploration permits in Canada in 2011. He has considerable experience in capital management and business development in the coal industry, in particular in financial control, corporate governance and compliance for listed companies in Australia and overseas.

Mr Zhang graduated from Nankai University. He is a senior accountant with an EMBA degree.

Other current key directorships

Director of Yankuang Group Company Limited
Director of Yanzhou Coal Yulin Neng Hua Co., Ltd
Director of Inner Mongolia Haosheng Coal Mining Limited
Director of Yancoal International (Holding) Co., Ltd
Director of Yancoal SCN Limited

Former directorships in last three years

Director of Yanzhou Coal Mining Company Limited

Recommendation

The Board (with Baocai Zhang abstaining) unanimously recommends that shareholders vote in favour of the re-election of Baocai Zhang.

Item 2(c) – Re-election of Boyun Xu as a Director

Boyun Xu, ME, EMBA

Executive Director (26 June 2012 – Current) and member of the Executive Committee

Experience and expertise

Mr Xu joined Yancoal in 2005 and held the position of Deputy Managing Director of Yancoal until acquisition of Felix Resources. Before the merger with Gloucester Coal Ltd, he held the position of General Manager of Business Development of Yancoal. In 2012, Mr Xu was appointed a Director of Yancoal and Executive General Manager of the Australian subsidiaries of Yancoal International (Holding) Co. Ltd. Mr Xu has over 30 years of international management and engineering experience in the coal mining industry. Prior to joining Yancoal he served as Deputy Chief Engineer in Yankuang Group Company Limited in China and China Business Manager in Minarco Asia Pacific Pty Ltd in Australia.

Mr Xu holds an EMBA degree from University of Technology, Sydney, a Masters degree in Mining Engineering from University of New South Wales and a Bachelor of Mining Engineering from Shandong University of Science and Technology in China.

Other current key directorships

Director of Premier Coal Limited
Director of Yancoal International (Sydney) Pty Ltd
Director of Yancoal SCN Limited
Director of Yankuang Bauxite Resources Pty Ltd

Former directorships in last three years

None

Recommendation

The Board (with Boyun Xu abstaining) unanimously recommends that shareholders vote in favour of the re-election of Boyun Xu.

Item 2(d) – Re-election of Huaqiao Zhang as a Director

Huaqiao Zhang, MEd,

Independent Non-Executive Director (15 April 2014 – Current) and member of Strategy and Development Committee.

Experience and expertise

Mr Zhang is a Hong Kong based businessman and has over 23 years of experience in the banking and finance industry, with extensive experience in the capital markets of Hong Kong and China.

Mr Zhang commenced his career in 1986, working as an economist at the Planning Department, People's Bank of China until 1989. In the first half of 1991, he was a public servant (APS 4) at the Australian Commonwealth Government's Department of Employment, Education and Training (DEET). From 1991 to 1994, Mr Zhang was a Lecturer of Banking and Finance at the University of Canberra.

Previously, Mr Zhang worked at UBS for 11 years, with the majority of his time serving as Head of China Research and Deputy Head of China Investment Banking. In 2006-2008, he was an Executive Director and Chief Operating Officer of Shenzhen Investment Ltd (604 HK).

Mr Zhang obtained a Masters degree in economics from the Financial Research Institute of the People's Bank of China in 1986 and a Masters degree in economics of development from the Australian National University in 1991.

The Board considers Mr Zhang to be an independent Non-Executive Director.

Other current key directorships

Chairman of China Smartpay Group Holdings Ltd (8325 HK)
Independent non-executive director of Fosun International Ltd (656 HK)
Independent non-executive director of Logan Property Holdings Co. Ltd (3380 HK)
Independent non-executive director of Luye Pharma Group Ltd (2186 HK)
Independent non-executive director of Wanda Hotel Development Co. Ltd (0169 HK)
Independent non-executive director of China Huirong Financial Holdings Ltd (1290 HK)
Independent non-executive director of Zhong An Real Estate Ltd (672 HK)
Independent non-executive director of Sinopec Oil Services Corp (1033 HK)
Non-executive director of Boer Power Holdings Ltd (1685 HK)

Former directorships in last three years

Independent director of Ernest Borel Holdings Ltd (1856 HK)
Director of Nanjing Central Emporium (600280 CH)

Recommendation

The Board (with Huaqiao Zhang abstaining) unanimously recommends that shareholders vote in favour of the re-election of Huaqiao Zhang.

Item 3: Remuneration Report

Item 3 – Adoption of the Remuneration Report

The Board submits its Remuneration Report for the year ended 31 December 2016 to securityholders for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 56 to 68 (inclusive) of the 2016 Annual Report. This report can also be found on the Company's website at www.yancoal.com.au.

The report:

- explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors and senior executives of the Company; and
- sets out the remuneration details for each director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

The vote on the Remuneration Report is advisory only and will not bind the Company.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

Recommendation

The Board unanimously recommends that shareholders vote in favour of the adoption of the Remuneration Report.

