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# ASX Release:

## Yancoal announces US\$2.5 billion equity raising to provide funding for the acquisition of Coal & Allied

### Highlights

- US\$2.5 billion equity raising to provide funding for the acquisition of 100% of the shares of Coal & Allied
- Yancoal to launch a 23.6 for 1 pro-rata renounceable entitlement offer to raise approximately US\$2.35 billion
  - Entitlement Offer is underwritten or committed to US\$2.3 billion
  - Yanzhou has committed to subscribe for US\$1.0 billion of its entitlements under the Entitlement Offer and make its unexercised entitlements available to other eligible Yancoal shareholders who wish to take up additional shares in excess of their entitlement
- Remaining cash required for the upfront consideration for the Coal & Allied Acquisition and associated transaction costs to be funded by a fully committed share placement to strategic investors to raise US\$150 million, unrestricted cash reserves and/or committed undrawn credit facilities
- Yancoal's capital structure to be simplified with Yanzhou committing to convert as many of its Subordinated Capital Notes as is permitted
- Coal & Allied is a strategically compelling acquisition for Yancoal
  - Opportunity to transform Yancoal into Australia's largest pure-play coal producer
  - Provides Yancoal with majority interests in three of the ten largest low cost thermal coal mining operations in Australia
  - Potential to unlock significant synergies from the integration of Coal & Allied with Yancoal's existing portfolio and incremental synergies from Yancoal's partnership with Glencore in the Hunter Valley
  - Delivers a sustainable capital structure and cash flow generation to support value creation
  - Accretive across key operational and financial metrics

Yancoal Chairman Xiyong Li said:

"The continued expansion of Yancoal via the acquisition of Coal & Allied provides new investment opportunities for existing shareholders and third parties looking to support the growth of the Australian resources sector.

"The pro-rata entitlement offer has been determined in the interests of all shareholders and is expected to generate the necessary funding to support the next stage of our business' evolution.

“The strategic acquisition of Coal & Allied will redefine our position within the global coal marketplace and strengthen Yancoal Australia for the future.”

Yancoal’s Chief Executive Officer, Reinhold Schmidt, said:

“Yancoal continues to implement a robust strategy for continued growth, with the acquisition of Coal & Allied redefining our role as a key employer and producer within the local resources sector.

“The expansion of our portfolio of tier one assets, combined with a strong and sustainable balance sheet and future cash flow generation, will allow us to create greater shareholder value.”

### ***Overview of the Coal & Allied Acquisition***

As announced 26 June 2017, Yancoal Australia Ltd (ASX: YAL) (“Yancoal” or the “Company”) has entered into an amended binding agreement to acquire 100% of the shares of Coal & Allied Industries Limited (“Coal & Allied”) from wholly-owned subsidiaries of Rio Tinto for US\$2.69 billion in value, comprising US\$2.45 billion cash payable on completion, US\$240 million in future non-contingent royalty payments over five years following completion and a coal price linked contingent royalty (the “Coal & Allied Acquisition”).

On completion of the Coal & Allied Acquisition, the Company will own further interests in two additional operating, large-scale, long-life and low-cost coal mines in the Hunter Valley region of New South Wales, as well as required export infrastructure. These interests are:

- a 67.6% interest in the Hunter Valley Operations mining complex (“HVO”)<sup>1</sup>;
- an 80.0% interest in the Mt Thorley mine and a 55.6% interest in the Warkworth mine (together, “MTW”); and
- a 36.5% interest in Port Waratah Coal Services (“PWCS”), a coal export terminal located at the Port of Newcastle.

### ***Transaction funding and capital structure simplification***

Funding for the Coal & Acquisition has been determined by Yancoal’s Independent Board Committee (“IBC”)<sup>2</sup>. Funding will be provided via:

- a 23.6 for 1 pro-rata renounceable entitlement offer with rights trading for new fully paid ordinary Yancoal shares (“New Shares”) to eligible shareholders at an offer price of US\$0.10 per New Share (“Offer Price”) to raise up to approximately US\$2.35 billion (“Entitlement Offer”);
- a fully committed placement to strategic investors at an Offer Price of US\$0.10 per New Share to raise US\$150 million (“Placement”); and
- unrestricted cash reserves and/or committed undrawn credit facilities<sup>3</sup>.

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<sup>1</sup> Yancoal's interest in HVO will reduce to 51% on completion of the Glencore Transaction. Completion of the Glencore Transaction is subject to a number of conditions precedent that have not been satisfied as at the date of this announcement.

<sup>2</sup> The IBC comprises Mr Gregory Fletcher, Dr Geoff Raby, Mr Vince O’Rourke and Mr Joe Zhang. It was established by Yancoal’s Board of Directors to consider and take actions in relation to the funding required for the Coal & Allied Acquisition and any other element of the transaction which may constitute a related party transaction, to ensure that these matters were undertaken in the best interests of Yancoal and its shareholders as a whole.

<sup>3</sup> Yancoal had US\$238 million in unrestricted cash reserves and approximately US\$370 million in committed undrawn credit facilities as at 30 June 2017 available to draw upon, based on unaudited financial accounts and a US\$:AU\$ FX rate of 0.75.

The Entitlement Offer is underwritten or committed to US\$2.3 billion, including Yanzhou committing to take up US\$1.0 billion of its entitlements under the Entitlement Offer, and the balance of the Entitlement Offer being underwritten to the value of US\$1.3 billion by a number of underwriters, severally in their respective proportions, including by Glencore for US\$300 million.

If the proceeds raised from the Entitlement Offer and Placement are less than US\$2.45 billion, the shortfall up to a maximum amount of US\$1.0 billion, will be able to be drawn from a new loan facility to be provided by Yankuang to Yancoal, the existence and terms of which were negotiated and approved by the IBC. Please refer to the Entitlement Offer Booklet for the Entitlement Offer (a copy of which was released to the ASX on 1 August 2017) for further details.

Additionally, Yanzhou has agreed to make its approximately US\$830 million of its unexercised Entitlements under the Entitlement Offer available to satisfy demand from eligible existing shareholders who wish to take up New Shares in excess of their entitlement under the Entitlement Offer (“Additional New Shares”) to allow such shareholders to maintain their proportionate shareholding in Yancoal following completion of the Entitlement Offer, Placement and conversion of Yanzhou’s Subordinated Capital Notes (“SCNs”) (“Guaranteed Allocation”). The allocation of any Additional New Shares above a shareholder’s Guaranteed Allocation will be limited to the extent that there are sufficient New Shares from eligible shareholders who do not take up their full entitlement under the Entitlement Offer.

In connection with the Entitlement Offer and Placement, the IBC has also obtained a commitment from Yanzhou to convert as many of its SCNs as is permitted, having regard to the Australian Takeovers Panel order<sup>4</sup>, and this is expected to result in the conversion of all of Yanzhou’s SCNs at the time that the Entitlement Offer and Placement are settled. Yanzhou’s SCN conversion price will be US\$0.10 per SCN, being the same as the Offer Price, and Yanzhou has agreed that this conversion price will apply even if the SCN terms would otherwise have resulted in a lower adjusted conversion price as a result of the Entitlement Offer and Placement.

### ***Details of the Entitlement Offer***

Yancoal intends to raise up to approximately US\$2.35 billion via a partially underwritten 23.6 for 1 pro-rata renounceable entitlement offer (with rights trading) at an Offer Price of US\$0.10 per New Share.

The Offer Price represents a:

- 67.9% discount to last close of A\$0.390 per ordinary share in Yancoal<sup>5</sup>; and
- 4.6% discount to the theoretical ex rights price<sup>6</sup> of A\$0.131 per ordinary share in Yancoal.

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<sup>4</sup>The order of the Australian Takeovers Panel made on 15 December 2014 in respect of the SCNs, as amended, varied or replaced from time to time, which prevents Yanzhou from converting SCNs where such conversion would result in Yanzhou (and any associates) having voting power of more than 78% in Yancoal.

<sup>5</sup>As at 31 July 2017 and based on a US\$:AU\$ FX rate of 0.80.

<sup>6</sup>As at 31 July 2017 and based on a US\$:AU\$ FX rate of 0.80. The theoretical ex-rights price (“TERP”) is a theoretical price at which Shares should trade immediately after the ex-date of the Entitlement Offer and takes into account the number of New Shares to be issued under the Entitlement Offer, the Placement and SCNs converted by Yanzhou. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

Under the Entitlement Offer, eligible shareholders are entitled to acquire 23.6 New Shares for every 1 existing fully paid ordinary share in Yancoal held as at 7.00pm (Sydney, Australia time) on Monday, 7 August 2017 (“Record Date”).

The pro rata nature of the Entitlement Offer favours existing shareholders in recognition of their continuing support and provides an equitable mechanism for eligible shareholders to participate.

Yanzhou has committed to take up US\$1.0 billion of its entitlements under the Entitlement Offer, and the balance of the Entitlement Offer is underwritten to the combined value of US\$1.3 billion by Glencore (US\$300 million), China Cinda Asset Management Co., Ltd<sup>7</sup> (US\$750 million) and Shandong Lucion Investment Holdings Group Co., Ltd (US\$250 million) severally to their respective commitments.

#### Guaranteed allocation for eligible shareholders

Eligible shareholders who take up their Entitlement in full may also apply for Additional New Shares at the Offer Price and are guaranteed to receive such number of Additional New Shares up to their Guaranteed Allocation<sup>8</sup>. Additional New Shares above a relevant eligible shareholder’s Guaranteed Allocation will only be allocated to an eligible shareholder if the Entitlement Offer bookbuild does not clear above the Offer Price, if such allocation does not result in them increasing their voting power in the Company above 20% and if available. Eligible shareholders should refer to section 1.8 of the Entitlement Offer Booklet for further information on how to apply for Additional New Shares<sup>9</sup>.

Yanzhou has agreed to make its approximately US\$830 million worth of unexercised entitlements available to satisfy demand for Additional New Shares applied for by other eligible shareholders up to their Guaranteed Allocation.

There is, however, no guarantee an eligible shareholder will receive the amount of Additional New Shares applied for above their Guaranteed Allocation, if any. The allocation of any Additional New Shares above an eligible shareholder’s Guaranteed Allocation will be limited to the extent that there are sufficient New Shares from eligible shareholders who do not take up their full entitlement under the Entitlement Offer.

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares of Yancoal as at their date of issue.

#### Payment of application monies is US\$ or A\$

Eligible shareholders can pay for New Shares or Additional New Shares in A\$ or US\$. If an eligible shareholder applies in A\$, the application monies they submit will be converted to US\$ at the spot rate prevailing on the Entitlement Offer closing date (being 25 August 2017). The exchange rate of A\$ to US\$ was US\$0.80 at 7pm on 31 July 2017. Accordingly, if an eligible shareholder applies for New Shares or Additional New Shares in A\$, they will be taken to have applied for that number of New Shares and/or Additional New Shares equal to their US\$ equivalent amount divided by the Offer Price (subject to rounding). If an eligible

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<sup>7</sup> International High Grade Fund B, L.P. an entity associated with China Cinda Asset Management Co., Ltd., will be the underwriting entity.

<sup>8</sup> A ‘Guaranteed Allocation’ is that number of Additional New Shares which, together with the New Shares to which an eligible shareholder is entitled to acquire in the Entitlement Offer, will enable an eligible shareholder to maintain the same proportionate shareholding in Yancoal, (after issue of all New Shares and Additional Shares under the Entitlement Offer and Placement and conversion of Yanzhou’s SCNs) as it held at the Record Date.

<sup>9</sup> See the Entitlement Offer Booklet for further information on how allocations above the Guaranteed Allocation (if any) and any scale-back will be determined.

shareholder applies for their full entitlement under the Entitlement Offer, pays their application monies in A\$ and the above currency translation results in an excess of application monies such excess will be deemed to constitute an application for such number of Additional New Shares as is equal to the excess divided by the Offer Price.

#### Trading of entitlements under the Entitlement Offer

Entitlements are renounceable and will be tradeable on ASX or transferrable off-market. This provides eligible shareholders the opportunity to sell some or all of their entitlements in order to realise value for those entitlements. Trading of entitlements is expected to commence on ASX at 10.00am on 11 August 2017 and to cease on close of trading on 18 August 2017 ("Entitlement Trading Period").

It is the responsibility of purchasers of entitlements to inform themselves of the 'eligibility criteria' (details of which are set out in the Entitlement Offer Booklet prepared by the Company for the Entitlement Offer dated 1 August 2017 and released to ASX on that date) for exercise. If holders of entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the entitlements. In the event that holders are not able to take up their entitlements, those entitlements will lapse and, subject to the price per Share achieved through the Entitlement Offer Bookbuild, holders may receive no value for them.

#### The Entitlement Offer Bookbuild

As the Entitlement Offer is renounceable, the entitlements of eligible shareholders who do not take up or sell some or all of their entitlement under the Entitlement Offer ("Renouncing Shareholders") (or, in the case of shareholders of Yancoal who are ineligible to participate in the Entitlement Offer ("Ineligible Shareholders"), the entitlements which would otherwise have been available to them) will be offered for subscription to certain institutional investors (including to the underwriters of the Entitlement Offer) on behalf of Renouncing Shareholders and Ineligible Shareholders through the Entitlement Offer Bookbuild to be undertaken by the Joint Lead Managers. Any Entitlement Offer premium received through the Entitlement Offer Bookbuild will be remitted to Renouncing Shareholders and Ineligible Shareholders (net of expenses and any withholdings required by law) in proportion to the number of New Shares represented by their renunciation or ineligible holding.

#### **Details of the Placement**

To provide funding for the Coal & Allied Acquisition, the Company has also secured commitments from Shandong Taizhong Energy Co., Ltd. ("Taizhong") and General Nice Development Ltd<sup>10</sup> ("General Nice") to subscribe for US\$100 million and US\$50 million, respectively, and US\$150 million in aggregate, in New Shares. New Shares to be issued under the Placement will be issued at the Offer Price and will be issued to Taizhong and General Nice on the same date as New Shares and Additional New Shares are issued under the Entitlement Offer, being Thursday, 31 August 2017.

New Shares issued under the Placement do not carry rights to participate in the Entitlement Offer.

In conjunction with their subscription to the Placement, Taizhong and General Nice have agreed to establish a broader commercial relationship with Yancoal following completion of the Coal & Allied Acquisition and

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<sup>10</sup> Evercharm International Investments Ltd, an entity associated with General Nice Development Ltd, will be the entity subscribing for New Shares in the Placement.

have entered into coal offtake agreements with the Company, pursuant to which those investors have agreed to purchase coal from the Company. Please refer to the Entitlement Offer Booklet for further details.

**Key dates**

<b>Event</b>	<b>Date</b>
Announcement of the Entitlement Offer and the Placement	10pm, Tuesday, 1 August 2017
Shares quoted on an 'ex' basis (Entitlement trading on ASX begins (deferred settlement basis))	Friday, 4 August 2017
Record Date	7.00pm on Monday, 7 August 2017
Entitlement Offer opens	Thursday, 10 August 2017
Entitlement Offer booklet and personalised Entitlement and Acceptance Forms despatched to Eligible Shareholders	Thursday, 10 August 2017
Entitlements commence trading on ASX on a normal settlement basis	Friday, 11 August 2017
Last date of Entitlement trading on ASX	Friday, 18 August 2017
New Shares quoted on ASX on a deferred settlement basis	Monday, 21 August 2017
Entitlement Offer closes	5.00pm on Friday, 25 August 2017
Entitlement Offer bookbuild (if required)	Friday, 25 August 2017
Settlement of New Shares issued under the Entitlement Offer and Placement and settlement of Additional New Shares issued under the Entitlement Offer	Wednesday, 30 August 2017
Issue of New Shares under the Entitlement Offer and Placement and issue of Additional New Shares under the Entitlement Offer	Thursday, 31 August 2017
Despatch of holding statements	Friday, 1 September 2017
Normal trading of New Shares and Additional New Shares expected to commence on ASX	Friday, 1 September 2017
Entitlement Offer Premium (if any) paid to Renouncing Shareholders	Tuesday, 12 September 2017

Dates and times are indicative only and subject to change. All times and dates refer to Sydney, Australia time.

The Company reserves the right, subject to the Corporations Act 2001, ASX Listing Rules, Joint Lead Managers' approval and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the closing date for the Entitlement Offer or accepting late Applications, either generally or in particular cases, or to withdraw the Entitlement Offer for any reason (including, without limitation, the failure to receive any approval necessary in connection with the Acquisition or the Entitlement Offer) without prior notice. Eligible shareholders are encouraged to submit their personalised Entitlement and Acceptance Form as soon as possible. The commencement of quotation of New Shares and Additional New Shares is subject to confirmation from ASX.

### ***Overview of the MDP Tag-along Acquisition and Glencore Transaction***

To fulfil its obligations under the binding agreement for the Coal & Allied Acquisition, Yancoal made, and Mitsubishi Development Pty Ltd ("MDP") accepted, an irrevocable tag-along offer to acquire a 32.4% interest in HVO from HVO Resources Pty Ltd ("HVOR"), a wholly owned subsidiary of MDP, for US\$710 million<sup>11</sup> (the "MDP Tag-along Acquisition"). The Company has separately acquired an option to purchase MDP's 28.9% interest in the Warkworth joint venture for US\$230 million, exercisable at any time between completion of the Coal & Allied Acquisition and 31 December 2018.

As announced 28 July 2017, Yancoal has separately entered into a conditional binding implementation agreement with Glencore Coal Pty Ltd ("Glencore"), a wholly owned subsidiary of Glencore plc, under which Yancoal and Glencore will establish a 51% (Yancoal) and 49% (Glencore) unincorporated joint venture in relation to HVO (the "Glencore Transaction").

Glencore has agreed to pay US\$1,139 million for its 49% interest, of which US\$710 million will be paid to HVOR for the acquisition of HVOR's 32.4% interest in HVO and US\$429 million will be paid to Yancoal for the acquisition of a 16.6% interest in HVO from Yancoal. Glencore will also pay to Yancoal 27.9% of the US\$240 million in future non-contingent royalty payments and 49% of the coal price linked contingent royalty payments associated with HVO that are payable by Yancoal to Rio Tinto Limited for the Acquisition.

The Coal & Allied Acquisition, MDP Tag-along Acquisition and Glencore Transaction have the full support of Yancoal's majority shareholder, Yanzhou Coal Mining Co Ltd<sup>12</sup> ("Yanzhou") and Yanzhou's 56% shareholder, Yankuang Group Co Ltd ("Yankuang").

Completion of the Coal & Allied Acquisition remains subject only to approval by Yanzhou's shareholders which is scheduled to occur on 25 August 2017<sup>13</sup>. All regulatory conditions precedent for the Coal & Allied Acquisition have been satisfied or waived and Rio Tinto shareholders have approved the Coal & Allied Acquisition. The Company expects to complete the Coal & Allied Acquisition within the third quarter of 2017.

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<sup>11</sup> Upon completion of the Coal & Allied Acquisition, the MDP Tag-along Acquisition will only be conditional on NSW ministerial approval and must be completed within six months after completion of the Coal & Allied Acquisition if MDP does not consent to the Glencore Transaction.

<sup>12</sup> Subject to shareholder vote. Yanzhou majority shareholder Yankuang has given a binding commitment to Yancoal to vote in favour of the resolution to approve the Coal & Allied Acquisition.

<sup>13</sup> Yankuang has given a binding committed to Yancoal to vote in favour of the resolution to approve the Coal & Allied Acquisition.

Completion of the Glencore Transaction is subject to completion of the Coal & Allied Acquisition, Glencore receiving regulatory approvals and MDP consent<sup>14</sup>.

### **Strategic rationale**

The Coal & Allied Acquisition, MDP Tag-along Acquisition and Glencore Transaction are consistent with the Company's strategy to position itself as a leading ASX-listed pure-play coal producer.

Key benefits of the Coal & Allied Acquisition, MDP Tag-along Acquisition and Glencore Transaction are expected to include:

- opportunity to transform Yancoal into Australia's largest pure-play coal producer, with majority interests in three of the ten largest low cost thermal coal mining operations in Australia (HVO, MTW and Moolarben) all of which produce high quality thermal coal products in demand with blue chip customers in North Asia;
- the potential to unlock significant operational synergies from the integration of Coal & Allied with the Company's existing portfolio, including: (i) coal blending and marketing opportunities, (ii) site, infrastructure and procurement efficiencies, and (iii) corporate and administrative cost savings, including the potential to utilise the carried forward tax losses subject to satisfaction of the tax loss recoupment tests;
- the potential to unlock significant incremental synergies from the creation of the HVO Joint Venture with Glencore including: (i) significant increase in marketable reserves as result of "barrier coal" and (ii) within 6 months of completion of the HVO Joint Venture, both parties will work together to complete and agree an updated mine plan to realise further annual cost savings;
- the delivery of a sustainable capital structure (pro forma net debt<sup>15</sup> / LTM EBITDA<sup>16,17</sup> of 3.1x as compared to 12.2x on a standalone basis) and cash flows that are expected to enable the Company to create shareholder value;
- accretive across key operational and financial<sup>18</sup> metrics; and
- the ability for Yancoal to capitalise on the substantial build out of modern super critical and ultra-super critical generation capacity in Asia, that require high quality thermal coals consistent with the coal products supplied by Moolarben, HVO and MTW.

**END**

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<sup>14</sup> In the event that MDP do not consent to the Glencore Transaction, Yancoal and Glencore will seek to implement other arrangement(s) for an equivalent 49% interest in HVO for Glencore.

<sup>15</sup> Net debt as at 30 June 2017, pro forma for the Coal & Allied Acquisition and Glencore Transaction and associated estimated transaction costs and stamp duty payable by Yancoal and based on a US\$:AU\$ FX rate of 0.75. Net debt includes unconverted SCNs, despite SCNs being accounting and tax equity and excludes finance leases, non-contingent royalties payable for the Coal & Allied Acquisition net of non-contingent royalties receivable for the Glencore Transaction, indebtedness associated with Watagan, which is deconsolidated from the Company's consolidated financial statements, and restricted cash.

<sup>16</sup> Unaudited last 12 months' EBITDA to 30 June 2017, pro forma for the Coal & Allied Acquisition and Glencore Transaction and based on a US\$:AU\$ FX rate of 0.75. EBITDA includes run-rate synergies assuming Yancoal ultimately has a 51% interest in HVO, excludes incremental synergies from the Glencore Transaction and is adjusted for the before tax impact of one-off items including fair value losses recycled on hedge reserve, estimated transaction costs (including estimated stamp duty) and revaluation of royalty.

<sup>17</sup> Coal & Allied operational and financial information has been sourced from HVO and MTW unaudited management information. Rio Tinto has not reviewed the financial information set out above and accepts no responsibility for that information.

<sup>18</sup> Normalised for the after tax impact of one-off items including fair value losses recycled on hedge reserve, estimated transaction costs (including estimated stamp duty) and revaluation of royalty.



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***Other information***

Further details of the Coal & Allied Acquisition, MDP Tag-along Acquisition, Glencore Transaction, Entitlement Offer and Placement are set out in the investor presentation and Entitlement Offer Booklet which were released to the ASX today. The investor presentation and Entitlement Offer Booklet contain important information in relation to the Entitlement Offer and Placement, including details of how to participate in the Entitlement Offer, the eligibility criteria for participating in the Entitlement Offer, the key risks associated with an investment in the Company and further details on the Company, the Coal & Allied Acquisition, MDP Tag-along Acquisition and Glencore Transaction.

J.P. Morgan Australia Limited, Morgan Stanley Australia Limited and China International Capital Corporation Hong Kong Securities Limited<sup>19</sup> are acting as Financial Advisers in relation to the Coal & Allied Acquisition. Morgan Stanley Australia Securities Limited is acting as Lead Joint Global Coordinator, Lead Bookrunner and Joint Lead Manager. J.P. Morgan Australia Limited is acting as Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager. China International Capital Corporation Hong Kong Securities Limited is also acting as Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager.

Herbert Smith Freehills is acting for Yancoal as legal adviser on the Coal & Allied Acquisition and the Entitlement Offer and Placement. MinterEllison is also acting for Yancoal as legal adviser on the Entitlement Offer and Placement.

Gilbert + Tobin and Deloitte Corporate Finance Pty Limited are acting as advisers to the IBC in connection with the Coal & Allied Acquisition, the Entitlement Offer and Placement, and the various arrangements involving Yanzhou and Yankuang.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit an offering of the entitlements and the New Shares in any jurisdiction outside Australia. In particular, the entitlements and the New Shares referred to herein have been not and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the New Shares may not be offered or sold to any person in the United States or any person that is acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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<sup>19</sup> To the extent that China International Capital Corporation Hong Kong Securities Limited (“CICC”) provides financial services in Australia in connection with the Offer, CICC is exempt from the requirement to hold an Australian financial services licence in respect of the financial services being provided by it. CICC is regulated by the Securities and Futures Commission of Hong Kong under Hong Kong laws, which differ from Australian laws.

For more information on foreign offer restrictions, see the section 8.6 of the Entitlement Offer Booklet.

### ***Forward looking statements***

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the outcome and effects of the Entitlement Offer. Indications of, and guidance or outlook on, future earnings, financial position, performance and strategies are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of the Company and cannot be predicted by the Company. This includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. This announcement includes forward looking statements in relation to and the Entitlement Offer and the Company's future financial results.

Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and none of the Company or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.